Foreign Exchange Dealers' Association of India

(Self-Regulatory Organisation (SRO) for all Authorised Dealers regulated by RBI)

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From the CEO's Desk

Dear Members,

June 2026 has been a defining month for India's foreign exchange market, with the Reserve Bank of India announcing several significant measures aimed at strengthening market resilience, enhancing liquidity and simplifying the foreign exchange regulatory framework.

A notable initiative has been the introduction of the US Dollar-Rupee Swap Facility for fresh FCNR(B) deposits mobilised by banks, along with a similar facility for eligible External Commercial Borrowings (ECBs) and overseas foreign currency borrowings. Coupled with the temporary relaxation of interest rate ceilings on FCNR(B) and NRE deposits, these measures are expected to support stable foreign currency inflows while providing banks greater flexibility in managing their foreign exchange exposures.

Equally significant has been RBI's comprehensive rationalisation of the FEMA framework through revised Regulations, the withdrawal of a large number of legacy circulars, and the simplification of reporting requirements. These reforms reflect a clear shift towards a principle-based regulatory regime, placing greater responsibility on Authorised Dealer banks to establish robust internal policies, governance standards and risk management practices.

As the recognised Self-Regulatory Organisation (SRO) for Authorised Dealers, FEDAI remains committed to supporting member banks through this transition. Our ongoing work on guidance notes, minimum documentation standards, training programmes and knowledge initiatives is aimed at facilitating consistent market practices while preserving the flexibility envisaged by the revised regulations.

During the month, FEDAI also revived its Kolkata Local Chapter, further strengthening our regional engagement with members and stakeholders. The enthusiastic participation of banks and regulators reaffirmed our shared commitment to fostering collaboration and capacity building across the foreign exchange ecosystem.

As we move towards the implementation of the new regulatory framework, I encourage every member institution to view these reforms not merely as compliance requirements but as an opportunity to strengthen governance, enhance customer service and improve operational efficiency.

I thank all our members for their continued support and active participation. Together, we will continue to build a resilient, transparent and globally competitive foreign exchange market.

Regards

Vivek Wahi

RBI Issues Master Direction – Reserve Bank of India (Credit Derivatives) Directions, 2026

The Reserve Bank of India (RBI) has issued the Master Direction – Reserve Bank of India (Credit Derivatives) Directions, 2026, establishing a comprehensive regulatory framework for credit derivative transactions in India. The Directions facilitate the introduction of credit derivatives on credit indices and Total Return Swaps (TRS) on corporate bonds, in line with the announcements made in the Union Budget 2026-27 and the Statement on Developmental and Regulatory Policies dated February 6, 2026.

The Master Direction follows the publication of draft directions in February 2026, on which the RBI invited comments from market participants, stakeholders, and other interested parties. After examining the feedback received, the Reserve Bank has incorporated suitable modifications into the final framework. A separate Annex accompanying the Directions outlines the major comments received and the RBI's response to them.

The new framework is expected to deepen India's corporate bond market by providing regulated instruments for managing and transferring credit risk. By enabling market participants to hedge credit exposures through credit index derivatives and Total Return Swaps, the Directions seek to improve market liquidity, strengthen risk management practices, and broaden the range of products available in the domestic financial markets. **(Reference - Master Direction – Reserve Bank of India (Credit Derivatives) Directions, 2026)**

RBI Releases Draft Master Direction on Call, Notice and Term Money Markets, 2026

The Reserve Bank of India (RBI) has released the Draft Master Direction – Reserve Bank of India (Call, Notice and Term Money Markets) Directions, 2026, inviting comments from banks, market participants and other stakeholders by July 17, 2026. The draft Directions have been issued pursuant to the announcement made in the Statement on Developmental and Regulatory Policies dated April 8, 2026.

The proposed framework seeks to strengthen the term money market by enhancing its depth, participation and liquidity. An active term money market provides an important alternative source of short-term funding for market participants and supports more effective monetary policy transmission by establishing a stronger link between the overnight money market and longer-term interest rates.

