**CERTIFICATE IN INTERNATIONAL TRADE FINANCE**

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

RBI/2023-24/108  
A. P. (DIR Series) Circular No. 13

January 5, 2024

Authorised Persons

Madam / Sir,

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

Please refer to paragraph 1 of the [Statement on Developmental and Regulatory Policies](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=56889), issued as a part of the [Bi-monthly Monetary Policy Statement for 2023-24 dated December 08, 2023](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=56888) on review of the regulatory framework for hedging of foreign exchange risks. Attention of Authorised Persons is invited to the Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations, 2000 dated May 03, 2000 ([Notification No. FEMA.25/RB-2000 dated May 03, 2000](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12100&Mode=0)), as amended from time to time 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. The Foreign Exchange Management (Foreign Exchange Derivative Contracts) (First Amendment) Regulations, 2020 ([Notification no. FEMA.398/RB-2020 dated February 18, 2020](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=11861&Mode=0#A_3)) and [A. P. (DIR Series) circular no. 29 dated April 07, 2020](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11861&Mode=0) (which came into effect from September 01, 2020) were issued after a comprehensive review and public consultation. The foreign exchange risk management facilities have been further reviewed based on the feedback received from market participants and experience gained since the revised framework came into force. Also, the Directions in respect of all types of foreign exchange transactions (including cash, tom and spot) have been consolidated. Further, the Directions contained in the Currency Futures (Reserve Bank) Directions, 2008 ([Notification No. FED.1/DG(SG)-2008 dated August 06, 2008](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=4410&Mode=0#fed1)), as amended from time to time, and Exchange Traded Currency Options (Reserve Bank) Directions, 2010 ([Notification No. FED.01/ED(HRK)-2010 dated July 30, 2010](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=5913&Mode=0)), as amended from time to time, are now being incorporated in the [Master Direction – Risk Management and Inter-Bank Dealings](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10485).

3. The revised Directions are provided at [Annex-I](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12594&Mode=0#ANI) to this circular. **These Directions shall come into effect from April 05, 2024,** replacing the existing Directions in Part A (Section I) of the [Master Direction – Risk Management and Interbank Dealings dated July 5, 2016](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10485), as amended from time to time, and in supersession of the notifications listed in the [Annex-II](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12594&Mode=0#ANII).

4. Authorised Persons shall mean Authorised Dealer Category - I banks and for the purpose of exchange traded currency derivatives, Recognised Stock Exchanges and Recognised Clearing Corporations, authorised under Section 10 (1) of the Foreign Exchange Management Act, 1999 (42 of 1999).

5. 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 Section 45W of the Reserve Bank of India, 1934 (02 of 1934) and are without prejudice to permissions/ approvals, if any, required under any other law.

Yours faithfully,

(Dimple Bhandia)  
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12594&Mode=0>

**Guidelines on import of gold by Tariff Rate Quota (TRQ) holders under the India-UAE CEPA as notified by–The International Financial Services Centres Authority (IFSCA)**

RBI/2023-24/118  
A.P. (DIR Series) Circular No.14

January 31, 2024

To

All Category-I Authorised Dealer Banks

Madam/Sir,

**Guidelines on import of gold by Tariff Rate Quota (TRQ) holders under the India-UAE CEPA as notified by–The International Financial Services Centres Authority (IFSCA)**

Attention of Authorised Dealer Category – I (AD Category – I) banks is invited to [A.P. (DIR Series) Circular No.04 dated May 25, 2022](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12324&Mode=0), in terms of which AD Category-I banks have been permitted to remit advance payment on behalf of Qualified Jewellers as notified by International Financial Services Centres Authority (IFSCA) for eleven days for import of gold through India International Bullion Exchange IFSC Ltd (IIBX).

