

भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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October 11, 2022

All Standalone Primary Dealers (SPDs)

Dear Sir/ Madam,

Diversification of activities by SPDs – Review of permissible non-core activities

A reference is invited to [circular DNBR \(PD\) CC.No.094/03.10.001/2018-19 dated July 27, 2018](#) in terms of which SPDs, as part of their non-core activities, are permitted to offer foreign exchange products, as allowed from time to time, to their Foreign Portfolio Investor (FPI) clients.

2. As announced in the Statement on Developmental and Regulatory Policies ([Para 3 annexed](#)) dated August 05, 2022, it has been decided to allow SPDs to offer all foreign exchange market-making facilities to users, as currently permitted to Category-I Authorized Dealers, subject to adherence to the prudential regulations and other guidelines to be issued separately in this regard.

3. Further, with effect from January 01, 2023 all financial transactions involving the Rupee undertaken globally by related entities of the SPD shall be reported to CCIL's Trade Repository before 12:00 noon of the business day following the date of transaction.

4. SPDs shall comply with other regulations contained in the aforementioned [circular dated July 27, 2018](#) and prudential regulations issued by Reserve Bank from time to time. Further, all the instructions contained in the [Master Direction – Reserve Bank of India \(Market-makers in OTC Derivatives\) Directions, 2021 \(FMRD.FMD.07/02.03.247/2021-22\) dated September 16, 2021](#) shall also apply, *mutatis-mutandis*, to SPDs.

5. The [Master Direction – Standalone Primary Dealers \(Reserve Bank\) Directions, 2016](#), is being modified accordingly.

Yours faithfully,

(J.P. Sharma)
Chief General Manager

Statement on Developmental and Regulatory Policies dated August 05, 2022

3. Standalone Primary Dealers (SPDs) – expansion in scope of permitted activities

At present, Standalone Primary Dealers (SPDs) are permitted to undertake foreign currency business for limited purposes. With a view to strengthen the role of SPDs as market makers, on a par with banks operating primary dealer business, it is proposed to enable SPDs to offer all foreign exchange market-making facilities as currently permitted to Category-I Authorised Dealers, subject to prudential guidelines. This measure would give forex customers a broader spectrum of market-makers in managing their currency risk, thereby adding breadth to the forex market in India. Wider market presence would improve the ability of SPDs to provide support to the primary issuance and secondary market activities in government securities, which would continue to be the major focus of primary dealer activities. Regulations in this regard would be issued separately.
