



On April 29, 2026, the Reserve Bank of India (RBI) issued the [Amendment Directions, 2026](#), introducing a simplified framework for specific Non-Banking Financial Companies (NBFCs). By allowing eligible entities to deregister, the RBI is significantly reducing the compliance burden for firms that pose minimal systemic risk.

New Classifications: Defining the "Silent" NBFC

The amendment refines how NBFCs are categorised based on their interaction with public money and consumers:

- **Type I NBFC:** Registered entities with no public funds and no customer interface.
- **Type II NBFC:** All other registered NBFCs (those with public funds or customer interaction).
- **Unregistered Type I NBFC:** A new category for entities exempted from registration under the 2026 guidelines.

Eligibility for Deregistration

Under the new rules, an NBFC can apply for an exemption from **Sections 45IA and 45IC of the RBI Act, 1934** if it meets three criteria:

1. **No Public Funds:** It does not (and will not) accept public funds, including indirect receipts through group entities.
2. **No Customer Interface:** It does not (and will not) interact directly with customers.
3. **Asset Size:** Its asset size (or the aggregate size of all such entities within a Group) is **less than ₹1,000 crore**.

The Roadmap to Deregistration

Eligible entities must apply for deregistration through the **PRAVAAH portal** by **December 31, 2026**. The application requires:

- The original Certificate of Registration (CoR).
- Audited financials for the last three years.
- A Statutory Auditor's Certificate (SAC) confirming the absence of public funds and customer interface.
- A Board Resolution committing to maintain these "Type I" characteristics and to re-register if asset size exceeds the ₹1,000 crore limit.

Life as an "Unregistered Type I NBFC"

Deregistration does not mean a total exit from oversight. These entities must remain vigilant to maintain their exempt status:

- **Annual Affirmation:** Boards must pass a resolution at the start of every financial year affirming they still meet the "no public funds/no customer interface" criteria.



- **Transparency:** Status as an "Unregistered Type I NBFC" must be clearly disclosed in the "Notes to Accounts."
- **The Growth Trigger:** If the asset size reaches ₹1,000 crore, the entity must immediately reapply for registration.

Critical Restrictions

The RBI has included safeguards to prevent regulatory arbitrage.

Important: Any Unregistered Type I NBFC wishing to make **overseas investments** in the financial services sector must remain registered and regulated. Furthermore, these entities are strictly prohibited from making overseas investments in non-financial sectors.

Conclusion

The 2026 Amendment Directions represent a shift toward "right-sized" regulation. By exempting small, private-pool investment vehicles from heavy periodic filings, the RBI is promoting ease of doing business for captive finance arms while keeping a close watch on the larger, more interconnected players. For eligible firms, the window to simplify their regulatory footprint is open until the end of 2026.

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