



RESERVE BANK OF INDIA
Financial Markets Regulation Department
Central Office
Mumbai - 400 001

RBI/2015-16/201

A. P. (DIR Series) Circular No. 20

October 8, 2015

To,

All Authorised Dealer Category - I banks

Madam / Sir,

Risk Management & Inter-Bank Dealings: Booking of Forward Contracts - Liberalisation

Attention of Authorised Dealers Category-I (AD Cat-I) banks is invited to the Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations, 2000 dated May 3, 2000 ([Notification No. FEMA/25/RB-2000 dated May 3, 2000](#)) as amended from time to time and [A.P. \(DIR Series\) Circulars No. 15 dated October 29, 2007](#) and [119 dated April 7, 2014](#) regarding Booking of Forward Contracts – Liberalisation, in terms of which resident individuals, firms and companies, to manage / hedge their foreign exchange exposures arising out of actual or anticipated remittances, both inward and outward, are allowed to book forward contracts, without production of underlying documents, up to a limit of USD 250,000 based on self-declaration.

2. As announced in the Fourth Bi-monthly Monetary Policy Statement ([para. no. 39](#)) on September 29, 2015, with a view to further liberalising the existing hedging facilities, it has been decided to allow all resident individuals, firms and companies, who have actual or anticipated foreign exchange exposures, to book foreign exchange forward and FCY-INR options contracts up to USD 1,000,000 (USD one million) without any requirement of documentation on the basis of a simple declaration. While the contracts booked under this facility would normally be on a deliverable basis, cancellation and rebooking of contracts are permitted. Based on the track record of the entity, the concerned AD Cat-I bank may,

however, call for underlying documents, if considered necessary, at the time of rebooking of cancelled contracts. All other conditions as indicated in [A.P. \(DIR Series\) circular no. 15 dated October 29, 2007](#) including suitability & appropriateness (S&A) norms shall apply, mutatis mutandis. The amended application and reporting formats are provided in Annexes I and II, respectively, of this circular.

3. The existing facilities in terms of [A.P. \(DIR Series\) Circular No. 15 dated October 29, 2007](#) for Small and Medium Enterprises (SMEs) shall remain unchanged.

4. AD Category – I banks may bring the contents of this circular to the notice of their constituents and customers concerned.

5. The directions contained in this circular have been issued under Section 10(4) and Section 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions/approvals, if any, required under any other law.

Yours faithfully,

(R Subramanian)
Chief General Manager

Annex I

[Annex to A. P. (DIR Series) Circular No. 20 dated Oct 8, 2015]

**Application cum Declaration for booking of forward contracts / options up to USD
1,000,000 by Resident Individuals, Firms and Companies**

(To be completed by the applicant)

I. Details of the applicant

- a. Name
- b. Address.....
- c. Account No.....
- d. PAN No.....

II. Details of the foreign exchange forward / FCY-INR options contracts required

- 1. Amount (Specify currency pair)
- 2. Tenor

III. Notional value of forward / FCY-INR contracts outstanding as on date

IV. Details of actual / anticipated remittances

- 1. Amount:
- 2. Remittance Schedule:
- 3. Purpose:

Declaration

I,(Name of the applicant), hereby declare that the total amount of foreign exchange forward / FCY-INR options contracts booked with the -----(designated branch) of -----(bank) in India is within the limit of USD 1,000,000/- (US Dollar One Million only) and certify that the above derivative contracts are meant for undertaking permitted current and / or capital account transactions. I also certify that I have not booked foreign exchange forward / FCY-INR options contracts with any other bank / branch. I have understood the risks inherent in booking of foreign exchange forward contracts / FCY-INR options contracts.

Signature of the applicant

(Name)

Place:

Date:

Certificate by the Authorised Dealer Category – I bank

This is to certify that the customer(Name of the applicant) having PAN No. has been maintaining an account(no.) with us since We certify that the customer meets the AML / KYC guidelines laid down by RBI and confirm having carried out requisite suitability and appropriateness test.*

Name and designation of the authorised official:

Place:

Signature:

Date: Stamp and seal

** month / year*

Annex II

[Annex to A. P. (DIR Series) Circular No. 20 dated Oct 8, 2015]

Statement – Details of Forward contracts / options booked and cancelled

For the Quarter ended –

Category	Forward Contracts / FCY-INR Options Contracts Booked		Forward Contracts / FCY-INR Options Contracts Cancelled	
	During the Quarter	Cumulative total-Year to Date	During the Quarter	Cumulative total-Year to Date
SMEs				
Individuals				
Firms / Companies				

Name of the AD Category-I bank:

Signature of the Authorised Officials:

Date:

Stamp: