**Blended Course- Certified Treasury Professional**

**RBI and FEDAI Notifications during the period 1st January 2020**

**to 30th June 2020**

**Reporting of OTC Currency Derivative transactions to trade repository**

RBI/2019-20/132 FMRD.FMID No.23/02.05.002/2019-20 January 01, 2020

All Category-I Authorised Dealer Banks

Please refer to our circular FMD.MSRG.No.94/02.05.002/2013-14 dated December 04, 2013 on the captioned subject, wherein a threshold of USD 1 million, and equivalent thereof in other currencies, was stipulated for reporting client transactions in currency derivatives (currency swaps and FCY FRA/IRS) to the Trade Repository (TR).

2. It has now been decided that all client transactions in currency derivatives, including those with notional amount of below USD 1 mn, shall now be reported to the TR, with effect from January 06, 2020.

3. As a one-time measure, in order to update the transactions in the Trade Repository, AD Category – I banks shall report all outstanding client transactions with notional amount below USD 1 mn to the TR by January 31, 2020.

4. These directions are issued under section 45W of RBI Act and shall come into force with effect from the date of these directions.

**Risk Management and Inter-bank Dealings- Permitting AD Cat-I banks to voluntarily undertake user and Inter-Bank transactions beyond onshore market hours**

RBI/2019-20/136 A.P. (DIR Series) Circular No. 15 January 6, 2020

All Authorised Dealers Category-I

Attention of Authorised Dealers (ADs) is invited to the Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations, 2000 notified vide Notification No. FEMA.25/RB-2000 dated May 3, 2000) issued under clause (h) of sub-section (2) of Section 47 of FEMA, 1999 (Act 42 of 1999), as amended from time to time and the Master Direction- Risk Management and Inter-bank Dealing dated July 05, 2016, as amended from time to time.

2. As announced in the Statement of Developmental and Regulatory Policies dated October 04, 2019 it has been decided to accept the recommendation of the Task Force on Offshore Rupee Market to permit AD Cat-I banks to offer foreign exchange prices to users at all times, out of their Indian books, either by a domestic sales team or through their overseas branches.

3. Accordingly, the following section is being added in Part C (Inter-Bank Foreign Exchange Dealings) of the Master Direction- Risk Management and Inter-Bank Dealings:

**“6. Customer and inter-bank transactions beyond onshore market hours**

Authorised dealers may undertake customer (persons resident in India and persons resident outside India) and inter-bank transactions beyond onshore market hours. Transactions with persons resident outside India, through their foreign branches and subsidiaries may also be undertaken beyond onshore market hours.”

4. The directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions/approvals, if any, required under any other law.

**Incentivising Bank Credit to Specific Sectors – Exemption from CRR Maintenance**

RBI/2019-20/159 DOR.No.Ret.BC.30/12.01.001/2019-20 February 10, 2020

All Scheduled Commercial Banks

It has been announced in paragraph 3 of the Statement on Developmental and Regulatory Policies of February 6, 2020, that the Reserve Bank is actively engaged in revitalising the flow of bank credit to productive sectors having multiplier effects to support growth impulses. Accordingly, banks are allowed to deduct the equivalent amount of incremental credit disbursed by them as retail loans to automobiles, residential housing, and loans to micro, small and medium enterprises (MSMEs), over and above the outstanding level of credit to these segments as at the end of the fortnight ended January 31, 2020 from their net demand and time liabilities (NDTL) for maintenance of the cash reserve ratio (CRR).

Banks are advised that they can claim the first such deduction from the NDTL of February 14, 2020 for the amount equivalent to the incremental credit extended to the sectors indicated above over the outstanding level of credit as at the end of the fortnight ended January 31, 2020.

An amount equivalent to the incremental credit outstanding from the fortnight beginning January 31, 2020 and up to the fortnight ending July 31, 2020 will be eligible for deduction from NDTL for the purpose of computing the CRR for a period of five years from the date of origination of the loan or the tenure of the loan, whichever is earlier.

Banks are required to report the exemption availed at the end of a fortnight under “exemptions/others” in the Section-42 return, prescribed in Annex A to Form A as per Master Circular on Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) dated July 1, 2015. Proper fortnightly records of net incremental credit extended to the select sectors/NDTL exemption claimed, duly certified by the Chief Financial Officer (CFO) or an equivalent level officer, must be maintained by banks for supervisory review.

