**FEDAI**

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| **S.No.** | **RBI Notification** |
|  | Master Direction on Interest Rate on Deposits - Foreign Currency (Non-resident) Accounts (Banks) Scheme [FCNR(B)] and Non-Resident (External) Rupee (NRE) Deposit |
|  | Overseas foreign currency borrowings of Authorised Dealer Category-I banks |
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|  | External Commercial Borrowings (ECB) Policy – Liberalisation Measures |
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|  | Rupee Interest Rate Derivatives (Reserve Bank) Directions – Review |
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|  | Operations of subsidiaries and branches of Indian banks and All India Financial Institutions (AIFIs) in foreign jurisdictions and in International Financial Services Centers (IFSCs) - Compliance with statutory/regulatory norms |
|  | Hedging of Gold Price Risk in Overseas Markets |
|  | Master Direction – Foreign Exchange Management (Hedging of Commodity Price Risk and Freight Risk in Overseas Markets) Directions, 2022 |

**Master Direction on Interest Rate on Deposits - Foreign Currency (Non-resident) Accounts (Banks) Scheme [FCNR(B)] and Non-Resident (External) Rupee (NRE) Deposit**

RBI/2022-23/82
DOR.SOG (SPE).REC.No 53/13.03.000/2022-23

July 06, 2022

All Scheduled Commercial Banks (including Regional Rural Banks)
All Small Finance Banks
All Local Area Banks
All Payment Banks
All Primary (Urban) Co-operative Banks/ DCCBs /State Cooperative Banks

Dear Sir / Madam,

**Master Direction on Interest Rate on Deposits - Foreign Currency (Non-resident) Accounts (Banks) Scheme [FCNR(B)] and Non-Resident (External) Rupee (NRE) Deposit**

Please refer to the instructions regarding interest rates on FCNR (B) deposits contained in Section 19 of the [Master Direction (MD) on Interest Rate on Deposits dated March 03, 2016](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10296) and Section 18 of the [Master Direction (MD) on Interest Rate on Deposits dated May 12, 2016](https://rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10394). In this connection, banks are advised that with effect from July 07, 2022, the interest rate ceiling applicable to FCNR (B) deposits is being temporarily withdrawn for incremental FCNR (B) deposits mobilized by banks for the period until October 31, 2022.

2. Further, in terms of Section 15 (d) and Section 14 (d) of the above-mentioned MDs respectively, interest rates on NRE deposits shall not be higher than those offered by the banks on comparable domestic rupee term deposits. In this regard, the said restriction with respect to interest rates offered on incremental NRE deposits mobilized by banks shall be temporarily withdrawn with effect from July 07, 2022, for the period until October 31, 2022. The above relaxation shall not be applicable to Ordinary Non-Resident (NRO) Deposits.

3. These concessions will be subject to review.

4. All other instructions in this regard shall remain unchanged.

Yours faithfully,

(Santosh Kumar Panigrahy)
Chief General Manager

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12350&Mode=0>

**Overseas foreign currency borrowings of Authorised Dealer Category-I banks**

RBI/2022-23/88
A. P. (DIR Series) Circular No. 08

July 07, 2022

All Authorised Dealer Category-I Banks

Madam/Sir,

**Overseas foreign currency borrowings of Authorised Dealer Category-I banks**

Attention of Authorised Dealer Category-I (AD Cat-I) banks is invited to the Foreign Exchange Management (Borrowing and Lending) Regulations, 2018 [[Notification no. FEMA 3(R)/2018-RB dated December 17, 2018](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11441&Mode=0)] and [Master Direction - Risk Management and Inter-Bank Dealings dated July 05, 2016](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10485), as amended from time to time.

2. As announced in paragraph 4 of the [press release on “Liberalisation of Forex Flows” dated July 06, 2022](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=53979), AD Cat-I banks can utilise the funds raised from overseas foreign currency borrowings between July 08, 2022 and October 31, 2022 (both dates included) in terms of paragraph Part-C(5)(a) of the [Master Direction - Risk Management and Inter-Bank Dealings dated July 05, 2016](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10485), as amended from time to time, for lending in foreign currency to constituents in India. Such lending shall be subject to the end-use prescriptions as applicable to External Commercial Borrowings (ECBs) in terms of paragraph 2.1(viii) of the [Master Direction - External Commercial Borrowings, Trade Credits and Structured Obligations dated March 26, 2019](https://rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=11510), as amended from time to time. This facility will be available till the maturity / repayment of the overseas foreign currency borrowings.

