



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

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RBI/2026-27/293

A.P. (DIR Series) Circular No. 27

October 12, 2026

To,

All Authorised Dealers

Madam/Sir,

Risk Management and Inter-Bank Dealings

Attention of Authorised Dealers is invited to [Master Direction - Risk Management and Inter-Bank Dealings dated July 05, 2016](#), as amended from time to time.

2. In terms of Para 2.3 (iii) of Section I of Part A of the Master Direction *ibid*, Authorised Dealer Category-I banks with an operating IFSC Banking Unit and Standalone Primary Dealers authorised as Authorised Dealer Category-III may offer non deliverable derivative contracts (NDDCs) involving INR to non-resident users without any restriction in terms of purpose. On a review, it has been decided that henceforth, Authorised Dealers shall offer NDDCs involving INR to a non-resident user only for the purpose of hedging.

3. Further, it has been decided that:

- i. An Authorised Dealer shall be required to maintain a Foreign Exchange Risk Reserve (FERR) for foreign exchange derivative contracts involving INR undertaken by it for hedging the currency risk of its own assets and liabilities;
- ii. The FERR shall be applicable to all foreign exchange derivative contracts involving INR where the Authorised Dealer is purchasing foreign currency against INR;
- iii. The FERR shall be equal to 20 per cent of the INR equivalent of the notional amount of each derivative contract; and

वित्तीय बाज़ार विनियमन विभाग, केंद्रीय कार्यालय भवन, नौवीं मंजिल, शहीद भगत सिंह मार्ग, फोर्ट, मुंबई-400001. भारत

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हिन्दी आसान है, इसका प्रयोग बढ़ाए



iv. The FERR shall be deposited and maintained by way of cash in India with the Reserve Bank on a daily basis and shall be maintained until the termination of the contract.

4. These Directions shall be applicable to foreign exchange derivative contracts undertaken after the issuance of these Directions.

5. These Directions are issued in exercise of the powers conferred by Sections 10(4) and 11(1) of the FEMA, 1999, and Section 45W of the Reserve Bank of India Act, 1934, and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Dimple Bhandia)
Chief General Manager