Reserve Bank Of India (Non-Banking Financial Companies – Compliance Function) Directions, 2026

RBI vide this circular dated July 31, 2026 mandated NBFCs in the Middle Layer and Upper Layer to put in place an independent compliance function and appoint a Chief Compliance Officer (CCO). The Directions are effective immediately and NBFCs should reassess existing compliance policies, CCO reporting lines and monitoring systems against the consolidated framework at the earliest.

RBI has consolidated its 2022 guidance on the compliance function of NBFCs into a standalone set of Directions retaining the core governance architecture, while adding a dedicated technology-monitoring mandate and tightening CCO independence and reporting requirements. Key elements of the framework are Board / Audit Committee responsibility, senior management, structure and staffing, CCO appointment and tenure, independence, reporting to RBI, new product governance and technology for monitoring (new Chapter V).

With immediate effect, all existing RBI directions, instructions and guidelines on the compliance function of NBFCs (as listed vide circular DoS.CO.PPG.66/11.01.005/2026-27 dated July 31, 2026) stand repealed, subject to the usual savings for actions already taken or in progress.

For Middle and Upper Layer NBFCs, the practical implication is a compliance-tooling investment: entities relying on spreadsheet-based tracking of regulatory obligations, Risk Mitigation Plan / Monitorable Action Plan ('RMP/MAP') closures and new-product sign-offs will need to move to an integrated, dashboard-capable system well before the next RBI inspection cycle, since Chapter V provides no transition timeline despite the Directions being effective immediately.

Similar amendments are introduced for Commercial Banks, Small Finance Banks, Payment Banks, Urban Co-operative Banks and Local Area Banks.

Kindly refer the following for the details **– 460MD930686EC27D04B4AA9DF4A3481CDD465.PDF**