Annex

Part A: Master Circular DOR.CAP.REC.3/21.06.201/2022-23 dated April 1, 2022 on Basel III Capital Regulations

Sr. No.	Reference Paragraph	Existing text	Amended text (in track-change mode)
1	5.15.3.2	Exemption from capital requirements for counterparty risk is permitted for foreign exchange (except gold) contracts which have an original maturity of 14 calendar days or less.	5.15.3.2 Deleted~~Exemption from capital requirements for counterparty risk is permitted for foreign exchange (except gold) contracts which have an original maturity of 14 calendar days or less.~~
2	5.15.3.5(iii)	While computing the credit exposure banks may exclude 'sold options', provided the entire premium / fee or any other form of income is received / realised.	While computing the credit exposure banks may exclude 'sold options' that are outside netting and margin agreements, provided the entire premium / fee or any other form of income is received / realised.
3	8.6.3.1	A protection seller will have exposure to the protection buyer only if the fee/premia is outstanding. In such cases, the counterparty credit risk charge for all single name long CDS positions in the Trading Book will be calculated as the sum of the current marked-to-market value, if positive (zero, if marked-to-market value is negative) and the potential future exposure add-on factors based on table given below. However, the add-on will be capped to the amount of unpaid premia.	A protection seller will have exposure to the protection buyer only if the fee/premia is outstanding. In such cases, the counterparty credit risk charge for all single name long CDS positions in the Trading Book will be calculated as the sum of the current marked-to-market value, if positive (zero, if marked-to-market value is negative) and the potential future exposure add-on factors based on table given below. However, for protection seller where the CDS positions are outside netting and margin agreements, the add-on will be capped to the amount of unpaid premia. Banks have the option to remove such CDS positions from their legal netting sets and treat them as individual unmargined transactions in order to apply the cap.

Part B: Master Circular DBR.No.BP.BC.4./21.06.001/2015-16 dated July 1, 2015 on Prudential Guidelines on Capital Adequacy and Market Discipline-New Capital Adequacy Framework (NCAF) as amended vide Annex 4 of circular DOR.CAP.51/21.06.201/2020-21 dated March 30, 2021 on Bilateral Netting of Qualified Financial Contracts- Amendments to Prudential Guidelines

Sr. No.	Reference Paragraph	Existing text	Amended text (in track-change mode)
1	5.15.3(iv)	Exemption from capital requirements is permitted for a) foreign exchange (except gold) contracts which have an original maturity of 14 calendar days or less; and b) instruments traded on futures and options exchanges which are subject to daily mark-to-market and margin payments.	Exemption from capital requirements is permitted for a) Deleted~~foreign exchange (except gold) contracts which have an original maturity of 14 calendar days or less~~; and b) instruments traded on futures and options exchanges which are subject to daily mark-to-market and margin payments.
2	5.15.4(i)	The credit equivalent amount of a market related off-balance sheet transaction calculated using the current exposure method is the sum of current credit exposure and potential future credit exposure of these contracts. While computing the credit exposure banks may exclude 'sold options', provided the entire premium / fee or any other form of income is received / realised.	The credit equivalent amount of a market related off-balance sheet transaction calculated using the current exposure method is the sum of current credit exposure and potential future credit exposure of these contracts. While computing the credit exposure banks may exclude 'sold options' that are outside netting and margin agreements, provided the entire premium / fee or any other form of income is received / realised.
3	8.6.3.1	A protection seller will have exposure to the protection buyer only if the fee/premia is outstanding. In such cases, the counterparty credit risk charge for all single name long CDS positions in the Trading Book will be calculated as	A protection seller will have exposure to the protection buyer only if the fee/premia is outstanding. In such cases, the counterparty credit risk charge for all single name long CDS positions in the Trading Book will be calculated as the sum of

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		the sum of the current marked-to-market value, if positive (zero, if marked-to-market value is negative) and the potential future exposure add-on factors based on table given below. However, the add-on will be capped to the amount of unpaid premia.	the current marked-to-market value, if positive (zero, if marked-to-market value is negative) and the potential future exposure add-on factors based on table given below. However, for protection seller where the CDS positions are outside netting and margin agreements, the add-on will be capped to the amount of unpaid premia. Banks have the option to remove such CDS positions from their legal netting sets and treat them as individual unmargined transactions in order to apply the cap.