**Section 42(1) of the Reserve Bank of India Act, 1934 - Change in Daily Minimum Cash Reserve Maintenance Requirement**

RBI/2019-20/192 DOR.No.Ret.BC.51/12.01.001/2019-20 March 27, 2020

All Scheduled Banks

Please refer to our Circular DBR.No.Ret.BC.91/12.01.001/2015-16 dated April 05, 2016 on the captioned subject.

2. As announced in the Seventh Bi-monthly Monetary Policy Statement, 2019-20, March 27, 2020, it has been decided to reduce the minimum daily maintenance of the Cash Reserve Ratio from 90 per cent of the requirement to 80 per cent effective from the fortnight beginning March 28, 2020. This is a one-time dispensation available up to June 26, 2020.

**Maintenance of Cash Reserve Ratio (CRR)**

RBI/2019-20/191 DOR.No.Ret.BC.49/12.01.001/2019-20 March 27, 2020

All Banks

Please refer to our Circular DBOD.No.Ret.BC.76/12.01.001/2012-13 dated January 29, 2013 and Circular RPCD.CO.RCB.RRB.BC.No.61/03.05.33/2012-13 dated January 29, 2013 on the captioned subject.

2. As announced in the Seventh Bi-monthly Monetary Policy Statement, 2019-20, March 27, 2020, it has been decided to reduce the Cash Reserve Ratio (CRR) of all banks by 100 basis points from 4.00 per cent to 3.00 per cent of their Net Demand and Time Liabilities (NDTL) with effect from the reporting fortnight beginning March 28, 2020 for a period of one year, ending on March 26, 2021.

3. A copy of the relative notification DOR.No.Ret.BC.50/12.01.001/2019-20 dated March 27, 2020 is enclosed.

**Risk Management and Inter-bank Dealings- Participation of Banks in Offshore Non-deliverable Rupee Derivative Markets**

RBI/2019-20/193 A.P. (DIR Series) Circular No.23 March 27, 2020

All Authorised Dealer Category-I Banks

Attention is invited to the Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations, 2000 (Notification no. FEMA.25/RB-2000 dated May 3, 2000), as amended from time to time, and Master Direction- Risk Management and Inter-bank Dealings dated July 06, 2016, as updated from time to time (Master Direction)

2. As stated in paragraph 10 of the Statement on Developmental and Regulatory Policies dated March 27, 2020, banks in India having an Authorised Dealer Category-1 license under Foreign Exchange Management Act (FEMA), 1999, and operating International Financial Services Centre (IFSC) Banking Units (IBUs), shall be eligible to offer non-deliverable derivative contracts involving the Rupee, or otherwise, to persons not resident in India. Banks can undertake such transactions through their branches in India, through their IBUs or through their foreign branches (in case of foreign banks operating in India, through any branch of the parent bank).

3. Accordingly, the following amendments are being made to the Master Direction. The amendments shall come into effect from June 1, 2020.

(a) In Part-A (Section II) of the Master Direction, a new paragraph (9A) is added as follows:

“9A. Non-deliverable derivative contracts (NDDC)

i. Non-deliverable derivative contract (NDDC) means a foreign exchange derivative contract involving the Rupee, entered into with a person not resident in India and which is settled without involving delivery of Rupee.

ii. Banks in India having an Authorised Dealer Category-1 license under FEMA, 1999, and operating International Financial Services Centre (IFSC) Banking Units (IBUs) (as specified in circular no. RBI/2014-15/533.DBR.IBD.BC.14570/ 23.13.004/2014-15 dated April 1, 2015 (as amended from time to time)), shall be eligible to offer non-deliverable derivative contracts involving the Rupee, or otherwise, to persons not resident in India. Banks can undertake such transactions through their IBUs or through their branches in India or through their foreign branches (in case of foreign banks operating in India, through any branch of the parent bank).

(b). In Part C of the Master Direction, a new paragraph is added as follows:

“3A. Transaction in Non-deliverable derivative contracts (NDDC)

Authorised dealers having an IFSC Banking Unit (IBU) (as specified in circular no.RBI/2014-15/533.DBR.IBD.BC.14570/23.13.004/2014-15 dated April 1, 2015 (as amended from time to time)) may transact in Non-deliverable derivative contracts (NDDCs) with other AD Category 1 banks having IBUs and banks overseas. Banks can undertake such transactions through their IBUs or through their branches in India or through their foreign branches (in case of foreign banks operating in India, through any branch of the parent bank).”