2. Further, attention of AD Category-I banks is invited to Notification No.44/2023 dated November 20, 2023 issued by DGFT, in terms of which, valid Tariff Rate Quota (TRQ) holders under the India-United Arab Emirates (UAE) Comprehensive Economic Partnership Agreement (CEPA) as notified by the IFSCA have been permitted to import gold under specific ITC(HS) codes through IIBX against the Tariff Rate Quota (TRQ).

3. Accordingly, it has been decided that subject to the directions as mentioned in [A.P. (DIR Series) Circular No.04 dated May 25, 2022](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12324&Mode=0), AD Category-I banks may allow valid TRQ holders under the India-UAE CEPA to remit advance payment for eleven days for import of gold through IIBX against the TRQ.

4. AD Category-I banks may bring the contents of this circular to the notice of their constituents and customers concerned.

5. The directions contained in this Circular have been issued under Section 10(4) and Section 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,

(Puneet Pancholy)  
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12604&Mode=0>

**Participation of Indian Banks on India International Bullion Exchange IFSC Limited (IIBX)**

RBI/2023-24/120  
DoR.AUT.REC.74/24.01.041/2023-24

February 09, 2024

All Scheduled Commercial Banks

Madam/Dear Sir,

**Participation of Indian Banks on India International Bullion Exchange IFSC Limited (IIBX)**

Please refer to the circular [Branches of Indian Banks operating in GIFT-IFSC – acting as Professional Clearing Member (PCM) of India International Bullion Exchange IFSC Limited (IIBX) dated June 07, 2022](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12330&Mode=0). On review, it has been decided to additionally allow:

a) Branch/subsidiary/joint venture of an Indian bank in GIFT-IFSC to act as a Trading Member (TM)/Trading and Clearing Member (TCM) of IIBX, and

b) Indian banks authorized to import gold/silver to act as Special Category Client[1](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12606&Mode=0#FN1) (SCC) of IIBX.

The detailed instructions in this regard are at [ANNEX](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12606&Mode=0#ANN) to this Circular.

2. These instructions are issued in exercise of the powers conferred on the Reserve Bank of India under Section 35A of the Banking Regulation Act, 1949. In the event of non-compliance with extant guidelines, or if the Reserve Bank is satisfied that it is necessary and expedient in the public interest to do so, it may issue further necessary directions (including revocation of approval) and/or impose additional conditions, as it deems fit.

**Commencement**

3. The provisions contained in the circular shall be effective from the date of this circular.

**Applicability**

4. This circular is applicable to all Scheduled Commercial Banks (other than Regional Rural Banks).

Yours faithfully,

(Manoranjan Padhy)  
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12606&Mode=0>

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

RBI/2023-24/124  
DOR.STR.REC.78/04.02.001/2023-24

February 22, 2024

All Scheduled Commercial Banks (excluding RRBs),  
Primary (Urban) Cooperative Banks & State Cooperative Banks (scheduled banks having AD category-I license), and  
Exim Bank

Dear Sir / Madam,

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

Please refer to the instructions issued vide [circulars No. DOR.STR.REC.93/04.02.001/2021-22 dated March 8, 2022](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12252&Mode=0) and [DOR.STR.REC.39/04.02.001/2022-23 dated May 31, 2022](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12327&Mode=0).

2. Government of India has allowed for extension of the Interest Equalization Scheme for Pre and Post Shipment Rupee Export Credit ('Scheme') up to June 30, 2024. The rate of interest equalization shall be 2% for Manufacturers and Merchant Exporters exporting under specified 410 HS lines and 3% to the MSME manufacturers exporting under any HS line.

3. Further, Government has advised the following modifications to the scheme:

1. **Average interest rate:** With effect from FY 2023-24, the banks which have priced the loans covered under this scheme at an average interest rate of greater than Repo Rate + 4% prior to subvention would be subjected to certain restrictions under the scheme. Based on an assessment undertaken for FY 2023-24, Director General of Foreign Trade (DGFT) will identify the banks which are in breach of the above provision. Such banks shall be restricted from participating in the scheme till they furnish an undertaking (in the format as enclosed in the [Annex](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12610&Mode=0#Annex)) to DGFT. Any further breach as assessed by DGFT thereafter may lead to debarment from the scheme.
2. **Cap on subvention amount:** The annual net subvention amount has been already capped at Rs 10 Cr per Importer-Exporter Code (IEC) in a given financial year and the same has been communicated to the trade & industry and banks vide DGFT Trade Notice No.05 dated May 25, 2023. Accordingly, all disbursement from April 1, 2023 shall be reckoned for this purpose.