3. 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

More details can be referred to in the below link.

Reference Link: <https://www.rbi.org.in/scripts/NotificationUser.aspx?Id=12356&Mode=0>

**International Trade Settlement in Indian Rupees (INR)**

RBI/2022-2023/90
A.P. (DIR Series) Circular No.10

July 11, 2022

To

All Category-I Authorised Dealer Banks

Madam/Sir

**International Trade Settlement in Indian Rupees (INR)**

In order to promote growth of global trade with emphasis on exports from India and to support the increasing interest of global trading community in INR, it has been decided to put in place an additional arrangement for invoicing, payment, and settlement of exports / imports in INR. Before putting in place this mechanism, AD banks shall require prior approval from the Foreign Exchange Department of Reserve Bank of India, Central Office at Mumbai.

2. The broad framework for cross border trade transactions in INR under Foreign Exchange Management Act, 1999 (FEMA) is as delineated below:

1. Invoicing
2. Exchange Rate
3. Settlement

 3. In terms of Regulation 7(1) of Foreign Exchange Management (Deposit) Regulations, 2016, AD banks in India have been permitted to open Rupee Vostro Accounts. Accordingly, for settlement of trade transactions with any country, AD bank in India may open Special Rupee Vostro Accounts of correspondent bank/s of the partner trading country. In order to allow settlement of international trade transactions through this arrangement, it has been decided that:

1. Indian importers undertaking imports through this mechanism shall make payment in INR which shall be credited into the Special Vostro account of the correspondent bank of the partner country, against the invoices for the supply of goods or services from the overseas seller /supplier.
2. Indian exporters, undertaking exports of goods and services through this mechanism, shall be paid the export proceeds in INR from the balances in the designated Special Vostro account of the correspondent bank of the partner country.

4. Documentation

5. Advance against exports

6. Setting-off of export receivables

7. Bank Guarantee

8. Use of Surplus Balance

9. Reporting Requirements

10. Approval Process

Yours faithfully,

(Vivek Srivastava)
Chief General Manager

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12358&Mode=0>

**Foreign Exchange Management (Borrowing and Lending) (Amendment) Regulations, 2022**

Reserve Bank of India

Foreign Exchange Department

Central Office

Mumbai

Notification No. FEMA.3(R)(3)/2022-RB

July 28, 2022

**Foreign Exchange Management (Borrowing and Lending) (Amendment) Regulations, 2022**

In exercise of the powers conferred by sub-section (2) of Section 6 and Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999), the Reserve Bank of India hereby makes the following amendments to the Foreign Exchange Management (Borrowing and Lending) Regulations, 2018 (Notification No. FEMA.3(R)/2018-RB dated December 17, 2018) (hereinafter referred to as 'the Principal Regulations'), namely:

1. Short Title & Commencement:

(i) These Regulations may be called the Foreign Exchange Management (Borrowing and Lending) (Third Amendment) Regulations, 2022.

(ii) They shall come into force from the date of notification in the official gazette.

2. Amendment to Paragraph 2 of Schedule 1:

After Paragraph 8 of Schedule 1 to the Principal Regulations, the following shall be added;

“8A: The limit of USD 750 million or equivalent per financial year is temporarily increased to USD 1500 million or equivalent. This dispensation will be available for ECBs raised till December 31, 2022.”

(Ajay Kumar Misra)

Chief General Manager-in-charge

More details can be referred to in the below link.

Reference Link: <https://www.rbi.org.in/scripts/FS_Notification.aspx?Id=12377&fn=5&Mode=0#:~:text=%E2%80%9C8A%3A%20The%20limit%20of%20USD,till%20December%2031%2C%202022.%E2%80%9D&text=Foot%20Note%3A%20%2D%20The%20Principal%20Regulations,No>.

