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RESERVE BANK OF INDIA

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February 15, 2019

RBI announces draft directions on facilities for hedging foreign exchange risk by Residents and Non-residents (Amended)

The Reserve Bank of India today released a [draft](#) of the revised directions and regulations on facilities for hedging foreign exchange risk by Residents and Non-residents. Comments on the draft directions are invited from banks, market participants and other interested parties by March 15, 2019.

Feedback on the draft directions may be forwarded to:

The Chief General Manager, Reserve Bank of India
Financial Markets Regulation Department
1st Floor, Main Building
Shahid Bhagat Singh Marg
Mumbai – 400001

Or by [email](#) with subject line “Feedback - facilities for hedging foreign exchange risk”

Background

A review of the existing facilities for hedging of foreign exchange risk by non-residents and residents was announced in the [Statement on Developmental and Regulatory Policies in February 2018](#) and [August 2018](#) respectively.

Post review, a draft of the revised directions is being put in the public domain for seeking comments. The draft directions propose to, *inter alia*:

- (i) Merge the facilities for residents and non-residents into a single unified facility for all users,
- (ii) Allow users having valid exposure to hedge the same using any available instrument,
- (iii) Introduce the facility to hedge anticipated exposure,
- (iv) Simplify the procedures for authorised dealers to offer foreign exchange derivatives.

Once finalised, the directions shall replace the existing directions in Part A - Section I and II of the [Master Direction on Risk Management and Interbank Dealings](#).