4. All other provisions of the aforesaid circulars shall remain unchanged.

Yours faithfully

(Vaibhav Chaturvedi)  
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12610&Mode=0>

**Money Transfer Service Scheme - Submission of Statement on CIMS**

RBI/2023-24/130  
A.P. (DIR Series) Circular No.15

March 05, 2024

To

All Authorised Persons, who are Indian Agents under Money Transfer Service Scheme

Madam / Sir,

**Money Transfer Service Scheme - Submission of Statement on CIMS**

Please refer to the [A.P. (DIR Series) Circular No.70 dated May 19, 2016](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10405&Mode=0), wherein all Authorised Persons who are Indian Agents under the Money Transfer Service Scheme (MTSS) were required to submit a quarterly statement (within 15 days from the close of the quarter to which it relates) on the quantum of remittances received through MTSS using the eXtensible Business Reporting Language (XBRL) platform.

2. With the launch of the Reserve Bank’s next generation data warehouse viz., the Centralised Information Management System (CIMS), it has been decided that the reporting of the aforesaid statement will be done on CIMS portal (URL: <https://sankalan.rbi.org.in/>) with effect from the quarter-ending March 2024. The statement has been assigned return code - ‘R130’ on CIMS. In case no remittance was received during a quarter, a ‘NIL’ report shall be submitted.

3. The [Master Direction on ‘Reporting under Foreign Exchange Management Act, 1999’](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10202) is being updated to reflect the changes.

4. The directions contained in this circular have been issued under section 10(4), 11(1), and 11(2) 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,

(Puneet Pancholy)  
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12618&Mode=0>

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

RBI/2024-25/03  
DOR.STR.REC.2/13.07.010/2024-25

April 1, 2024

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.5/13.07.010/2023-24 dated April 1, 2023](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=12471) consolidating the instructions / guidelines issued to banks till March 31, 2023, relating to Guarantees and Co-acceptances. Attached is the revised [Master Circular](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12644&Mode=0#MC), updated to reflect all instructions issued upto March 31, 2024 on the above matter, as listed in the [Annex 2](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12644&Mode=0#Annex2). It may be noted that this Master Circular only consolidates all instructions on the above matter issued up to March 31, 2024 and does not contain any new instructions/guidelines.

Yours faithfully

(Vaibhav Chaturvedi)  
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12644&Mode=0>

**Master Circular - Guarantees, Co-Acceptances & Letters of Credit - UCBs**

RBI/2024-25/04  
DoR.STR.REC.3/09.27.000/2024-25

April 01, 2024

The Managing Director/ Chief Executive Officers  
All Primary (Urban) Co-operative Banks

Dear Sir/ Madam,

**Master Circular - Guarantees, Co-Acceptances & Letters of Credit - UCBs**

Please refer to our [Master Circular DoR.STR.REC.4/09.27.000/2023-24 dated April 1, 2023](https://www.rbi.org.in/Scripts/BS_ViewMasCirculardetails.aspx?id=12469) on the captioned subject (available at RBI website <https://rbi.org.in/>). Attached is the revised [Master Circular](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12647&Mode=0#MC), updated to reflect all instructions issued upto March 31, 2024 on the above matter, as listed in the [Annex](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12647&Mode=0#ANN). It may be noted that this Master Circular only consolidates all instructions on the above matter issued up to March 31, 2024 and does not contain any new instructions/guidelines.

