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Task Force on Offshore Rupee Markets submits report to the Governor

The Task Force on Offshore Rupee Markets, set up by the Reserve Bank of India in [February 2019](#) and chaired by Smt. Usha Thorat, former Deputy Governor, RBI, submitted its [report](#) to the Governor on 30th July, 2019. The Task Force was set up to examine the issues relating to the offshore Rupee markets in depth and recommend appropriate policy measures while factoring in the requirement of ensuring stability of the external value of the Rupee including measures for incentivising non-residents to access the onshore foreign exchange market.

The Task Force interacted with representatives of various banks, financial institutions, large corporates in India and abroad, foreign portfolio investors, asset managers, industry bodies, experts and practitioners. The key recommendations of the Task Force are:

- (a) To extend onshore market hours to improve access of overseas users;
- (b) To permit Indian banks to freely offer prices to global clients around the clock;
- (c) To enable Rupee derivatives (settled in foreign currency), to be traded in the International Financial Services Centers (IFSC) in India, to begin with on exchanges in the IFSC.
- (d) To allow users to undertake forex transactions up to USD 100 million in OTC currency derivative market without the need to establish underlying exposure.
- (e) To facilitate non-residents to hedge their foreign exchange exposure onshore by:
 - i. Establishing a central clearing and settlement mechanism for non-resident transactions in the onshore market;
 - ii. Implementing margin requirement for non-centrally cleared OTC derivatives and allowing Indian banks to post margins abroad;
 - iii. Aligning the tax treatment of foreign exchange derivatives with that in major international centres; and
 - iv. Centralising the KYC requirements across financial markets with uniform documentation requirement.

The report of the Task Force has been published on the RBI website today. Members of the public may offer their comments on the report by August 31, 2019 through [email](#).