**International Banking & Finance**

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**Introduction of Legal Entity Identifier for Cross-border Transactions**

RBI/2021-22/137
A.P. (DIR Series) Circular No. 20

December 10, 2021

To

All Category-I Authorised Dealer Banks

Madam / Sir,

**Introduction of Legal Entity Identifier for Cross-border Transactions**

The Legal Entity Identifier (LEI) is a 20-digit number used to uniquely identify parties to financial transactions worldwide to improve the quality and accuracy of financial data systems. LEI has been introduced by the Reserve Bank in a phased manner for participants in the over the counter (OTC) derivative, non-derivative markets, large corporate borrowers and large value transactions in centralised payment systems.

2. In order to further harness the benefits of LEI, it has been decided that AD Category I banks, with effect from October 1, 2022, shall obtain the LEI number from the resident entities (non-individuals) undertaking capital or current account transactions of ₹50 crore and above (per transaction) under FEMA, 1999. As regards non-resident counterparts/ overseas entities, in case of non-availability of LEI information, AD Category I banks may process the transactions to avoid disruptions. Further, AD Category I banks may encourage concerned entities to voluntarily furnish LEI while undertaking transactions even before October 1, 2022. Once an entity has obtained an LEI number, it must be reported in all transactions of that entity, irrespective of transaction size.

3. AD Category-I banks shall have the required systems in place to capture the LEI information and ensure that any LEI captured is validated against the global LEI database available on the website of the Global Legal Entity Identifier Foundation (GLEIF).

4. AD banks may bring the contents of this circular to the notice of their constituents concerned and advise entities who undertake large value transactions (₹50 crore and above) under FEMA, 1999 to obtain LEI in time, if they do not already have one issued.

5. Entities can obtain LEI from any of the Local Operating Units (LOUs) accredited by the GLEIF, the body tasked to support the implementation and use of LEI. In India, LEI can be obtained from Legal Entity Identifier India Ltd. (LEIL) ([https://www.ccilindia-lei.co.in](https://www.ccilindia-lei.co.in/)), which is also recognised as an issuer of LEI by the Reserve Bank under the Payment and Settlement Systems Act, 2007. The rules, procedures and documentation requirements may be ascertained from LEIL.

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

Yours faithfully

Ajay Kumar Misra
Chief General Manager-in-Charge

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12206&Mode=0>

**External Commercial Borrowings (ECB) and Trade Credits (TC) Policy – Changes due to LIBOR transition**

RBI/2021-22/135
A.P. (DIR Series) Circular No. 19

December 08, 2021

To

All Category-I Authorised Dealer Banks

Madam / Sir,

**External Commercial Borrowings (ECB) and Trade Credits (TC) Policy – Changes due to LIBOR transition**

Please refer to paragraph 3 of the [Governor’s Statement on Developmental and Regulatory Policies dated December 08, 2021](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=52688). In this connection, attention of Authorised Dealer Category-I (AD Category-I) banks is invited to paragraph 1.5, 2.1.vi. and 14.vi. of the of [Master Direction No.5 dated March 26, 2019](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=11510), on “External Commercial Borrowings, Trade Credits and Structured Obligations”, prescribing the benchmark rates and the maximum spread over benchmark for calculating the all-in-cost for foreign currency (FCY) ECBs and TCs.

2. In view of the imminent discontinuance of LIBOR as a benchmark rate, it has been decided, in consultation with stakeholders, to make the following changes to the all-in-cost benchmark and ceiling for FCY ECBs/ TCs:

**i. Redefining Benchmark Rate for FCY ECBs and TCs:** Currently, the benchmark rate is defined in paragraph 1.5 of the master direction as “benchmark rate in case of FCY ECB/TC refers to 6-months LIBOR rate of different currencies or any other 6-month interbank interest rate applicable to the currency of borrowing, e.g., EURIBOR”. Henceforth, benchmark rate in case of FCY ECB/TC shall refer to any widely accepted interbank rate or alternative reference rate (ARR) of 6-month tenor, applicable to the currency of borrowing.