**External Commercial Borrowings (ECB) Policy – Liberalisation Measures**

|  |
| --- |
| RBI/2022-23/98A.P. (DIR Series) Circular No. 11August 1, 2022ToAll Category-I Authorised Dealer BanksMadam / Sir,**External Commercial Borrowings (ECB) Policy – Liberalisation Measures**Attention is invited to paragraph 2.2 of [FED Master Direction No.5 on External Commercial Borrowings, Trade Credits and Structured Obligations, dated March 26, 2019](https://rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=11510) (as amended from time to time), in terms of which eligible ECB borrowers are allowed to raise ECB up to USD 750 million or equivalent per financial year under the automatic route, and paragraph 2.1.vi. ibid, wherein the all-in-cost ceiling for ECBs has been specified.2. As announced in paragraph five of the [press release on “Liberalisation of Forex Flows” dated July 06, 2022](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=53979), it has been decided, in consultation with the Central Government, to:i) increase the automatic route limit from USD 750 million or equivalent to USD 1.5 billion or equivalent.ii) increase the all-in-cost ceiling for ECBs, by 100 bps. The enhanced all-in-cost ceiling shall be available only to eligible borrowers of investment grade rating from Indian Credit Rating Agencies (CRAs). Other eligible borrowers may raise ECB within the existing all-in-cost ceiling, as hitherto.The above relaxations would be available for ECBs to be raised till December 31, 2022.3. AD Category-I banks may bring the contents of this circular to the notice of their constituents and customers.4. The aforesaid Master Direction No. 5, is being updated to reflect these changes.5. Necessary amendments to the relevant regulations have been made through the Foreign Exchange Management (Borrowing and Lending) (Amendment) Regulations, 2022, notified vide [notification No. FEMA.3(R)(3)/2022-RB dated July 29, 2022](https://rbidocs.rbi.org.in/rdocs/content/pdfs/GN3RFEMA01082022.pdf).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 |

More details can be referred to in the below link.

Reference Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12366&Mode=0>

**Authorised Dealer Category-I License eligibility for Small Finance Banks**

RBI/2022-23/104
DOR.LIC.REC.60/16.13.218/2022-23

August 8, 2022

Managing Director and Chief Executive Officers of Small Finance Banks

Madam/ Dear Sir,

**Authorised Dealer Category-I License eligibility for Small Finance Banks**

Please refer to the [‘Guidelines for Licensing of Small Finance Banks in Private Sector’ dated November 27, 2014](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=32614) and the [‘Guidelines for ‘on-tap’ Licensing of Small Finance Banks in Private Sector’ released by Reserve Bank on December 5, 2019](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=48807).

2. In terms of paragraph 4 of the aforesaid Licensing Guidelines, a small finance bank (SFB) can also become Authorised Dealer Category-II in foreign exchange business for its clients’ requirements.

3. With the objective of giving more flexibility to SFBs to meet their customers’ foreign exchange business requirement, it has been decided that all the scheduled SFBs, after completion of at least two years of operations as Authorised Dealer Category-II, will be eligible for Authorised Dealer Category-I license, subject to compliance with the eligibility norms given in the [Annex-I](https://www.rbi.org.in/scripts/NotificationUser.aspx?Id=12373&Mode=0#AN1). The eligible SFBs may approach Foreign Exchange Department, Central Office, Reserve Bank of India with their applications along with the supporting documents with regard to their eligibility and requisite documents as specified in [Annex-II](https://www.rbi.org.in/scripts/NotificationUser.aspx?Id=12373&Mode=0#AN2) for grant of Authorised Dealer Category-I license.

4. The other terms and conditions of the Licensing Guidelines remain unchanged.

Yours faithfully,

(Prakash Baliarsingh)
Chief General Manager

More details can be referred to in the below link.

Reference Link: <https://www.rbi.org.in/scripts/NotificationUser.aspx?Id=12373&Mode=0#:~:text=It%20should%20have%20a%20minimum,in%20the%20preceding%20two%20years>.