The draft Directions propose to enhance the borrowing limits for standalone Primary Dealers (SPDs) and broaden the participant base in the term money market segment. These measures are expected to improve market efficiency, facilitate better liquidity management and contribute to the further development of India's money market ecosystem.

Stakeholders are encouraged to review the draft Directions and provide their comments and suggestions to the Reserve Bank within the stipulated timeline before the framework is finalised. **(Reference - Master Direction- Reserve Bank of India (Call, Notice and Term Money Markets) Directions, 2026 – Draft)**

RBI Liberalises Framework for Special Non-Resident Rupee (SNRR) Accounts

The Reserve Bank of India has notified the Foreign Exchange Management (Deposit) (Sixth Amendment) Regulations, 2026, significantly liberalising the framework for Special Non-Resident Rupee (SNRR) Accounts. The key change is the removal of the requirement that a non-resident must have a business interest in India to open an SNRR account. Accordingly, any person resident outside India may now open and maintain an SNRR account with an Authorised Dealer in India, its overseas branch, or a branch in an International Financial Services Centre (IFSC). The amendments also expand the scope of SNRR accounts by permitting transfers from NRO accounts and facilitating a wider range of permissible transactions, while removing several restrictive provisions. The revised framework is expected to promote greater flexibility in cross-border rupee transactions and further strengthen India's international financial ecosystem. **(Reference - Foreign Exchange Management (Deposit) (Sixth Amendment) Regulations, 2026 dated June 18, 2026).**

RBI Excludes Eligible Swap Transactions from NOOP Computation

The Reserve Bank of India, through A.P. (DIR Series) Circular No. 16 dated June 23, 2026, has partially modified its earlier instructions on the Net Overnight Open Position (NOOP) framework applicable to Authorised Dealer Category-I banks.

Under the revised directions, AD Category-I banks are permitted to exclude positions arising from hedged transactions relating to eligible FCNR(B) Deposits, External Commercial Borrowings (ECBs) and Overseas Foreign Currency Borrowings raised under the RBI's Swap Facilities announced on June 8, 2026, while computing their Net Overnight Open Position. The exclusion is subject to compliance with the provisions of A.P. (DIR Series) Circular No. 24 dated March 27, 2026 and the Master Direction on Risk Management and Inter-Bank Dealings. **(Reference - A.P. (DIR Series) Circular No.16 dated June 23, 2026)**

RBI Issues FAQs on Swap Facilities for FCNR(B) Deposits and ECBs

The Reserve Bank of India has issued Frequently Asked Questions (FAQs) clarifying the operational aspects of the Swap Facilities for FCNR(B) Deposits, External Commercial Borrowings (ECBs) and Overseas Foreign Currency Borrowings announced on June 8, 2026. The FAQs cover eligibility, loans and SBLCs against FCNR(B) deposits, lien marking, swap tenor, interest rate flexibility, treatment of the interest component, ECB eligibility and the application process. The clarifications are expected to facilitate uniform implementation of the scheme by Authorised Dealer Category-I banks. **(Reference: RBI FAQs on Swap Facility for FCNR(B) Deposits, External Commercial Borrowings and Overseas Foreign Currency Borrowings (June 2026))**

RBI Launches Annual Survey on Computer Software and ITES Exports (2025-26)

The Reserve Bank of India has launched the Annual Survey on Computer Software and Information Technology Enabled Services (ITES) Exports for 2025-26, covering software, ITES and BPO service exporting entities. The survey, whose results are used for compiling India's external sector statistics, will be conducted primarily through the Centralised Information Management System (CIMS), offering web-based submission with built-in validation checks and automated acknowledgements. An updated survey schedule is available on the RBI website, while the existing Excel-based submission facility will continue in parallel. Eligible entities are required to submit the completed survey by 15 July 2026. **(Reference – RBI Press Releases)**

