



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

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RBI/2020-21/98

A. P. (DIR Series) Circular No. 10

February 15, 2021

All Authorised Dealer Category-I Banks

Madam/Sir,

Margin for Derivative Contracts

Attention of Authorised Dealer Category-I (AD Cat-I) banks is invited to the Foreign Exchange Management (Margin for Derivative Contracts) Regulations, 2020 notified in the Gazette of India vide notification no. FEMA.399/RB-2020 dated October 23, 2020 ([Annex I](#)). Accordingly, directions are being issued to allow posting and collection of margin for permitted derivative contracts between a person resident in India and a person resident outside India.

2. AD Cat-I banks may post and collect margin in India, on their own account or on behalf of their customers, for a permitted derivative contract entered into with a person resident outside India in the form of:

- (i) Indian currency;
- (ii) Freely convertible foreign currency;
- (iii) Debt securities issued by Indian Central Government and State Governments;
- (iv) Rupee bonds issued by persons resident in India which are:
 - (a) Listed on a recognized stock exchange in India; and
 - (b) Assigned a credit rating of AAA issued by a rating agency registered with the Securities and Exchange Board of India. If different ratings are accorded by two or more credit rating agencies, then the lowest rating shall be reckoned.

Explanation: Permitted derivative contract shall have the same meaning as assigned to it in the Foreign Exchange Management (Margin for Derivative Contracts) Regulations, 2020 [Notification no. FEMA.399/RB-2020 dated October 23, 2020].

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हिन्दी आसान है, इसका प्रयोग
बढ़ाइए



3. AD Cat-I banks may post and collect such margin outside India in the form of:
 - (i) Freely convertible foreign currency; and
 - (ii) Debt securities issued by foreign sovereigns with a credit rating of AA- and above issued by S&P Global Ratings / Fitch Ratings or Aa3 and above issued by Moody's Investors Service. If different ratings are accorded by two or more credit rating agencies, then the lowest rating shall be reckoned.
4. AD Cat-I banks may receive and pay interest on margin posted and collected on their own account or on behalf of their customers for a permitted derivative contract entered into with a person resident outside India.
5. AD Cat-I banks shall maintain a separate account in the name of persons resident outside India for the purpose of posting and collecting cash margin in India, and transactions incidental thereto.
6. The directions contained in this circular have been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Dimple Bhandia)
Chief General Manager