**Rupee Interest Rate Derivatives (Reserve Bank) Directions – Review**

RBI/2022-23/105
FMRD.DIRD.05/14.03.046/2022-23

August 08, 2022

To,

All Eligible Market Participants

Madam / Sir,

**Rupee Interest Rate Derivatives (Reserve Bank) Directions - Review**

Please refer to Paragraph 4 of the [Statement on Developmental and Regulatory Policies](https://m.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=54149), issued as a part of the [Bi-monthly Monetary Policy Statement for 2022-23 dated August 05, 2022](https://m.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=54148) regarding permitting stand-alone primary dealers (SPDs) in India to deal in Foreign Currency Settled Overnight Indexed Swaps (FCS-OIS). Attention is also invited to the [Rupee Interest Rate Derivatives (Reserve Bank) Directions, 2019 dated June 26, 2019](https://m.rbi.org.in/Scripts/NotificationUser.aspx?Id=11602&Mode=0), as amended from time to time (hereinafter, Directions).

2. Banks in India having Authorised Dealer Category-I (AD Cat-I) license under FEMA, 1999 have been permitted under the above Directions to offer FCS-OIS to persons not resident in India as well as to other AD Cat-I banks vide [circular FMRD.DIRD.12/14.03.046/2021-22 dated February 10, 2022](https://m.rbi.org.in/Scripts/NotificationUser.aspx?Id=12229&Mode=0). On a review, it has been decided that SPDs, authorized under section 10(1) of FEMA, 1999 shall also be eligible to offer FCS-OIS to persons not resident in India as well as to other AD Cat-I banks and eligible SPDs.

3. The instructions shall be applicable with immediate effect. The [updated Directions](https://m.rbi.org.in/Scripts/NotificationUser.aspx?Id=11602&Mode=0) are attached.

4. The instructions contained in this circular have been issued in exercise of the powers conferred under section 45W of the Reserve Bank of India Act, 1934 read with section 45U of the Act and of all the powers enabling it in this behalf.

Yours faithfully,

(Dimple Bhandia)
Chief General Manager

More details can be referred to in the below link.

Reference Link: <https://m.rbi.org.in/scripts/FS_Notification.aspx?Id=12374&fn=6&Mode=0>

**Foreign Exchange Management (Overseas Investment) Regulations, 2022**

**No. FEMA 400/2022-RB**

**August 22, 2022**

**Foreign Exchange Management (Overseas Investment) Regulations, 2022**

In exercise of the powers conferred by sub-section (1) and clause (a) of sub-section (2) of section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999), the Reserve Bank hereby makes the following regulations, namely:–

**1. Short title and commencement.–** (1) These regulations may be called the Foreign Exchange Management (Overseas Investment) Regulations, 2022.

(2) They shall come into force on the date of their publication in the [Official Gazette](https://rbidocs.rbi.org.in/rdocs/content/pdfs/GazetteRegulations230822.pdf).

**2. Definitions.–** (1) In these regulations, unless the context otherwise requires,–

(a) “Act” means the Foreign Exchange Management Act, 1999 (42 of 1999);

(b) “debt instruments” shall have the same meaning as assigned to it in the [Foreign Exchange Management (Overseas Investment) Rules, 2022](https://rbidocs.rbi.org.in/rdocs/content/pdfs/GazetteRules23082022.pdf);

(2) The words and expressions used but not defined in these regulations shall have the meanings respectively assigned to them in the Act or the [Foreign Exchange Management (Overseas Investment) Rules, 2022](https://rbidocs.rbi.org.in/rdocs/content/pdfs/GazetteRules23082022.pdf).

3. Financial commitment by Indian entity by modes other than equity capital

4. Financial commitment by Indian entity by way of debt

5. Financial commitment by way of guarantee

6. Financial commitment by way of pledge or charge

7. Acquisition or transfer by way of deferred payment

8. Mode of payment

9. Obligations of person resident in India

10. Reporting requirements for Overseas Investment

11. Delay in reporting

12. Restriction on further financial commitment or transfer

(Ajay Kumar Misra)
Chief General Manager-in-Charge

More details can be referred to in the below link.

