



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA

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**Reserve Bank of India (Classification, Valuation and Operation of Investment Portfolio of Commercial Banks) Directions, 2023**

The Reserve Bank of India had issued a [Discussion Paper \(DP\) on January 14, 2022](#) proposing revisions to the current norms for the classification, valuation, and operation of investment portfolios of commercial banks. After considering the feedback received on the DP, the [Reserve Bank of India \(Classification, Valuation and Operation of Investment Portfolio of Commercial Banks\) Directions, 2023](#) has been issued today.

2. The revised Directions include principle-based classification of investment portfolio, tightening of regulations around transfers to/from held to maturity (HTM) category and sales out of HTM, inclusion of non-SLR securities in HTM subject to fulfilment of certain conditions and symmetric recognition of gains and losses.

3. These Directions are expected to enhance the quality of banks' financial reporting, improve disclosures (disclosures of fair value of investments in HTM category, fair value hierarchy, sales out of HTM, etc.), provide a fillip to the corporate bond market, facilitate the use of derivatives for hedging, and strengthen the overall risk management framework of banks. While the revised Directions align the accounting norms for banks' investment portfolios with global financial reporting standards, important prudential safeguards such as investment fluctuation reserve (IFR), due diligence/limits with respect to non-SLR investments, internal control systems, reviews and reporting etc. have been retained and prudential concerns on reliability of valuation have been addressed.

4. The revised Directions shall apply to all commercial banks (excluding Regional Rural Banks) from the financial year commencing on April 1, 2024.

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