India–Cambodia QR Payment Connectivity Goes Live

The Reserve Bank of India has announced the launch of QR code-based cross-border merchant payments between India and Cambodia, marking the first phase of payment systems connectivity between the two countries. Indian travellers can now make seamless UPI-based payments at over 4.5 million KHQR-enabled merchants in Cambodia using their existing UPI applications, promoting secure, real-time and cashless merchant payments. The initiative, implemented by NPCI International Payments Limited (NIPL) and Acleda Bank Plc. under the guidance of the RBI and the National Bank of Cambodia, is part of the G20 roadmap for enhancing cross-border payments. The reciprocal facility enabling Cambodian travellers to make UPI payments in India is planned in the second phase. (Reference – RBI Press Releases)

RBI Keeps Policy Repo Rate Unchanged at 5.25%

At its Monetary Policy Committee (MPC) meeting held during 3–5 June 2026, the Reserve Bank of India kept the policy repo rate unchanged at 5.25% and retained the neutral monetary policy stance. While projecting real GDP growth at 6.6% and CPI inflation at 5.1% for 2026-27, the MPC highlighted heightened global uncertainties arising from prolonged geopolitical tensions, elevated energy prices, supply chain disruptions and weather-related risks. The RBI noted that although domestic economic activity remains resilient, it will continue to closely monitor inflation dynamics and evolving global developments while maintaining a data-dependent approach to future policy decisions. (Reference – RBI Press Releases)

Governor Highlights India's Resilience Amid Global Uncertainty

In his Monetary Policy Statement of 5 June 2026, RBI Governor Shri Sanjay Malhotra observed that while heightened geopolitical tensions, elevated energy prices and global supply chain disruptions continue to pose risks to growth and inflation, the Indian economy remains resilient with strong macroeconomic fundamentals. To strengthen the external sector and support capital inflows, the Governor announced several measures, including the restoration of the export realisation period to nine months, concessional forex swap facilities for ECBs and FCNR(B) deposits, liberalisation of FPI investment norms in Government Securities, and enhanced investment opportunities for NRIs, OCIs and other Persons Resident Outside India (PROIs). Reiterating the RBI's exchange rate policy, the Governor emphasised that while the exchange rate will continue to be market-determined, the Reserve Bank remains prepared to curb excessive volatility and ensure orderly market conditions. **(Reference – RBI Press Releases)**

RBI Introduces USD/INR Swap Facility for FCNR(B) Deposits

The Reserve Bank of India has introduced a temporary USD/INR Forex Swap Facility for fresh FCNR(B) deposits mobilised by AD Category-I banks for a tenor of three to five years, including eligible renewals. The facility enables banks to swap the equivalent US Dollar proceeds with RBI at the FBIL Reference Rate on a par basis, thereby mitigating foreign exchange risk. It is available for deposits mobilised up to 30 September 2026, with the swap facility remaining open until 16 October 2026. Banks may access the facility once a week, maintain separate records and audit trails, and submit a declaration confirming compliance with the scheme. The underlying deposits will have a one-year lock-in period, although the swap with RBI cannot be cancelled. No ISDA agreement with RBI is required. The measure is expected to support mobilisation of longer-term FCNR(B) deposits and strengthen foreign exchange liquidity. **(Reference: RBI Circular RBI/2026-27/99 - FMOD.MAOG.No.S-56/01.06.016/2026-27 dated 8 June 2026)**

RBI Introduces USD/INR Swap Facility for ECBs and Overseas Foreign Currency Borrowings

The Reserve Bank of India has introduced a temporary USD/INR Forex Swap Facility for eligible External Commercial Borrowings (ECBs) raised by specified Public Sector Undertakings (PSUs) and Overseas Foreign Currency Borrowings (OFCBs) raised by AD Category-I banks. The facility covers eligible ECB drawdowns and OFCBs with a minimum maturity of three years, with the swap tenor aligned to the underlying borrowing (subject to a maximum of five years). Swaps will be undertaken in US