4. The directions contained in this circular have been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions /approvals, if any, required under any other law.

**Risk Management and Inter-bank Dealings – Hedging of foreign exchange risk**

RBI/2019-20/210 A.P.(DIR Series) Circular No. 29 April 7, 2020

To,

Authorised Dealers Category – I

Attention of Authorised Dealers Category – I (AD Category – I) banks is invited to the Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations, 2000 dated May 3, 2000 (Notification No.FEMA.25/RB-2000 dated May 3, 2000), as amended from time to time and Master Directions on Risk Management and Inter-Bank Dealings dated July 5, 2016, as amended from time to time.

2. As announced in the Statement on Developmental and Regulatory Policies dated December 5, 2019, the existing facilities for non-residents and residents to hedge their foreign exchange risk on account of transactions permitted under Foreign Exchange Management Act (FEMA), 1999 have been revised. The revised directions are provided at Annex–I to this circular. All previous operational guidelines, terms and conditions in this regard shall stand withdrawn from the date that these directions come into effect.

3. Necessary amendments (Notification No.FEMA.398/RB-2020 dated February 18, 2020) to Foreign Exchange Management (Foreign Exchange Derivatives Contracts) Regulations, 2000 (Notification No.FEMA.25/RB-2000 dated May 3, 2000) (Regulations) have been notified in the Official Gazette vide Gazette Id no. CG-MH-E-06032020-216549 dated March 3, 2020, a copy of which is annexed to this circular. These regulations have been issued under clause (h) of sub-Section (2) of Section 47 of FEMA, 1999 (42 of 1999).

4. The directions shall come into effect from June 1, 2020 and replace the existing directions in Part A - Section I and II and Part D of the Master Direction on Risk Management and Interbank Dealings dated July 5, 2016, as amended from time to time.

5. The following reports prescribed in Part E of the Master Directions on Risk Management and Inter-Bank Dealings dated July 5, 2016, as amended from time to time, shall stand withdrawn from the date that these directions come into effect.

1. Cross Currency Derivative Transactions (Half yearly) – Annex IV
2. Report on Booking of Forward Contracts on Past Performance Basis (Monthly) – Annex X
3. Details of Forward cover undertaken by FPI clients (Monthly) – Annex XIII
4. Details of Forward Contracts/Options booked and cancelled by SMEs and Resident Individuals, Firms and Companies within the first week of the following month (Quarterly) – Annex XIV
5. Derivative Transactions undertaken by Non-Resident Importer/Exporter (Quarterly) – Annex XIX

6. The directions contained in this circular have been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions/ approvals, if any, required under any other law.

**Reporting Platform for OTC Derivatives – Transactions undertaken by IFSC Banking Units (IBUs) and non-deliverable derivative contracts (involving Rupee or otherwise)**

RBI/2019-20/233 FMRD.FMID.26/02.05.002/2019-20 May 18, 2020

All Authorised Dealer Category-I Banks

In terms of A.P. (DIR Series) circular no.23 dated March 27, 2020, banks in India having an Authorised Dealer Category-1 license under FEMA, 1999, and operating IBUs have been permitted, with effect from June 1, 2020, to offer non-deliverable derivative contracts (NDDCs) involving the Rupee, or otherwise, to persons not resident in India. Banks can undertake such transactions through their IBUs or through their branches in India or through their foreign branches (in case of foreign banks operating in India, through any branch of the parent bank).

2. All foreign exchange non-deliverable derivative contracts (involving Rupee or otherwise) undertaken by banks in India through their IBUs or through their branches in India or through their foreign branches (in case of foreign banks operating in India, through any branch of the parent bank), shall be reported to CCIL’s reporting platform with effect from June 1, 2020.

3. Further, in terms of circular no. DBR.IBD.BC.14570/23.13.004/2014-15 dated April 01, 2015, as amended from time to time, IBUs were permitted to undertake derivative transactions including structured products that the banks operating in India have been allowed to undertake as per the extant RBI directions. For undertaking any other derivative product, IBUs are required to obtain the prior approval of the RBI.