Reference Link: <https://www.rbi.org.in/scripts/NotificationUser.aspx?Id=12380&Mode=0>

**Foreign Exchange Management (Overseas Investment) Directions, 2022**

RBI/2022-2023/110
A.P. (DIR Series) Circular No.12

August 22, 2022

All Category – I Authorised Dealer Banks

Madam/Sir

**Foreign Exchange Management (Overseas Investment) Directions, 2022**

Overseas investments by persons resident in India enhance the scale and scope of business operations of Indian entrepreneurs by providing global opportunities for growth. Such ventures through easier access to technology, research and development, a wider global market and reduced cost of capital along with other benefits increase the competitiveness of Indian entities and boost their brand value. These overseas investments are also important drivers of foreign trade and technology transfer thus boosting domestic employment, investment and growth through such interlinkages.

2. In keeping with the spirit of liberalisation and to promote ease of doing business, the Central Government and the Reserve Bank of India have been progressively simplifying the procedures and rationalising the rules and regulations under the Foreign Exchange Management Act, 1999. In this direction, a significant step has been taken with operationalisation of a new Overseas Investment regime. [Foreign Exchange Management (Overseas Investment) Rules, 2022](https://rbidocs.rbi.org.in/rdocs/content/pdfs/GazetteRules23082022.pdf) have been notified by the Central Government vide Notification No. G.S.R. 646(E) dated August 22, 2022 and [Foreign Exchange Management (Overseas Investment) Regulations, 2022](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12380&Mode=0) have been notified by the Reserve Bank vide Notification No. FEMA 400/2022-RB dated August 22, 2022 in supersession of the [Notification No. FEMA 120/2004-RB dated July 07, 2004](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=2126&Mode=0) [Foreign Exchange Management (Transfer or Issue of any Foreign Security) (Amendment) Regulations, 2004] and [Notification No. FEMA 7 (R)/2015-RB dated January 21, 2016](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=10257&Mode=0) [Foreign Exchange Management (Acquisition and Transfer of Immovable Property Outside India) Regulations, 2015]. The new regime simplifies the existing framework for overseas investment by persons resident in India to cover wider economic activity and significantly reduces the need for seeking specific approvals. This will reduce the compliance burden and associated compliance costs.

3. Some of the significant changes brought about through the new rules and regulations are summarised below:

(i) enhanced clarity with respect to various definitions;

(ii) introduction of the concept of “strategic sector”;

(iii) dispensing with the requirement of approval for:

1. deferred payment of consideration;
2. investment/disinvestment by persons resident in India under investigation by any investigative agency/regulatory body;
3. issuance of corporate guarantees to or on behalf of second or subsequent level step down subsidiary (SDS);
4. write-off on account of disinvestment;

(iv) introduction of “Late Submission Fee (LSF)” for reporting delays.

Yours faithfully

Ajay Kumar Misra
Chief General Manager-in-Charge

More details can be referred to in the below link.

Reference Link: <https://www.rbi.org.in/scripts/NotificationUser.aspx?Id=12381&Mode=0>

**Master Directions on Interest Rate on Deposits**

RBI/2022-2023/117
DOR.SOG (SPE).REC.No 68/13.03.00/2022-23

September 16, 2022

All Scheduled Commercial Banks (including Regional Rural Banks)
All Small Finance Banks
All Payment Banks
All Local Area Banks
All Primary (Urban) Co-operative Banks/ DCCBs /State Cooperative Banks

Sir / Madam,

**Master Directions on Interest Rate on Deposits**

Please refer to the instructions on the Foreign Currency (Non-resident) Accounts (Banks) Scheme contained in Section 19 (h) of the [Master Direction - Reserve Bank of India (Interest Rate on Deposits) Directions, 2016 dated March 03, 2016](https://rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10296) and Section 18 (h) of the [Master Direction – Reserve Bank of India (Co-operative Banks – Interest Rate on Deposits) Directions, 2016 dated May 12, 2016](https://rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10394) in terms of which, reference rates for arriving at the interest rates on FCNR (B) deposits shall be quoted / displayed by Foreign Exchange Dealers Association of India (FEDAI).

