



RBI/DNBR/2017-18/57

Master Direction DNBR (PD) 090/ 03.10.124/ 2017-18

October 04, 2017

**Master Directions - Non-Banking Financial Company – Peer to Peer Lending Platform
(Reserve Bank) Directions, 2017**

The Reserve Bank of India, (hereinafter referred to as “the Bank”) issued a Notification No DNBR.045/CGM (CDS)-2017 dated August 24, 2017 in terms of sub-clause (iii) of clause(f) of section 45I of the Reserve Bank of India Act, 1934 (hereinafter referred to as “the Act”) and on being satisfied that it is necessary to do so, in exercise of the powers conferred under section 45IA, 45JA, 45L, and 45M of the Act, and of all the powers enabling it in this behalf, hereby issues these Directions for compliance of the same by every Non-Banking Financial Company that carries on the business of a Peer to Peer Lending Platform.

1. Short title and commencement of the Directions:

- (1) These Directions shall be known as the Non-Banking Financial Company – Peer to Peer Lending Platform (Reserve Bank) Directions, 2017.
- (2) These Directions shall come into force with immediate effect.

2. Applicability of the Directions

These Directions shall apply to every Non-Banking Financial Company- Peer to Peer Lending Platform (NBFC-P2P) as defined in these Directions.

3. Scope

These Directions provide a framework for the registration and operation of NBFC-P2Ps in India.

4. Definitions

- (1) In these Directions, unless the context otherwise requires, the terms used herein shall bear the meanings assigned to them below —
 - (i) “Company” means a company as defined in clause (20) of section 2 of the Companies Act, 2013;
 - (ii) “Leverage Ratio” means the Total Outside Liabilities divided by Owned Funds, of the NBFC-P2P.
 - (iii) “Nonperforming asset” (NPA) means a loan where interest and/ or installment of principal remain overdue for a period of 90 days or more.

- (iv) "Participant" means a person who has entered into an arrangement with an NBFC-P2P to lend on it or to avail of loan facilitation services provided by it;
- (v) "Peer to Peer Lending Platform" means an intermediary providing the services of loan facilitation via online medium or otherwise, to the participants as defined at Item (iv) of sub-paragraph (1) of paragraph 4 of these directions;
- (vi) "Non-banking financial company - Peer to Peer Lending Platform" (NBFC-P2P) means a non-banking institution which carries on the business of a Peer to Peer Lending Platform.

(2) Words or expressions used in these Directions but not defined herein and defined in the Act or in the Companies Act, 2013 shall have the same meaning as assigned to them under those Acts.

5. Registration

(1) Eligibility Criteria

- (i) No non-banking institution other than a company shall undertake the business of Peer to Peer Lending Platform.
- (ii) No NBFC-P2P shall commence or carry on the business of a Peer to Peer Lending Platform without obtaining a Certificate of Registration (hereinafter referred to as "CoR") from the Bank. Provided that an entity carrying on the business of a Peer-to-Peer Lending Platform as on the effective date of these directions, can continue to do so, subject to the conditions laid down in sub-paragraph (2)(vii) in this Paragraph.
- (iii) Every company seeking registration with the Bank as an NBFC-P2P shall have a net owned fund of not less than rupees twenty million or such higher amount as the Bank may specify.

(2) Process of Registration

- (i) Every existing and prospective NBFC-P2P shall make an application for registration to the Department of Non-Banking Regulation, Mumbai of the Bank, in the form which will be specified by the Bank for the purpose. Existing NBFC-P2Ps shall apply within three months from the issuance of these Directions.
- (ii) The Bank, for the purpose of considering the application for registration, shall require the following conditions, among others, to be fulfilled:
 - a) The company is incorporated in India;
 - b) The company has the necessary technological, entrepreneurial and managerial resources to offer such services to the participants;
 - c) The company has the adequate capital structure to undertake the business of Peer to Peer Lending Platform;
 - d) The promoters and the Directors of the company are fit and proper;

- e) The general character of the management of the company is not prejudicial to the public interest;
- f) The company has submitted a plan for, or implemented, a robust and secure Information Technology system;
- g) The company has submitted a viable business plan for conducting the business of Peer to Peer Lending Platform;
- h) Public interest shall be served by the grant of CoR;
- i) Any other condition as may be specified by the Bank, fulfillment of which, in the opinion of the Bank, is necessary to ensure that the commencement of or carrying on the business in India shall not be prejudicial to the public interest.

In case of prospective NBFC-P2Ps

(iii) The Bank may, after being satisfied that the conditions specified under paragraph 5(2)(ii) are fulfilled, grant in-principle approval for setting up of a Peer to Peer Lending Platform, subject to such conditions which it may consider fit to impose.

(iv) The validity of the in-principle approval issued by the Bank will be twelve months from the date of granting such in-principle approval.

(v) Within the period of twelve months, the company shall put in place the technology platform, enter into all other legal documentations required and report position of compliance with the terms of grant of in-principle approval to the Bank.

(vi) The Bank may, after being satisfied that the entity is ready to commence operations, grant a CoR as an NBFC-P2P, subject to conditions as deemed fit by the Bank.

