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17th Oct, 2020

To ALL MEMBERS

Madam / Sir,

REVISED
Commercial Papers (CP)

A reference is invited to **Question No. 7** of the FAQs, issued by RBI on their website, on Resolution Framework for COVID-19 related stress.

Quote:

7. Is the Resolution Framework applicable to all exposures, including investment exposures that are credit substitutes like corporate bonds, commercial papers etc.?

Ans: The Resolution Framework may be invoked for resolution of all exposures of lending Institutions to eligible borrowers including investment exposure. **However, the resolution Framework is without prejudice to all applicable guidelines issued by the relevant Financial sector regulator and other departments of RBI in respect of any particular exposure.**

Unquote:

As per the above clarification provided by RBI on treatment of investments, in as much there is no provision for restructuring of CPs under current RBI guidelines, any restructuring/non-payment of the Commercial Papers on redemption date is to be treated as DEFAULT and reported accordingly as per regulatory guidelines.

Members may please be guided accordingly.

This is in modification to our earlier clarification issued on 15th October 2020 on the subject.

G Ravindranath
Chief Executive Officer
FIMMDA