



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA  
www.rbi.org.in

DBOD.No.BP.BC. /21.06.014/2010-11

January 6, 2011

The Chairmen and Managing Directors /  
Chief Executive Officers of All Commercial Banks  
(excluding Regional Rural Banks and Local Area Banks)

Dear Sir,

**Implementation of the Advanced Measurement Approach (AMA) for  
Calculation of Capital Charge for Operational Risk - Draft Guidelines**

Please refer to our [circular DBOD.BP.BC.23/21.06.001/2009-10 dated July 7, 2009](#), inter alia advising banks that they can apply for migrating to Advanced Measurement Approach (AMA) for Operational Risk from April 1, 2012 onwards.

2. The Basel II Framework presents three methods for calculating operational risk capital charges in a continuum of increasing sophistication and risk sensitivity:

- (i) the Basic Indicator Approach (BIA);
- (ii) the Standardised Approach (TSA); and
- (iii) Advanced Measurement Approach (AMA).

Presently, banks are calculating operational risk capital charge under BIA. The guidelines for calculating operational risk capital charge under TSA have been issued separately ( [c.f. DBOD.No.BP.BC.84/21.06.001/2009-10 dated March 31, 2010](#)).

3. In the Second Quarter Review of Monetary Policy 2010-11 announced on November 2, 2010, it was mentioned vide [paragraph 103](#) on '**Implementation of Advanced Approaches under Basel II Framework**' that Guidelines for Advanced Measurement Approach (AMA) for operational risk will be finalized by December 2010. Accordingly, the draft guidelines for computing operational risk capital charge under AMA are furnished in the [Annex](#).

Yours faithfully,

**(B. Mahapatra)**  
Chief General Manager-in-Charge

Encls. As above