Part C: Master Direction DNBR.PD.004/03.10.119/2016-17 dated August 23, 2016 - Master Direction - Standalone Primary Dealers (Reserve Bank) Directions, 2016

Sr. No.	Reference Paragraph	Existing text	Amended text (in track-change mode)
1	Para 3.2 (ii) of Annex II	While computing the credit exposure SPDs may exclude ‘sold options’, provided the entire premium / fee or any other form of income is received / realised.	While computing the credit exposure SPDs may exclude ‘sold options’ that are outside netting and margin agreements, provided the entire premium / fee or any other form of income is received / realised.
2	Para 6 of Annex II	… This will then have to be again multiplied by the weights attributable to the relevant counter-party as specified above. Foreign exchange contracts with an original maturity of 14 calendar days or less, irrespective of the counterparty, shall be assigned "zero" risk weight as per international practice.	… This will then have to be again multiplied by the weights attributable to the relevant counter-party as specified above. ~~Foreign exchange contracts with an original maturity of 14 calendar days or less, irrespective of the counterparty, shall be assigned "zero" risk weight as per international practice.~~
3	Para 7 of Annex II	For CDS related transactions, standalone PDs shall follow the capital adequacy guidelines issued vide circular IDMD.PCD.No.2301/14.03.04/2011-12 dated November 30, 2011 and as updated from time to time.	For CDS related transactions, standalone PDs shall follow the capital adequacy guidelines issued vide circular IDMD.PCD.No.2301/14.03.04/2011-12 dated November 30, 2011 and as updated from time to time. For the purpose of paragraph 5.4.2 of Annex to the above-mentioned circular, the potential future exposure (i.e., add-on) for protection seller, where the CDS positions are outside netting and margin agreements, will be capped to the amount of unpaid premia.

Sr. No.	Reference Paragraph	Existing text	Amended text (in track-change mode)
			SPDs have the option to remove such CDS positions from their legal netting sets and treat them as individual unmargined transactions in order to apply the cap.

Part D: Master Circular DOR.CAP.REC.2/09.18.201/2022-23 dated April 1, 2022 on Prudential Norms on Capital Adequacy – UCBs

<table>
<tr><th>Sr.No.</th><th>Reference Paragraph</th><th>Existing text</th><th>Amended text (in track-change mode)</th></tr>
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<td>1</td>
<td>Para I.B (Off-Balance Sheet Items) of Annex 1</td>
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<tr><td>Sl. No.</td><td colspan="2">Instruments</td><td>Credit Conversion Factor (%)</td></tr>
<tr><td rowspan="4">10</td><td colspan="3">Aggregate outstanding foreign exchange contracts of original maturity -</td></tr>
<tr><td colspan="2">Less than 14 calendar days</td><td>0</td></tr>
<tr><td colspan="2">more than 14 days but less than one year</td><td>2</td></tr>
<tr><td colspan="2">for each additional year or part thereof</td><td>3</td></tr>
</table>
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<td>
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<tr><td>Sl. No.</td><td>Instruments</td><td>Credit Conversion Factor (%)</td></tr>
<tr><td rowspan="4">10</td><td colspan="2">Aggregate outstanding foreign exchange contracts of original maturity* -</td></tr>
<tr><td>Less than 14 calendar days</td><td>0</td></tr>
<tr><td>more than 14 days but less than one year</td><td>2</td></tr>
<tr><td>for each additional year or part thereof</td><td>3</td></tr>
</table>