**ii. Change in all-in-cost ceiling for new ECBs/ TCs:** To take into account differences in credit risk and term premia between LIBOR and the ARRs, the all-in-cost ceiling for new FCY ECBs and TCs has been increased by 50 bps to 500 bps and 300 bps, respectively, over the benchmark rates.

**iii. One Time Adjustment in all-in-cost ceiling for existing ECBs/ TCs:** To enable smooth transition of existing ECBs/ TCs linked to LIBOR whose benchmarks are changed to ARRs, the all-in cost ceiling for such ECBs/ TCs has been revised upwards by 100 basis points to 550 bps and 350 bps, respectively, over the ARR. AD Category-I banks must ensure that any such revision in ceiling is only on account of transition from LIBOR to alternative benchmarks.

3. There is no change in the all-in-cost benchmark and ceiling for INR ECBs/ TCs.

4. All other provisions of the ECB/ TC policy remain unchanged. AD Category-I banks should bring the contents of this circular to the notice of their constituents/ customers.

5. The [Master Direction No. 5 dated March 26, 2019](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=11510), is being updated to reflect the changes.

6. The directions contained in this circular have been issued under section 10(4) and 11(2) 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

Ajay Kumar Misra
Chief General Manager-in-Charge

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12204&Mode=0>

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

RBI/2021-22/121
DOR.STR.REC.66/13.07.010/2021-22

November 9, 2021

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

Dear Sir / Madam

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

Please refer to the [Master Circular DBR.No.Dir.BC.11/13.03.00/2015-16 dated July 1, 2015](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=9879) consolidating the instructions / guidelines issued to banks till June 30, 2015, relating to Guarantees and Co-acceptances. This [Master Circular](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12189&Mode=0#MC) consolidates the instructions on the above matter issued up to November 8, 2021.

Yours faithfully

Manoranjan Mishra
Chief General Manager

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12189&Mode=0>

**Investment by Foreign Portfolio Investors (FPIs) in Debt – Review**

RBI/2021-22/120
A.P. (DIR Series) Circular No. 16

November 08, 2021

To

All Authorised Persons

Madam / Sir

**Investment by Foreign Portfolio Investors (FPIs) in Debt – Review**

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://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:

a. [A.P. (DIR Series) Circular No. 31 dated June 15, 2018](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11303&Mode=0), as amended from time to time; and

b. [A.P. (DIR Series) Circular No. 34 dated May 24, 2019](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11561&Mode=0), as amended from time to time.

3. An announcement was made in the Union Budget 2021-22 that debt financing of Infrastructure Investment Trusts (InvITs) and Real Estate Investment Trusts (REITs) by Foreign Portfolio Investors (FPIs) will be enabled by making suitable amendments in the relevant legislations. Accordingly, it has been decided to permit FPIs to invest in debt securities issued by InvITs and REITs. Necessary amendments to Foreign Exchange Management (Debt Instruments) Regulations, 2019 ([Notification No. FEMA 396/2019-RB dated October 17, 2019](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12099&Mode=0)) have been notified on October 21, 2021 and are [annexed](https://rbidocs.rbi.org.in/rdocs/content/pdfs/APDIR120_AN.pdf) to this circular.

4. FPIs can acquire debt securities issued by InvITs and REITs under the Medium-Term Framework (MTF) or the Voluntary Retention Route (VRR). Such investments shall be reckoned within the limits and shall be subject to the terms and conditions for investments by FPIs in debt securities under the respective regulations of MTF and VRR.

5. AD Category-I banks may bring the contents of the circular to the notice of their customers/constituents concerned.

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=12188&Mode=0>

**Use of any Alternative reference rate in place of LIBOR for interest payable in respect of export / import transactions**

RBI/2021-2022/101
A.P. (DIR Series) Circular No.13

September 28, 2021

To

All Category-I Authorised Dealer Banks

**Use of any Alternative reference rate in place of LIBOR for interest payable in respect of export / import transactions**

Attention of Authorised Dealer Category– I banks (AD banks) is invited to extant Regulation 15 of Foreign Exchange Management (Export of Goods & Services) Regulations, 2015 notified vide [FEMA 23(R)/2015-RB dated January 12, 2016](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10256&Mode=0) and various directions issued to AD banks from time to time prescribing LIBOR linked interest payable in respect of export/import transactions.