Dollars at the FBIL Reference Rate, with a fixed swap premium of 1.5% per annum (compounded semi-annually). The facility will remain available for eligible borrowings up to 31 December 2026, with swap transactions permitted until 15 January 2027. Banks are required to submit a declaration confirming the eligibility of the underlying borrowings, while no ISDA agreement with RBI is required. The measure is intended to facilitate hedging of long-term foreign currency borrowings and support external financing. **(Reference: RBI Circular RBI/2026-27/100 - FMOD.MAOG.No.S-57/01.06.016/2026-27 dated 8 June 2026)**

RBI Permits Exclusion of Swap Positions from NOP-INR Computation

The Reserve Bank of India has permitted Authorised Dealer Category-I banks to exclude swap positions arising from the newly introduced FCNR(B) Deposit Swap Facility and the ECB/OFCB Swap Facility while computing their Net Overnight Open Position (NOP)-INR. The relaxation is intended to facilitate banks' participation in the swap schemes without impacting compliance with NOP-INR limits. Banks must, however, continue to comply with the prudential framework prescribed under A.P. (DIR Series) Circular No. 24 dated March 27, 2026 for all other positions. **(Reference: RBI Circular RBI/2026-27/101 (A.P. (DIR Series) Circular No. 13) dated 8 June 2026.)**

RBI Issues Amendment Directions on Net Open Position (NOP) – Revised Instructions

The Reserve Bank of India has issued the Amendment Directions on "Net Open Position – Revised Instructions", following public consultation on the draft released on January 14, 2026.

The revised framework seeks to align India's foreign exchange risk management standards more closely with international best practices and the Basel framework. Key changes include:

- Elimination of separate onshore and offshore NOP calculations, requiring a unified computation of the Net Open Position.
- Inclusion of accumulated surplus of overseas operations in the NOP, wherever applicable.
- Capital charge for foreign exchange risk to be maintained on the actual Net Open Position, enhancing risk sensitivity.
- Revision of the Shorthand Method for NOP computation to align with Basel guidelines, including the separate treatment of open positions in gold.
- Exemption of specified structural foreign exchange positions from NOP calculation, subject to prescribed conditions.

The revised directions are expected to simplify the existing methodology, improve consistency in measuring foreign exchange exposure, and bring the regulatory framework in line with global prudential standards. Authorised Dealer banks should review their internal systems, treasury risk measurement processes, and capital computation methodologies to ensure timely compliance with the amended requirements. **(Reference - DOR.MRG.REC.No.141/21-01-002/2026-27 dated June 24, 2026)**

RBI Rationalises FEMA Reporting Requirements for Authorised Persons

The Reserve Bank of India has rationalised the reporting requirements applicable to Authorised Persons under FEMA with a view to reducing compliance burden and streamlining regulatory reporting. The revised framework modifies the FLM-8 return to include details of write-off of foreign currency notes and dispenses with the requirement of prior RBI approval for write-offs exceeding USD 2,000. It also requires quarterly reporting of franchisee arrangements by Authorised Persons and sub-agent details by MTSS Indian Agents. Further, the RBI has discontinued several legacy reporting requirements, including FLM-1 to FLM-7 registers, the quarterly statement on Foreign Currency Accounts opened out of export proceeds of foreign currency notes/travellers' cheques, the separate reporting of MTSS additional locations, and the Statement of Collateral under MTSS. While certain returns have been withdrawn, entities are expected to maintain complete and accurate records for supervisory purposes. The circular reflects RBI's continued efforts to simplify the regulatory framework by eliminating redundant reporting while strengthening record-based supervision. **(RBI/2026-27/174, A.P. (DIR Series) Circular No. 17 dated June 24, 2026).**

