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NOT ALL NBFCs NEED TO BE REGISTERED ANYMORE!

RBI notifies the amendment dated April 29, 2026



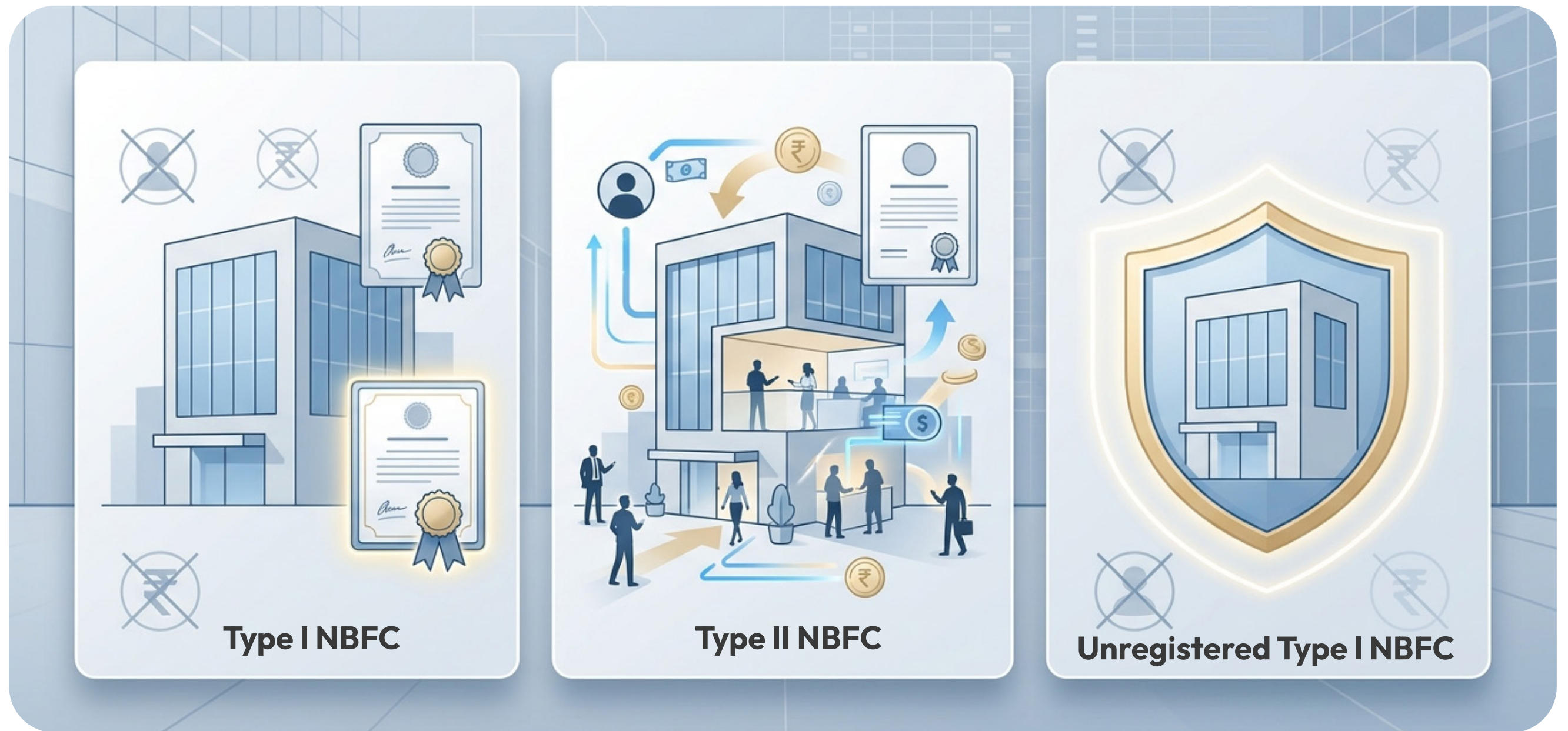


- 1** Amendment issued by RBI on April 29, 2026
- 2** Effective from July 1, 2026,
- 3** Focus: Deregistration of NBFCs without public funds and customer interface
- 4** Introduces new classification and exemption framework.



