RBI/2009-10/26

Master Circular No. 06 /2009-10 **July 1, 2009**

To,

All Authorised Dealers - Category I Banks

Madam / Sir,

Master Circular on Risk Management and Inter-Bank Dealings

Rupee Accounts of Non-Resident Banks, Inter-Bank Dealings, Foreign Exchange Derivative Contracts, etc. are governed by the provisions in Notification No. FEMA 1/2000-RB, Regulation 4(2) of Notification No. FEMA 3/RB-2000 and Notification No. FEMA 25/RB-2000 dated May 3, 2000 and subsequent amendments thereto.

2.This Master Circular consolidates the existing instructions on the subject of **"Risk Management and Inter-Bank Dealings"** at one place. The list of underlying circulars/notifications is set out in Appendix.

3. This Master Circular is issued with a sunset clause of one year. This circular will stand withdrawn on July 1, 2010 and would be replaced by an updated Master Circular on the subject.

Yours faithfully,

Salim Gangadharan

Chief General Manager- in- Charge

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PART – A

RISK MANAGEMENT

SECTION I

Facilities for Persons Resident in India other than Authorised Dealers Category-I

1. Forward Contracts

(i) A person resident in India may enter into a forward contract with an Authorised Dealer Category-I bank (AD Category I bank) in India to hedge an exposure to exchange risk in respect of a transaction for which sale and/or purchase of foreign exchange is permitted under the Foreign Exchange Management Act, 1999 or rules or regulations or directions or orders made or issued thereunder, subject to the following terms and conditions:

a) the AD Category I bank through verification of documentary evidence is satisfied about the genuineness of the underlying exposure, irrespective of the transaction being a current or a capital account transaction. Full particulars of the contract should be marked on such documents under proper authentication and copies thereof retained for verification. However, AD Category I bank may also allow importers / exporters and special dispensation entities to book forward contracts on the basis of a declaration of an exposure subject to the conditions mentioned in Para 1(ii), Para 1(iii) and Para 1(iv) respectively, of this circular;
b) the maturity of the hedge does not exceed the maturity of the underlying transaction;
c) the currency of hedge and tenor are left to the choice of the customer;
d) where the exact amount of the underlying transaction is not ascertainable, the contract is booked on the basis of a reasonable estimate;
e) foreign currency loans/bonds will be eligible for hedge only after final approval is accorded by the Reserve Bank, where such approval is necessary or Loan Registration Number (LRN) is given by the Reserve Bank;
f) Global Depository Receipts (GDRs) and American Depository Receipts (ADRs) will be eligible for hedge only after the issue price has been finalized;
g) balances in the Exchange Earner's Foreign Currency (EEFC) accounts sold forward

by the account holders shall remain earmarked for delivery and such contracts shall not be cancelled. They may, however, be rolled-over;

h) all forward contracts with Rupee as one of the currencies, booked to cover foreign exchange exposures, falling due within one year, can be freely cancelled and rebooked. All forward contracts, involving the Rupee as one of the currencies, booked by residents to hedge current account transactions, regardless of tenor, may be allowed to be cancelled and rebooked freely. This relaxation will not be applicable to forward contracts booked on past performance basis without documents as also forward contracts booked to hedge transactions denominated in foreign currency but settled in INR, where the current restrictions will continue. The format in which corporate exposures are required to be reported is given in **Annex-V.** The details of exposures of all corporate clients have to be included in the report. Further, the facility of cancellation and rebooking should not be permitted unless the corporate has submitted the required exposure information. All non- INR forward contracts can be freely re-booked on cancellation.

i) substitution of contracts for hedging trade transactions may be permitted by an authorised dealer on being satisfied with the circumstances under which such substitution has become necessary.

(ii) AD Category I banks may also allow **importers and exporters** to book forward contracts on the basis of a declaration of an exposure and based on past performance up to the average of the previous three financial years' (April to March) actual import/export turnover or the previous year's actual import/export turnover, whichever is higher, subject to the following conditions:

a) The forward contracts booked in the aggregate during the year and outstanding at any point of time should not exceed the eligible limit i.e. the average of the previous three financial years' (April to March) actual import/export turnover or the previous year's actual import/export turnover, whichever is higher. Contracts booked in excess of 75 per cent of the eligible limit will be on deliverable basis and cannot be cancelled. These limits shall be computed separately for import/export transactions.

b) Any forward contract booked without producing documentary evidence will be marked off against this limit.

c) Importers and exporters should furnish a declaration to the AD Category I banks regarding amounts booked with other AD Category I banks under this facility.

d) An undertaking may be taken from the customer to produce supporting documentary evidence before the maturity of the forward contract.

e) Outstanding forward contracts higher than 50 per cent of the eligible limit may be permitted by the AD Category I banks only on being satisfied about the genuine requirements of their constituents after examination of the following documents:

   - A certificate from the Chartered Accountant of the customer stating that all guidelines have been adhered to while utilizing this facility.
   - A certificate of import/export turnover of the customer during the past three years duly certified by their Chartered Accountant/bank in the format given in Annex-VI.

f) In the case of an exporter, the amount of overdue bills should not be in excess of 10 per cent of the turnover, to avail the above facility.

g) AD Category I banks are required to submit a monthly report (as on the last Friday of every month) on the limits granted and utilized by their constituents under this facility in the format given in Annex-IX. The report may be forwarded to The Chief General Manager, Reserve Bank of India, Foreign Exchange Department, Forex Markets Division, Amar Building, 5th Floor, Central Office, Mumbai-400 001.

NOTE: Limits specified in paragraph (ii) pertain to forward contracts booked on the basis of declaration of an exposure. When forward contracts are booked by the AD Category I bank after verification of documentary evidence, these limits are not applicable and such contracts may be booked up to the extent of the underlying.

(iii) AD Category I banks may allow **Small and Medium Enterprises (SMEs)** to book forward contracts to hedge their direct and / or indirect exposures to foreign exchange risk without production of underlying documents, subject to the following conditions:

a) Such contracts may be allowed to be booked after ensuring that the entity qualifies as a SME as defined by the Rural Planning and Credit Department, Reserve Bank of India vide circular RPCD. PLNS.BC.No.63/06.02.031/ 2006-07 dated April 4, 2007.

b) Such contracts may be booked through AD Category I banks with whom the SMEs have credit facilities and that the total amount of forward contracts booked should be in alignment with the credit facilities availed by them for their foreign exchange requirements or their working capital requirements or capital expenditure.

c) These forward contracts may be allowed to be cancelled and rebooked freely.

d) AD Category I banks should carry out due diligence regarding "*user appropriateness*" and *"suitability*" of the forward contracts to the SME customers as per Para 8.3 of 'Comprehensive Guidelines on Derivatives' issued vide DBOD.No.BP.BC. 86/21.04.157/2006-07 dated April 20, 2007.

e) The SMEs availing this facility should furnish a declaration to the AD Category I bank regarding the amounts of forward contracts already booked, if any, with other AD Category I banks under this facility.

Note: SMEs are also permitted to use Foreign Currency- Rupee options for hedging their exposures after production of underlying documents [Para 1(i)] or under past performance route [Para 1(ii)]

(iv) AD Category I banks may allow **resident Individuals** to book forward contracts to hedge their foreign exchange exposures arising out of actual or anticipated remittances, both inward and outward, without production of underlying documents, up to a limit of USD 100,000, based on self declaration and subject to the following conditions:

a) The contracts booked under this facility should normally be on a deliverable basis. However, in case of mismatches in cash flows or other exigencies, the contracts booked under this facility may be allowed to be cancelled and re-booked.

b) The notional value of the outstanding contracts should not exceed USD 100,000 at any time.

c) The contracts may be permitted to be booked up to tenors of one year only.

d) Such contracts may be booked through AD Category I banks with whom the resident individual has banking relationship, on the basis of an application-cum-declaration in the format given in Annex XV. The AD Category I banks should satisfy themselves that the resident individuals understand the nature of risk inherent in booking of forward contracts and should carry out due diligence regarding "*user appropriateness*" and *"suitability*" of the forward contracts to such customer.

(v) A forward contract cancelled with one AD Category I banks can be rebooked with another AD Category I banks subject to the following conditions:

a) The switch is warranted by competitive rates on offer, termination of banking relationship with the AD Category I banks with whom the contract was originally booked, etc.
b) The cancellation and rebooking are done simultaneously on the maturity date of the contract.
c) The responsibility of ensuring that the original contract has been cancelled rests with the AD Category I bank who undertakes rebooking of the contract.

(vi) a) Residents having **overseas direct investments** (in equity and loan) are permitted to hedge the exchange risk arising out of such investments. AD Category I banks may enter into forward contracts with residents for hedging such investments subject to verification of exposure. Contracts covering overseas direct investments can be cancelled or rolled over on the due dates. However, AD Category I banks may permit rebooking only to the extent of 50 per cent of the cancelled contracts.

b) If a hedge becomes naked in part or full owing to shrinking of the market value of the overseas direct investment, the hedge may continue to the original maturity. Roll over on due date shall be permitted up to the extent of the market value as on that date.

(vii) AD Category I banks may also enter into forward contracts with residents in respect of transactions denominated in foreign currency but settled in Indian Rupees including hedging the economic (currency indexed) exposure of importers in respect of customs duty payable on imports. These contracts shall be held till maturity and cash settlement would be made on the maturity date by cancellation of the contracts. Forward contracts covering such transactions once cancelled, are not eligible to be rebooked. However, in the event of change in the rate of customs duties due to Government notifications, importers may be allowed to cancel and / or rebook the forward contracts before maturity.