RBI Withdraws 732 Obsolete FEMA Circulars

As part of its ongoing initiative to simplify and modernise the regulatory framework under the Foreign Exchange Management Act (FEMA), the Reserve Bank of India has withdrawn 732 circulars issued since June 1, 2000, which have become inoperative due to subsequent regulatory amendments, redundancy, overlap, or supersession by newer directions. The withdrawal is a significant step towards streamlining the FEMA regulatory architecture, making it easier for Authorised Persons to identify the applicable regulatory instructions without referring to outdated circulars. This exercise complements RBI's broader shift towards a principles-based and consolidated regulatory framework under FEMA. **(RBI/2026-27/175, A.P. (DIR Series) Circular No. 18 dated June 24, 2026).**

Cross Border Merger Regulations Amended

The Reserve Bank of India has amended the Foreign Exchange Management (Cross Border Merger) Regulations, 2018 to align them with changes in the approval framework under the Companies Act, 2013. The amendment replaces references to the National Company Law Tribunal (NCLT) with the broader term "Competent Authority", defined as any authority empowered under the Companies Act, 2013 or the rules made thereunder to approve a scheme of merger or amalgamation. Consequently, the term NCLT has been substituted with Competent Authority in Regulations 4, 5, 7 and 9, and the earlier definition of NCLT has been omitted. The amendment comes into force from the date of its publication in the Official Gazette. **(Reference: Foreign Exchange Management (Cross Border Merger) (Amendment) Regulations, 2026.)**

Export Realisation Period Reduced to Nine Months

The Reserve Bank of India has amended the Foreign Exchange Management (Export of Goods and Services) Regulations, 2015 by reducing the period for realisation and repatriation of export proceeds from 15 months to 9 months. The amendment revises Regulation 9(1) relating to exports of goods and Regulation 9(2)(a) relating to exports by units in Special Economic Zones (SEZs), thereby restoring the standard nine-month realisation period. The amendment takes effect from the date of its publication in the Official Gazette. (**Reference:** Notification No. **FEMA 23(R)/(8)/2026-RB** dated **5 June 2026.)**

RBI Rationalises Payment and Reporting Framework for Non-Debt Investments

The Reserve Bank of India has amended the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 to streamline the mode of payment, repatriation of sale proceeds and reporting requirements for investments by individual persons resident outside India, including NRIs and OCIs.

The amendment introduces the concept of a designated repatriable rupee account to be used exclusively for investments under Schedule III, clarifies the permissible modes for payment and remittance of sale proceeds, including for National Pension System (NPS) investments, and aligns the payment mechanism for investments in equity shares listed on International Exchanges under Schedule XI. Further, the reporting framework has been updated by replacing the existing LEC reporting with Form LEC (IFI) for reporting purchases and transfers of equity instruments by individual foreign investors through designated AD Category-I banks. (**Reference:** Notification No. **FEMA.395(4)/2026-RB** dated **13 June 2026**.)

RBI Liberalises Foreign Portfolio Investment under Schedule III

The Reserve Bank of India has operationalised the recent liberalisation of Schedule III of the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019, permitting all individual persons resident outside India to invest in the equity instruments of listed Indian companies through recognised stock exchanges in India, a facility that was previously available only to NRIs and OCIs. AD Category-I banks may open repatriable INR accounts for such investors, with transaction reporting and monitoring of investment limits to follow the existing framework applicable to NRIs/OCIs. The circular also provides that any reclassification of investments from Foreign Portfolio Investment (FPI) to Foreign Direct Investment (FDI) shall be carried out in accordance with the RBI's prescribed framework. Banks have been advised to establish appropriate systems and procedures to ensure compliance with FEMA and SEBI requirements. (**Reference:** RBI/2026-27/114 – **A.P. (DIR Series) Circular No. 14** dated **15 June 2026**.)

