

Chairmen / Chief Executive Officers
All Commercial Banks (excluding RRBs), **All India term-lending and Refinancing Institutions** (Exim Bank, IFCI Ltd., IIBI Ltd., NABARD, NHB, SIDBI and TFCI Ltd.) and **Primary Dealers**

Dear Sir,

Draft Comprehensive Guidelines on Derivatives

As indicated in paragraph 137 of the Mid-term Review of Annual Policy for the Year 2006-07 an Internal Group was constituted by the Reserve Bank to review the existing guidelines on derivatives and formulate comprehensive guidelines on derivatives for banks. It was also mentioned that these guidelines are intended to cover broad generic principles for undertaking derivative transactions, management of risk and sound corporate governance requirements and the draft guidelines would be placed on the Reserve Bank's website for comments.

The Group has since submitted its report containing the draft comprehensive guidelines on derivatives which has been examined by Reserve Bank of India and the comprehensive guidelines on derivatives has been placed as a draft on our website www.rbi.org.in for feedback from all concerned. The draft will be open for comments for a period of six weeks. Comments on the draft guidelines may be sent by e-mail.

Yours faithfully

(P. Vijaya Bhaskar)
Chief General Manager