Reserve Bank Of India (Non-Banking Financial Companies – Registration, Exemptions And Framework For Scale Based Regulation) Second Amendment Directions, 2026

RBI has issued (Non-Banking Financial Companies – Registration, Exemptions and Framework for Scale Based Regulation) Second Amendment Directions, 2026 to replace the two-pronged (parametric scoring + top 10 asset size) methodology for identifying Upper Layer NBFCs (NBFC-UL) with a single, absolute asset size threshold, and added a carve out for NBFCs that are group entities of Scheduled Commercial Banks (SCBs).

Key Amendments:

- **Asset Size Threshold**: The Upper Layer now strictly consists of NBFCs with an asset size of ₹1,00,000 crore and above based on their latest audited financial year balance sheet.
- **Periodic Review**: The criteria for identifying NBFC-UL will be reviewed periodically, and the specific ₹1,00,000 crore asset threshold will be reviewed every three years.
- **Bank Group Entities**: NBFCs that are group entities of a Scheduled Commercial Bank must follow the *RBI (Commercial Banks – Undertaking of financial services) Directions, 2025* if both entities conduct the same business activity. these group entities must comply with the commercial bank directions regardless of their layer, but they will still retain their original layer classification under the Scale Based Regulation (SBR).

These amendments eliminate RBI's previous complex, multi-parameter scoring model and ranking systems (which used to automatically place the top 10 NBFCs in the Upper Layer) with a specific quantitative benchmark in classification, are likely to widen the Upper Layer over time, and will be subject to review every three years. Further, NBFCs that are group entities of a bank are now required to comply with the bank Directions for any overlapping activity, even though their SBR layer classification remains unaffected for other purposes.

Kindly refer to the link for the further details - Reserve Bank of India (Non-Banking Financial Companies – Registration, Exemptions and Framework for Scale Based Regulation) Second Amendment Directions, 2026