2. Contracts other than Forward Contracts

(i) A person resident in India who has borrowed foreign exchange in accordance with the provisions of Foreign Exchange Management (Borrowing and Lending in Foreign Exchange) Regulations, 2000 , may enter into an Interest Rate Swap or Currency Swap or Coupon Swap or Foreign Currency Option or Interest Rate Cap or Collar (purchases) or Forward Rate Agreement (FRA) contract with an AD Category I bank in India or with a branch outside India of an Indian bank authorized to deal in foreign exchange in India or with an Off-shore Banking Unit in a SEZ in India for hedging his loan exposure and unwinding from such hedges, provided that :

a) the contract does not involve the Rupee.
b) final approval has been accorded or loan identification/registration number issued by the Reserve Bank for borrowing in foreign currency.
c) the notional principal amount of the hedge does not exceed the outstanding amount of the foreign currency loan.
d) the maturity of the hedge does not exceed the unexpired maturity of the underlying loan.

These contracts may be freely cancelled and rebooked.

(ii) A person resident in India, who has a foreign exchange or Rupee liability, may enter into a contract for Foreign Currency-Rupee Swap with an AD Category I bank in India to hedge long term exposure under the following terms and conditions:

a) No swap transactions involving upfront payment of Rupees or its equivalent in any form shall be undertaken.

b) Swap transactions may be undertaken by AD Category I banks as intermediaries by matching the requirements of corporate counter parties.

c) While no limits are placed on the AD Category I banks for undertaking swaps to facilitate customers to hedge their foreign exchange exposures, limits have been put in place for swap transactions facilitating customers to assume a foreign exchange liability, thereby resulting in supply in the market. While matched transactions may be undertaken, a limit of USD 50 million is placed for net supply in the market on account of these swaps. Positions arising out of cancellation of swaps by customers need not be reckoned within the cap.

d) With reference to the specified limits for swap transactions facilitating customers to assume a foreign exchange liability, the limit will be reinstated on account of cancellation/ maturity of the swap and on amortization, up to the amounts amortized.

e) The above transactions if cancelled shall not be rebooked or re-entered, by whatever name called.

(iii) AD Category I banks may enter into Foreign Currency-Rupee Option contracts with their customers on a back-to-back basis. They are also permitted to run an options book subject to prior approval from the Reserve Bank. All guidelines applicable for forward contracts are applicable to Rupee option contracts also. Detailed guidelines and reporting requirements are given in Annex-VII.

(iv) A person resident in India may enter into a cross-currency option contract (not involving the Rupee) with an AD Category I bank in India to hedge foreign exchange exposure arising out of his trade :

a) Provided that in respect of cost-effective risk reduction strategies like range forwards, ratio-range forwards or any other variable by whatever name called, there shall not be **any net inflow of premium**. These transactions may be freely booked and/or cancelled.

b) Cross currency options should be written on a fully covered back-to-back basis. The cover transaction may be undertaken with a bank outside India, an Off-shore Banking Unit situated in a Special Economic Zone or an internationally recognized option exchange or another AD Category- I bank in India.

c) All guidelines applicable for cross-currency forward contracts are applicable to cross- currency option contracts also.

d) AD Category I banks desirous of writing options, should obtain a one-time approval from the Chief General Manager, Reserve Bank of India, Foreign Exchange Department, Forex Markets Division, Central Office, Amar Building 5th Floor, Mumbai, 400 001, before undertaking the business.

Explanation: The contingent foreign exchange exposure arising out of submission of a tender bid in foreign exchange is also eligible for hedging under this sub-paragraph.

NOTE: In respect of foreign exchange derivative contracts both involving the Rupee and not involving the Rupee the following shall be strictly observed.

A. In the case of swap structures where premium is inbuilt into the cost and option contracts involving cost reduction structures, AD Category I banks should ensure that -

- **such structures do not result in increase in risk in any manner and**
- **do not result in net receipt of premium by the customer.**

B. AD Category I banks should not offer leveraged swap structures.

C. AD Category I banks should not allow the swap route to become a surrogate for forward contracts for those users who do not qualify for forward cover.

3. General Guidelines for Over the Counter Foreign Exchange Derivative Contracts

- The provisions of comprehensive guidelines on Derivatives vide

DBOD.No.BP.BC. 86/21.04.157/2006-07 dated April 20, 2007 are also applicable to forex derivatives.

- Sharing of information on derivatives between banks is mandatory, as detailed vide circular DBOD.No.BP.BC.94/08.12.001/2008-09 dated December 8, 2008.
- AD **Category I banks should ensure that** the Board of Directors of the corporate has drawn up a risk management policy**, laid down clear guidelines for concluding the transactions and institutionalised the arrangements for a periodical review of operations and annual audit of transactions to verify compliance with the regulations.**
- **The periodical review reports and annual audit reports should be obtained from the concerned corporate by the AD Category I banks.**

4. Currency Futures

As a part of further developing the derivatives market in India and adding to the existing menu of foreign exchange hedging tools available to the residents, currency futures contracts have been permitted to be traded in recognized stock exchanges or new exchanges, recognized by the Securities and Exchange Board of India (SEBI) in the country. The currency futures market would function subject to the directions, guidelines, instructions issued by the Reserve Bank and the SEBI, from time to time.

Persons resident in India are permitted to participate in the currency futures market in India subject to directions contained in the Currency Futures (Reserve Bank) Directions, 2008 [Notification No.FED.1/DG(SG)-2008 dated August 6, 2008] (Directions) issued by the Reserve Bank of India, which have been issued under Section 45W of the Reserve Bank of India Act, 1934.

Currency futures are subject to following conditions:

Permission

(i) Currency futures are permitted in US Dollar - Indian Rupee or any other currency pairs, as may be approved by the Reserve Bank from time to time.

(ii) Only 'persons resident in India' may purchase or sell currency futures contracts to hedge an exposure to foreign exchange rate risk or otherwise.

Features of currency futures

Standardized currency futures shall have the following features:

a. Only USD-INR contracts are allowed to be traded.

b. The size of each contract shall be USD 1000.

c. The contracts shall be quoted and settled in Indian Rupees.

d. The maturity of the contracts shall not exceed 12 months.

e. The settlement price shall be the Reserve Bank’s Reference Rate on the last trading day.

Membership

(i) The membership of the currency futures market of a recognised stock exchange shall be separate from the membership of the equity derivative segment or the cash segment. Membership for both trading and clearing, in the currency futures market shall be subject to the guidelines issued by the SEBI.

(ii) Banks authorized by the Reserve Bank under section 10 of the Foreign Exchange Management Act, 1999 as ‘AD Category - I bank’ are permitted to become trading and clearing members of the currency futures market of the recognized stock exchanges, on their own account and on behalf of their clients, subject to fulfilling the minimum prudential requirements:

(iii) AD Category - I banks which do not meet the above minimum prudential requirements and AD Category - I banks which are Urban Co-operative banks or State Co-operative banks can participate in the currency futures market only as clients, subject to approval therefor from the respective regulatory Departments of the Reserve Bank.

Position limits

i. The position limits for various classes of participants in the currency futures market shall be subject to the guidelines issued by the SEBI.

ii. The AD Category - I banks, shall operate within prudential limits, such as Net Open Position (NOP) and Aggregate Gap (AG) limits. The exposure of the banks, on their own account, in the currency futures market shall form part of their NOP and AG limits.

Authorisation to Currency Futures Exchanges / Clearing Corporations

Recognized stock exchanges and their respective Clearing Corporations / Clearing Houses shall not deal in or otherwise undertake the business relating to currency futures unless they hold an authorization issued by the Reserve Bank under section 10 (1) of the Foreign Exchange Management Act, 1999.

5. Commodity Hedging

Residents in India, engaged in import and export trade or as otherwise approved by the Reserve Bank from time to time, are permitted to hedge the price risk of permitted commodities in the international commodity exchanges/ markets as detailed under subparagraphs A, B and C below. This facility must not be used in conjunction with any other derivative product. The role of Authorized Dealer banks is primarily to provide facilities for remitting foreign currency amounts towards margin requirements from time to time. In lieu of making a direct remittance towards payment obligations arising out of commodity derivative transactions entered into by customers with overseas counterparties, AD Category-I banks may issue guarantees/standby letters of credit to cover these specific payment obligations related to commodity derivatives, subject to the conditions/guidelines in Annex XVI.

A. Hedging of Commodity Price Risk in the International Commodity Exchanges/Markets

(i) Residents in India, engaged in import and export trade or as otherwise approved by Reserve Bank from time to time, may hedge the price risk of all commodities in the international commodity exchanges/markets. AD Category I banks, satisfying certain minimum norms, authorized by the Reserve Bank, may also grant permission to listed companies or as otherwise specified by Reserve Bank from time to time to hedge the price risk in respect of any commodity (except gold, platinum & silver), in the international commodity exchanges/ markets.

