

Factoring Regulation Act, 2011, (Central)

Section 31 - Provisions of This Act Not to Apply or Affect in Certain Cases

(1) The provisions of this Act shall not apply to any assignment of receivables arising under or from the following transactions, namely:-

- (a) any merger, acquisition or amalgamation of business activities or sale or change in the ownership or legal status of the business;
- (b) transactions on any stock exchange or commodities exchange regulated by the Securities and Exchange Board of India constituted under the provisions of the Securities and Exchange Board of India Act, 1992 (15 of 1992) or by the Forward Markets Commission under the Forward Contracts (Regulation) Act, 1952 (74 of 1952), respectively;
- (c) financial contracts governed by netting agreements, except a receivable owed on the termination of all outstanding transactions;
- (d) foreign exchange transactions except receivables in any foreign currency;
- (e) inter-bank payment systems, inter-bank payment agreements or clearance and settlement systems relating to securities or other financial assets or instruments;
- (f) Bank deposits;
- (g) a letter of credit or independent guarantee;
- (h) rights and obligations of any person under the law governing negotiable instruments, negotiable warehouse receipts under the Warehousing (Development and Regulation) Act, 2007 (37 of 2007) or to instruments which are for the time being, by law or custom negotiable or any mercantile document of title to goods;
- (i) sale of goods or services for any personal, family or household use;
- (j) any assignment of loan receivables by a bank or non-banking financial company to another bank or non-banking financial company;
- (k) securitisation transactions (including assignment of receivables to special purpose vehicles or trusts that issue securities against such receivables, bought from a single debtor or single group of debtors).

(2) Nothing contained in this Act shall affect the rights and obligations of a consumer, manufacturer, trader or service provided under the provisions of the Consumer Protection Act, 1986 (68 of 1986).