In case of existing NBFC-P2Ps

(vii) Companies that are undertaking the business of Peer to Peer Lending Platform, as defined at paragraph 4(1)(v) of these directions, as on the date of effect of these directions, shall apply for registration as an NBFC-P2P to the Bank within 3 months from that date. Such companies, which have applied to the Bank for registration as an NBFC - P2P, shall be permitted to continue the business of a Peer to Peer Lending Platform till their application for issuance of CoR is rejected, subject to such conditions, including winding down of business, as the Reserve Bank may impose.

(viii) The Bank may cancel the CoR granted to an NBFC-P2P, if such company –

- a) ceases to carry on the business of Peer to Peer Lending Platform in India; or
- b) has failed to comply with any condition subject to which the CoR has been issued to it; or
- c) is no longer eligible to hold the CoR; or
- d) at any time fails to fulfill any of the conditions referred to in paragraphs 5(2)(ii) and 5(2)(v); or

- e) fails to –
 - (i) comply with any Direction issued by the Bank; or
 - (ii) maintain accounts, publish and disclose its financial position in accordance with the requirements of any law or any Direction or order issued by the Bank; or
 - (iii) submit or offer for inspection its books of account or other relevant documents when so demanded by the Bank.

6. Scope of Activities

(1) An NBFC-P2P shall-

- (i) act as an intermediary providing an online marketplace or platform to the participants involved in Peer to Peer lending;
- (ii) not raise deposits as defined by or under Section 45I(bb) of the Act or the Companies Act, 2013;
- (iii) not lend on its own;
- (iv) not provide or arrange any credit enhancement or credit guarantee;
- (v) not facilitate or permit any secured lending linked to its platform; i.e. only clean loans will be permitted;
- (vi) not hold, on its own balance sheet, funds received from lenders for lending, or funds received from borrowers for servicing loans; or such funds as stipulated in paragraph 9;
- (vii) not cross sell any product except for loan specific insurance products;
- (viii) not permit international flow of funds;
- (ix) ensure adherence to legal requirements applicable to the participants as prescribed under relevant laws.
- (x) store and process all data relating to its activities and participants on hardware located within India.

(2) Further, NBFC-P2P shall-

- (i) undertake due diligence on the participants;
- (ii) undertake credit assessment and risk profiling of the borrowers and disclose the same to their prospective lenders;
- (iii) require prior and explicit consent of the participant to access its credit information;
- (iv) undertake documentation of loan agreements and other related documents;
- (v) provide assistance in disbursement and repayments of loan amount;
- (vi) render services for recovery of loans originated on the platform.

(3) NBFC-P2P shall not undertake any activity other than those stated in paras 6(1) and 6(2) of these Directions. Deployment of investible funds by an NBFC-P2P in instruments specified by the Bank, not for trading, shall however be permitted.

7. Prudential Norms

- (1) NBFC-P2P shall maintain a Leverage Ratio not exceeding 2.
- (2) The aggregate exposure of a lender to all borrowers at any point of time, across all P2Ps, shall be subject to a cap of ₹ 10,00,000/-.
- (3) The aggregate loans taken by a borrower at any point of time, across all P2Ps, shall be subject to a cap of ₹ 10,00,000/-.
- (4) The exposure of a single lender to the same borrower, across all P2Ps, shall not exceed ₹ 50,000/-.
- (5) The maturity of the loans shall not exceed 36 months.
- (6) P2Ps shall obtain a certificate from the borrower or lender, as applicable, that the limits prescribed above are being adhered to.

8. Operational Guidelines

- (1) NBFC-P2P shall have a Board approved policy in place -
 - (i) Setting out the eligibility criteria for participants on it.
 - (ii) Determining the pricing of services provided by it.
 - (iii) Setting out the rules for matching lenders with borrowers in an equitable and non-discriminatory manner.
- (2) The outsourcing of any activity by NBFC-P2P does not diminish its obligations and it shall be responsible for the actions of its service providers including recovery agents and the confidentiality of information pertaining to the participant that is available with the service providers.
- (3) No loan shall be disbursed unless the individual lender/s have approved the individual recipient/s of the loan and all concerned participants have signed the loan contract.

9. Fund Transfer Mechanism

Fund transfer between the participants on the Peer to Peer Lending Platform shall be through escrow account mechanisms which will be operated by a trustee. At least two escrow accounts, one for funds received from lenders and pending disbursement, and the other for collections from borrowers, shall be maintained. The trustee shall mandatorily be promoted by the bank maintaining the escrow accounts. All fund transfers shall be through and from bank accounts and cash transaction is strictly prohibited. The mechanism as described in the [Annex-I](#) may be adopted by the NBFC-P2P.

10. Submission of data to Credit Information Companies (CICs)

(1) An NBFC-P2P shall become member of all CICs and submit data (including historical data) to them.

(2) NBFC-P2P shall:

- (i) keep the credit information (relating to borrower transactions on the platform) maintained by it, updated regularly on a monthly basis or at such shorter intervals as may be mutually agreed upon between the NBFC-P2P and the CICs;
- (ii) take all such steps which may be necessary to ensure that the credit information furnished by it is up to date, accurate and complete;
- (iii) include necessary consents in the agreement with the participants for providing the required credit information;

11. Transparency and Disclosure Requirements

(1) An NBFC-P2P shall be required to disclose the following:

(i) to the lender

(a) details about the borrower/s including personal identity, required amount, interest rate sought and credit score as arrived by the NBFC-P2P.