RBI Temporarily Deregulates Interest Rates on Select NRI Deposits

The Reserve Bank of India has temporarily withdrawn the interest rate restrictions on fresh FCNR(B) deposits with maturities of 3 to 5 years and on NRE term deposits with maturities of 3 years and above, including renewals, until 30 September 2026. During this period, banks are free to determine interest rates on eligible NRE deposits without linking them to comparable domestic rupee term deposit rates. For FCNR(B) deposits, the interest rate ceiling for deposits of 3 to 5 years has been enhanced to Overnight Alternative Reference Rate (ARR)/Swap plus 350 basis points, while the existing ceiling of ARR/Swap plus 250 basis points continues for deposits with maturities of one year to less than three years. The measure is intended to encourage mobilisation of NRI deposits and strengthen foreign currency inflows. (**Reference:** RBI/2026-27/138 – **Reserve Bank of India (Commercial Banks – Interest Rate on Deposits) Amendment Directions, 2026**, dated **17 June 2026**.)

RBI Recognises Sahamati Foundation as SRO for the Account Aggregator Ecosystem

The Reserve Bank of India has recognised Sahamati Foundation as the Self-Regulatory Organisation for the Account Aggregator (SRO-AA) Ecosystem under the Framework issued on 12 March 2025. The recognition follows an evaluation of Sahamati Foundation's application against the prescribed eligibility criteria and marks a significant step towards strengthening self-regulation, governance, standardisation and responsible growth of India's Account Aggregator ecosystem. The SRO-AA is expected to play a key role in promoting best practices, facilitating industry coordination and supporting the orderly development of the Account Aggregator framework. **(Reference – RBI Press Releases)**

RBI Seeks Public Comments on Draft Amendment to Interest Rate on Deposits Directions

The Reserve Bank of India has invited public comments on the Draft Reserve Bank of India (Commercial Banks – Interest Rate on Deposits) Amendment Directions, 2026. The proposed amendments seek to provide banks greater flexibility in offering differential interest rates on bulk deposits by aligning pricing with the applicable Liquidity Coverage Ratio (LCR) run-off rates for different categories of deposits. The draft also proposes that banks disclose their deposit interest rate schedules on their websites before the commencement of each business day, enhancing transparency in deposit pricing. Comments on the draft may be submitted to the RBI within the prescribed timeline. **(Reference – RBI Press Releases)**

Shri Swaminathan Janakiraman Re-appointed as RBI Deputy Governor

The Central Government has re-appointed Shri Swaminathan Janakiraman as Deputy Governor of the Reserve Bank of India for a further period of two years, with effect from 26 June 2026, or until further orders, whichever is earlier. Shri Janakiraman will continue to play a key role in the formulation and implementation of the Reserve Bank's policies relating to banking regulation, supervision, financial stability and payment systems. **(Reference – RBI Press Releases)**

Shri Sanjay Lohiya Nominated to RBI Central Board

The Central Government has nominated Shri Sanjay Lohiya, Secretary, Department of Financial Services, Ministry of Finance, as a Director on the Central Board of the Reserve Bank of India, succeeding Shri Nagaraju Maddirala. The nomination is effective from 11 June 2026 and will remain in force until further orders. The appointment reinforces the representation of the Government of India on the RBI's Central Board, which is responsible for overseeing the affairs and policy direction of the Reserve Bank. (Reference – RBI Press Releases)

RBI Invites Comments on Draft Amendment to Counterparty Credit Risk Framework

The Reserve Bank of India has released the Draft Reserve Bank of India (Commercial Banks – Forthcoming Instructions) Amendment Directions, 2026 for public comments. The proposed amendments seek to align the methodology for minimum capital requirements for counterparty credit risk more closely with international standards through changes to Chapters II and III of the existing Directions and the introduction of two new annexures. The amended framework is proposed to come into effect from 1 April 2027, providing banks adequate time to prepare for implementation. (Reference – RBI Draft Notifications/Guidelines)

RBI Issues Master Directions on Authorisation to Operate a Payment System

The Reserve Bank of India has issued the Master Directions on Authorisation to Operate a Payment System, consolidating the regulatory framework governing authorisation of Payment System Operators (PSOs) under the Payment and Settlement Systems Act, 2007. The Directions provide comprehensive guidance on eligibility criteria, fit and proper requirements, perpetual validity of authorisation, investment norms for entities from FATF non-compliant jurisdictions, voluntary surrender of authorisation, cooling-off period and other operational requirements, while repealing and consolidating the earlier instructions on these subjects. The Master Directions came into effect on 15 June 2026 and aim to provide a streamlined, transparent and harmonised framework for payment system authorisation. **(Reference - DPSS.CO.AUTH.No.S-239/02-27-004/2026-27 dated June 15, 2026**

