**Foreign Exchange**

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**Master Direction – Reserve Bank of India (Variation Margin) Directions, 2022**

RBI/2022-23/93
FMRD.DIRD.02/14.01.023/2022-23

June 01, 2022

To

All Eligible Market Participants

Madam/Sir

**Master Direction – Reserve Bank of India (Variation Margin) Directions, 2022**

Please refer to Paragraph 10 of the [Statement on Developmental and Regulatory Policies](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=49343) announced as a part of the [Bi-monthly Monetary Policy Statement for 2019-20 dated February 06, 2020](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=49342), on issuance of the Directions regarding exchange of variation margin (VM) for non-centrally cleared derivatives (NCCDs).

2. Accordingly, the draft Variation Margin (Reserve Bank) Directions, 2020 were released for public comments on [September 07, 2020](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=50322). Based on the feedback received from the market participants, the draft Directions were reviewed and have since been finalised. The Master Direction – Reserve Bank of India (Variation Margin) Directions, 2022 are [enclosed](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12328&Mode=0#enclosed) herewith.

Yours faithfully,

(Dimple Bhandia)
Chief General Manager

For the detailed Master Direction - Reserve Bank of India (Variation Margin) Directions, 2022, please refer to the link below.

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12328&Mode=0>

**Interest Equalization Scheme (IES) on Pre and Post Shipment Rupee Export Credit – Extension**

RBI/2022-23/60

DOR.STR.REC.39/04.02.001/2022-23

May 31, 2022

All Scheduled Commercial Banks (excluding RRBs),

Small Finance Banks,

Primary (Urban) Cooperative Banks & State Cooperative Banks (scheduled banks having AD category-I license), andExim Bank

Dear Sir / Madam,

Interest Equalization Scheme (IES) on Pre and Post Shipment Rupee Export Credit - Extension

Please refer to paragraph 2.4 of the circular No. DOR.STR.REC.93/04.02.001/2021-22 dated March 8, 2022, wherein it was stated that the extended IES would not be available to those beneficiaries who were availing of the benefit under any Production Linked Incentive (PLI) scheme of the Government.

2. In this regard, Government has issued a clarification that the extended IES will also be available to such beneficiaries for segments other than for which they have availed of PLI benefits.

3. It is further advised that banks shall obtain a Self-Declaration under the IES from the exporters as per the format given in the Annex.

4. These provisions shall be deemed effective from October 1, 2021. Other provisions of the aforesaid circular shall remain unchanged.

Yours faithfully

(Manoranjan Mishra)

Chief General Manager

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12327&Mode=0>

**Guidelines on import of gold by Qualified Jewellers as notified by – The International Financial Services Centers Authority (IFSCA)**

RBI/2022-2023/57
A.P. (DIR Series) Circular No.04

May 25, 2022

To

All Category-I Authorised Dealer Banks

Madam/Sir,

**Guidelines on import of gold by Qualified Jewellers as notified by – The International Financial Services Centers Authority (IFSCA)**

Directorate General of Foreign Trade (DGFT) formulate and implement the Foreign Trade Policy and Procedures in terms of Foreign Trade (Development and Regulation) Act, 1992, (FTDR Act 1992, hereinafter) as amended from time to time. In exercise of powers conferred by Section 3 read with Section 5 of FTDR Act 1992, read with paragraph 1.02 and 2.01 of the Foreign Trade Policy, 2015-2020, as amended from time to time, the Central Government has amended the import policy conditions for gold in any form, other than monetary gold and silver in any form under Chapter 71 of ITC (HS), 2017, Schedule-I (Import Policy) vide Notification No. 49/2015-2020 dated January 5, 2022.