2. In terms of the guidance provided by RBI, the reference rates mentioned above are being quoted / displayed by Financial Benchmarks India Pvt. Ltd. (FBIL) with effect from January 31, 2022. In this regard, the relevant sections of both the Master Directions on Interest Rate on Deposits have been suitably modified.

3. Further, the instructions regarding eligibility for opening of savings account contained in Section 28 (h) and Section 27 (h) of the above-mentioned [Master Directions (MDs) dated March 03, 2016](https://rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10296) and [May 12, 2016](https://rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10394), respectively, and item No. 6 in Schedule I of the two MDs have been modified to make them more explicit.

4. The relevant sections of the Master Directions as amended are indicated in the [Annex](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12388&Mode=0#A_N).

5. All other instructions in this regard shall remain unchanged.

Yours faithfully,

(Santosh Kumar Panigrahy)
Chief General Manager

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12388&Mode=0>

**Late Submission Fee for reporting delays under Foreign Exchange Management Act, 1999 (FEMA)**

RBI/2022-23/122
A.P. (DIR Series) Circular No. 16

September 30, 2022

To
All Category-I Authorised Dealer Banks

Madam / Sir

**Late Submission Fee for reporting delays under Foreign Exchange Management Act, 1999 (FEMA)**

The Late Submission Fee (LSF) was introduced for reporting delays in Foreign Investment (FI), External Commercial Borrowings (ECBs) and Overseas Investment related transactions with effect from November 07, 2017, January 16, 2019 and August 22, 2022 respectively. It has now been decided to bring uniformity in imposition of LSF across functions. The following matrix shall be used henceforth for calculation of LSF, wherever applicable:

|  |  |  |
| --- | --- | --- |
| **Sr. No.** | **Type of Reporting delays** | **LSF Amount (INR)** |
| 1 | Form ODI Part-II/ APR, FCGPR (B), FLA Returns, Form OPI, evidence of investment or any other return which does not capture flows or any other periodical reporting | 7500 |
| 2 | FC-GPR, FCTRS, Form ESOP, Form LLP(I), Form LLP(II), Form CN, Form DI, Form InVi, Form ODI-Part I, Form ODI-Part III, Form FC, Form ECB, Form ECB-2, Revised Form ECB or any other return which captures flows or returns which capture reporting of non-fund transactions or any other transactional reporting | [7500 + (0.025% × A × n)] |

2. The above provisions shall come into effect immediately for the delayed filings made on or after the date of this circular.

3. All other provisions of reporting under FEMA remain unchanged. AD Category - I banks should bring the contents of this circular to the notice of their constituents and customers.

4. The ‘[Master Direction – Reporting under Foreign Exchange Management Act, 1999](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10202)’ and ‘[Master Direction - External Commercial Borrowings, Trade Credits and Structured Obligations](https://rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=11510)’ are being updated to reflect the changes.

Yours faithfully

Ajay Kumar Misra
Chief General Manager-in-Charge

More details can be referred to in the below link.

Reference Link: <https://www.rbi.org.in/scripts/NotificationUser.aspx?Id=12393&Mode=0>

**Reserve Bank of India (Unhedged Foreign Currency Exposure) Directions, 2022**

RBI/2022-23/131
DOR.MRG.REC.76/00-00-007/2022-23

October 11, 2022

Dear Sir / Madam,

**Reserve Bank of India (Unhedged Foreign Currency Exposure) Directions, 2022**

The Reserve Bank of India has, from time to time, issued several guidelines / instructions / directives to the banks on Unhedged Foreign Currency Exposure (UFCE) of the entities which have borrowed from banks.

2. We have received references from banks seeking clarification on various aspects including inter-alia clarity in the definition of ‘entities’ for which banks shall assess UFCE, exempted exposures / entities, alternative method for smaller entities, assessment of UFCE of entities incorporated outside India by overseas subsidiaries / branches of Indian banks etc.

3. Accordingly, a comprehensive review of the extant guidelines has been undertaken and all the existing instructions on the subject including the revisions / clarifications on the issues stated above have been consolidated in the [Directions enclosed](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12402&Mode=0#DI77) herewith. An [Explanatory Note](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12402&Mode=0#EN) providing the background for these Directions is also enclosed.