Portfolio Investment Framework Expanded to All Individuals Resident Outside India

The Central Government has notified the Foreign Exchange Management (Non-Debt Instruments) (Third Amendment) Rules, 2026, expanding the existing portfolio investment framework from Non-Resident Indians (NRIs) and Overseas Citizens of India (OCIs) to all individual persons resident outside India. The amendment revises the investment and transfer provisions under the FEMA (Non-Debt Instruments) Rules, 2019, while retaining the existing portfolio investment limits.

Key Highlights

- Portfolio investment and transfer provisions under Schedule III are now applicable to all individual persons resident outside India, including NRIs and OCIs.
- Such individuals may purchase or sell listed equity instruments on a repatriation basis through a designated Authorised Dealer branch.
- The individual investment limit remains below 10%, while the aggregate limit under Schedule III continues at 24%, unless otherwise increased in accordance with the Rules.
- Any breach of the individual limit must be rectified within the prescribed period; failing which, the investment will be reclassified as Foreign Direct Investment (FDI).
- Investments or transfers resulting in ownership or control of a listed Indian company by entities or citizens of countries sharing a land border with India, or where the beneficial owner is a citizen of such countries, will continue to require prior Government approval.

The amendment broadens the scope of portfolio investment under Schedule III from NRIs and OCIs to all individuals resident outside India, aligning the FEMA framework with a wider investor base while preserving existing investment limits, regulatory safeguards, and national security-related approval requirements. **(Reference - Foreign Exchange Management (Non-Debt Instruments) (Third Amendment) Rules, 2026 | 12 June 2026)**

Amendment to FEMA (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2026

The Reserve Bank of India has amended the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 to align the payment, remittance and reporting framework with the Foreign Exchange Management (Non-Debt Instruments) (Third Amendment) Rules, 2026. The amendments extend the existing provisions applicable to NRIs and OCIs to all individual persons resident outside India.

Key Highlights

- The payment and remittance framework under Schedule III now applies to all individual persons resident outside India, including NRIs and OCIs.
- Eligible investments are to be routed through a designated repatriable rupee account or by inward remittance through normal banking channels.
- Sale proceeds of equity instruments may be remitted outside India or credited to the designated repatriable account, while existing provisions for mutual funds and National Pension System (NPS) investments by NRIs/OCIs continue.
- Corresponding amendments have been made to Schedule XI governing investments in equity shares of Indian companies listed on International Exchanges.
- RBI has introduced Form LEC (Individual Foreign Investor – IFI), requiring designated Authorised Dealer Category-I banks to report purchases and transfers of equity instruments by individual persons resident outside India, including NRIs and OCIs, executed through Indian stock exchanges.

The amendments operationalise the expanded portfolio investment framework introduced under the FEMA (Non-Debt Instruments) Rules, 2026 by updating the payment, remittance and reporting requirements. Authorised Dealer Category-I banks should update their operational processes and reporting systems, including reporting under the newly prescribed LEC (IFI) format**. (RBI Notification No. FEMA.395(4)/2026-RB | 13 June 2026)**