Detailed guidelines and reporting requirements are given in Annex X. Applications for commodity hedging of companies/ firms which are not covered by the delegated authority of AD Category I banks may be forwarded to Foreign Exchange Department, Forex Markets Division, Central Office, Reserve Bank of India, Amar Building, 5th Floor, Mumbai- 400 001, for consideration through the International Banking Division of an AD Category I banks along with specific recommendation giving the following details:

1. A brief description of the hedging strategy proposed, namely:

   a) description of business activity and nature of risk,

b) instruments proposed to be used for hedging,
c) names of commodity exchanges and brokers through whom risk is proposed to be hedged and credit lines proposed to be availed. The name and address of the regulatory authority in the country concerned may also be given,
d) size /average tenure of exposure and/or total turnover in a year, together with expected peak positions thereof and the basis of calculation.

2. A copy of the Risk Management Policy approved by the Management covering;

a) risk identification,
b) risk measurements,
c) guidelines and procedures to be followed with respect to revaluation and/or monitoring of positions, and
d) names and designations of officials authorised to undertake transactions and limits

3. Any other relevant information.

A one-time approval will be given by Reserve Bank along with the guidelines for undertaking this activity.

(ii) AD Category I banks authorized by the Reserve Bank, may grant permission to companies listed on a recognized stock exchange to hedge the price risk in respect of domestic purchases and sales of aluminium, copper, lead, nickel and zinc. AD Category I banks authorized by the Reserve Bank, may also grant permission to companies who are actual users of Aviation Turbine Fuel (ATF) to hedge the price risk in respect of domestic purchase of ATF in the international commodity exchanges. Detailed guidelines and reporting requirements for hedging these economic exposures are given in Annex XI.

B. Hedging of price risk on petroleum & petroleum Products

(i) AD Category I banks authorised by Reserve Bank, may permit domestic oil marketing and refining companies to hedge their commodity price risk to the extent of 50 per cent of their inventory based on the volumes in the quarter preceding the previous quarter. The hedges may be undertaken using over-the-counter (OTC) / exchange traded derivatives overseas with the tenor restricted to a maximum of one-year forward.

(ii) AD Category I banks authorised by Reserve Bank may permit domestic oil refining companies to hedge their commodity price risk on domestic purchase of crude oil and sale of petroleum products on the basis of underlying contracts linked to international prices on overseas exchanges / markets. The hedging will be allowed strictly on the basis of underlying contracts.

(iii) AD Category I banks authorised by Reserve Bank may permit domestic oil refining companies to hedge their commodity price risk on anticipated imports of crude oil in overseas exchanges / markets, on the basis of their past performance up to 50 per cent of the volume of actual imports during the previous year or 50 per cent of the average volume of imports during the previous three financial years, whichever is higher. Contracts booked under this facility will have to be regularized by production of supporting import orders during the currency of hedge. An undertaking may be obtained from the companies to this effect.

Note: The detailed guidelines/conditions subject to which hedging will be undertaken under this paragraph are given under Annex XII.

C. Commodity Hedging by entities in Special Economic Zones

AD Category I banks may allow entities in the Special Economic Zones (SEZ) to undertake hedging transactions in the overseas commodity exchanges/markets to hedge their commodity prices on export/import, subject to the condition that such contract is entered into on a stand-alone basis.

Note: The term "stand alone" means the unit in SEZ is completely isolated from financial contacts with its parent or subsidiary in the mainland or within the SEZs as far as its import/export transactions are concerned.

6. Freight hedging

A. Resident entities having freight exposures are permitted to hedge the freight risk in the international commodity exchanges/markets. It may be noted that the role of the Authorized Dealer here is primarily to provide facilities for remitting foreign currency amounts towards margin requirements from time to time. This facility must not be used in conjunction with any other derivative product. The hedging can be undertaken using plain vanilla Over the Counter (OTC) or exchange traded products in the international market, with a maximum tenor of one year forward. The exchanges on which the products are purchased must be a regulated entity.

AD Category – I banks should ensure that the entities hedging their freight exposures have:

i. Board approved Risk Management policies which define the overall framework within which derivative transactions should be undertaken and the risks contained,
ii. Sanction of the company's Board for the specific activity and for dealing in overseas exchanges/markets.
iii. Board approval which explicitly mentions the authority/ies permitted to undertake the transactions, the mark-to-market policy, the counterparties permitted for OTC derivatives, etc.
iv. A list of transactions undertaken should be put up to the Board on a half-yearly basis.

The AD Category - I bank must obtain a copy of Risk Management Policy from the company incorporating the above details at the time of permitting the transaction itself and as and when changes made therein.

B. **Freight hedging by Domestic oil refining companies and shipping companies**: A.D. Category I banks authorized by the Reserve Bank to permit overseas commodity hedging by resident entities, are permitted to allow domestic oil refining companies and shipping companies to hedge their freight risk in overseas regulated exchanges /OTC markets, on the basis of underlying exposure, the details of which are as follows:

The basis of underlying exposure is as follows:

(a) In the case of oil refining companies –

(i) The freight hedging will be on the basis of underlying contracts i.e., import/export orders for crude oil/petroleum products. Additionally, AD Category - I banks may permit domestic oil refining companies to hedge their freight risk on anticipated imports of crude oil on the basis of their past performance up to 50 per cent of the volume of actual imports of crude oil during the previous year or 50 per cent of the average volume of imports during the previous three financial years, whichever is higher.

(ii) Contracts booked under the past performance facility will have to be regularized by production of underlying documents during the currency of the hedge. An undertaking may be obtained from the company to this effect.

(b) In the case of shipping companies :-

(i) The hedging will be on the basis of owned / controlled ships of the shipping company which have no committed employment. The quantum of hedge will be determined by the number and capacity of these ships. The same may be certified by a Chartered Accountant to the AD Category - I bank.

(ii) Contracts booked will have to be regularized by production of underlying documents i.e. employment of the ship during the currency of the hedge. An undertaking may be obtained from the company to this effect.

(iii) AD Category - I banks may also ensure that the freight derivatives being entered into by the shipping companies are reflective of the underlying business of the shipping companies.

C. **Freight hedging by other companies exposed to freight risk:** Companies other than those at B above may seek permission to hedge the freight risk in overseas regulated exchanges /OTC markets from the Reserve Bank. The applications may be forwarded through the international banking division of their AD Category I bank to The Chief General Manager- in - Charge, Reserve Bank of India, Foreign Exchange Department, Forex Markets Division, Amar Building, 5th floor, Fort, Mumbai 400 001.

Section II

Facilities for Persons Resident outside India

1. Facilities for Foreign Institutional Investors (FIIs)

a) Designated branches of AD Category I banks maintaining accounts of FIIs may provide forward cover with Rupee as one of the currencies to such customers subject to the following conditions:

i) FIIs are allowed to hedge the market value of their entire investment in equity and/or debt in India as on a particular date. If a hedge becomes naked in part or full owing to shrinking of the portfolio, for reasons other than sale of securities, the hedge may be allowed to continue to the original maturity, if so desired;

ii) these forward contracts, once cancelled may be permitted to be rebooked up to a limit of 2 per cent of the market value (as at the beginning of the financial year) of their investment in equity and / or debt in India, the limit being calculated on the basis of market value of the portfolio. These contracts may be rolled over on or before maturity. The monitoring of forward cover must be done on a fortnightly basis. The reporting format is given at Annex XIII.

iii) the cost of hedge is met out of repatriable funds and /or inward remittance through normal banking channel;

iv) all outward remittances incidental to the hedge are net of applicable taxes.

b) The eligibility for cover may be determined on the basis of the declaration of the FII. A review may be undertaken on the basis of market price movements, fresh inflows, amounts repatriated and other relevant parameters to ensure that the forward cover outstanding is supported by an underlying exposure.

2. Facilities for Non-resident Indians (NRIs)

AD banks may enter into forward contracts with NRIs as per the following guidelines to hedge:

i) the amount of dividend due to him on shares held in an Indian company;

ii) the balances held in the Foreign Currency Non-Resident (Banks) [FCNR(B)] account or the Non-Resident External Rupee [NRE] account. Forward contract with the Rupee as one of the legs may be booked against balances in both the accounts. With regard to balances in FCNR(B) accounts, cross currency (not involving the Rupee) forward contracts may also be booked to convert the balances in one foreign currency to another foreign currency in which FCNR(B) deposits are permitted to be maintained;

iii) the amount of investment made under the portfolio scheme in accordance with the provisions of the Foreign Exchange Regulation Act, 1973 or under notifications issued thereunder or is made in accordance with the provisions of the Foreign Exchange Management (Transfer or issue of Security by a Person Resident outside India) Regulations, 2000 as amended from time to time and in both cases subject to the terms and conditions specified in the proviso to paragraph 1 above.

3. Facilities for Hedging Foreign Direct Investment in India

a) AD Category I banks may enter into forward contracts with residents outside India to hedge the investments made in India since January 1,1993, subject to verification of the exposure in India.

b) Residents outside India having foreign direct investment in India are also permitted to enter into forward contracts with AD Category I banks with Rupee as one of the currencies to hedge the currency risk on dividend receivable by them on their investments in Indian companies.

c) Residents outside India may also enter into forward sale contracts with AD Category I banks to hedge the currency risk arising out of their proposed foreign direct investment in India. Such contracts may be allowed to be booked only after ensuring that the overseas entities have completed all the necessary formalities and obtained necessary approvals (wherever applicable) for the investment. The tenor of the contracts should not exceed six months beyond which permission of the Reserve Bank would be required to continue with the contract. These contracts, if cancelled, shall not be eligible to be rebooked for the same inflows and exchange gains, if any, on cancellation shall not be passed on to the overseas investor.