4. RBI has mandated that all OTC foreign exchange, interest rate and credit derivative transactions, both inter-bank and client, will be reported to CCIL’s trade reporting platform. The matter has been further discussed with banks operating IBUs and CCIL. Accordingly, it has been decided that IBUs shall report all OTC foreign exchange, interest rate and credit derivative transactions - both interbank and client transactions - undertaken by them to CCIL’s reporting platform with effect from June 1, 2020. Additionally, as a one-time measure to ensure completeness of data, all matured and outstanding transactions as on May 31, 2020, shall be reported by July 31, 2020.

5. The Clearing Corporation of India (CCIL) shall communicate the methodology of such reporting to its members.

6. These directions are issued under the powers vested in the Reserve Bank of India under Section 45W of the Reserve Bank of India Act, 1934 and is without prejudice to permissions/ approvals, if any, required under any other law.

**Section 42(1) of the Reserve Bank of India Act, 1934 - Change in Minimum Daily Maintenance of the Cash Reserve Requirement**

RBI/2019-20/260 DOR.No.Ret.BC.78/12.01.001/2019-20 June 26, 2020

All Scheduled Banks

Please refer to our circular DOR.No.Ret.BC.51/12.01.001/2019-20 dated March 27, 2020 on the captioned subject.

2. As announced in the Statement of Developmental and Regulatory Policies of March 27, 2020, the minimum daily maintenance of the Cash Reserve Ratio (CRR) was reduced from 90 per cent of the prescribed CRR to 80 per cent effective the fortnight beginning March 28, 2020 till June 26, 2020.

3. Keeping in view the continuing of hardships faced by banks in terms of social distancing of staff and consequent strains on reporting requirements, it has now been decided to extend the relaxation of the minimum daily maintenance of the Cash Reserve Ratio of 80 per cent for a further period of three months, i.e., up to September 25, 2020.

**Section 24 of the Banking Regulation Act, 1949 – Maintenance of Statutory Liquidity Ratio (SLR) – Marginal Standing Facility (MSF)**

RBI/2019-20/259 DOR.No.Ret.BC.77/12.02.001/2019-20 June 26, 2020

All Scheduled Banks (excluding Regional Rural Banks)

Please refer to our circular DOR.No.Ret.BC.52/12.01.001/2019-20 dated March 27, 2020 on Marginal Standing Facility (MSF) Scheme.

2. As announced in the Statement of Developmental and Regulatory Policies dated March 27, 2020, the borrowing limit of scheduled banks under the MSF scheme, by dipping into the prescribed SLR, was increased from 2 per cent to 3 per cent of their Net Demand and Time Liabilities (NDTL) outstanding at the end of the second preceding fortnight with immediate effect. This relaxation was available up to June 30, 2020.

3. On a review, it has now been decided to extend this enhanced limit till September 30, 2020.

4. Banks may continue to access overnight funds under the MSF against their excess SLR holding as advised in our circular FMD.No.65/01.18.001/11-12 dated December 21, 2011.

**Financial Benchmark Administrators (Reserve Bank) Directions, 2019**

RBI/2019-20/133 FMRD.FMSD.22/03.07.035/2019-20 January 01, 2020

To

All the Financial Benchmark Administrators

Please refer to the Financial Benchmark Administrators (Reserve Bank) Directions, 2019, dated June 26, 2019.

2. As provided in paragraph 3(i) of the above directions, the Reserve Bank hereby notifies the following benchmarks administered by Financial Benchmarks India Pvt. Ltd. (FBIL) as a ‘significant benchmark’:

* Overnight Mumbai Interbank Outright Rate (MIBOR)
* Mumbai Interbank Forward Outright Rate (MIFOR)
* USD/INR Reference Rate
* Treasury Bill Rates
* Valuation of Government Securities
* Valuation of State Development Loans (SDL)

3. Further, in terms of paragraph 3(ii) of the above directions, the person administering the ‘significant benchmark’, shall make an application to the Reserve Bank within a period of three months from the date of this notification for authorization to continue administering these benchmarks.

4. This notification has been issued by the Reserve Bank as required under the Financial Benchmark Administrators (Reserve Bank) Directions, 2019, dated June 26, 2019.