* In case effective bilateral netting contracts as specified in paragraph II(3) of this Annex are in place, Credit Conversion Factor (CCF) for foreign exchange contracts shall be as provided for bilateral netting contracts in paragraph II(1.3)(a) of this Annex and CCF of “zero” per cent for foreign exchange contracts which have original maturity of 14 calendar days or less will not be applicable.
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Part E: Circular RPCD.RCB.BC.No.37/07.51.012/2014-15 dated October 29, 2014 on Risk Weights for calculation of CRAR as amended vide Annex 3 of circular DOR.CAP.REC.No.97/21.06.201/2021-22 dated March 31, 2022 on Bilateral Netting of Qualified Financial Contracts- Amendments to Prudential Guidelines

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* In case bank has adopted the Bilateral Netting guidelines as per Annex 3 of circular DOR.CAP.REC.No.97/21.06.201/2021-22 dated March 31, 2022, Credit Conversion Factor (CCF) for foreign exchange contracts shall be as provided in the Annex 3 of the circular dated March 31, 2022 and CCF of “zero” per cent for foreign exchange contracts which have original maturity of 14 calendar days or less will not be applicable.
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Part F: Master Direction DOR.CAP.REC.No.61/21.01.002/2021-22 dated October 26, 2021- Prudential Norms on Capital Adequacy for Local Area Banks (Directions), 2021

Sr.No.	Reference Paragraph	Existing text	Amended text (in track-change mode)
1	Para E of Annex 6	2. Foreign exchange contracts with an original maturity of 14 calendar days or less, irrespective of the counterparty, shall be assigned "zero" risk weight.	2. Foreign exchange contracts with an original maturity of 14 calendar days or less, irrespective of the counterparty, shall be assigned "zero" risk weight. However, in case effective bilateral netting contracts as specified in paragraph E-4 of this Annex are in place, this exemption to foreign exchange contracts with an original maturity of 14 calendar days or less would not be applicable.

Part G: Master Circular RPCD.CO.RRB.No.BC.44/05.03.095/2007-08 dated December 28, 2007 on Application of Capital Adequacy Norms to Regional Rural Banks as amended vide Annex 5 of circular DOR.CAP.REC.No.97/21.06.201/2021-22 dated March 31, 2022 on Bilateral Netting of Qualified Financial Contracts- Amendments to Prudential Guidelines

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* In case bank has adopted the Bilateral Netting guidelines as per Annex 5 of circular DOR.CAP.REC.No.97/21.06.201/2021-22 dated March 31, 2022, Credit Conversion Factor (CCF) for foreign exchange contracts shall be as provided in the Annex 5 of the circular dated March 31, 2022 and CCF of “zero” per cent for foreign exchange contracts which have original maturity of 14 calendar days or less will not be applicable.
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Part H: Master Direction DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016 - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

Sr.No.	Reference Paragraph	Existing text	Amended text (in track-change mode)
1	Chapter IV - Explanations II (Off-balance sheet items) - Para 3(iv)	Exemption from capital requirements is permitted for - (a) foreign exchange (except gold) contracts which have an original maturity of 14 calendar days or less; and (b) instruments traded on futures and options exchanges which are subject to daily mark-to-market and margin payments.	Exemption from capital requirements is permitted for - a) Deleted~~foreign exchange (except gold) contracts which have an original maturity of 14 calendar days or less~~; and b) instruments traded on futures and options exchanges which are subject to daily mark-to-market and margin payments.

Part I: Master Direction DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17, 2021 - Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021

Sr.No.	Reference Paragraph	Existing text	Amended text (in track-change mode)
1	6.3.5	Exemption from capital requirements is permitted for - (a) foreign exchange (except gold) contracts which have an original maturity of 14 calendar days or less; and (b) instruments traded on futures and options exchanges which are subject to daily mark-to-market and margin payments.	Exemption from capital requirements is permitted for - a) Deleted~~foreign exchange (except gold) contracts which have an original maturity of 14 calendar days or less~~; and b) instruments traded on futures and options exchanges which are subject to daily mark-to-market and margin payments.