NOTE : All foreign exchange derivative contracts permissible for a person resident outside India other than a FII once cancelled, are not eligible to be rebooked. FIIs can rebook contracts as per Para 1 above.

SECTION III

Facilities for Authorised Dealers Category-I

1. Management of Banks' Assets-Liabilities

a) AD Category I banks may use the following instruments to hedge their asset-liability portfolio :

Interest Rate Swaps, Currency Swaps, and Forward Rate Agreements.

AD Category I banks may also purchase call or put options to hedge their cross currency proprietary trading positions.

b) The use of these instruments is subject to the following conditions:

(i) An appropriate policy in this regard is approved by their Top Management.

(ii) The value and maturity of the hedge should not exceed that of the underlying.

(iii) No 'stand alone' transactions can be initiated. If a hedge becomes naked in part or full owing to shrinking of the value of the portfolio, it may be allowed to continue till the original maturity and should be marked to market at regular intervals.

(iv) The net cash flows arising out of these transactions are booked as income and expenditure and reckoned as exchange position wherever applicable.

2. Hedging of Gold Prices

AD Category I banks, authorised by Reserve Bank to operate the Gold Deposit Scheme, may use exchange-traded and over-the-counter hedging products available overseas to manage the price risk. However, while using products involving options, it may be ensured that there is no net receipt of premium, either direct or implied. Banks, which are authorised to import gold, are permitted to enter into forward contracts in India with their constituents (exporters of gold products, jewellery manufacturers, trading houses, etc.) in respect of the underlying sale/purchase and loan transactions in gold with them, subject to the conditions specified by the Reserve Bank. The tenor of such contracts should not exceed six months.

3. **Hedging of Capital**

a) Foreign banks may hedge the entire Tier I Capital held by them in Indian books subject to the following conditions:

i) the forward contract should be for tenor of one year or more and may be rolled over on maturity. Rebooking of cancelled hedge will require prior approval of Reserve Bank;

ii) the capital funds should be available in India to meet local regulatory and CRAR requirements. Therefore, foreign currency funds accruing out of hedging should not be parked in nostro accounts but should remain swapped with banks in India at all times.

b) Foreign banks are permitted to hedge their Tier II Capital in the form of Head Office borrowing as subordinated debt , by keeping it swapped into Indian Rupees at all times in terms of our Department of Banking Operations and Development (DBOD)'s circular No.IBS.BC.65/23.10.015/2001-02 dated February 14, 2002.

4. Participation in the currency futures market in India

Please refer to Part-A Section I, paragraph 4. In continuation of the same:

a) AD Category I Banks may be guided by the DBOD instructions vide DBOD.No.FSD.BC. 29 /24.01.001/2008-09 dated August 6, 2008.

b) AD Category I Banks are permitted to become trading and clearing members of the currency futures market of recognised stock exchanges, on their own account and on behalf of their clients, subject to fulfilling the following minimum prudential requirements:

i) Minimum net worth of Rs. 500 crores.

ii) Minimum CRAR of 10 per cent.

iii) Net NPA should not exceed 3 per cent.

iv) Net profit for last 3 years.

The AD Category - I banks which fulfill the prudential requirements should lay down detailed guidelines with the approval of their Boards for trading and clearing of currency futures contracts and management of risks.

(c). AD Category - I banks which do not meet the above minimum prudential requirements and AD Category - I banks which are Urban Co-operative banks or State Co-operative banks can participate in the currency futures market only as clients, subject to approval and directions from the respective regulatory Departments of the Reserve Bank.

(d) The AD Category - I banks, shall operate within prudential limits, such as Net Open Position (NOP) and Aggregate Gap (AG) limits. The exposure of the banks, on their own account, in the currency futures market shall form part of their NOP and AG limits.

PART B

ACCOUNTS OF NON-RESIDENT BANKS

1. General

(i) Credit to the account of a non-resident bank is a permitted method of payment to non-residents and is, therefore, subject to the regulations applicable to transfers in foreign currency.

(ii) Debit to the account of a non-resident bank is in effect an inward remittance in foreign currency.

2. Rupee Accounts of Non-Resident Banks

AD Category I banks may open/close Rupee accounts (non-interest bearing) in the names of their overseas branches or correspondents without prior reference to the Reserve Bank. Opening of Rupee accounts in the names of branches of Pakistani banks operating outside Pakistan requires specific approval of the Reserve Bank.

3. Funding of Accounts of Non-resident Banks

(i) AD Category I banks may freely purchase foreign currency from their overseas correspondents/branches at on-going market rates to lay down funds in their accounts for meeting their bonafide needs in India.

(ii) Transactions in the accounts should be closely monitored to ensure that overseas banks do not take a speculative view on the Rupee. Any such instances should be notified to the Reserve Bank.

NOTE: **Forward purchase or sale of foreign currencies against Rupees for funding is prohibited. Offer of two-way quotes in Rupees to non-resident banks is also prohibited.**

4. Transfers from other Accounts

Transfer of funds between the accounts of the same bank or different banks is freely permitted.

5. Conversion of Rupees into Foreign Currencies

Balances held in Rupee accounts of non-resident banks may be freely converted into foreign currency. All such transactions should be recorded in Form A2 and the corresponding debit to the account should be in form A3 under the relevant Returns.

6. Responsibilities of Paying and Receiving Banks

In the case of credit to accounts the paying banker should ensure that all regulatory requirements are met and are correctly furnished in form A1/A2 as the case may be.

7. Refund of Rupee Remittances

Requests for cancellation or refund of inward remittances may be complied with without reference to Reserve Bank after satisfying themselves that the refunds are not being made in cover of transactions of compensatory nature.

8. Overdrafts / Loans to Overseas Branches/ Correspondents

(i) AD Category I banks may permit their overseas branches/ correspondents temporary overdrawals not exceeding Rs.500 lakhs in aggregate, for meeting normal business requirements. This limit applies to the amount outstanding against all overseas branches and correspondents in the books of all the branches of the authorised AD Category I bank in India. This facility should not be used to postpone funding of accounts. If overdrafts in excess of the above limit are not adjusted within five days a report should be submitted to the Reserve Bank of India, Foreign Exchange Department, Forex Markets Division, Central Office, Amar Building, 5th Floor, Mumbai 400001 within 15 days from the close of the month, stating the reasons thereof. Such a report is not necessary if arrangements exist for value dating.

(ii) AD Category I bank wishing to extend any other credit facility in excess of (i) above to overseas banks should seek prior approval from the Chief General Manager, Reserve Bank of India, Foreign Exchange Department, Forex Markets Division, Central Office, Amar Building, 5^{th} Floor, Mumbai, 400001.

9. Rupee Accounts of Exchange Houses

Opening of Rupee accounts in the names of Exchange Houses for facilitating private remittances into India requires approval of the Reserve Bank. Remittances through Exchange Houses for financing trade transactions are permitted upto Rs.2,00,000 per transaction.

PART C

INTER-BANK FOREIGN EXCHANGE DEALINGS

1. General

The Board of Directors of AD Category I banks should frame an appropriate policy and fix suitable limits for various Treasury functions.

2. Position and Gaps

The net overnight open exchange position (Annex-I) and the aggregate gap limits are required to be approved by the Reserve Bank.

3. Inter-bank Transactions

Subject to compliance with the provisions of paragraphs 1 and 2, AD Category I banks may freely undertake foreign exchange transactions as under:

a) With AD Category I banks in India:

(i) Buying/Selling/Swapping foreign currency against Rupees or another foreign currency.

(ii) Placing/Accepting deposits and Borrowing/Lending in foreign currency.

b). With banks overseas and Off-shore Banking Units in Special Economic Zones

(i) Buying/Selling/Swapping foreign currency against another foreign currency to cover client transactions or for adjustment of own position,

(ii) Initiating trading positions in the overseas markets.

NOTE :

A. Funding of accounts of Non-resident banks - please refer to paragraph 3 of Part B.

B. Form A2 need not be completed for sales in the inter-bank market, but all such transactions shall be reported to Reserve Bank in R Returns.

4. Foreign Currency Accounts/ Investments in Overseas Markets

(i) Inflows into foreign currency accounts arise primarily from client-related transactions, swap deals, deposits, borrowings, etc. AD Category I banks may maintain balances in foreign currencies up to the levels approved by the Board. They are free to manage the surplus in these accounts through overnight placement and investments with their overseas branches/correspondents subject to adherence to the gap limits approved by the Reserve Bank.

(ii) AD Category I banks are free to undertake investments in overseas markets up to the limits approved by their Board. Such investments may be made in overseas money market instruments and/or debt instruments issued by a foreign state with a residual maturity of less than one year and rated at least as AA (-) by Standard & Poor / FITCH IBCA or Aa3 by Moody's. For the purpose of investments in debt instruments other than the money market instruments of any foreign state, bank's Board may lay down country ratings and country - wise limits separately wherever necessary.

NOTE: For the purpose of this clause, 'money market instrument' would include any debt instrument whose life to maturity does not exceed one year as on the date of purchase.

(iii) AD Category I banks may also invest the undeployed FCNR (B) funds in overseas markets in long-term fixed income securities subject to the condition that the maturity of the securities invested in do not exceed the maturity of the underlying FCNR (B) deposits.

(iv) Foreign currency funds representing surpluses in the nostro accounts may be utilised for:

a) making loans to resident constituents for meeting their foreign exchange requirements or for the Rupee working capital/capital expenditure needs subject to the prudential/interest-rate norms, credit discipline and credit monitoring guidelines in force.

b) extending credit facilities to Indian wholly owned subsidiaries/ joint ventures abroad in which at least 51 per cent equity is held by a resident company, subject to the guidelines issued by Reserve Bank (Department of Banking Operations & Development).

