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| **SOP** |
| * SLMA shall facilitate Trading of Standard Corporate Rupee Term Loans in Phase 1 with a minimum size of transaction limited to Rs.25 Crores, which will be subject to review from time to time depending upon the interest shown and feedback received from the participants.
* Members of SLMA viz. Banks/ NBFCs/ Financial Institutions /other entities (Member Institutions) would only be allowed to do secondary transactions under aegis of SLMA.
* Member Institutions would need to certify that they are following extant RBI guidelines pertaining to sale of corporate loans with respect to a Minimum Holding Period (MHP), if applicable.
* Member Institutions would need to upfront disclose whether the transaction would require borrower’s approval.
* Identification of counterparties - both buyer & seller must be aware of any restrictions in the underlying facility agreement, w.r.t to whom loan can be transferred, no restrictions on transfer, no restriction regarding a minimum amount a lender must transfer etc.
* Post identification of counterparties confidentiality documents / NDA needs to be executed for prospective buyer to undertake due diligence.
* A prospective buyer is expected to have carried out all necessary due diligence prior to the trade date and any relevant “KYC" checks after execution of NDA. Seller can provide the buyer with the necessary information including copies of the finance documents and other financial information.
* In case of interests received from many prospective buyers to buy a loan, the Seller will select the buyer at its discretion. There will not be any fixed timeline stipulated by SLMA for completion of transaction or withdrawal of offer by seller. However, buyer & seller bank should mutually conclude a trade confirmation agreeing on the common terms & settlement date.
* SLMA will not facilitate the actual settlement of transaction between the seller and buyer of loan.
* In order to ensure seamless and hassle-free transaction, Member Institutions will offer only those loans for sale where Security Trustee and Facility Agent are available in case of syndicate or consortium advance.
* Applicable SLMA charges (if any) will be payable once the NDA is executed.
* Follow Standardized process on sharing of documentation charges (such as legal opinions etc.) between Incoming Lender and Selling Bank - Borrower may bear the Transfer related costs, if agreed upon upfront in the documents.
* Member Institutions would need to comply with internal guidelines of SLMA for secondary trading on the following key points:
	+ Procedure for intimation to borrower before (if required as per documentation) or after the transaction
	+ Borrower acceptance on the sanction letter of Incoming Lender would not be required for the transfer to be effected

 * + Standardized NDA should be executed amongst buyer and seller, stamp duty charges for the NDA can be borne either by the seller or the buyer as per mutual understanding.

   * + Borrowers should be agreeable to accept the interest rate of the incoming bank that the effective rate is equal on the date of documentation and on first reset date, provided the first reset date is falling within one year of the date of transfer.
	+ List of agreeable benchmark rates to the agreed upfront (MCLRs of various banks) or non-MCLR linked benchmarks viz. FIBIL/REPO/T Bills. The specific benchmark rate (MCLR of various banks/REPO/T Bills) to be specified upfront by the incoming lender in conformity with the clause above.
* Standard format for intimation to the client on “Split Interest” post transfer of loans to incoming lenders (This is a letter which would be issued by the transferring bank to the Borrower and Facility agent with copy to the new incoming banks. This is to record the date of transfer with the borrower and to intimate the borrower/Facility Agent to credit the repayment and interest to the tune of transferred amount to the new lender’s account).
* Incoming lenders should not stipulate tag along clauses or any minimum hold amount on selling bank which may become an impediment in future sell downs of loans.
* Follow Standardized process on sharing of documentation charges (such as legal opinions etc.) between Incoming Lender and Selling Bank.
* SLMA will not be responsible for misrepresentation by the trading partners.
	+ Currently SLMA is not providing settlement facilities.
	+ SLMA will not be responsible for security creation.
	+ SLMA will not be responsible for any dispute amongst the borrower and the lenders.
* All transactions would be in accordance with Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 (RBI Ref no. RBI/DOR/2021-22/86, DOR.STR.REC.51/21.04.048./2021-22 dtd. September 4, 2021). The responsibility of complying with these directions would be of both Selling bank and incoming lender
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