(b) details about all the terms and conditions of the loan, including likely return, fees and taxes;

(ii) to the borrower - details about the lender/s including proposed amount, interest rate offered but excluding personal identity and contact details;

(iii) publicly disclose on its website:

(a) overview of credit assessment/score methodology and factors considered;

(b) disclosures on usage/protection of data;

(c) grievance redressal mechanism;

(d) portfolio performance including share of non-performing assets on a monthly basis and segregation by age; and

(e) its broad business model.

(2) NBFC-P2P shall ensure that the providing of services to a participant, who has applied for availing of such services, is backed by appropriate agreements between the participants and the NBFC-P2P. The agreements shall categorically specify all the terms and conditions among the borrower, the lender and the NBFC-P2P.

(3) The interest rates displayed on the platform shall be in Annualized Percentage Rate (APR) format.

12. Fair Practices Code

(1) An NBFC-P2P shall put in place a Fair Practices Code, based on the Guidelines outlined herein, with the approval of its Board. The same should be put up on its web-site, for the information of various stakeholders.

(2) NBFC-P2P shall be required to obtain explicit affirmation from the lender stating that he/she has understood the risks associated with the proposed transaction and that there is no guarantee of return and that there exists a likelihood of loss of entire principal in case of default by a borrower. The platform shall not provide any assurance for the recovery of loans. Further, the platform shall display a caveat that "Reserve Bank of India does not accept any responsibility for the correctness of any of the statements or representations made or opinions expressed by the NBFC-P2P, and does not provide any assurance for repayment of the loans lent on it".

(3) In the matter of recovery of loans, NBFC-P2P shall ensure that the staff are adequately trained to deal with the participants in an appropriate manner and shall not resort to harassment viz; persistently bothering the borrowers at odd hours, use of coercion for recovery of loans, etc.

(4) NBFC-P2P shall ensure that any information relating to the participants received by it is not disclosed to any third party without the consent of the participants.

(5) The Board of Directors shall also provide for periodic review of the compliance of the Fair Practices Code and the functioning of the grievances redressal mechanism at various levels of management. A consolidated report of such reviews shall be submitted to the Board at regular intervals, as may be prescribed by it.

13. Participant Grievance Redressal

(1) An NBFC-P2P shall put in place a Board approved policy to address participant grievances/complaints. Complaints shall be handled/ disposed of by NBFC-P2P within such time and in such manner as provided for in its Board approved policy, but in any case not beyond a period of one month from the date of receipt.

(2) At the operational level, NBFC-P2P shall display the following information prominently, for the benefit of participants, on the website:

(i) the name and contact details (Telephone / Mobile Nos. as also email address) of the Grievance Redressal Officer who can be approached for resolution of complaints against the NBFC-P2P.

(ii) that if the complaint / dispute is not redressed within a period of one month, the participant may appeal to the Customer Education and Protection Department of the Bank.

14. Information Technology Framework, Data Security and Business Continuity Plan

- (1) Business of an NBFC-P2P shall be primarily Information Technology (IT) driven. The technology should be scalable to handle growth in business.
- (2) There should be adequate safeguards built in its IT systems to ensure that it is protected against unauthorized access, alteration, destruction, disclosure or dissemination of records and data. The Bank may from time to time, prescribe technical specifications, as deemed fit.
- (3) NBFC-P2P should have a Board approved Business Continuity Plan in place for safekeeping of information and documents and servicing of loans for full tenure in case of closure of platform.
- (4) Information System Audit of the internal systems and processes shall be in place and shall be conducted at least once in two years by CISA certified external auditors. Report of the external auditor shall be submitted to the Regional Office of the Department of Non-Banking Supervision of the Bank, under whose jurisdiction the Registered Office of the NBFC-P2P is located, within one month of submission of the report by the external auditor.
- (5) There shall be reasonable arrangements in place to ensure that loan agreements facilitated on the platform will continue to be managed and administered by a third party in accordance with the contract terms, if the NBFC-P2P ceases to carry on the P2P activity.
- (6) NBFC-P2P would be required to conform with [Master Direction DNBS.PPD. No. 04/66.15.001/2016-17 dated June 8, 2017](#) on Information Technology Framework for NBFC Sector, as stipulated in Section A from inception.

15. Fit and Proper Criteria

- (1) An NBFC-P2P shall
 - (i) ensure that a policy is put in place, with the approval of the Board of Directors, setting out 'Fit and Proper' criteria to be met by its directors. These criteria shall be consistent with the requirements contained in [Annexes II to IV](#);
 - (ii) ensure that Directors meet the fit and proper criteria at the time of their appointment and on an ongoing basis, certify and inform the same to the Bank on a half-yearly basis;
 - (iii) obtain a declaration and undertaking from the Directors giving additional information. The declaration and undertaking shall be on the lines of the format given in [Annex III](#);
 - (iv) obtain a Deed of Covenants signed by the Directors, which shall be in the format as given in [Annex IV](#);
 - (v) advise the Bank of any change of Directors, or key management personnel, and issue a certificate from the Managing Director/CEO of the NBFC-P2P that fit and proper criteria in selection of the Directors have been followed. The statement must reach the Regional Office of the Department of Non-Banking Supervision of the Bank under whose jurisdiction the Registered Office of the NBFC-P2P is located, within 15 days of the change. An annual statement shall be submitted by the CEO of the NBFC-P2P to the said Regional Office,

giving the names of its Directors for the quarter ending on March 31, which should be certified by the auditors.