**SPL No 2/BV/2020 19th March 2020**

All Members of FEDAI

Dear Sir/Madam,

**Sub - Novel Coronavirus (COVID 19) – Temporary relaxations in Forex regulations**

The spread of Novel Coronavirus has brought about an unprecedented global crisis. To combat this unprecedented situation many of the business entities have implemented a number of measures including moving to a remote work environment or where ever possible operating from home and are facing difficulties in fulfilling some of the regulatory requirements while managing the Foreign Exchange Risk. To provide some relief to the corporate in their forex risk management, based on FEDAI’s recommendation, RBI has permitted following relaxations.

**1) Submission of underlying documents - Current Fx hedging guidelines**

Quote ‘while details of the underlying have to be recorded at the time of booking the contract, in the view of logistic issues, a maximum period of 15 days may be allowed for production of the documents. If the documents are not submitted by the customer within 15 days, the contract may be cancelled, and the exchange gain, if any, should not be passed on to the customer’. Unquote.

In the present circumstances it may be difficult for corporates to adhere to the requirement of 15-day period and submission of certified true copies (hard copies) of the underlying documents.

**Relaxation**–Considering the difficulty faced by corporate AD Banks may allow time of upto 60 days or date of maturity of contract whichever is earlier, for production of underlying documents by corporates. This would be applicable for the contracts booked between February 15, 2020 to April 15, 2020. This period may be reviewed/extended based on evolving situation.

Online submission of documents evidencing exposure instead of physical production of documents, subject to due diligence by AD Banks on the authenticity of underlying documents, is permitted. This would be applicable for the contracts booked between February 15, 2020 to April 15, 2020. AD Banks shall ensure that all documents are obtained once normalcy is restored.

**2) FEDAI Rules** - Presently FEDAI Rule No. 6.4 (iv) requires that if a customer desires to cancel the contract he must advise the bank accordingly before or latest on the date of maturity of the contract. If there are no instructions from the customer, banks shall cancel the overdue contract within 3 working days after the maturity date. However, when a contract is cancelled after the maturity date, the customer shall not be entitled to the exchange difference, if any, in his favour, since the contract is cancelled on account of his default. He shall, however, be liable to pay the exchange difference, against him.

**Relaxation–**The FEDAI Rule No. 6.4 (iv) is being put in abeyance, AD Banks may permit the corporate to take delivery of the overdue contract or cancel the contract and pass the gains if any, during the period (upto 3 days post maturity). This relaxation would be applicable to all the live contracts (as on date) and the prospective contracts maturing till April 15,2020.

**3)Submission of Documents** -Submission of all monthly/ quarterly returns related to forex hedging is also being kept in abeyance till April 30, 2020 and the same may be submitted with delay thereafter.

Member banks are requested to take note of the same.

**SPL-09/COVID19 Relaxations/2020**

11th June 2020

To

All Member Banks

**Novel Coronavirus COVID-19 – Temporary Relaxations in forex regulations – Extension**

Dear Sir/ Madam,

We request reference to our Special Circulars No.SPL-02/BV/2020 dated 19th March 2020,

No.SPL-04/COVID19 Relaxations/2020 dated 15th April 2020 and SPL-08/COVID19

Relaxations/2020 dated 19th May 2020.

In the light of opening up of economy in phased manner starting with Unlock 1.0, the situation was reviewed and it has been decided to continue the relaxations, with some modifications, for the period starting from 1st June 2020 to 30th June 2020.

**1) Submission of underlying documents**

**Relaxation –**

Considering the difficulties faced by corporates AD Banks may allow time of upto 30 days or

date of maturity of contract whichever is earlier, for physical production of underlying

documents by corporates.

AD Banks should ensure online submission of documents within 15 days of booking of the

contract.

**2) FEDAI Rule No.6.4 (iv)**

**Relaxation** –The FEDAI Rule No. 6.4 (iv) is being put in abeyance, AD Banks may permit the

corporate to take delivery of the overdue contract or cancel the contract and pass the gains if

any, during the period (upto 3 days post maturity as per banks internal policy).

Banks are advised to be cautious while extending these relaxations. All attempts should be made to restrict extending these relaxations in areas/to clients where lockdown restrictions have been relaxed/normalcy is getting restored.

Member banks are requested to be guided accordingly