

**RBI/2008-09/178**

UBD.PCB.Cir.No. 14/16.12.000/ 08-09

September 17, 2008.

The Chief Executive Officer of  
All Primary (Urban) Co-operative Banks.

Dear Sir/Madam,

**Introduction of Currency Futures - UCBs**

As announced in the Annual Policy Statement for the year 2007-08, an Internal Working Group was set up by the Reserve Bank of India to study the international experience and suggest a suitable framework to operationalise the proposal to introduce exchange traded Currency Futures in India. The Working Group has in its report, recommended the introduction of currency futures in the domestic foreign exchange market.

2. The recommendations have been examined and accepted by the Reserve Bank of India and directions have been issued, vide Notification No. FEMA177/RB-2008 dated August 1, 2008. Accordingly, it has been decided that UCBs which are authorized to undertake forex business as Authorised Dealer Category I and II, may participate in the designated currency futures exchanges recognized by SEBI **as clients**, subject to RBI (Foreign Exchange Department) guidelines in the matter, **only for the purpose of hedging their underlying forex exposures**.

Yours faithfully,

(A.K Khound)  
Chief General Manager-in-Charge