Categories of NBFCs

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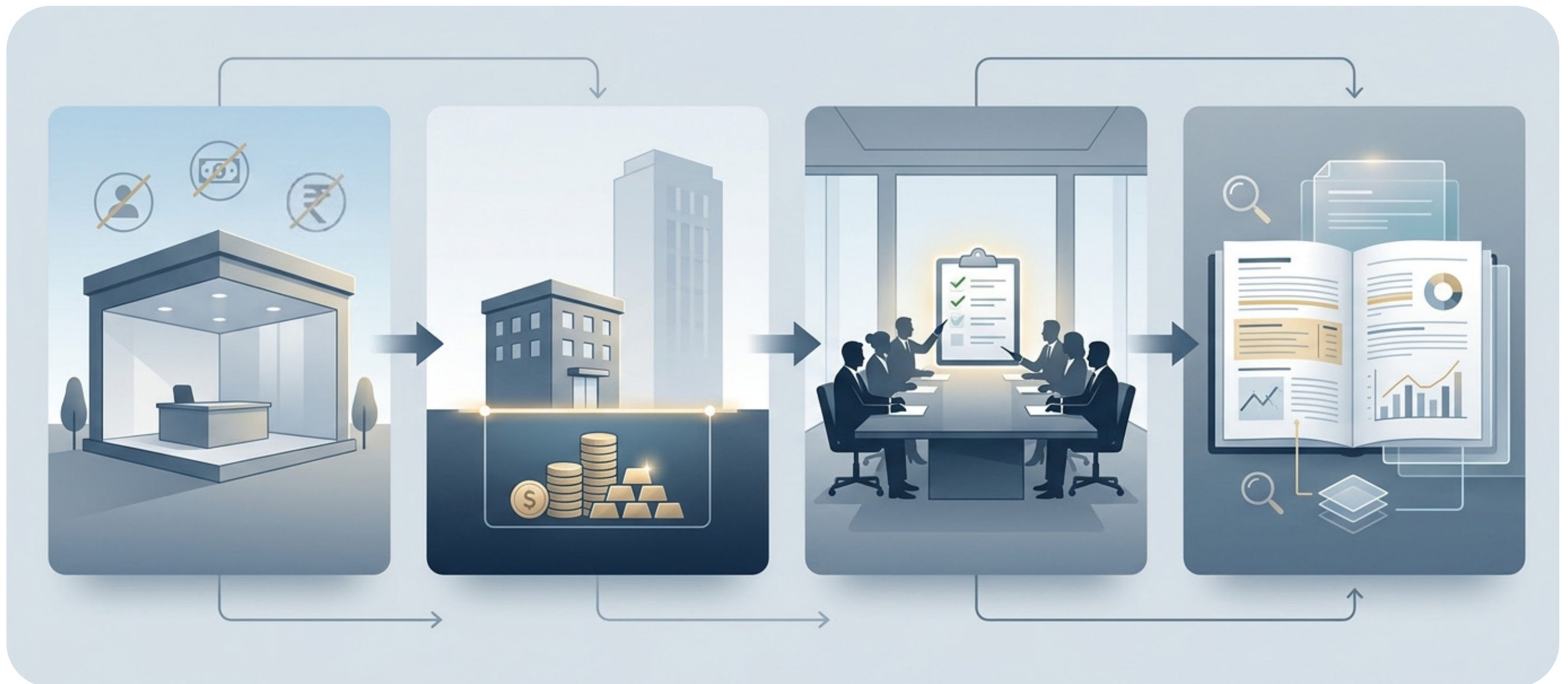
Three new NBFC categories introduced

- 1 Type I NBFC** - No public funds, no customer interface + holds Certificate of Registration as 'Type I NBFC' from RBI
- 2 Type II NBFC** - Any NBFC granted Certificate of Registration other than Type I NBFC
- 3 Unregistered Type I NBFC** - No public funds + no customer interface + exempted from Sections 45IA & 45IC of RBI Act, 1934



When can an NBFC be an "Unregistered Type I NBFC"?

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- Operates without public funds and without customer interface as conscious long-term business model
- Asset size is less than ₹1,000 crore per latest audited balance sheet
- Passes an annual Board Resolution at year-start confirming no public funds and no customer interface
- Discloses its Unregistered Type I NBFC status in Notes to Accounts along with status of public funds and customer interface.



Deregistration window for eligible NBFCs

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- 1** Deadline: December 31, 2026 — six months from July 01, 2026
 - Existing NBFCs (including those already holding Type I CoR) meeting the exemption criteria may apply for deregistration
 - Application through PRAVAAH portal on company letterhead
 - NBFCs currently ineligible but becoming eligible in future may apply at that point of time
- 2** Group rule: If multiple Unregistered Type I NBFCs in a Group have aggregate assets \geq ₹1,000 crore, all must register as Type I NBFC.



Documents required for deregistration application

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- Original Certificate of Registration — to be submitted physically to RBI
- Audited financials for the last three financial years
- Statement on status of public funds and customer interface for the last three financial years
- Statutory Auditor's Certificate certifying no public funds and no customer interface as on date
- Board Resolution
- Board Undertaking to disclose Unregistered Type I NBFC status in Notes to Accounts.



What the Board Resolution must state?

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- No public funds and no customer interface currently, and no intention to access either in the future
- If public funds or customer interface are accessed in future - seek registration as Type II NBFC
- If asset size reaches ₹1,000 crore or above - obtain registration as Type I NBFC
- Deregistration requests will be approved only if RBI is satisfied that the NBFC has a conscious and long-term business model to operate without public funds and customer interface.





Statutory Auditor's exception reporting

- 1** Statutory Auditors of Unregistered Type I NBFCs must submit an Exception Report to RBI on any violation of public funds or customer interface conditions
- 2** Statutory Auditors of Type I NBFCs (registered) must submit an exception report to RBI's Department of Supervision on violations
- 3** Violations are viewed seriously and attract penal action under RBI Act, 1934.



Restrictions on Overseas investment

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Special rules on overseas investment for Unregistered Type I NBFCs

- 1** Overseas investment in financial services sector — allowed, NBFC must register and be regulated as Type I NBFC
- 2** Overseas investment in non-financial sector — not permitted at all for Unregistered Type I NBFCs
- 3** Governed by RBI (NBFCs – Undertaking of Financial Services) Directions, 2025, paragraphs 15 to 19.



Quick action for NBFCs

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- Determine which category applies – Type I (registered), Type II, or Unregistered Type I
- Check asset size against ₹1,000 crore threshold – including group aggregation
- If eligible for exemption – apply for deregistration before December 31, 2026
- Ensure required annual Board resolutions are passed in each financial year
- Ensure Notes to Accounts disclosures are in place – status of public funds and customer interface
- Brief Statutory Auditors on exception reporting obligations
- Confirm overseas investment plans – especially in non-financial sector, which is prohibited
- Review indirect public fund flows from group/associates to confirm true eligibility.



**THE QUESTION TO
ASK IS NOT JUST
WHAT APPLIES TO US?**

**BUT WHAT NO
LONGER NEEDS TO?**