



भारतीय रिज़र्व बैंक
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April 07, 2016

Hedging of Currency Risk arising out of Trade Transactions by Residents under Contracted Route

The extant regulatory framework under the Foreign Exchange Management Act, 1999 requires clients to submit documentary evidence of underlying foreign currency exposure to Authorized Dealer Category-I banks at the time of booking of derivative contracts. With a view to easing the process of hedging, it is proposed to introduce a more liberalized framework for importers and exporters by reducing the documentary requirements for hedging trade transactions under the contracted exposure route. It may be recalled that an announcement to this effect was made in the [Monetary Policy statement dated September 29, 2015](#).

A consultative paper with the [draft operational guidelines](#) is given in the Annex. Public comments are invited from banks, businesses having forex exposures, market participants and interested persons on the draft proposal by April 29, 2016. Comments may be furnished via [e-mail](#) or by post to the Chief General Manager, Reserve Bank of India, Financial Markets Regulation Department, Central Office, Fort, Mumbai-400 001.

Press Release: 2015-2016/2368

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