The Bank, if it deems fit and in public interest, may independently assess whether the directors are, individually or collectively, fit and proper and the NBFC-P2P shall remove the concerned director/s, on being advised by the Bank to do so.

16. Requirement to obtain prior approval of the Bank for allotment of shares, acquisition or transfer of control of NBFC-P2P

(1) Prior written permission of the Bank shall be required for –

(i) any allotment of shares which will take the aggregate holding of an individual or group to equivalent of 26 per cent and more of the paid up capital of the NBFC-P2P;

Explanation: For the purpose of this paragraph, the term

(a) "holding" refers to both direct and indirect holding, beneficial or otherwise. The holding will be computed with reference to the holding of the applicant, relatives (where the applicant is a natural person) and associated enterprises.

(b) "relative" has the same meaning as assigned under section 2(77) of the Companies Act, 2013.

(c) "associate enterprise" has the same meaning as assigned to it in Explanation I to Section 12B of the Banking Regulation Act, 1949.

(ii) any takeover or acquisition of control of an NBFC-P2P, which may or may not result in change of management;

(iii) any change in the shareholding of an NBFC-P2P, including progressive increases over time, which would result in acquisition by/ transfer of shareholding to, any entity, of 26 per cent or more of the paid up equity capital of the NBFC-P2P;

Provided that, prior approval would not be required in case of any shareholding going beyond 26% due to buyback of shares / reduction in capital where it has approval of a competent Court. The same is to be reported to the Bank not later than one month from its occurrence;

(iv) any change in the management of the NBFC-P2P which would result in change in more than 30 per cent of the Directors, excluding independent Directors;

(v) any change in shareholding that will give the acquirer a right to nominate a Director.

Application for Prior Approval

(2) An NBFC-P2P shall submit an application, on the company letter head, for obtaining prior approval of the Bank, along with the following documents:

(i) Information about the proposed Directors/ shareholders as per [Annex V](#);

(ii) Sources of funds of the proposed shareholders acquiring the shares in the NBFC-P2P;

(iii) Declaration by the proposed Directors/ shareholders that they are not associated with any unincorporated body that is accepting deposits;

- (iv) Declaration by the proposed Directors/ shareholders that they are not associated with any company, the application for CoR of which has been rejected by the Bank;
 - (v) Declaration by the proposed Directors/ shareholders that they have not been convicted of any crime and that there are no pending criminal cases against them, including proceedings initiated under section 138 of the Negotiable Instruments Act,1881; and
 - (vi) Bankers' Report on the proposed Directors / shareholders.
- (3) Applications in this regard shall be submitted to the Regional Office of the Department of Non-Banking Supervision of the Bank where the company is registered.

Public Notice about Change in Control/ Management

- (4) A public notice of at least 30 days shall be given before effecting the sale of, or transfer of the ownership by sale of shares, or transfer of control, whether with or without sale of shares. Such public notice shall be given by the NBFC-P2P and also by the other party or jointly by the parties concerned, after obtaining the prior permission of the Bank.
- (5) The public notice shall indicate the intention to sell or transfer ownership/control, the particulars of transferee and the reasons for such sale or transfer of ownership/ control. The notice shall be published in at least one leading national and in one leading local (covering the place of registered office) vernacular newspaper.

Information with respect to change of address, directors, auditors, etc. to be submitted

- (6) Every NBFC-P2P shall communicate, not later than one month from the occurrence of any change in:
- (i) the complete postal address, telephone number/s and fax number/s of the registered / corporate office;
 - (ii) the residential addresses of the Directors of the company;
 - (iii) the names and office address of the auditors of the company; and
 - (iv) the specimen signatures of the officers authorised to sign on behalf of the NBFC-P2P to the Regional Office of the Department of Non-Banking Supervision of the Bank within whose jurisdiction the Registered Office of the NBFC-P2P is located.

17. Reporting Requirements

- (1) The Bank may, from time to time, prescribe return/s to be submitted by NBFC-P2P, as it deems fit.
- (2) The following quarterly statements shall be submitted to the aforesaid Regional Office within 15 days after the quarter to which these relate.
- (i) A statement, showing the number and amount in respect of loans;
 - (a) disbursed during the quarter;
 - (b) closed during the quarter; and

- (c) outstanding at the beginning and at the end of the quarter, including the number of lenders and borrowers outstanding as at the end of the quarter
- (ii) The amount of funds held in the Escrow Account, bifurcated into funds received from lenders and funds received from borrowers, with credit and debit summations for the quarter.
- (iii) Number of complaints outstanding at beginning and at end of quarter, and disposed of during the quarter, bifurcated as received from
 - (a) lenders and
 - (b) borrowers.
- (iv) The Leverage Ratio, with details of its numerator and denominator.

18. Supervision

The Bank may, at any time, cause an inspection by one or more of its officers or employees, or by any other agency as Bank may deem fit, of any NBFC-P2P.