2. Attention of Authorised Dealer Category - I (AD) bank is invited to (a) Notification No. 49/2015-2020 dated January 5, 2022, in terms of which, in addition to nominated agencies as notified by RBI (in case of banks) and nominated agencies as notified by DGFT, Qualified Jewellers (QJ) as notified by International Financial Services Centers Authority (IFSCA) will be permitted to import gold under specific ITC(HS) Codes through India International Bullion Exchange IFSC Ltd. (IIBX); (b) [Master Direction – Import of Goods and Services](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10201) and the AP Dir Series Circulars issued for import of Gold by Reserve Bank of India under FEMA, 1999; (c) regulations issued by the International Financial Services Centers Authority (IFSCA) under International Financial Services Centers Authority Act, 2019.

More details can be referred to in the below link

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12324&Mode=0>

**Limits for investment in debt and sale of Credit Default Swaps by Foreign Portfolio Investors (FPIs)**

RBI/2022-23/28
A.P. (DIR Series) Circular No. 01 (revised number)

April 19, 2022

To,

All Authorized Persons

Madam / Sir

**Limits for investment in debt and sale of Credit Default Swaps by Foreign Portfolio Investors (FPIs)**

Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to Schedule 1 to the Foreign Exchange Management (Debt Instruments) Regulations, 2019 notified, vide [Notification No. FEMA. 396/2019-RB dated October 17, 2019](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12099&Mode=0), as amended from time to time and the relevant Directions issued thereunder.

2. A reference is also invited to the following directions issued by the Reserve Bank:

1. [A.P. (DIR Series) Circular No. 25 dated March 30, 2020](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11849&Mode=0);
2. [Circular No. FMRD.FMSD.No.25/14.01.006/2019-20 dated March 30, 2020](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11850&Mode=0);
3. [A.P. (DIR Series) Circular No. 05 dated May 31, 2021](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12102&Mode=0); and
4. [A.P. (DIR Series) Circular No. 23 dated February 10, 2022](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12227&Mode=0).

**3. Investment Limits for the financial year (FY) 2022-23:**

1. The limits for FPI investment in Government securities (G-secs), State Development Loans (SDLs) and corporate bonds shall remain unchanged at 6%, 2% and 15% respectively, of outstanding stocks of securities for FY 2022-23.
2. As hitherto, all investments by eligible investors in the ‘specified securities’ shall be reckoned under the Fully Accessible Route (FAR) in terms of [A.P. (DIR Series) Circular No. 25 dated March 30, 2020](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11849&Mode=0).
3. The allocation of incremental changes in the G-sec limit (in absolute terms) over the two sub-categories – ‘General’ and ‘Long-term’ – shall be retained at 50:50 for FY 2022-23.
4. The entire increase in limits for SDLs (in absolute terms) has been added to the ‘General’ sub-category of SDLs.

For the revised limits (in absolute terms) for the different categories and other details, refer to the link provided below.

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12295&Mode=0>

**Master Circular - Guarantees and Co-acceptances**

RBI/2022-23/10
DOR.STR.REC.8/13.07.010/2022-23

April 1, 2022

**All Scheduled Commercial Banks
(excluding Payments Banks and RRBs)**

Dear Sir / Madam

**Master Circular - Guarantees and Co-acceptances**

Please refer to the [Master Circular DOR.STR.REC.66/13.07.010/2021-22 dated November 9, 2021](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=12189) consolidating the instructions / guidelines issued to banks till November 8, 2021, relating to Guarantees and Co-acceptances. This [Master Circular](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12276&Mode=0#MC) consolidates the instructions on the above matter issued up to March 31, 2022.

Yours faithfully

Manoranjan Mishra
Chief General Manager

For the detailed Master Circular, refer to the link below.

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12276&Mode=0>

**Bilateral Netting of Qualified Financial Contracts - Amendments to Prudential Guidelines**

RBI/2021-22/189
DOR.CAP.REC.No.97/21.06.201/2021-22

March 31, 2022

Dear Sir/ Madam,

**Bilateral Netting of Qualified Financial Contracts - Amendments to Prudential Guidelines**

The Bilateral Netting of Qualified Financial Contracts Act, 2020 (hereafter referred to as “the Act”), has been notified by the Government of India vide Gazette Notification No. S.O. 3463(E) dated October 1, 2020. The Act provides a legal framework for enforceability of bilateral netting of qualified financial contracts (QFC).

