



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

**RBI/2011 -12/272**

**A. P. (DIR Series) Circular No. 50**

**November 23, 2011**

To,

All Category - I Authorised Dealer Banks

Madam / Sir,

**Comprehensive Guidelines on Over the Counter (OTC) Foreign Exchange Derivatives –Foreign Currency – INR swaps**

Attention of the Authorised Dealer Category - I (AD Category - I) banks is invited to [A.P. \(DIR Series\) Circular No. 32 dated December 28, 2010](#), which sets out the guidelines governing the foreign exchange derivative contracts. In terms of the sub-para (iv) (c) on Foreign Currency-INR swaps in para 1 of the Part B.I. of the Section B in the Annex to the A.P. (DIR Series) Circular No. 32 dated December 28, 2010 the extant instructions state that “*Swap transactions may be undertaken by AD Category I banks as intermediaries by matching the requirements of corporate counterparties. While no limits are placed on the AD Category I banks for undertaking swaps to facilitate customers to hedge their foreign exchange exposures, a limit of USD 100 million is placed for net supply of foreign exchange in the market....*”

2. On a review, it has been decided to remove the above limit of USD 100 million placed for these swap transactions.

3. AD Category - I banks may bring the contents of this circular to the notice of their constituents and customers concerned.

4. 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,

**(Meena Hemchandra)**

**Chief General Manager-in-Charge**