19. Exemptions

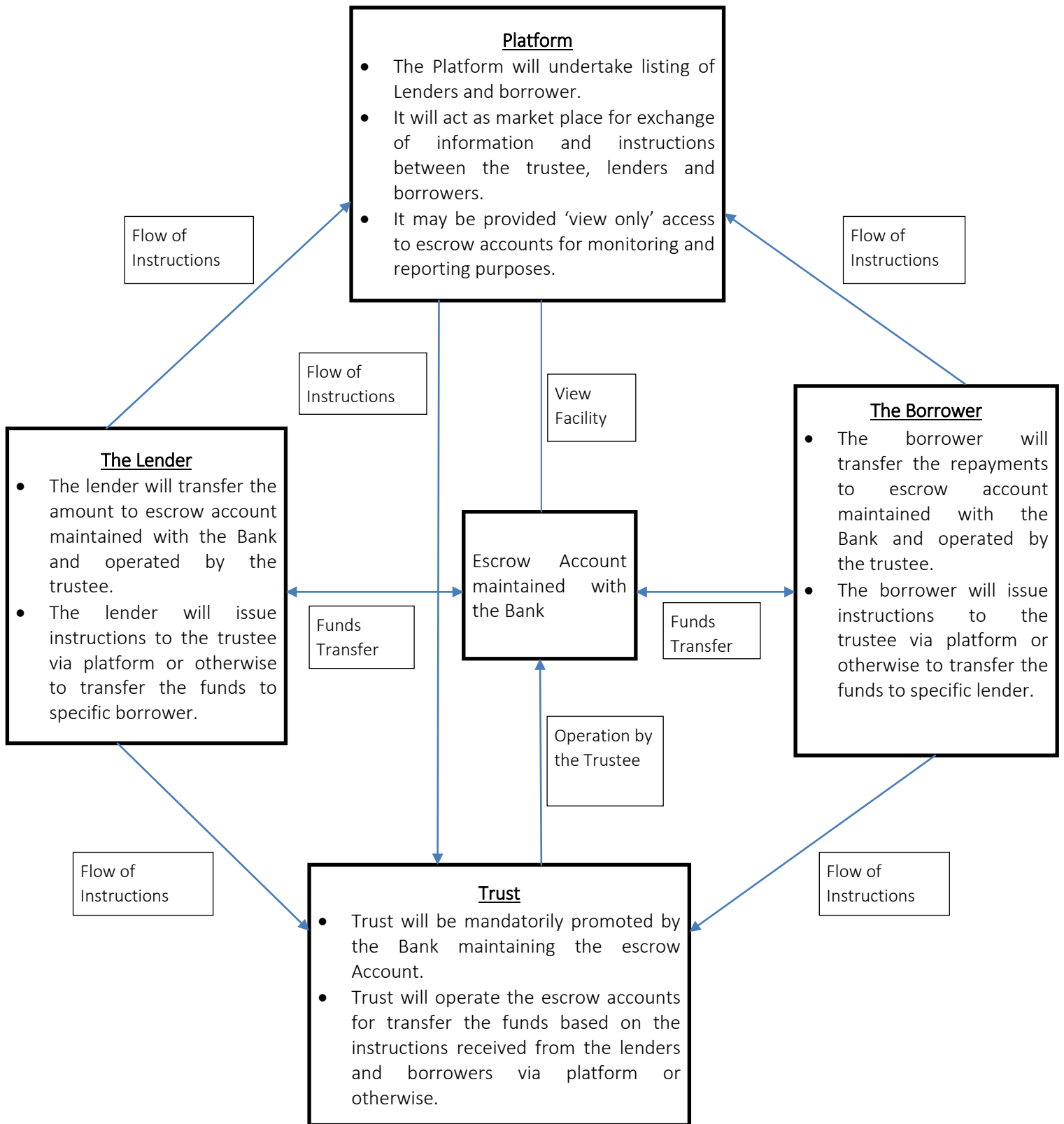
The Bank may, if it considers necessary for avoiding any hardship or for any other just and sufficient reason, grant extension of time to comply with or exempt any NBFC-P2P or class of NBFC-P2Ps or all NBFC-P2Ps, from all or any of the provisions of these Directions, either generally or specially, and subject to such conditions as it may impose.

20. Clarifications

If any question arises relating to the interpretation of these directions, the matter shall be referred to the Bank and the decision of the Bank shall be final.

(C.D.Srinivasan)
Chief General Manager

Funds Transfer Mechanism



'Fit and Proper' Criteria for Directors of NBFC-P2Ps

NBFC-P2Ps are advised to ensure that the procedures mentioned below are followed and minimum criteria fulfilled by the persons before they are appointed on the Boards:

- (a) NBFC-P2Ps should undertake a process of due diligence to determine the suitability of the person for appointment / continuing to hold appointment as a Director on the Board, based upon qualification, expertise, track record, integrity and other 'fit and proper' criteria. NBFC-P2Ps should obtain necessary information and declaration from the proposed / existing Directors for the purpose in the format given at [Annex III](#).
- (b) The process of due diligence should be undertaken by the NBFC-P2Ps at the time of appointment / renewal of appointment.
- (c) The Boards of the NBFC-P2Ps should constitute Nomination Committees to scrutinize the declarations.
- (d) Based on the information provided in the signed declaration, Nomination Committees should decide on the acceptance or otherwise of the Directors, where considered necessary.
- (e) Where there is any change in information provided by the Directors earlier, the same should be furnished by them to the NBFC-P2P immediately.
- (f) NBFC-P2Ps should obtain annually as on 31st March a simple declaration from the Directors that the information already provided has not undergone change and where there is any change, requisite details are furnished by them forthwith.
- (g) The Board of the NBFC-P2P must ensure in public interest that the nominated/ elected Directors execute the deeds of covenants in the format given in [Annex IV](#).