2. In exercise of the powers conferred by section 4(a) of the Act, the Reserve Bank, vide Notification no. FMRD.DIRD.2/14.03.043/2020-21 dated March 9, 2021, has since notified (a) “derivatives”; and (b) “repo” and “reverse repo” transactions as defined under Section 45(U) of Chapter III-D of the Reserve Bank of India Act, 1934 as a QFC.

For more details, the reference link is provided below.

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12262&Mode=0>

**Interest Equalization Scheme on Pre and Post Shipment Rupee Export Credit - Extension**

RBI/2021-22/180
DOR.STR.REC.93/04.02.001/2021-22

March 8, 2022

All Scheduled Commercial Banks (excluding RRBs),
Small Finance Banks,
Primary (Urban) Cooperative Banks (scheduled banks having AD category-I license), and EXIM Bank

Dear Sir / Madam,

**Interest Equalization Scheme on Pre and Post Shipment Rupee Export Credit - Extension**

Please refer to the instructions issued vide [circular DOR.CRE(DIR).REC.28/04.02.001/2021-22 dated July 1, 2021](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12124&Mode=0).

2. Government of India has approved the extension of Interest Equalization Scheme for Pre and Post Shipment Rupee Export Credit (‘Scheme’) up to March 31, 2024 or till further review, whichever is earlier. The extension takes effect from October 1, 2021 and ends on March 31, 2024. The modifications made by the Government to the Scheme are detailed below:

2.1 ‘Telecom Instruments’ sector having six HS lines[1](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12252&Mode=0#F1) shall be out of the purview of the Scheme, except for MSME manufacturer exporters.

2.2 Revised interest equalisation rates under the Scheme will now be 3 per cent for MSME manufacturer exporters exporting under any HS lines, and 2 per cent for manufacturer exporters and merchant exporters exporting under 410 HS lines (after excluding 6 HS lines pertaining to Telecom Sector as mentioned above).

2.3 Banks, while issuing approval to the exporter, will necessarily furnish i) the prevailing interest rate, ii) the interest subvention being provided, and iii) the net rate being charged to each exporter, so as to ensure transparency and greater accountability in the operation of the Scheme.

2.4 The extended Scheme will not be available to those beneficiaries who are availing the benefit under any Production Linked Incentive (PLI) scheme of the government.

For the details, refer to the link below.

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12252&Mode=0>

**‘Voluntary Retention Route’ (VRR) for Foreign Portfolio Investors (FPIs) investment in debt**

RBI/2021-22/156
A.P. (DIR Series) Circular No. 22

February 10, 2022

To

All Authorized Persons

Madam / Sir

**‘Voluntary Retention Route’ (VRR) for Foreign Portfolio Investors (FPIs) investment in debt**

Please refer to paragraph 3 of the [Statement on Developmental and Regulatory Policies dated February 10, 2022](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=53248) regarding enhancement of the investment limit under the Voluntary Retention Route (VRR).

2. Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to the following regulations, as amended from time to time, and the relevant Directions issued under these regulations.

1. Foreign Exchange Management (Permissible Capital Accounts Transactions) Regulations, 2000 notified vide [Notification No. FEMA 1/2000-RB dated May 03, 2000](https://www.rbi.org.in/Scripts/BS_FemaNotifications.aspx?Id=155);
2. Foreign Exchange Management (Borrowing and Lending) Regulations, 2018 notified vide [Notification No. FEMA 3(R)/2018-RB dated December 17, 2018](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11441&Mode=0);
3. Foreign Exchange Management (Debt Instruments) Regulations, 2019 notified vide [Notification No. FEMA. 396/2019-RB dated October 17, 2019](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12099&Mode=0); and
4. Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations, 2000 notified vide [Notification No. FEMA 25/RB – 2000 dated May 03, 2000](https://www.rbi.org.in/Scripts/BS_FemaNotifications.aspx?Id=179).