2. In view of the impending cessation of LIBOR as a benchmark rate, it has been decided to permit AD banks to use any other widely accepted/Alternative reference rate in the currency concerned for such transactions. All other instructions in this regard shall remain unchanged. The necessary enabling amendment to FEMA 23(R)/2015-RB has since been notified vide [Notification No. FEMA 23(R)/(5)/2021-RB dated September 08, 2021](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12167&Mode=0) ([copy enclosed](https://rbidocs.rbi.org.in/rdocs/content/pdfs/Gazette28092021.pdf)).

3. AD banks may bring the contents of this circular to the notice of their constituents concerned.

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

Yours faithfully,

(R. S. Amar)
Chief General Manager

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12168&Mode=0>

**Foreign Exchange Management (Export of Goods and Services) (Amendment) Regulations, 2021**

**RESERVE BANK OF INDIA
FOREIGN EXCHANGE DEPARTMENT
CENTRAL OFFICE
MUMBAI 400 001**

**Notification No. FEMA 23(R)/(5)/2021-RB**

**September 08, 2021**

**Foreign Exchange Management (Export of Goods and Services) (Amendment) Regulations, 2021**

In exercise of the powers conferred by sub-section (1) and sub-section (2) of section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999), the Reserve Bank of India makes the following amendments in the Foreign Exchange Management (Export of Goods and Services) Regulations, 2015 [[Notification No. FEMA 23(R)/2015- RB dated January 12, 2016](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10256&Mode=0)] (hereinafter referred to as 'the Principal Regulations'), namely:

**1. Short title and commencement: -**

1. These Regulations may be called the Foreign Exchange Management (Export of Goods and Services) (Amendment) Regulations, 2021.
2. They shall come into force from the date of their publication in the [Official Gazette](https://rbidocs.rbi.org.in/rdocs/content/pdfs/Gazette28092021.pdf).

2. In the Principal Regulations, in Regulation 15, in sub-regulation 1, for clause (ii), the following shall be substituted, namely: -

“ii) the rate of interest, if any, payable on the advance payment shall not exceed 100 basis points above the London Inter-Bank Offered Rate (LIBOR) **or other applicable benchmark as may be directed by the Reserve Bank, as the case may be;** and”.

(R. S. Amar)
Chief General Manager

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12167&Mode=0>

**Enhancements to Indo-Nepal Remittance Facility Scheme**

RBI/2021-22/94
CO.DPSS.RPPD.No.S475/04.09.003/2021-22

August 27, 2021

The Chairman / Managing Director / Chief Executive Officer
of all banks participating in NEFT

Madam / Dear Sir,

**Enhancements to Indo-Nepal Remittance Facility Scheme**

The Indo-Nepal Remittance Facility Scheme (Scheme) was launched by the Reserve Bank of India in May 2008 as an option for cross-border remittances from India to Nepal, with special focus on requirements of migrant workers of Nepali origin working in India. The Scheme leverages the National Electronic Funds Transfer (NEFT) ecosystem available in the country for origination of such remittances and entails a ceiling of ₹50,000 per remittance with a maximum of 12 remittances in a year. The beneficiary receives funds in Nepalese Rupees through credit to her / his bank account maintained with the subsidiary of State Bank of India (SBI) in Nepal, i.e., Nepal SBI Bank Limited (NSBL) or th q`1 rough an agency arrangement.

2. A review of the Scheme has since been made and to boost trade payments between the two countries, as also to facilitate person-to-person remittances electronically to Nepal, the following enhancements are announced –

1. Increase in the ceiling per transaction from ₹50,000 to ₹2 lakh.
2. Removal of the cap of 12 remittances in a year per remitter.
3. As hitherto, banks shall accept remittances by way of cash from walk-in customers or non-customers. The ceiling of ₹50,000 per remittance with a maximum of 12 remittances in a year shall, however, continue to apply for such remittances.
4. The charges for transactions up to ₹50,000 shall continue as provided in [circular DPSS (CO) No.1381/04.09.003/2008-09 dated February 09, 2009](https://www.rbi.org.in/scripts/NotificationUser.aspx?Id=4832&Mode=0). For transactions beyond ₹50,000, the charges prescribed by SBI shall apply.
5. The banks shall put in place suitable velocity checks and other risk mitigation procedures.