Yours faithfully

(Vaibhav Chaturvedi)  
Chief General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12647&Mode=0>

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

RBI/2024-25/17  
A. P. (DIR Series) Circular No. 01

April 15, 2024

All Authorised Dealer Category – I Banks

Madam / Sir,

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

Please refer to Paragraph 2 of the [Statement on Developmental and Regulatory Policies](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=57276) announced as a part of the [Bi-monthly Monetary Policy Statement for 2023-24 dated February 08, 2024](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=57275), regarding hedging of price risk of gold in overseas markets. Attention is also invited to the [Master Direction – Foreign Exchange Management (Hedging of Commodity Price Risk and Freight Risk in Overseas Markets) Directions, 2022](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12427).

2. Resident entities were permitted 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) vide [A. P. (DIR Series) Circular No. 19 dated December 12, 2022](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12423&Mode=0). To provide further flexibility to resident entities to hedge their exposures to price risk of gold, it has now been decided to permit resident entities to hedge their exposures to price risk of gold using OTC derivatives in the IFSC in addition to the derivatives on the exchanges in the IFSC, subject to the stipulations set out in the [Master Direction – Foreign Exchange Management (Hedging of Commodity Price Risk and Freight Risk in Overseas Markets) Directions, 2022](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12427), as amended from time to time.

3. These instructions shall be applicable with immediate effect. The [Master Direction – Foreign Exchange Management (Hedging of Commodity Price Risk and Freight Risk in Overseas Markets) Directions, 2022](https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12427) has been updated accordingly.

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

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12662&Mode=0>

**Unauthorised foreign exchange transactions**

RBI/2024-25/25  
A.P. (DIR Series) Circular No.02

April 24, 2024

To,

The Authorised Dealer Category – I Banks

Madam / Sir,

**Unauthorised foreign exchange transactions**

The Reserve Bank of India (RBI) has come across instances of unauthorised entities offering foreign exchange (forex) trading facilities to Indian residents with promises of disproportionate/exorbitant returns. On investigation, it has been observed that to facilitate unauthorised forex trading, these entities have taken recourse to engaging local agents who open accounts at different bank branches for collecting money towards margin, investment, charges, etc. These accounts are opened in the name of individuals, proprietary concerns, trading firms etc. and the transactions in such accounts are not found to be commensurate with the stated purpose for opening the account in several cases. It is also observed that these entities are providing options to residents to remit/deposit funds in Rupees for undertaking unauthorised forex transactions using domestic payment systems like online transfers, payment gateways, etc.

2. In this context, attention of Authorised Dealer Category-I (AD Cat-I) banks is invited to:

1. Section 3 (a) of the Foreign Exchange Management Act (FEMA), 1999, in terms of which, no person shall deal in or transfer any foreign exchange or foreign security to any person not being an ‘Authorised Person’, unless under general or special permission of the Reserve Bank;
2. Regulation 4 read with Schedule I of the Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations, 2000 ([Notification No. FEMA 25/2000-RB dated May 3, 2000](https://rbidocs.rbi.org.in/rdocs/notification/PDFs/FEDCR2000F1FAB9DD90724BB6AFC423AC418B1DBE.PDF)), as amended from time to time, in terms of which, a person, whether resident in India or resident outside India, may enter into a foreign exchange derivative contract with an authorised dealer or on recognised exchanges, only;
3. Para 3 (1) of [the Electronic Trading Platforms (Reserve Bank) Directions, 2018 dated October 05, 2018](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11385&Mode=0), in terms of which, no entity shall operate an Electronic Trading Platform (ETP) without obtaining prior authorisation of the Reserve Bank;
4. [Press releases dated February 03, 2022](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=53216), [September 07, 2022](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=54333) and [February 10, 2023](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=55201) issued by the Reserve Bank, cautioning against unauthorised forex trading platforms; and
5. ‘[Alert List](https://rbi.org.in/scripts/bs_viewcontent.aspx?Id=4235)’ issued by the Reserve Bank containing names of entities which are neither authorised to deal in forex under FEMA, 1999 nor authorised to operate ETP for forex transactions under [the Electronic Trading Platforms (Reserve Bank) Directions, 2018](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11385&Mode=0).

