



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
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RBI/2013-14/410
IDMD.PCD.09 /14.03.01/2013-14

December 19, 2013

The Chairmen/Chief Executive Officers
All Commercial Banks (excluding RRBs and LABs) and
Stand Alone Primary Dealers

Dear Sir/Madam,

Participation in Exchange Traded Interest Rate Futures

Directions on cash settled Interest Rate Futures (IRF) on 10-year Government of India security were issued vide notification [IDMD.PCD.07/ED \(RG\) - 2013 dated December 5, 2013](#). These directions were issued superceding the Interest Rate Futures (Reserve Bank) Directions, 2009 dated August 28, 2009 (as amended till December 30, 2011).

2. In the context of the Interest Rate Futures (Reserve Bank) Directions, 2013 dated December 5, 2013 issued by the Reserve Bank of India, it is clarified that the participation of commercial banks in IRF would be subject to the guidelines issued vide [circular DBOD.BP.BC.56/21.04.157/2008-09 dated October 13, 2008](#) and updated vide [circular DBOD.BP.BC 34/21.04.157/2009-10 dated August 28, 2009](#) i.e. banks are permitted to participate in IRF both for the purpose of hedging the risk in the underlying investment portfolio and also to take trading position. However, banks are not allowed to undertake transactions in IRFs on behalf of clients. Similarly, stand-alone Primary Dealers are allowed to deal in IRF for both hedging and trading on own account and not on client's account as prescribed in paragraph 3 of the guidelines issued vide [circular IDMD. PDRD. No.1056 / 03.64.00/2009-10 September 1, 2009](#).

Yours faithfully,

(K.K. Vohra)
Principal Chief General Manager