



**RESERVE BANK OF INDIA**  
**Foreign Exchange Department**  
**Central Office**  
**Mumbai - 400 001**

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**RBI/2004-05/500**

**A.P. (DIR Series) Circular No. 47**

**June 23, 2005**

To

All Banks Authorised to Deal in Foreign Exchange

Madam / Sir,

**Booking and Cancellation of Forward Contracts**

Attention of authorised dealer (AD) banks is invited to A.P. (DIR Series) Circular No.63 dated December 21, 2002 in terms of which all forward contracts booked by residents in respect of their foreign currency exposures falling due within one year are permitted to be cancelled and rebooked freely, subject to submission of details of import and non-trade payment exposures by the constituents to their AD banks on an annual basis. Forward contracts booked to hedge export transactions with tenor greater than one year are also permitted to be freely cancelled and rebooked. Forward contracts booked to cover all other exposures falling due beyond one year, once cancelled, cannot be rebooked.

2. To provide greater flexibility to residents in managing their exposures, it has been decided that all forward contracts, **booked by residents to hedge current account transactions, regardless of tenor**, may be allowed to be cancelled and rebooked freely. It is clarified that this relaxation will not be applicable to forward contracts booked on past performance basis without documents as also forward contracts booked to hedge transactions denominated in foreign currency but settled in Indian Rupee (INR), where the current restrictions will continue.

3. All other guidelines/instructions relating to booking/cancellation/rebooking of forward contracts contained in our A.P.(DIR Series) circular No.63 dated December 21, 2002, including submission of details of exposures in foreign currency remain unchanged. The format in which exposures are required to be declared has been

revised in tune with the amended guidelines and is annexed to this Circular. Please note that details of exposures of all corporate clients have to be included in the report. However, the facility of cancellation and rebooking should not be permitted unless they have submitted the required exposure information as on 1<sup>st</sup> April of the year.

4. Necessary amendments to the Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations 2000, shall be issued separately.

5. Authorised Dealer banks may bring the contents of this Circular to the notice of their constituents and customers concerned.

6. The directions contained in this circular have been issued under Section 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and is without prejudice to permissions/approvals, if any, required under any other law.

Yours faithfully

**(Vinay Baijal)**  
**General Manager-in-Charge**

## Annex

### Information relating to exposures in foreign currency as on April 1<sup>st</sup>

Name of the corporate:

		Amt. In USD Mio equivalent	Of col (1) amounts already hedged
		(1)	(2)
i)	Projected import transactions	@	#
ii)	Non-trade payments	#	#

#### **Note**

Authorised dealers should consolidate the above data for the bank as a whole and forward a report giving corporate-wise balances to the Chief General Manager, Foreign Exchange Department, Reserve Bank of India, Central Office, Forex Markets Division, Mumbai- 400 001 before June 30, every year.

@ Calculated on the basis of the last three years' average, duly factoring in subsequent major changes, if any.

# Based on actuals.