Name of NBFC-P2P: _____

Declaration and Undertaking by Director (with enclosures as appropriate as on _____)		
I.	Personal details of director	
	a.	Full name
	b.	Date of Birth
	c.	Educational Qualifications
	d.	Relevant Background and Experience
	e.	Permanent Address
	f.	Present Address
	g.	E-mail Address / Telephone Number
	h.	Permanent Account Number under the Income Tax Act and name and address of Income Tax Circle
	i.	Relevant knowledge and experience
	j.	Any other information relevant to Directorship of the NBFC-P2P
II	Relevant Relationships of Director	
	a.	List of Relatives if any who are connected with the NBFC-P2P (Refer to the relevant provisions of Companies Act, 2013)
	b.	List of entities if any in which he/she is considered as being interested
	c.	List of entities in which he/she is considered as holding substantial interest within the meaning of prudential norms as prescribed in these Directions.
	d.	Name of NBFCs in which he/she is or has been a member of the board (giving details of period during which such office was held)
	e.	Fund and non-fund facilities, if any, presently availed of by him/her and/or by entities listed in II (b) and (c) above from the NBFC
	f.	Cases, if any, where the director or entities listed in II (b) and (c) above are in default or have been in default in the past in respect of credit facilities obtained from the NBFC or any other NBFC / bank.

III	Records of professional achievements		
	a.	Relevant professional achievements	
IV.	Proceedings, if any, against the director		
	a.	If the director is a member of a professional association/body, details of disciplinary action, if any, pending or commenced or resulting in conviction in the past against him/her or whether he/she has been banned from entry into any profession/ occupation at any time.	
	b.	Details of prosecution, if any, pending or commenced or resulting in conviction in the past against the director and/or against any of the entities listed in II (b) and (c) above for violation of economic laws and regulations	
	c.	Details of criminal prosecution, if any, pending or commenced or resulting in conviction in the last five years against the director	
	d.	Whether the director attracts any of the disqualifications envisaged under the Companies Act, 2013?	
	e.	Has the director or any of the entities at II (b) and (c) above been subject to any investigation at the instance of Government department or agency?	
	f.	Has the director at any time been found guilty of violation of rules/regulations/ legislative requirements by customs/ excise /income tax/foreign exchange /other revenue authorities, if so give particulars	
	g.	Whether the director has at any time come to the adverse notice of a regulator such as SEBI, IRDA, MCA.	
		(Though it shall not be necessary for a candidate to mention in the column about orders and findings made by the regulators which have been later on reversed/set aside in toto, it would be necessary to make a mention of the same, in case the reversal/setting aside is on technical reasons like limitation or lack of jurisdiction, etc and not on merit, If the order of the regulator is temporarily stayed and the appellate/ court proceedings are pending, the same also should be mentioned.)	

V.	Any other explanation / information in regard to items I to III and other information considered relevant for judging fit and proper	
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	Undertaking	
	I confirm that the above information is to the best of my knowledge and belief true and complete. I undertake to keep the NBFC-P2P fully informed, as soon as possible, of all events which take place subsequent to my appointment which are relevant to the information provided above.	
	I also undertake to execute the deed of covenant required to be executed by all directors of the NBFC-P2P.	
	Place :	Signature
	Date :	
VI.	Remarks of Chairman of Nomination Committee/Board of Directors of NBFC-P2P	
	Place :	Signature
	Date:	

Form of Deed of Covenant with a Director

THIS DEED OF COVENANTS is made this _____ day of _____ Two thousand _____ **BETWEEN** _____, having its registered office at _____ (hereinafter called the "NBFC-P2P") of the one part and Mr / Ms _____ of _____ (hereinafter called the "Director") of the other part.

WHEREAS

A. The director has been appointed as a director on the Board of Directors of the NBFC-P2P (hereinafter called "the Board") and is required as a term of his / her appointment to enter into a Deed of Covenants with the NBFC-P2P.

B. The director has agreed to enter into this Deed of Covenants, which has been approved by the Board, pursuant to his said terms of appointment.

NOW IT IS HEREBY AGREED AND THIS DEED OF COVENANTS WITNESSETH AS FOLLOWS:

1. The Director acknowledges that his / her appointment as director on the Board of the NBFC-P2P is subject to applicable laws and regulations including the Memorandum and Articles of Association of the NBFC-P2P and the provisions of this Deed of Covenants.

2. The Director covenants with the NBFC-P2P that:

(i) The Director shall disclose to the Board the nature of his / her interest, direct or indirect, if he / she has any interest in or is concerned with a contract or arrangement or any proposed contract or arrangement entered into or to be entered into between the NBFC-P2P and any other entity, immediately upon becoming aware of the same or at meeting of the Board at which the question of entering into such contract or arrangement is taken into consideration or if the director was not at the date of that meeting concerned or interested in such proposed contract or arrangement, then at the first meeting of the Board held after he / she becomes so concerned or interested and in case of any other contract or arrangement, the required disclosure shall be made at the first meeting of the Board held after the Director becomes concerned or interested in the contract or arrangement.

(ii) The Director shall disclose by general notice to the Board his / her other directorships, his / her memberships of bodies corporate, his / her interest in other entities and his / her interest as a partner or proprietor of firms and shall keep the Board apprised of all changes therein.