3. There is a need for greater vigilance to prevent the misuse of banking channels in facilitating unauthorised forex trading. AD Cat-I banks are, therefore, advised to be more vigilant and exercise greater caution in this regard. As and when AD Cat-I banks come across an account being used to facilitate unauthorised forex trading, they shall report the same to the Directorate of Enforcement, Government of India, for further action, as deemed fit.

4. AD Cat-I banks may bring the contents of this circular to the notice of their constituents and customers concerned. AD Cat-I banks may advise their customers to deal in forex only with ‘Authorised Persons’ and on ‘authorised ETPs’ and give wide publicity to the list of ‘[Authorised Persons](https://rbi.org.in/scripts/Fema.aspx)’ and the list of ‘[authorised ETPs](https://rbi.org.in/scripts/bs_viewcontent.aspx?Id=4080)’ available on the RBI website. AD Cat-I banks are also advised to give publicity to the ‘[Alert List](https://rbi.org.in/scripts/bs_viewcontent.aspx?Id=4235)’ and Press Releases issued by the RBI in this regard.

5. 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

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12671&Mode=0>

**Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) (Amendment) Regulations, 2024**

**No. FEMA. 395(2)/2024-RB**

**April 23, 2024**

**Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) (Amendment) Regulations, 2024**

In exercise of the powers conferred by Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999) and consequent to the Foreign Exchange Management (Non-Debt Instrument) Rules, 2019, the Reserve Bank of India hereby makes the following amendments to the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 [[Notification No. FEMA.395/2019-RB dated October 17, 2019](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11723&Mode=0)] (hereinafter referred to as ‘the Principal Regulations’) namely:-

**1. Short Title & Commencement**

(i) These Regulations may be called the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) (Amendment) Regulations, 2024.

 (ii) They shall come into force from the date of their publication in the [Official Gazette](https://rbidocs.rbi.org.in/rdocs/Content/PDFs/FEMA395(2)_25042024.PDF).

**2. Amendment to Regulation 3.1 of the Principal Regulations**

In Regulation 3.1 of the Principal Regulations, after Sl no. IX, the following shall be inserted namely: -

|  |  |
| --- | --- |
| **X. Schedule XI  (Purchase or Subscription of Equity Shares of Companies Incorporated in India on International Exchanges Scheme by Permissible Holder)** | **A. Mode of Payment**  (1) The amount of consideration for purchase / subscription of equity shares of an Indian company listed on an International Exchange shall be paid, -  (i) through banking channels to a foreign currency account of the Indian company held in accordance with the [Foreign Exchange Management (Foreign currency accounts by a person resident in India) Regulations, 2015](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=10457&Mode=0), as amended from time to time; or  (ii) as inward remittance from abroad through banking channels.  Explanation: The proceeds of purchase / subscription of equity shares of an Indian company listed on an International Exchange shall either be remitted to a bank account in India or deposited in a foreign currency account of the Indian company held in accordance with the [Foreign Exchange Management (Foreign currency accounts by a person resident in India) Regulations, 2015](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=10457&Mode=0), as amended from time to time. **B. Remittance of sale proceeds**  The sale proceeds (net of taxes) of the equity shares may be remitted outside India or may be credited to the bank account of the permissible holder maintained in accordance with the [Foreign Exchange Management (Deposit) Regulations, 2016](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10325&Mode=0). |

**3. Amendment to Regulation 4 of the Principal Regulations**

In sub-regulation (8) of Regulation 4 of the Principal Regulations, the existing provision shall be substituted by the following, namely:

“LEC(FII): (i) The Authorised Dealer Category I banks shall report to the Reserve Bank in Form LEC (FII) the purchase / transfer of equity instruments by FPIs on the stock exchanges in India.