**Applicability**

4. This circular is applicable to all commercial banks (excluding Payments Banks and Regional Rural Banks).

5. These instructions shall come into force from January 1, 2023.

Yours faithfully,

(Usha Janakiraman)
Chief General Manager

More details can be referred to in the below link.

Reference Link: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12402&Mode=0>

**Notification of Significant Benchmark**

RBI/2022-23/142
FMRD.FMSD.06/03.07.25/2022-23

December 01, 2022

To

All the Financial Benchmark Administrators

Madam/Sir

**Notification of Significant Benchmark**

Please refer to the [Financial Benchmark Administrators (Reserve Bank) Directions, 2019 (hereinafter referred to as ‘the Directions’), dated June 26, 2019](https://m.rbi.org.in/Scripts/NotificationUser.aspx?Id=11601&Mode=0)and [RBI circular dated January 01, 2020](https://m.rbi.org.in/Scripts/NotificationUser.aspx?Id=11777&Mode=0), notifying six financial benchmarks administered by Financial Benchmarks India Pvt. Ltd. (FBIL) as ‘significant benchmark’.

2. In terms of paragraph 3(i) of the Directions, the Reserve Bank hereby notifies Modified Mumbai Interbank Forward Outright Rate (MMIFOR) administered by Financial Benchmarks India Pvt. Ltd. (FBIL) as a ‘significant benchmark’.

3. The updated list of ‘significant benchmarks’ administered by FBIL is given below:

(i) Overnight Mumbai Interbank Outright Rate (MIBOR)

(ii) Mumbai Interbank Forward Outright Rate (MIFOR)

(iii) USD/INR Reference Rate

(iv) Treasury Bill Rates

(v) Valuation of Government Securities

(vi) Valuation of State Development Loans (SDL)

(vii) Modified Mumbai Interbank Forward Outright Rate (MMIFOR)

4. Further, in terms of paragraph 3(ii) of the 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 MMIFOR.

5. The MIFOR, administered by FBIL, shall continue to remain a ‘significant benchmark’ till further notice.

6. This notification has been issued by the Reserve Bank as required under the [Financial Benchmark Administrators (Reserve Bank) Directions, 2019, dated June 26, 2019](https://m.rbi.org.in/Scripts/NotificationUser.aspx?Id=11601&Mode=0).

Yours faithfully,

(Dimple Bhandia)
Chief General Manager

More details can be referred to in the below link.

Reference Link: <https://m.rbi.org.in/scripts/FS_Notification.aspx?Id=12414&fn=6&Mode=0#:~:text=(FBIL)%20as%20a%20'significant%20benchmark'.&text=4.,authorization%20to%20continue%20administering%20MMIFOR>.

**Operations of subsidiaries and branches of Indian banks and All India Financial Institutions (AIFIs) in foreign jurisdictions and in International Financial Services Centers (IFSCs) - Compliance with statutory/regulatory norms**

RBI/2022-23/145
DOR.MRG.REC.87/00-00-020/2022-23

December 1, 2022

**Operations of subsidiaries and branches of Indian banks and All India Financial Institutions (AIFIs) in foreign jurisdictions and in International Financial Services Centers (IFSCs) - Compliance with statutory/regulatory norms**

As you are aware, Reserve Bank had vide [circular DBOD.No.BP.BC.89/21.04.141/2008-09 dated December 1, 2008](https://m.rbi.org.in/Scripts/NotificationUser.aspx?Id=4676&Mode=0) and [circular DBOD.No.BP.BC.111/21.04.157/2013-14 dated May 12, 2014](https://m.rbi.org.in/Scripts/NotificationUser.aspx?Id=8874&Mode=0) issued instructions to Indian banks and AIFIs on the issue of dealing in financial products by their branches/subsidiaries operating outside India. On a review, it was felt that a framework needs to be in place to allow them to undertake activities which are not specifically permitted in the Indian domestic market and also to specify the applicability of these instructions to International Financial Services Centers (IFSCs) in India including Gujarat International Finance Tec-City (GIFT City).

