

**RESERVE BANK OF INDIA  
FINANCIAL MARKETS REGULATION DEPARTMENT  
9TH FLOOR, CENTRAL OFFICE, FORT  
MUMBAI 400 001**

To,

All Authorised Dealers

Madam/Sir,

**Disclosure of transaction cost for foreign exchange transactions - Draft**

A reference is invited to the [Master Direction – Risk Management and Inter-Bank Dealings dated July 05, 2016](#), as amended from time to time (hereinafter referred as 'Master Direction'), in terms of which Authorised Dealers have been permitted to offer the following foreign exchange contracts, involving INR or otherwise, to users (both retail and non-retail):

- a. foreign exchange cash;
- b. foreign exchange tom;
- c. foreign exchange spot;
- d. foreign exchange derivative contracts; and
- e. foreign currency interest rate derivative contracts.

2. In terms of the aforesaid Master Direction, while offering foreign exchange derivative / foreign currency interest rate derivative to a retail user, an Authorised Dealer shall provide the mid-market mark / bid and ask price of the derivative before entering into the contract and the same must also be included in the deal confirmation / term sheet.

3. Further to this, on a review, it has been decided that while offering foreign exchange cash, foreign exchange tom and foreign exchange spot contracts to a retail user, Authorised Dealers shall provide to the user, details of the total transaction cost (showing all relevant costs and charges viz., sending and receiving fees including those of any intermediaries, foreign exchange rate and currency conversion charges), before entering into the contract and also include the same in the deal confirmation.



4. These instructions shall be applicable with effect from three months from the date of issuance of these instructions.
5. For the purpose of this circular, 'retail user' and 'Authorised Dealer' shall have the same meaning as assigned in the Master Direction.
6. The directions contained in this circular have been issued under Section 45W of the Reserve Bank of India Act, 1934 and Sections 10(4) and 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,

(Dimple Bhandia)  
Chief General Manager