(v) AD Category I banks may write-off/transfer to unclaimed balances account, unreconciled debit/credit entries as per instructions issued by Department of Banking Operations and Development, from time to time.

5. Loans/Overdrafts

a) All categories of overseas foreign currency borrowings of AD Category I banks, (except for borrowings at (c) below), including existing External Commercial Borrowings and loans/overdrafts from their Head Office, overseas branches and correspondents and overdrafts in nostro accounts (not adjusted within five days), shall not exceed 50 per cent of their unimpaired Tier I capital or USD 10 million (or its equivalent), whichever is higher. The aforesaid limit applies to the aggregate amount availed of by all the offices and branches in India from all their branches/correspondents abroad and also includes overseas borrowings in gold for funding domestic gold loans (cf. DBOD circular No. IBD.BC. 33/23.67.001/2005-06 dated September 5, 2005). If drawals in excess of the above limit are not adjusted within five days, a report, as per the format in Annex-VIII, should be submitted to the Chief General Manager, Reserve Bank of India, Foreign Exchange Department, Forex Markets Division, Central Office, Mumbai 400001, within 15 days from the close of the month in which the limit was exceeded. Such a report is not necessary if arrangements exist for value dating.

b) The funds so raised may be used for purposes other than lending in foreign currency to constituents in India and repaid without reference to the Reserve Bank. As an exception to this rule, AD Category I banks are permitted to use borrowed funds as also foreign currency funds received through swaps for granting foreign currency loans for export credit in terms of IECD Circular No 12/04.02.02/2002-03 dated January 31,2003. Any fresh borrowing above this limit shall be made only with the prior approval of the Reserve Bank. Applications for fresh ECBs should be made as per the current ECB Policy.

c) The following borrowings would continue to be outside the limit of 50 per cent of unimpaired Tier I capital or USD 10 million (or its equivalent), whichever is higher:

i). Overseas borrowings by AD Category I banks for the purpose of financing export credit subject to the conditions prescribed in IECD Master Circular dated July 1, 2003 on Export Credit in foreign currency.

ii). Subordinated debt placed by head offices of foreign banks with their branches in India as Tier II capital.

iii) Capital funds raised/augmented by the issue of Innovative Perpetual Debt Instruments and Debt Capital Instruments, in foreign currency, in terms of Circulars DBOD. No. BP.BC.57/21.01.002/2005-06 dated January 25, 2006 and DBOD. No. BP.BC.23/21.01.002/2006-07 dated July 21, 2006

iv) any other overseas borrowing with the specific approval of the Reserve Bank.

d) Interest on loans/overdrafts may be remitted (net of taxes) without the prior approval of Reserve Bank.

PART D

REPORTS TO THE RESERVE BANK

i) The Head/Principal Office of each AD Category-I banks should submit daily statements of Foreign Exchange Turnover in Form FTD and Gaps, Position and Cash Balances in Form GPB through the Online Returns Filing System (ORFS) as per format given in Annex-II.

ii) The Head/Principal Office of each authorised dealer category-I should forward a statement of Nostro / Vostro Account balances on a monthly basis in the format given in Annex-III to the Director, Division of International Finance, Department of Economic Analysis and Policy, Reserve Bank of India, Central Office Building, 8th Floor, Fort, Mumbai-400 001. The data may also be transmitted by fax or e-mail at the numbers/addresses given in the format.

iii) AD Category-I banks should consolidate the data on cross currency derivative transactions undertaken by residents in terms of Paragraph 2 (i) and 2 (iv) of Part A Section I and submit half-yearly reports (June and December) to the Chief General Manager, Reserve Bank of India, Foreign Exchange Department, Forex Markets Division, Central Office, Amar Building, 5th Floor, Mumbai-400 001 as per the format indicated in the Annex-IV.

iv) AD Category-I banks should forward details of exposures in foreign exchange as at the end of every quarter as per the format indicated in Annex-V to the Chief General Manger, Reserve Bank of India, Foreign Exchange Department, Forex Markets Division, Central Office, Amar Building, 5th Floor, Mumbai, 400 001. Please note that details of exposures of all corporate clients who meet the prescribed criteria have to be included in the report.

v) AD Category-I banks have to report their total outstanding foreign currency borrowings under all categories as on the last Friday of every month to The Chief General Manager, Reserve Bank of India, Foreign Exchange Department, Forex Markets Division, Central Office, Amar Building, 5th Floor, Mumbai-400 001, as per the format in Annex-VIII. The report should be received by the 10th of the following month.

vi) AD Category-I banks are required to submit a monthly report (as on the last Friday of every month) on the limits granted and utilized by their constituents under the facility of booking forward contracts on past performance basis, as per the format in Annex-IX. The report may be forwarded to the Chief General Manager, Reserve Bank of India, Foreign Exchange Department, Forex Markets Division, Central Office, , Amar Building, 5th Floor, Mumbai-400 001 and by e-mail to fedcofmd@rbi.org.in so as to reach the Department by the 10th of the following month.

vii) The Head/Principal Office of each AD Category-I banks should submit a statement in form BAL giving details of their holdings of all foreign currencies on fortnightly basis through Online Returns Filing System (ORFS) within seven calendar days from the close of the reporting period to which it relates.

viii) A monthly statement should be furnished to the Chief General Manager, Reserve Bank of India, Foreign Exchange Department, Forex Markets Division, Central Office, Amar Building, 5th Floor Mumbai-400 001, before the 10th of the succeeding month, in respect of cover taken by FIIs, indicating the name of the FII / fund, the eligible amount of cover, the actual cover taken, etc. as per the format in Annex XIII.

ix) The Head/Principal Office of each AD Category-I banks should furnish an up-to-date list (in triplicate) of all its offices/branches, which are maintaining Rupee accounts of non-resident banks as at the end of December every year giving their code numbers allotted by Reserve Bank. The list should be submitted before 15th January of the following year to the Central Office of the Reserve Bank, Foreign Exchange Department, Trade Division, Amar Building 5th Floor, Mumbai 400 001. The offices/branches should be classified according to area of jurisdiction of Reserve Bank Offices within which they are situated.

x) AD Category – I banks are required to submit a quarterly report on the forward contracts booked & cancelled by SMEs and Resident Individuals, to the Chief General Manager, Reserve Bank of India, Foreign Exchange Department, Central Office, Forex Markets Division, Amar Building, 5th Floor, Mumbai - 400 001 within the first week of the following month, as per format given in Annex XIV.

Annex I

[See Part C ,Paragraph 2]

Guidelines for Foreign Exchange Exposure Limits of Authorised Dealers Category-I

1. Coverage

For banks incorporated in India, the exposure limits fixed by the Board should be the aggregate for all branches including their overseas branches and Off-shore Banking Units. For foreign banks, the limits will cover only their branches in India.

2. Capital

Capital refers to Tier I capital as per instructions issued by Reserve Bank of India (Department of Banking Operations and Development).

3. Calculation of the Net Open Position in a Single Currency

The open position must first be measured separately for each foreign currency. The open position in a currency is the sum of (a) the net spot position, (b) the net forward position and (c) the net options position.

a) Net Spot Position

The net spot position is the difference between foreign currency assets and the liabilities in the balance sheet. This should include all accrued income/expenses.

b) Net Forward Position

This represents the net of all amounts to be received less all amounts to be paid in the future as a result of foreign exchange transactions which have been concluded. These transactions, which are recorded as off-balance sheet items in the bank's books, would include:

(i) spot transactions which are not yet settled;

(ii) forward transactions;

(iii) guarantees and similar commitments denominated in foreign currencies which are certain to be called;

(iv) net of amounts to be received/paid in respect of currency futures, and the principal on currency futures/swaps.

c) Net Options Position

The options position is the "delta-equivalent" spot currency position as reflected in the authorised dealer's options risk management system, and includes any delta hedges in place which have not already been included under 3(a) or 3(b) (i) and (ii) above.

4. Calculation of the Overall Net Open Position

This involves measurement of risks inherent in a bank's mix of long and short position in different currencies. It has been decided to adopt the "shorthand method" which is accepted internationally for arriving at the overall net open position. Banks may, therefore, calculate the overall net open position as follows:

(i) Calculate the net open position in each currency (paragraph 3 above).
(ii) Calculate the net open position in gold.
(iii) Convert the net position in various currencies and gold into Rupees in terms of existing RBI / FEDAI Guidelines. All derivative transactions including forward exchange contracts should be reported on the basis of Present Value (PV) adjustment.
(iv) Arrive at the sum of all the net short positions.
(v) Arrive at the sum of all the net long positions.

Overall net foreign exchange position is the higher of (iv) or (v). The overall net foreign exchange position arrived at as above must be kept within the limit approved by Reserve Bank.