(ii) The Investee Indian company through an Authorised Dealer Category I bank shall report to the Reserve Bank in Form LEC (FII) the purchase/subscription of equity shares (where such purchase / subscription is classified as Foreign Portfolio Investment under the rules) by permissible holder, other than transfers between permissible holders, on an International Exchange.”

(Latha Radhakrishnan)  
General Manager-in-Charge

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12673&Mode=0>

**Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) (Amendment) Regulations, 2024**

**No. FEMA. 10(R)(3)/2024-RB**

**April 23, 2024**

**Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) (Amendment) Regulations, 2024**

In exercise of the powers conferred by Section 9 and clause (e) of sub-section (2) of section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999), the Reserve Bank of India makes the following amendment in the Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) Regulations, 2015 ([Notification No. FEMA10(R)/2015-RB dated January 21, 2016](https://rbi.org.in/Scripts/NotificationUser.aspx?Id=10261&Mode=0)) (hereinafter referred to as 'the Principal Regulations'), namely:-

**1. Short Title & Commencement**

(i) These Regulations may be called the Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) (Amendment) Regulations, 2024.

(ii) They shall come into force from the date of their publication in the [Official Gazette](https://rbidocs.rbi.org.in/rdocs/content/pdfs/FEMA10R(3)25042024.pdf).

**2. Amendment to Regulation 5 of the Principal Regulations**

In sub-regulation (F)(1) of Regulation 5 of the Principal Regulations, the existing provision shall be substituted by the following, namely:

“Subject to compliance with the conditions in regard to raising of External Commercial Borrowings (ECB) or raising of resources through American Depository Receipts (ADRs) or Global Depository Receipts (GDRs) or through direct listing of equity shares of companies incorporated in India on International Exchanges, the funds so raised may, pending their utilisation or repatriation to India, be held in foreign currency accounts with a bank outside India.”

(Latha Radhakrishnan)  
General Manager-in-Charge

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12674&Mode=0>

**Margin for Derivative Contracts**

RBI/2024-25/34  
A. P. (DIR Series) Circular No.05

May 08, 2024

To,  
  
The Authorised Dealers  
  
Madam/Sir,  
  
**Margin for Derivative Contracts**

Attention of Authorised Dealers is invited to the Foreign Exchange Management (Margin for Derivative Contracts) Regulations, 2020 notified in the Gazette of India vide [notification no. FEMA.399/RB-2020 dated October 23, 2020](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12097&Mode=0), the amendment to the Foreign Exchange Management (Margin for Derivative Contracts) Regulations, 2020 notified in the Gazette of India vide [notification no. FEMA.399(1)/2024-RB dated April 30, 2024](https://rbidocs.rbi.org.in/rdocs/content/pdfs/AmendmenttoFEMA399_08052024.pdf) and the [A. P. (DIR Series) Circular No. 10 dated February 15, 2021](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12028&Mode=0) on Margin for Derivative Contracts.

2. The [A. P. (DIR Series) Circular No.10 dated February 15, 2021](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12028&Mode=0) on Margin for Derivative Contracts were issued to allow posting and collection of margin for permitted derivative contracts between a person resident in India and a person resident outside India. The instructions have been reviewed based on market feedback and the [Reserve Bank of India (Margin for Derivative Contracts) Directions, 2024](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12683&Mode=0#DerivativeContracts) are being issued herewith.

3. These Directions shall come into force with immediate effect and shall supersede the [A. P. (DIR Series) Circular No. 10 dated February 15, 2021](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12028&Mode=0).

4. For the purpose of these Directions, Authorised Dealers shall mean Authorised Dealer Category-I (AD Cat-I) banks and Authorised Dealer Category – III Standalone Primary Dealers (AD Cat-III SPDs).