(iii) The Director shall provide to the NBFC-P2P a list of his / her relatives as defined in the Companies Act, 2013 and to the extent the Director is aware of directorships and interests of such relatives in other bodies corporate, firms and other entities.

(iv) The Director shall in carrying on his / her duties as director of the NBFC-P2P:

a. use such degree of skill as may be reasonable to expect from a person with his / her knowledge or experience;

- b. in the performance of his / her duties take such care as he / she might be reasonably expected to take on his / her own behalf and exercise any power vested in him / her in good faith and in the interests of the NBFC-P2P;
 - c. shall keep himself / herself informed about the business, activities and financial status of the NBFC-P2P to the extent disclosed to him / her;
 - d. attend meetings of the Board and Committees thereof (collectively for the sake of brevity hereinafter referred to as "Board") with fair regularity and conscientiously fulfil his / her obligations as director of the NBFC-P2P;
 - e. shall not seek to influence any decision of the Board for any consideration other than in the interests of the NBFC-P2P;
 - f. shall bring independent judgment to bear on all matters affecting the NBFC-P2P brought before the Board including but not limited to statutory compliances, performance reviews, compliances with internal control systems and procedures, key executive appointments and standards of conduct;
 - g. shall in exercise of his / her judgement in matters brought before the Board or entrusted to him / her by the Board be free from any business or other relationship which could materially interfere with the exercise of his / her independent judgement; and
 - h. shall express his / her views and opinions at Board meetings without any fear or favour and without any influence on exercise of his / her independent judgement;
- (v) The Director shall have:
- a. fiduciary duty to act in good faith and in the interests of the NBFC-P2P and not for any collateral purpose;
 - b. duty to act only within the powers as laid down by the NBFC-P2P's Memorandum and Articles of Association and by applicable laws and regulations; and
 - c. duty to acquire proper understanding of the business of the NBFC-P2P.
- (vi) The Director shall:
- a. not evade responsibility in regard to matters entrusted to him / her by the Board;
 - b. not interfere in the performance of their duties by the whole-time directors and other officers of the NBFC-P2P and wherever the director has reasons to believe otherwise, he / she shall forthwith disclose his / her concerns to the Board; and
 - c. not make improper use of information disclosed to him / her as a member of the Board for his / her or someone else's advantage or benefit and shall use the information disclosed to him / her by the NBFC-P2P in his / her capacity as director of the NBFC-P2P only for the purposes of performance of his / her duties as a director and not for any other purpose.
3. The NBFC-P2P covenants with the Director that:
- (i) the NBFC-P2P shall apprise the Director about:

- a. Board procedures including identification of legal and other duties of Director and required compliances with statutory obligations;
 - b. control systems and procedures;
 - c. voting rights at Board meetings including matters in which Director should not participate because of his / her interest, direct or indirect therein;
 - d. qualification requirements and provide copies of Memorandum and Articles of Association;
 - e. corporate policies and procedures;
 - f. insider dealing restrictions;
 - g. constitution of, delegation of authority to and terms of reference of various committees constituted by the Board;
 - h. appointments of Senior Executives and their authority;
 - i. remuneration policy,
 - j. deliberations of committees of the Board, and
 - k. communicate any changes in policies, procedures, control systems, applicable regulations including Memorandum and Articles of Association of the NBFC-P2P, delegation of authority, Senior Executives, etc. and appoint the compliance officer who shall be responsible for all statutory and legal compliance.
- (ii) the NBFC-P2P shall disclose and provide to the Board including the director all information which is reasonably required for them to carry out their functions and duties as a Director of the NBFC-P2P and to take informed decisions in respect of matters brought before the Board for its consideration or entrusted to the director by the Board or any committee thereof;
- (iii) the disclosures to be made by the NBFC-P2P to the Directors shall include but not be limited to the following:
- a. all relevant information for taking informed decisions in respect of matters brought before the Board;
 - b. NBFC-P2P's strategic and business plans and forecasts;
 - c. organisational structure of the NBFC-P2P and delegation of authority;
 - d. corporate and management controls and systems including procedures;
 - e. economic features and marketing environment;
 - f. information and updates as appropriate on NBFC-P2P's products;
 - g. information and updates on major expenditure;
 - h. periodic reviews of performance of the NBFC-P2P; and
 - i. report periodically about implementation of strategic initiatives and plans;
- (iv) the NBFC-P2P shall communicate outcome of Board deliberations to Directors and concerned personnel and prepare and circulate minutes of the meeting of Board to Directors

in a timely manner and to the extent possible within two business days of the date of conclusion of the Board meeting; and

(v) advise the Director about the levels of authority delegated in matters placed before the Board.

4. The NBFC-P2P shall provide to the director periodic reports on the functioning of internal control system including effectiveness thereof.

5. The NBFC-P2P shall appoint a compliance officer who shall be a senior executive reporting to the Board and be responsible for setting forth policies and procedures and shall monitor adherence to the applicable laws and regulations and policies and procedures including but not limited to directions of Reserve Bank of India and other concerned statutory and governmental authorities.

6. The Director shall not assign, transfer, sublet or encumber his / her office and his / her rights and obligations as director of the NBFC-P2P to any third party provided that nothing herein contained shall be construed to prohibit delegation of any authority, power, function or delegation by the Board or any committee thereof subject to applicable laws and regulations including Memorandum and Articles of Association of the NBFC-P2P.