Note : Authorised Dealer banks should report all derivative transactions including forward exchange contracts on the basis of PV adjustment for the purpose of calculation of the net open position. The following yield curves may be used to arrive at the discount factors:

i) In respect of Forward Exchange Contracts with tenor upto 12 months:

Applicable LIBOR rate.

ii) In respect of Forward Exchange Contracts with tenor beyond 12 months and upto 13 months:

LIBOR rates for 11 months & 12 months may be considered; the difference between these 2 months can be added to the LIBOR rate for 12 months to arrive at the 13 months LIBOR rate.

iii) In respect of Forward Exchange Contracts with tenor beyond 13 months and all other derivative contracts:

The discount factors for arriving at the net present value may be computed on the basis of the current swap curve as appearing on page ICAP 1 and SWAQ of the REUTERS screen on a consistent basis(i.e. adopting a specified time at which the same is to be determined). The methodology to be adopted/ selection of the rate/cut-off time etc. are to be a part of respective bank's laid down policy guidelines by the Management.

5. **Capital Requirement**

As prescribed by Reserve Bank from time to time

Annex II

[see Part D, paragraph (i)]

Reporting of Forex Turnover Data - FTD and GPB

The guidelines and formats for preparation of the FTD and GPB reports are given below. AD Category-I banks may ensure that the reports are properly compiled on the basis of these guidelines: The data for a particular date has to reach us by the close of business of the following working day.

FTD

1. SPOT - Cash and tom transactions are to be included under ‘Spot’ transactions.

2. SWAP - Only foreign exchange swaps between authorised dealers category-I should be reported under swap transactions. Long term swaps (both cross currency and foreign currency-Rupee swaps) should not be included in this report. Swap transactions should be reported only once and should not be included under either the ‘spot’ or ‘forward’ transactions. Buy/Sell swaps should be included in the ‘Purchase’ side under ‘Swaps’ while Sell/buy swaps should figure on the ‘Sale’ side.

3. Cancellation of forwards - The amount required to be reported under cancellation of forward contracts against purchases from merchants should be the aggregate of cancelled forward merchant sale contracts by authorised dealers category-I (adding to the supply in the market). On the sale side of cancelled forward contracts, aggregate of the cancelled forward purchase contracts should be indicated (adding to the demand in the market).

4 ‘FCY/FCY’ transactions - Both the legs of the transactions should be reported in the respective columns. For example in a EUR/USD purchase contract, the EUR amount should be included in the purchase side while the USD amount should be included in the sale side.

5. Transactions with RBI should be included in inter-bank transactions. Transactions with financial institutions other than banks authorised to deal in foreign exchange should be included under merchant transactions.

GPB

1. Foreign Currency Balances - Cash balances and investments in all foreign currencies should be converted into US dollars and reported under this head.

2. Net open exchange position- This should indicate the overall overnight net open exchange position of the authorised dealer category-I in Rs. Crore. The net overnight open position should be calculated on the basis of the instructions given in Annex I.

3. Of the above FCY/INR- The amount to be reported is the position against the Rupee- i.e. the net overnight open exchange position less cross currency position, if any.

Formats of FTD and GPB Statements

FTD

Statement showing daily turnover of foreign exchange dated………

		Merchant			Inter bank		
		Spot, Cash, Ready, T.T. etc.	Forwards	Cancellation of Forwards	Spot	Swap	Forwards
FCY/INR	Purchase from						
	Sales to						
FCY/FCY	Purchase from						
	Sales to						

GPB

Statement showing gaps, position and cash balances as on………..

Foreign Currency Balances (Cash Balance + All Investments)	:	IN USD MILLION
Net Open Exchange Position (Rs.)	:	O/B (+)/O/S (-) IN INR CRORE
Of the above FCY/INR	:	IN INR CRORE
AGL maintained (In USD mio)	:	VaR maintained(In INR):

FOREIGN CURRENCY MATURITY MISMATCH (IN USD MILLION)

I month	II months	III months	IV months	V months	VI months	>VI months

Annex III

[see Part D ,paragraph (ii)]

Statement of Nostro/Vostro Balances for the month of

Name & address of the Authorised Dealer Category-I bank……..

Sr. No.	Currency	Net balance in Nostro Account	Net balance in Vostro Account.
1	USD		
2	EUR		
3	JPY		
4	GBP		
5	INR		
6	Other currencies (in US $ million)		

Note: In case the variation in each item above (given at 1 to 5) exceeds 10% in a month, the reason may be given briefly, as a footnote.

This statement should be addressed to The Director, Division of International Finance, Department of Economic Analysis and Policy, Reserve Bank of India, Central Office Building, 8th Floor, Mumbai- 400 001. Phone: 022- 2266 3791. Fax- 022 2262 2993, 2266 0792. *e.mail: deapdif@rbi.org.in/ rajmal@rbi.org.in*

Annex IV

[see Part D , paragraph (iii)]

Cross- currency derivative transactions - statement for the half-year ended….

Product	No. of transactions	Notional principal amount in USD
Interest rate swaps		
Currency swaps		
Coupon swaps		
Foreign currency option		
Interest rate caps or collars (Purchases)		
Forward rate agreement		
Any other product as permitted by Reserve Bank from time to time		

Annex V

[See Part A, Section I, Para 1 (h)]

Information relating to exposures in foreign currency as on …………………..

Name of the AD Category-I bank___________

Amount in USD million

Sr. No.	Name of the Corporate	TRADE RELATED					NON TRADE RELATED EXPOSURES – OUTSTANDING	Amount Hedged by the Corporate with the Bank as at Quarter ended				
		Trade Exposures outstanding at Quarter ended		Eligible limit under Past Performance basis		Short Term Finance Outstanding		Forward Contracts (with Rupee as one leg)		Foreign Currency / INR Options		Currency Swaps
		Exports*	Imports**	Exports	Imports	Trade Credit (Buyer's credit / supplier's credit) approved by the Bank /PCFC	ECB/FCCB (cases handled by the Bank) /FCNR B loan	Purchase	Sale	Call	Put	
1												
2												

* All Export bills sent on collection. Export bills purchased / discounted / negotiated not to be included.
** To include LCs established / Bills under LCs to be retired / Import collection bills outstanding.

Note :

Authorised dealers Category-I should consolidate the above data for the bank as a whole and forward a report in EXCEL format giving corporate-wise balances to the Chief General Manager, Foreign Exchange Department, Reserve Bank of India, Central Office, Forex Markets Division, Mumbai- 400 001.

Annex VI

[See Part A, Section I, paragraph (ii) (e)]

Statement giving details of import / export turnover, overdues, etc.

Name of the constituent: ____

(Amount in USD million)

Financial Year (April-March)	Turnover		Percentage of overdue bills to turnover		Existing limit for booking of forward cover based on past performance	
	Export	Import	Export	Import	Export	Import
2006-07						
2007-08						
2008-09						

Annex VII

[See Part A, Section I, paragraph 2 (iii)]

Foreign currency- Rupee Options

1. AD Category-I banks are permitted to offer foreign currency – Rupee options under the following terms and conditions:

a) This product may be offered by AD Category-I banks having a minimum CRAR of 9 per cent, on a back-to-back basis.

b) AD banks having adequate internal control, risk monitoring/ management systems, mark to market mechanism and fulfilling the following criteria will be allowed to run an option book after obtaining a one time approval from the Reserve Bank:

i. Continuous profitability for at least three years

ii. Minimum CRAR of 9 per cent

iii. Net NPAs at reasonable levels (not more than 5 per cent of net advances)

iv. Minimum Net worth not less than Rs. 200 crore

c) For the present, AD Category-I banks can offer only plain vanilla European options.

d) i. Customers can purchase call or put options.

ii. Customers can also enter into packaged products involving cost reduction structures provided the structure does not increase the underlying risk and does not involve customers receiving premium.

iii. Writing of options by customers is not permitted. However, zero cost option structures can be allowed.

e) AD Category-I banks shall obtain an undertaking from customers interested in using the product that they have clearly understood the nature of the product and its inherent risks.

f) AD Category-I banks may quote the option premium in Rupees or as a percentage of the Rupee/foreign currency notional.

g) Option contracts may be settled on maturity either by delivery on spot basis or by net cash settlement in Rupees on spot basis as specified in the contract. In case of unwinding of a transaction prior to maturity, the contract may be cash settled based on the market value of an identical offsetting option.

h) All the conditions applicable for booking, rolling over and cancellation of forward contracts would be applicable to option contracts also. The limit available for booking of forward contracts on past performance basis would be inclusive of option transactions. Higher limits will be permitted on a case-by-case basis on application to the Reserve Bank as in the case of forward contracts.

i) Only one hedge transaction can be booked against a particular exposure/ part thereof for a given time period.

j) Option contracts cannot be used to hedge contingent or derived exposures (except exposures arising out of submission of tender bids in foreign exchange).

2. Users

a) Customers who have genuine foreign currency exposures in accordance with Schedules I and II of Notification No. FEMA 25/2000-RB dated May 3, 2000 as amended from time to time are eligible to enter into option contracts.

b) AD Category-I banks can use the product for the purpose of hedging trading books and balance sheet exposures.