5. 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

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12683&Mode=0>

**Foreign Exchange Management (Overseas Investment) Directions, 2022 - Investments in Overseas Funds**

RBI/2024-25/41  
A.P. (DIR Series) Circular No. 09

June 07, 2024

To

All Category-I Authorised Dealer Banks

Madam/ Sir

**Foreign Exchange Management (Overseas Investment) Directions, 2022 - Investments in Overseas Funds**

Attention of Category-I Authorised Dealer Banks is invited to Paragraph 1(ix)(e) of Foreign Exchange Management (Overseas Investment) Directions, 2022, issued vide [A.P. (DIR Series) Circular No.12 dated August 22, 2022](https://rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12381), in terms of which, investment (including sponsor contribution) in units of any investment fund overseas, duly regulated by the regulator for the financial sector in the host jurisdiction, shall be considered as Overseas Portfolio Investment. Further, as per the provisions of Paragraph 1(ix)(e) and Paragraph 24(1) of FEM (OI) Directions, 2022, investments can be made in “units” of investment funds.

2. In this regard, in view of the diverse regulatory framework governing investment funds across various jurisdictions and to provide clarity, the following amendments are carried out in the Foreign Exchange Management (Overseas Investment) Directions, 2022:

(a) Existing Paragraph 1(ix)(e) of FEM (OI) Directions, 2022 is replaced with the following:

“The investment (including sponsor contribution) in units or any other instrument (by whatever name called) issued by an investment fund overseas, duly regulated by the regulator for the financial sector in the host jurisdiction, shall be treated as OPI. Accordingly, in jurisdictions other than IFSCs, listed Indian companies and resident individuals may make such investment. Whereas in IFSCs, an unlisted Indian entity also may make such OPI in units or any other instrument (by whatever name called) issued by an investment fund or vehicle, in terms of schedule V of the OI Rules subject to limits, as applicable.

Explanation: ‘investment fund overseas, duly regulated’ for the purpose of this para shall also include funds whose activities are regulated by financial sector regulator of host country or jurisdiction through a fund manager.”

(b) Existing Paragraph 24(1) of FEM (OI) Directions, 2022 is replaced with the following:

“A person resident in India, being an Indian entity or a resident individual, may make investment (including sponsor contribution) in units or any other instrument (by whatever name called) issued by an investment fund or vehicle set up in an IFSC, as OPI. Accordingly, in addition to listed Indian companies and resident individuals, unlisted Indian entities also may make such investment in IFSC.”

3. Foreign Exchange Management (Overseas Investments) Directions, 2022 issued vide [A.P. (DIR Series) Circular No.12 dated August 22, 2022](https://rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=12381), shall accordingly be updated to reflect the above changes. AD Category-I Banks may bring the contents of this circular to the notice of their constituents.

4. The directions in this circular have been issued under Section 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,

(N Senthil Kumar)  
General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12691&Mode=0>

**International Trade Settlement in Indian Rupees (INR)  
– Opening of additional Current Account for settlement of trade transactions**

RBI/2024-2025/43  
FED Circular No. 11

June 11, 2024

All Scheduled Commercial Banks  
(holding AD Category-I license)

Madam/Sir

**International Trade Settlement in Indian Rupees (INR)  
– Opening of additional Current Account for settlement of trade transactions**

Attention of Authorised Dealer Category – I (AD Category – I) banks is invited to [FED Circular No. 08 dated November 17, 2023](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12568&Mode=0), in terms of which, AD Category-I banks maintaining Special Rupee Vostro Account vide [A.P. (DIR Series) Circular No.10 dated July 11, 2022](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12358&Mode=0) on International Trade Settlement in Indian Rupees (INR) were permitted to open an additional special current account for its constituents, exclusively for settlement of export transactions.

2. On a review, and to provide operational flexibility, the facility of opening an additional special current account by the AD Category-I banks (maintaining Special Rupee Vostro Account in terms of the [RBI circular dated July 11, 2022](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12358&Mode=0) referred above) for its constituents may be extended for settlement of their export as well as import transactions.

3. The contents of this circular may be brought to the notice of your constituents.

Yours faithfully

(N. Senthil Kumar)  
General Manager

For more details, kindly refer:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12693&Mode=0>