3. The enhancements are also expected to facilitate payments relating to retirement, pension, etc., to our ex-servicemen who have settled / relocated in Nepal.

4. These directions are issued under Section 10 (2) read with Section 18 of Payment and Settlement Systems Act, 2007 (Act 51 of 2007) and shall come into effect from October 01, 2021.

Yours faithfully,

(P Vasudevan)
Chief General Manager

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12155&Mode=0>

**Export Credit in Foreign Currency – Benchmark Rate**

RBI/2021-2022/79
DOR.DIR.REC.37/04.02.002/2021-22

August 6, 2021

All Scheduled Commercial Banks
(excluding Regional Rural Banks)
All Primary (Urban) Co-operative Banks[1](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12139&Mode=0#F1)
All Small Finance Banks

Dear Sir / Madam,

**Export Credit in Foreign Currency – Benchmark Rate**

Please refer to [Master Circular DBR.No.DIR.BC.14/04.02.002/2015-16 dated July 1, 2015](https://rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=9852) on Rupee / Foreign Currency Export Credit and Customer Service to Exporters.

2. As per the extant guidelines, authorized dealers are permitted to extend Pre-shipment Credit in Foreign Currency (PCFC) to exporters for financing the purchase, processing, manufacturing or packing of goods prior to shipment at LIBOR/EURO LIBOR/EURIBOR related rates of interest.

3. In view of the impending discontinuance of LIBOR as a benchmark rate, it has been decided to permit banks to extend export credit using any other widely accepted Alternative Reference Rate in the currency concerned. All other instructions in this regard shall remain unchanged.

Yours faithfully,

(Manoranjan Mishra)
Chief General Manager

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12139&Mode=0>

**Roadmap for LIBOR Transition**

RBI/2021-22/69
CO.FMRD.DIRD.S39/14.02.001/2021-22

July 08, 2021

To

The Chief Executive Officer/ Chairman/Managing Director,
All Commercial and Co-operative Banks / All India Financial Institutions / Non-Banking Financial Companies including Housing Finance Companies and Standalone Primary Dealers

Madam / Dear Sir

**Roadmap for LIBOR Transition**

The Reserve Bank of India had, in August 2020, requested banks to frame a Board-approved plan, outlining an assessment of exposures linked to the London Interbank Offered Rate (LIBOR) and the steps to be taken to address risks arising from the cessation of LIBOR, including preparation for the adoption of the Alternative Reference Rates (ARR). The Financial Conduct Authority (FCA), UK has announced on March 05, 2021 that LIBOR will either cease to be provided by any administrator or no longer be a representative rate:

(a) Immediately after December 31, 2021, in the case of all Pound sterling, Euro, Swiss franc and Japanese yen settings, and the 1-week and 2-month US dollar settings; and

(b) Immediately after June 30, 2023, in the case of the remaining US dollar settings.

More details on the roadmap for LIBOR transition can be referred to from the below link

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12128&Mode=0>

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

RBI/2021-22/65
DOR.CRE(DIR).REC.28/04.02.001/2021-22

July 1, 2021

All Scheduled Commercial Banks (excluding RRBs),
Small Finance Banks, Primary (Urban) Cooperative Banks
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.REC.06/04.02.001/2021-22 dated April 12, 2021](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12075&Mode=0).

2. Government of India has approved the extension of Interest Equalization Scheme for Pre and Post Shipment Rupee Export Credit, with the same scope and coverage, for a further period of three months, i.e., up to September 30, 2021. The extension takes effect from July 01, 2021 and ends on September 30, 2021 covering a period of three months.

3. Consequently, the extant operational instructions issued by the Reserve Bank under the captioned Scheme shall continue to remain in force up to September 30, 2021.

Yours faithfully

(Manoranjan Mishra)
Chief General Manager

Reference link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12124&Mode=0>