3. Risk Management and Regulatory Issues

a) AD Category-I banks wishing to run an option book and act as market makers may apply to the Chief General Manager, Reserve Bank of India, Foreign Exchange Department, Forex Markets Division, Amar building 5th Floor, Central Office, Fort, Mumbai-400001 with a copy of the approval of the Competent Authority (Board/Risk Committee/ALCO) and a copy of the detailed memorandum put up in this regard. AD Category-I banks who wish to use the product on a back-to-back basis may keep the above Division informed in this regard.

b) Market makers would be allowed to hedge the ‘Delta’ of their option portfolio by accessing the spot markets. Other ‘Greeks’ may be hedged by entering into option transactions in the inter-bank market. The ‘Delta’ of the option contract would form part of the overnight open position. As regards inclusion of option contracts for the purpose of 'AGL', the "delta equivalent" as at the end of each maturity shall be taken into account. The residual maturity (life) of each outstanding option contracts can be taken as the basis for the purpose of grouping under various maturity buckets. (For definition of the various ‘Greeks’ relating to option contracts, please refer the report of the RBI Technical Committee on foreign currency-Rupee options).

c) For the present, AD Category-I banks are expected to manage the option portfolio within the risk management limits already approved by the Reserve Bank.

d) AD Category-I banks running an option book are permitted to initiate plain vanilla cross currency option positions to cover risks arising out of market making in foreign currency-Rupee options.

e) AD Category-I banks should put in place necessary systems for marking to market the portfolio on a daily basis. FEDAI will publish daily a matrix of polled implied volatility estimates, which market participants can use for marking to market their portfolio.

4. Reporting

A D Category-I banks are required to report to the Reserve Bank on a weekly basis the transactions undertaken as per the formats appended.

5. Accounting

The accounting framework for option contracts will be as per FEDAI Circular No.SPL-24/FC-Rupee Options /2003 dated May 29,2003.

6. Documentation

Market participants may follow only ISDA documentation.

7. Capital Requirements

Capital requirements will be as per guidelines issued by our Department of Banking Operations and Development (DBOD) from time to time.

8. Training

AD Category-I banks should train their staff adequately and put in place necessary risk management systems before they undertake option transactions. They should also take steps to familiarise their constituents with the product.

Reports to be submitted to the Reserve Bank:

[For the week ended__________________]

I. Option Transaction Report

Sr. no	Trade date	Client/ C-party Name	Notional	Option Call/ Put	Strike	Maturity	Premium	Purpose*

*Mention balance sheet, trading or client related.

II. Option Positions Report

Currency Pair	Notional Outstanding		Net Portfolio Delta	Net Portfolio Gamma	Net Portfolio Vega
	calls	puts			
USD-INR	USD	USD	USD		
EUR-INR	EUR	EUR	EUR		
JPY-INR	JPY	JPY	JPY		

(Similarly for other currency pairs)

Total Net Open Options Position (INR):

The total net open options position can be arrived using the methodology prescribed in A. P. (DIR Series) Circular No. 92 dated April 4, 2003.

III. Change in Portfolio Delta Report

Change in USD-INR delta for a 0.25% change in spot ($-appreciation) in INR terms =

Change in USD-INR delta for a 0.25% change in spot ($-depreciation) in INR terms =

Similarly, Change in delta for a 0.25% change in spot (FCY appreciation & depreciation separately) in INR terms for other currency pairs, such as EUR-INR, JPY-INR etc.

IV. Strike Concentration Report

	Maturity Buckets					
Strike Price	***1 week***	***2 weeks***	***1 month***	***2 months***	***3 months***	***> 3 months***

This report should be prepared for a range of 150 paise around current spot level. Cumulative positions to be given.

All amounts in USD million. When the bank owns an option, the amount should be shown as positive. When the bank has sold an option, the amount should be shown as negative. **All reports may be sent via e-mail by market-makers to fedcofmd@rbi.org.in. Reports may be prepared as of every Friday and sent by the following Monday.**

Annex VIII

[See Part C, paragraph 5 (a)]

Overseas foreign currency borrowings –Report as on ………..

Amount (in equivalent USD* Million)

Bank (SWIFT code)	Unimpaired Tier-I capital as at the close of previous quarter.	Borrowings in terms of PartC para 5 (a) of Master Circular on Risk Mgmt. and Inter-Bank Dealings dated July 1, *2009*	Borrowings in excess of the above limit for replenishment. of Rupee resources @	External Commercial Borrowings	Borrowings under following scheme as per IECD Master Circular on Export Credit in Foreign Currency dated July 1, 2003 & Regulation 4.2(iv) of Notification No. FEMA 3/2000-RB dated May 3, 2000	
					(a) Lines of Credit for extending Pre-Shipment Credit in Foreign Currency (PCFC)	(b) Bankers Acceptance Facility (BAF) / Loan from overseas for extending Redisctg. of Export Bills Abroad Scheme (EBR)
	A	1	2	3	4a	4b

Subord. debt in foreign currency for inclusion in Tier-II capital	Any other category (please specify here in this cell)	Total of (1+2+3+6)	Total of (1+2+3+4+6)	Borrowings under categories (1+2+3+6) expressed as a percentage of Tier-I capital at A	Borrowings under categories (1+2+3+4+6) expressed as a percentage of Tier-I capital at A
5	6	7	8	9	10

Note:*1. RBI reference rate and New York closing rates on the date of report may be used for conversion purpose.

@ 2. Facility since withdrawn vide para 4 of AP(DIR Series) Circular No. 81 dated March 24, 2004.

Annex IX

[See Part A, Section I, paragraph 1 (ii) (g)]

Booking of forward contracts on past performance basis-

Report as on …………………………..

Name of the bank-

(in USD)

Total Limits sanctioned during the month	Cumulative sanctioned limits	Amt of contracts booked	Amount utilized (by delivery of documents)	Amount of forward contracts cancelled
1	2	3	4	5

Notes:

1. The position of the bank as a whole shall be indicated.

2. Amounts in columns 2, 3, 4 and 5 should be cumulative positions over the year. Outstanding amounts at the end of each financial year shall be carried over and taken into account in the next year's limit and therefore shall be included while computing the eligible limits for the next year [PART A, Section I, paragraph 1(ii)(a)]

Annex X

[See Part A, Section I, paragraph 5 A (i)]

Hedging of Commodity Price Risk in the International Commodity Exchanges/ Markets

AD Category I banks, authorized by Reserve Bank, can grant permission to **companies listed on a recognized stock exchange** to hedge the price risk in respect of any commodity (except gold , platinum and silver) in the international commodity exchanges/ markets. AD Category I banks satisfying the minimum norms as given below and interested in extending this facility to their customers may forward the application for approval, to the Chief General Manager, Reserve Bank of India, Foreign Exchange Department, Central Office, Forex Markets Division, Amar Building, 5th Floor, Fort, Mumbai – 400 001.

Minimum norms which are required to be satisfied by the AD Category-I banks:

i) Continuous profitability for at least three years;
ii) Minimum CRAR of 9%;
iii) Net NPAs at reasonable level but not more than 4 per cent of net advances; and
iv) Minimum net worth of Rs 300 crore.

AD Category-I banks may grant permission to corporates **only after** obtaining approval from the Reserve Bank. Reserve Bank retains the right to withdraw the permission granted to the bank, if considered necessary.

2. Before permitting corporates to undertake hedge transactions, authorized dealer would require them to submit a Board resolution indicating (i) that the Board understands the risks involved in these transactions, (ii) nature of hedge transactions that the corporate would undertake during the ensuing year, and (iii) the company would undertake hedge transaction only where it is exposed to price risk. AD Category-I banks may refuse to undertake any hedge transaction if it has a doubt about the bonafides of the transaction or the corporate is not exposed to price risk. The conditions subject to which ADs would grant permission to hedge and the guidelines for

monitoring of the transactions are given below. It is clarified that hedging the price risk on domestic sale/purchase transactions in the international exchanges/markets, even if the domestic price is linked to the international price of the commodity, is not permitted. Necessary advice may be given to the customers before they start their hedging activity.

3. Banks which have been granted permission to approve commodity hedging may submit an annual report to the Chief General Manager, Reserve Bank of India, Foreign Exchange Department, Central Office, Forex Markets Division, Amar Building, 5^{th} Floor, Mumbai – 400 001 as on March 31 every year, within one month, giving the names of the corporates to whom they have granted permission for commodity hedging and the name of the commodity hedged.

4. Applications from customers to undertake hedge transactions not covered under the delegated authority may continue to be forwarded to Reserve Bank by the AD Category-I banks, for approval.

Conditions/ Guidelines for undertaking hedging transactions in the international commodity exchanges/ markets

1. The focus of hedge transactions shall be on risk containment. Only off-set hedge is permitted.

2. All standard exchange traded futures and options (purchases only) are permitted. If the risk profile warrants, the corporate/firm may also use OTC contracts. It is also open to the Corporate/firm to use combinations of option strategies involving a simultaneous purchase and sale of options as long as there is no net inflow of premium direct or implied. Corporates/firms are allowed to cancel an option position with an opposite transaction with the same broker.

3. The corporate/firm should open a Special Account with the AD Category-I bank. All payments/receipts incidental to hedging may be effected by the AD Category-I banks through this account without further reference to the Reserve Bank.

4. A copy of the Broker’s Month-end Report(s), duly confirmed/countersigned by the corporate’s Financial Controller should **be verified by the AD Category-I bank to ensure that all off-shore positions are/were backed by physical exposures.**

5. The periodic statements submitted by Brokers, particularly those furnishing details of transactions booked and contracts closed out and the amount due/payable in settlement, should be checked by the corporate/firm. Un-reconciled items should be followed up with the Broker and reconciliation completed within three months.

6. The corporate/firm should not undertake any arbitraging/speculative transactions. The responsibility of monitoring transactions in this regard will be that of the AD Category-I bank.

7. An annual certificate from Statutory Auditors should be submitted by the company/firm to the AD Category-I bank. The certificate should confirm that the prescribed terms and conditions have been complied with and that the corporate/firm’s internal controls are satisfactory. These certificates may be kept on record for internal audit/inspection.