7. The failure on the part of either party hereto to perform, discharge, observe or comply with any obligation or duty shall not be deemed to be a waiver thereof nor shall it operate as a bar to the performance, observance, discharge or compliance thereof at any time or times thereafter.

8. Any and all amendments and / or supplements and / or alterations to this Deed of Covenants shall be valid and effectual only if in writing and signed by the Director and the duly authorised representative of the NBFC-P2P.

9. This Deed of Covenants has been executed in duplicate and both the copies shall be deemed to be originals.

IN WITNESS WHEREOF THE PARTIES HAVE DULY EXECUTED THIS AGREEMENT ON THE DAY, MONTH AND YEAR FIRST ABOVE WRITTEN.

For the NBFC-P2P Director

By

Name: Name:

Title:

In the presence of:

1. 2.

**INFORMATION ABOUT THE PROPOSED PROMOTERS / DIRECTORS
/SHAREHOLDERS OF THE COMPANY**

Sr. No.	Particulars Required	Response
1	Name	
2	Designation- Chairman / Managing Director / Director / Chief Executive Officer	
3	Nationality	
4	Age (to be substantiated with date of birth)	
5	Business Address	
6	Residential Address	
7	E-mail address / Telephone number	
8	PAN Number under Income Tax Act	
9	Director Identification Number (DIN)	
10	Social security number / Passport No.*	
11	Educational / professional qualifications	
12	Professional Achievement relevant to the job	
13	Line of business or vocation	
14	Any other information relevant to the Company	
15	Name/s of other companies in which the person has held the post of Chairman / Managing Director/ Director / Chief Executive Officer	
16	Name/s of the regulators (RBI,SEBI,IRDA,PFRDA,NHB or any other foreign regulator) of the entities mentioned in which the persons hold directorships	
17	Name/s of the NBFCs, if any, with which the person is associated as Promoter, Managing Director, Chairman or Director including a Residuary Non-Banking Financial Company, which has been prohibited from accepting deposits/ prosecuted by RBI ?	
18	Detail of prosecution, if any, pending or commenced or resulting in conviction in the past against the person and/or against any of the entities he is associated with for violation of economic laws and regulations	
19	Cases, if any, where the person or relatives of the person or the companies in which the person is associated with, are in default or have been in default in the last 5 years in respect of credit facilities obtained from any entity or bank	
20	If the person is a member of a professional association/ body, details of disciplinary action, if any, pending or commenced or resulting in conviction in the past against him / her or whether he / she has been banned from entry of any professional occupation at any time	
21	Whether the person attracts any of the disqualification envisaged under section 164 of the Companies Act, 2013	
22	Has the person or any of the companies, he/ she is associated with, been subject to any investigation at the instance of the Government Department or Agency	
23	Has the person at any time been found guilty of violations of rules / regulations / legislative requirements by Customs / Excise / Income Tax// Foreign Exchange / Other Revenue Authorities, if so, give particulars	
24	Experience in the business of NBFC (number of years)	
25	Equity shareholding in the company	
(i)	No. of shares	
(ii)	Face value ₹.....	
(iii)	Percentage to total paid up equity share capital of the company	
26	Name/s of the companies, firms and proprietary concerns in which the person holds substantial interest	

- 27 Names of the principal bankers to the concerns at 26 above
 28 Names of the overseas bankers *
 29 Whether number of directorships held by the person exceeds the limits prescribed under section 165 of the Companies Act, 2013
 Signature :
 Date : Name :
 Place: Designation :
 Company Seal :
- * For foreign promoters / directors / shareholders
 Note: (i) Separate form should be submitted in respect of each of the proposed promoters/ directors/ shareholders

INFORMATION ABOUT CORPORATE PROMOTER

Sr. No.	Particulars Required	Response
1	Name	
2	Business Address	
3	E-mail address / Telephone number	
4	PAN Number under Income Tax Act	
5	Name and contact details of compliance officer	
6	Line of business	
7	The details of their major shareholders (more than 10%) and line of activity, if corporates	
8	Names of the principal bankers/ overseas bankers *	
9	Name/s of the regulators (RBI,SEBI,IRDA,PFRDA,NHB or any other foreign regulator)	
10	Name/s of Company/ies in the Group as defined in the Prudential Norms Directions	
11	Name/s of the company/ies in the Group that are NBFCs	
12	Specify the names of companies in the group which have been prohibited from accepting deposits/ prosecuted by RBI?	
13	Detail of prosecution, if any, pending or commenced or resulting in conviction in the past against the corporate for violation of economic laws and regulations	
14	Cases, if any, where the corporate, is in default or have been in default in the last 5 years in respect of credit facilities obtained from any entity or bank	
15	Whether the corporate has been subject to any investigation at the instance of the Government Department or Agency	
16	Has the Corporate at any time been found guilty of violations of rules/ regulations/ legislative requirements by Customs/ Excise/ Income Tax// Foreign Exchange/ Other Revenue Authorities, if so, give particulars	
17	Has the promoter corporate/ majority shareholder of the promoter corporate, if a corporate, ever applied to RBI for CoR which has been rejected Signature : Date : Name : Place: Designation : Company Seal :	

* For foreign corporate
