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To ALL FIMMDA MEMBERS

Revised

Dear All,

Clarification received by RBI on SLR holding under HTM category

Query1. Do the securities acquired between Sept 1 2020 and 31st March 2021 and held under HTM category (above 19.5%) need to be distinctly maintained / recorded in the books of the banks to demonstrate purchase during the period and are specifically identifiable for all computations of HTM (both add component and for phased reduction)?

RBI Clarification: Securities acquired between September 1, 2020 and March 31, 2022 must be maintained in a manner to facilitate identification for computation and monitoring of HTM limits as well as be able to demonstrate compliance of the same for audit/inspection purposes.

Query2. Since the dispensation of allowing holding of SLR securities upto 22% of NDTL is extended upto 31st March 2022, whether the NDTL (based on which the quantum of 22% holding is to be computed is crystallised as on 1st September 2020 or to be computed dynamically as on each reporting Friday, till 31st March 2022?

RBI Clarification: The net demand and time liabilities (NDTL) for the purpose of computing HTM limits shall be as per the NDTL computed for the relevant reporting Friday applicable for that period as per the extant regulatory framework.

Query3. Banks are allowed to transfer securities from HTM to AFS/HFT and vice versa with their board approval once every year and such decision has to be taken at the beginning of the year. Whether the securities acquired between September 1 2020 and March 31 2021 are eligible to be considered for such transfer/ OMO sale? If so whether any resultant headroom (upto 22%) under HTM category is allowed to be replenished by other securities till 31st March 2022?

RBI Clarification: The securities may be shifted out of HTM as per extant regulatory framework including circular dated February 5, 2021. It may be noted that the special dispensation extended vide circulars dated September 1, 2020 and February 5, 2021 is only intended for securities purchased between September 1, 2020 and March 31, 2022 i.e. SLR securities in HTM acquired outside this period shall not exceed 19.5 per cent of NDTL.

Members are advised to read these clarifications along with RBI circular dated 5th Feb 2021 and be guided accordingly.

While the regulatory clarifications communicated on website remain unaltered, there are certain typographical rectifications only in the queries.

Regards,
G. Ravindranath
CEO, FIMMDA