Annex XI

[see Part A, Section I, paragraph 5 A (3)]

Commodity Hedging for Domestic Transactions - Select Metals

AD Category – I banks, which have specifically been authorised by Reserve Bank in this regard, may, permit domestic producers / users to hedge their price risk on aluminium, copper, lead, nickel and zinc in international commodity exchanges, based on their underlying economic exposures. Hedging may be permitted up to the average of previous three financial years' (April to March) actual purchases / sales or the previous year's actual purchases / sales turnover, whichever is higher, of the above commodities. Further, only standard exchange traded futures and options (purchases only) may be permitted.

Commodity Hedging for Domestic Purchases –Aviation Turbine Fuel (ATF)

AD Category – I banks, which have specifically been authorised by Reserve Bank in this regard, may also permit actual users of aviation turbine fuel (ATF) to hedge their economic exposures in the international commodity exchanges based on their domestic purchases. If the risk profile warrants, the actual users of ATF may also use OTC contracts. AD Category – I banks should ensure that permission for hedging ATF is granted only against firm orders and the necessary documentary evidence should be retained by them.

Note : (i) AD Category – I banks should ensure that the entities entering into hedging activities under para 1 and 2 above should have Board approved policies which define the overall framework within which derivatives activities should be conducted and the risks controlled.

(ii) Applications from customers to undertake hedge transactions not covered under the delegated authority may continue to be forwarded to Reserve Bank by the AD Category – I banks, for approval as hitherto.

Annex XII

[see Part A, Section I, paragraph 5 (B)]

Hedging of commodity price risk on petroleum & petroleum Products by domestic crude oil refining companies

1. The hedging has to be undertaken only through AD Category – I banks, who have been specifically authorised by Reserve Bank in terms of A. P. (DIR Series) Circular No. 03 dated July 23, 2005, subject to conditions and guidelines annexed thereto as also given under Annex X.

2. While extending the above hedging facilities, AD Category – I banks should ensure that the domestic crude oil refining companies hedging their exposures should comply with the following:

i. to have Board approved policies which define the overall framework within which derivatives activities are undertaken and the risks contained;

ii. sanction of the company's Board has been obtained for the specific activity and also for dealing in OTC markets;

iii. the Board approval must include explicitly the mark-to-market policy, the counterparties permitted for OTC derivatives, etc.; and

iv. domestic crude oil companies should have put up the list of OTC transactions to the Board on a half yearly basis, which must be evidenced by the AD Category – I bank before permitting continuation of hedging facilities under this scheme.

3. The AD Category – I banks should also ensure "*user appropriateness*" and "*suitability*" of the hedging products used by the customer as laid down in Para 8.3 of 'Comprehensive Guidelines on Derivatives' issued vide our circular DBOD No. BP.BC. 86/21.04.157/2006-07 dated April 20, 2007.

Annex XIII

[see Part A ,Section II, paragraph 1]

Statement – Details of Forward cover undertaken by FII clients

Month –

Part A – Details of forward cover (without rebooking) outstanding

Name of FII

Current Market Value (USD mio)

Eligibility for Forward cover	Forward Contracts Booked		Forward Contracts Cancelled		Total forward cover outstanding
	During the month	Cumulative Total – Year to Date	During the month	Cumulative total – Year to date	

Part B – Details of transactions permitted to be cancelled and rebooked

Name of FII

Market Value as determined at start of year (USD mio)

Eligibility for Forward cover	Forward Contracts Booked		Forward Contracts Cancelled		Total forward cover outstanding
	During the month	Cumulative Total – Year to Date	During the month	Cumulative total – Year to date	

Name of the AD Category – I bank:
Signature of the Authorised official:
Date :
Stamp :

Annex XIV
[see Part D, paragraph (x)]

Statement – Details of Forward contracts booked and cancelled

For the Quarter ended –

(USD million)

Category	Forward Contracts Booked		Forward Contracts Cancelled	
	During the Quarter	Cumulative total –Year to Date	During the Quarter	Cumulative total – Year to date
SMEs				
Individuals				

Name of the AD Category – I bank :

Signature of the Authorised official :

Date :

Stamp :

Annex XV
[A. P. (DIR Series) Circular No. 15, dated October 29, 2007]
[see Part A, Section I, para 1(iv)(d)]

Application cum Declaration for booking of forward contracts up to USD 100,000 by Resident Individuals
(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 contracts required
1. Amount (Specify currency pair) ………………………………
2. Tenor ……………………………………………….

III. Notional value of forward 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 contracts booked with the --------------- (designated branch) of ------------------(bank) in India is within the limit of USD 100,000/- (US Dollar One lakh only) and certify that the forward contracts are meant for undertaking permitted current and / or capital account transactions. I also certify that I have not booked foreign exchange forward contracts with any other bank / branch. I have understood the risks inherent in booking of foreign exchange forwardcontracts.

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 XVI
[A. P. (DIR Series) Circular No. 35, dated November 10, 2008]
[see Part A, Section I, paragraph 5]

Conditions / Guidelines for issuance of standby letter of credit /bank guarantee - commodity hedging transactions

1. AD Category I banks may issue guarantees/standby letters of credit only where the remittance is covered under the delegated authority or under the specific approval granted for overseas commodity hedging by Reserve Bank.
2. The issuing bank shall have a Board approved policy on the nature and extent of exposures that the bank can take for such transactions and should be part of the credit exposure of the customers. The exposure should also be assigned risk weights, for capital adequacy purposes as per the extant provisions.
3. The standby letter of credit / bank guarantee may be issued for the specific purpose of payment of margin money in respect of approved commodity hedging activities of the company.
4. The standby letter of credit / bank guarantee may be issued for an amount not exceeding the margin payments made to the specific counterparty during the previous financial year.
5. The standby letter of credit / bank guarantee may be issued for a maximum period of one year, after marking a lien on the non-funded facility available to the customer (letter of credit / bank guarantee limit).
6. The bank shall ensure that the guidelines for overseas commodity hedging have been duly complied with.
7. The bank shall ensure that broker's month-end reports duly confirmed /countersigned by corporate's financial controller have been submitted.
8. Brokers' month end reports shall be regularly verified by the bank to ensure that all off-shore positions are / were backed by physical exposures.

Appendix

List of Circulars/Notifications which have been consolidated in the Master Circular on Risk Management and Inter-Bank Dealings

Sr. No.	Notification / Circular	Date
1.	Notification No. FEMA 25/2000-RB	May 3, 2000
2.	Notification No. FEMA 101/2003-RB	October 3, 2003
3.	Notification No. FEMA 104/2003-RB	October 21, 2003
4.	Notification No. FEMA 105/2003-RB	October 21, 2003
5.	Notification No. FEMA 127/2005-RB	January 5, 2005
6.	Notification No. FEMA 143/ 2005-RB	December 19, 2005
7.	Notification No. FEMA 147/ 2006-RB	March 16, 2006
8.	Notification No. FEMA 148/ 2006-RB	March 16, 2006
1.	A.P (DIR Series) Circular No. 92	April 4, 2003
2.	A.P (DIR Series) Circular No. 93	April 5, 2003
3.	A.P (DIR Series) Circular No. 98	April 29, 2003
4.	A.P (DIR Series) Circular No. 108	June 21, 2003
5.	A.P.(DIR Series) Circular No. 28	October 17, 2003
6.	A.P.(DIR Series) Circular No. 46	December 9, 2003
7.	A.P.(DIR Series) Circular No. 47	December 12, 2003
8.	A.P.(DIR Series) Circular No. 81	March 24, 2004.
9.	A.P.(DIR Series) Circular No 26	November 1, 2004
10.	A.P.(DIR Series) Circular No 47	June 23, 2005
11.	A.P.(DIR Series) Circular No 03	July 23, 2005
12.	A.P.(DIR Series) Circular No 25	March 6, 2006
13.	EC.CO.FMD. No.8 /02.03.75/2002-03	February 4, 2003
14.	EC.CO.FMD. No.14 /02.03.75/2002-03	May 9, 2003
15.	EC.CO.FMD.No. 345/02.03.129(Policy)/2003-04	November 5, 2003
16.	FE.CO.FMD.1072/02.03.89/2004-05	February 8, 2005
17.	FE.CO.FMD. 2/02.03.129(Policy)/2005-06	November 7, 2005
18.	FE.CO.FMD 21921/02.03.75/2005-06	April 17, 2006
19	A.P.(DIR Series) Circular No.21	December 13, 2006
20	A.P.(DIR Series) Circular No.22	December 13, 2006
21	A.P.(DIR Series) Circular No.32	February 8, 2007
22	A.P.(DIR Series) Circular No.52	May 08, 2007
23	A.P.(DIR Series) Circular No.66	May 31, 2007
24	A.P.(DIR Series) Circular No.76	June 19,2007

25	A.P.(DIR Series) Circular No.15	October 29 ,2007
26	A.P.(DIR Series) Circular No.17	November 6, 2007
27	A.P.(DIR Series) Circular No.47	June 3, 2008
28	A. P. (DIR Series) Circular No. 05	August 6, 2008
29	A.P.(DIR Series) Circular No.23	October 15, 2008
30	A. P. (DIR Series) Circular No. 35	November 10, 2008
31	A.P.(DIR Series) Circular No.50	February 4, 2009

This circular should be read in conjunction with FEMA, 1999 and the Rules/ Regulations / Directions / orders/ Notifications issued thereunder.