

**CFM ASSET RECONSTRUCTION PRIVATE LIMITED**

**Code of Conduct for Resolution Service Agents/  
Recovery Agents**

**June 2023**

Approved on June 5, 2023

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## **1. Introduction**

(i) RBI vide their circular DOR.NBFC(ARC). CC. No. 9/26.03.001/2020-21 dated July 16, 2020, has advised the Asset Reconstruction Companies to adopt 'Fair Practices Code' to ensure transparency and fairness in their operation and vide circular. DOR. ORG. REC.No.65/21.04.158/2022-23 dated August 12, 2022, on Outsourcing of Financial Services has advised on the responsibilities of regulated entities employing recovery agents.

(ii) RBI has advised the regulated entities to put in place a Board approved Code of Conduct for Resolution Service Agents (RSAs)/Recovery Agents (RAs).

## **2. Role of the company**

(i) The company shall carry out adequate due diligence on RSAs/RAs before engaging the RSAs/RAs

(ii) The company shall obtain declarations from the RSAs/RAs that they are properly trained to deal with customers in an appropriate manner, handle their responsibilities with care and sensitivity, particularly in respect of aspects such as hours of calling, privacy of customer information, etc.

(iii) The company shall keep the information, acquired in course of business, strictly confidential and shall not disclose the same to anyone including other companies in the group except when required by law, or there is duty towards public to reveal information, or there is explicit permission of the borrowers.

(iv)The designated a Grievance Redressal Officer of CFM ARC shall ensure that genuine grievances against the RSAs/RAs are redressed promptly and on timely manner.

## **3. Code of Conduct for RSA/RAs**

(i) CFM ARC shall obtain declarations-cum-undertakings from the RSAs/RAs on the Code of Conduct, as per the format given at Annexure-1.

(ii) The Code of Conduct shall be communicated to the RSAs/RAs as a part of the engagement letter/ agreement entered with them.

#### **4. Review/Renewal of the Code**

The Code may be reviewed by the Board from time to time, keeping in view the changes in regulations/current scenario, et

#### **5. Annexure on amendments/review of the Policy**

Sr. No.	Framing/Amendment/Renewal	Date	Approved by
1.	Framing of the Policy	December 28,2021	Board of Directors
2.	Extended by 3 months	December 27,2022	MD & CEO
3.	Renewed the Policy	June 05, 2023	Board of Directors

**Annexure-1**

**Declaration-cum-undertaking on the Code of Conduct**

(To be obtained from Resolution Service Agents/Recovery Agents)

The President,  
CFM Asset Reconstruction Private Limited (CFM ARC),  
Mumbai

Dear Sir,

**Code of Conduct for Resolution Service Agents/ Recovery Agents**

I/we, Mr./Ms./M/s.....residing at/incorporated at  
..... My/our engagement with your company includes  
collection of dues and/or re-possession of securities from the specified borrowers of CFM  
ARC mentioned hereunder:

Names of borrowers:

Address:

2. In discharge of my/our duties, I/ we am/are obliged to scrupulously follow the CFM ARC's Code of Conduct for the Resolution Service Agents/ Recovery Agents and to extend normal courtesy to the borrowers, while dealing with them during recovery of the dues of CFM ARC.

3. I/we am/are properly trained to deal with customers in an appropriate manner, handle their responsibilities with care and sensitivity, particularly in respect of aspects such as hours of calling, privacy of customer information, etc.

4. I/we confirm that I/we have read and understood the CFM ARCs Code of Conduct for Resolution Service Agents/Recovery Agents (enclosed) and I/we agree to abide by the same. In case of any violation/ non-adherence, you may initiate such action against me/us as you may deem appropriate.

(Authorised Signatory)

Name:

Designation:

Place:

Date:

## Code of Conduct for Resolution Service Agents (RSA)/Recovery Agents (RA)

### **1. Introduction**

The Code of Conduct for RSA/RA of the CFM ARC is built on the principles of dignity and respect to the borrowers. All borrowers, including the borrowers who had defaulted in making payments of the loan dues, shall be treated with respect, dignity, courtesy, and fairness in debt collection efforts. The RSAs/RAs shall agree to abide by this code prior to undertaking any recovery operation on behalf of the CFM ARC. It is imperative that all persons involved in collection related activities follow this Code.

### **2. Codes for calling/visiting the borrower**

The RSAs/RAs shall

- (i) introduce himself/ herself as a representative of the CFM ARC,
- (ii) intimate the borrower or his appointed representative or relatives, at the beginning of every interaction,
- (iii) remain professional during telephone conversations and visits,
- (iv) be strictly prohibited from making telephone calls, without disclosure of the caller's identity,
- (v) be strictly prohibited from making any written or verbal threats, abuse, or rudeness while dealing with the borrower,
- (vi) not resort to intimidation or harassment of any kind, either verbal or physical, against any person in their debt collection efforts
- (vii) not humiliate publicly or intrude upon the privacy of the borrower's family members, referees, and friends
- (viii) not send inappropriate messages either on mobile or through social media,
- (ix) not make threatening/anonymous calls,
- (x) not to call the borrower persistently,

- (xi) not to call the borrower before 8:00 a.m. and after 7:00 p.m. for recovery of overdue loans,
- (xii) use only acceptable business language, even if the borrower has instigated the RSAs/RAs,
- (xiii) contact the borrower at the address registered with the CFM ARC and at such time agreed upon,
- (xiv) as far as possible, use the language which the borrower is converse with,
- (xv) ensure that all written and verbal communication with borrower shall be in simple business language,
- (xvi) not make false and misleading representations viz. lawyer, government official, official from court, etc.
- (xvii) not enter the borrower's residence against his/her wishes or if they are told the borrower is not at home,
- (xviii) not wait for the borrower in his/her residence, unless specifically asked to do so by the borrower or his/her family members,
- (xix) not to restrict the borrower's movement or restrain him/her from entering or leaving the house,
- (xx) not visit borrower's house, during his/her bereavement period.

### **3. Code at offer of bribe of any kind**

The RSAs/RAs shall not accept bribes of any kind or gifts from the borrower. If offered a bribe or payment of any kind by a borrower, the RSAs/RAs shall report the details of such offer to the management.

### **4. Code in dealing with non-cooperative borrowers**

If the borrower remains non-cooperative, the consequences shall be explained to him/her, mainly on the following lines:

- (i) Impact on credit history i.e., possible inclusion in negative list of Credit Rating Agencies, and

(ii) Legal course of action and cost of defending legal action.

#### **5. Code for documentation of recovery efforts**

(i) The RSAs/RAs shall document the efforts in the recovery of dues and copies of communication, if any, sent to the borrowers. The written communications, telephonic reminders, visits by the RSAs/RAs to the borrower's place, etc., may be used as loan follow up measures by the RSAs/RAs.

(ii) The RSAs/RAs shall not intimate any legal or other recovery measures including re-possession of securities, without obtaining prior approval from the authorised officials of the CFM ARC and giving the borrower due notice in writing.

#### **6. Code for confidentiality of information**

The RSAs/RAs shall keep the information, acquired in course of business, strictly confidential and shall not disclose any information on the borrower obtained during recovery of the loan dues, to anyone except when required by law, or there is duty towards public to reveal the information, or there is explicit permission of the borrower for the same.