



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA



RBI/2022-23/104

DOR.LIC.REC.60/16.13.218/2022-23

August 8, 2022

Managing Director and Chief Executive Officers  
of Small Finance Banks

Madam/ Dear Sir,

**Authorised Dealer Category-I License eligibility for Small Finance Banks**

Please refer to the '[Guidelines for Licensing of Small Finance Banks in Private Sector](#)' dated November 27, 2014 and the '[Guidelines for 'on-tap' Licensing of Small Finance Banks in Private Sector](#)' released by Reserve Bank on December 5, 2019.

2. In terms of paragraph 4 of the aforesaid Licensing Guidelines, a small finance bank (SFB) can also become Authorised Dealer Category-II in foreign exchange business for its clients' requirements.

3. With the objective of giving more flexibility to SFBs to meet their customers' foreign exchange business requirement, it has been decided that all the scheduled SFBs, after completion of at least two years of operations as Authorised Dealer Category-II, will be eligible for Authorised Dealer Category-I license, subject to compliance with the eligibility norms given in the [Annex-I](#). The eligible SFBs may approach Foreign Exchange Department, Central Office, Reserve Bank of India with their applications along with the supporting documents with regard to their eligibility and requisite documents as specified in [Annex-II](#) for grant of Authorised Dealer Category-I license.

4. The other terms and conditions of the Licensing Guidelines remain unchanged.

Yours faithfully,

(Prakash Baliarsingh)  
Chief General Manager

Encl.: As above



## Annex-I

### Eligibility norms for Small Finance Banks for Authorised Dealer Category-I

- (i) The bank should have completed at least two years of operations as Authorised Dealer Category-II.
- (ii) The bank should have been included in the Second Schedule to RBI Act 1934.
- (iii) It should have a minimum net worth of ₹500 crore.
- (iv) Its CRAR should not be less than 15%.
- (v) The net NPAs of the bank should not exceed 6%, during previous four quarters.
- (vi) It should have made profit in the preceding two years.
- (vii) It should not have defaulted in maintenance of CRR/ SLR during previous two years.
- (viii) It should have sound internal control systems.
- (ix) It should not have any major regulatory and supervisory concerns.



## **Annex-II**

### **List of documents to be furnished along with the application to Foreign Exchange Department, Central Office, Reserve Bank of India**

- (i) A copy of applicant's banking license issued by Department of Regulation, Reserve Bank of India; and
- (ii) Necessary Board resolution for conducting the activities permitted to an Authorised Dealer Category-I and for obtaining necessary authorisation from the Reserve Bank under section 10(1) of FEMA 1999.