1. Applicability and commencement

2. Dealing in financial products

3. Conditions for dealing in financial products

4. Compliance with prudential norms

5. Activities subject to Indian laws

6. Repeal of earlier instructions

Yours faithfully,

(Usha Janakiraman)
Chief General Manager

More details can be referred to in the below link.

Reference Link: <https://m.rbi.org.in/scripts/FS_Notification.aspx?Id=12417&fn=14&Mode=0>

**Hedging of Gold Price Risk in Overseas Markets**

RBI/2022-23/151
A. P. (DIR Series) Circular No. 19

December 12, 2022

All Authorised Dealer Category – I Banks

Madam / Sir,

**Hedging of Gold Price Risk in Overseas Markets**

Please refer to Paragraph 4 of the [Statement on Developmental and Regulatory Policies](https://m.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=54819) announced as a part of the [Bi-monthly Monetary Policy Statement for 2022-23 dated December 07, 2022](https://m.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=54818) regarding hedging of price risk of gold in overseas markets. Attention is also invited to the [Hedging of Commodity Price Risk and Freight Risk in Overseas Markets (Reserve Bank) Directions, 2018 dated March 12, 2018](https://m.rbi.org.in/Scripts/NotificationUser.aspx?Id=11226&Mode=0), as amended from time to time.

2. Resident entities in India are currently not permitted to hedge their exposure to price risk of gold in overseas markets. On a review, it has been decided to permit eligible entities to hedge their exposure to price risk of gold on exchanges in the International Financial Services Centre (IFSC) recognised by the International Financial Services Centres Authority (IFSCA).

3. The Master Direction – Foreign Exchange Management (Hedging of Commodity Price Risk and Freight Risk in Overseas Markets) Directions, 2022 ([A. P. (DIR Series) Circular No. 21 dated December 12, 2022](https://m.rbi.org.in/Scripts/NotificationUser.aspx?Id=12428&Mode=0)) have been issued today and are enclosed herewith.

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.

Yours faithfully,

(Dimple Bhandia)
Chief General Manager

More details can be referred to in the below link.

Reference Link: <https://m.rbi.org.in/scripts/FS_Notification.aspx?Id=12423&fn=6&Mode=0#:~:text=Hedging%20of%20Gold%20Price%20Risk%20in%20Overseas%20Markets&text=Resident%20entities%20in%20India%20are,of%20gold%20in%20overseas%20markets>.

**Master Direction – Foreign Exchange Management (Hedging of Commodity Price Risk and Freight Risk in Overseas Markets) Directions, 2022**

RBI/2022-2023/94
A. P. (DIR Series) Circular No. 20

December 12, 2022

All Authorised Dealer Category – I Banks

Madam / Sir,

**Master Direction – Foreign Exchange Management (Hedging of Commodity Price Risk
and Freight Risk in Overseas Markets) Directions, 2022**

Attention of Authorised Dealer Category - I (AD Cat-I) banks is invited to Regulation 6 and 6A of the Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations, 2000 dated May 3, 2000 ([Notification No. FEMA. 25/RB-2000 dated May 3, 2000](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=179&Mode=0)), as amended from time to time, issued under clause (h) of sub-section (2) of Section 47 of Foreign Exchange Management Act, 1999 (Act 42 of 1999) as amended from time to time.

2. Within the contours of the Regulations, the Reserve Bank issues directions to Authorised Persons under Section 11 of the Foreign Exchange Management Act, 1999 (Act 42 of 1999). These Directions lay down the modalities for the AD Cat-I banks for facilitating hedging of commodity price risk and freight risk in overseas markets by their customers / constituents.

3. The Master Direction – Foreign Exchange Management (Hedging of Commodity Price Risk and Freight Risk in Overseas Markets) Directions, 2022 are [enclosed](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12427#enclosed) herewith. AD Cat-I banks may bring the contents of these Directions to the notice of their customers / constituents concerned.

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.

Yours faithfully,

(Dimple Bhandia)
Chief General Manager

More details can be referred to in the below link.

Reference Link: <https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12427>