3. AD Category – I banks may also refer to [A.P. (DIR Series) Circular No. 34 dated May 24, 2019](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11561&Mode=0), on ‘Voluntary Retention Route’ for Foreign Portfolio Investors investment in debt, read with[A.P. (DIR Series) Circular No. 19 dated January 23, 2020](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11798&Mode=0).

4. The investment limit under the VRR is increased to ₹2,50,000 crore from ₹1,50,000 crore. The updated Directions are as given in the [Annex](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12228&Mode=0#AN1).

5. These Directions shall be applicable with effect from April 1, 2022.

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.

Yours faithfully

(Dimple Bhandia)
Chief General Manager

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12228&Mode=0>

**Transactions in Credit Default Swap (CDS) by Foreign Portfolio Investors – Operational Instructions**

RBI/2021-22/155
A.P. (DIR Series) Circular No. 23

February 10, 2022

To,

All Authorised Persons

Madam / Sir

**Transactions in Credit Default Swap (CDS) by Foreign Portfolio Investors – Operational Instructions**

Attention of Authorised Persons is invited to the Foreign Exchange Management (Debt Instruments) Regulations, 2019 [[Notification No. FEMA. 396/2019-RB dated October 17, 2019](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12099&Mode=0)], as amended from time to time. A reference is also invited to [A.P. (DIR Series) Circular No.31 dated June 15, 2018](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11303&Mode=0), [A.P. (DIR Series) Circular No. 05 dated May 31, 2021](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12102&Mode=0) and [Master Direction – Reserve Bank of India (Credit Derivatives) Directions, 2022 dated February 10, 2022](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12226), as amended from time to time (hereinafter, Credit Derivatives Directions).

2. Foreign Portfolio Investors (FPIs) are eligible to be categorised as non-retail users and have been allowed to buy and sell CDS protection under the Credit Derivatives Directions. Necessary Directions to Authorised Persons that are eligible to deal with FPIs for transacting in Credit Derivatives in terms of the Credit Derivatives Directions are being issued hereunder.

3. Selling of CDS protection by all FPIs shall be subject to a limit specified by the Reserve Bank from time to time (hereinafter, aggregate limit). The aggregate limit of the notional amount of CDS sold by FPIs shall be 5% of the outstanding stock of corporate bonds. Clearing Corporation of India Ltd. (CCIL) shall disseminate the utilisation of aggregate limit based on the reporting by the market makers for transactions in OTC market and reporting by stock exchanges for transactions on exchanges. FPIs shall not sell any CDS protection once aggregate limit is utilised. The limit utilised for CDS protection sold by the FPI shall be released upon the exit of the CDS position by the FPIs.

For more details, refer to the link placed below.

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12227&Mode=0>

**Master Direction – Reserve Bank of India (Credit Derivatives) Directions, 2022**

RBI/2021-22/88
FMRD.DIRD.10/14.03.004/2021-22

February 10, 2022

To,
All Eligible Market Participants

Madam/Sir,

**Master Direction – Reserve Bank of India (Credit Derivatives) Directions, 2022**

Please refer to Paragraph 4 of the [Statement on Developmental and Regulatory Policies](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=53248) announced as a part of the [Bi-monthly Monetary Policy Statement for 2021-22 dated February 10, 2022](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=53247), regarding review of the Credit Default Swaps (CDS) Guidelines.

2. The draft Reserve Bank of India (Credit Derivatives) Directions, 2021 were released for public comments on [February 16, 2021](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=51138). Based on the feedback received from the market participants, the draft Directions were reviewed and have since been finalised. The Master Direction – Reserve Bank of India (Credit Derivatives) Directions, 2022 are [enclosed](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12226&Mode=0#MD) herewith.

Yours faithfully,

(Dimple Bhandia)
Chief General Manager

For the detailed Master Direction, refer to the link below.

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12226&Mode=0>