DGFT: Notifications/Circulars

DGFT Updates List of Agencies for Issuing Preferential Certificate of Origin	The Director General of Foreign Trade (DGFT) has amended Appendix 2B of the Foreign Trade Policy (FTP), 2023 by expanding the list of agencies authorised to issue Preferential Certificates of Origin (CoO). The amendment includes the authorised agencies empowered to issue Certificates of Origin under the India–Oman Comprehensive Economic Partnership Agreement **(India–Oman CEPA) (DGFT Public Notice No. 15/2026-27 dated 2 June 2026)**
Reconstitution of the Board of Trade (BoT)	The Department of Commerce has reconstituted the Board of Trade (BoT) by nominating 40 Non-Official Members, replacing the earlier panel of 29 members notified in July 2022. The Board, constituted in 2019, serves as the Government's principal advisory body on trade policy and export promotion. The expanded Board is expected to strengthen industry participation in trade policy formulation and provide broader stakeholder inputs on export promotion, trade facilitation, and India's global trade competitiveness. Banks may monitor the Board's recommendations, as they could influence future trade and foreign exchange policy initiatives. **(DGFT Notification No. 18/2026-27 | 2 June 2026) Amendment to Import Policy for Specified Silver ITC(HS) Codes**
Amendment to Import Policy for Specified Silver ITC(HS) Codes	The DGFT has amended the import policy conditions for specified silver products under Chapter 71 of ITC (HS), 2022 with immediate effect. Under the revised policy, imports of specified silver items through RBI-notified nominated agencies (banks), DGFT-notified agencies, and IFSCA-notified qualified jewellers (via India International Bullion Exchange - IIBX) will be permitted only against a valid Import Authorisation issued by DGFT. Existing provisions relating to import of silver dore by refineries under the AU condition remain unchanged.

	The notification introduces an additional regulatory requirement by mandating a DGFT Import Authorisation for imports of specified silver products through nominated agencies and qualified jewellers, strengthening oversight over silver imports while retaining the existing import channels. **(DGFT Notification No. 19/2026-27 | 2 June 2026)**
Stakeholder Consultation on Alignment of ITC (HS) 2022 – Export Policy	The DGFT has invited comments from industry, Export Promotion Councils, Commodity Boards and other stakeholders on the proposed alignment of Schedule-II (Export Policy) of ITC (HS), 2022 with the amendments introduced under the Finance Act, 2026. The proposed changes cover revisions to HS Codes, product descriptions and Chapter Notes to ensure consistency between the Customs Tariff and the Export Policy. Stakeholders were advised to submit their comments to DGFT within 7 days from the date of the Trade Notice. The consultation process has since concluded, and the feedback received is expected to facilitate the finalisation of the revised export policy framework The Trade Notice is consultative in nature and does not introduce any immediate policy changes. Exporters, trade bodies and other stakeholders have an opportunity to provide feedback before the revised export classification and policy framework is finalised. **(DGFT Trade Notice No. 07/2026-27 | 3 June 2026)**

Revised Framework for Import of Gold and Silver through IIBX

The International Financial Services Centres Authority (IFSCA) has issued a Consolidated Circular revising the framework for the import of gold and silver through the India International Bullion Exchange (IIBX) by Qualified Jewellers and India-UAE CEPA Tariff Rate Quota (TRQ) holders. The revised framework expands eligibility, aligns the import mechanism with recent DGFT notifications, and consolidates all earlier instructions into a single operational document.

FATF Updates Grey List

Following its June 2026 Plenary, the Financial Action Task Force (FATF) has updated its list of Jurisdictions under Increased Monitoring (Grey List). Countries placed on the Grey List have committed to addressing strategic deficiencies in their anti-money laundering, counter-terrorist financing (AML/CFT) and counter-proliferation financing frameworks within agreed timelines and remain subject to enhanced FATF monitoring.

Bosnia and Herzegovina and Iraq have been newly added to the Grey List, while FATF also reviewed the progress made by several jurisdictions, including Algeria, Kenya, Monaco, Nepal, Vietnam, Lebanon and Haiti, under their respective action plans. FATF reiterated that Grey List inclusion does not require financial institutions to apply enhanced due diligence automatically; instead, institutions should continue to adopt a risk-based approach in accordance with the FATF Standards. It also emphasised that AML/CFT measures should not impede legitimate humanitarian assistance, remittances or the activities of non-profit organisations. **(Jurisdictions under Increased Monitoring - 19 June 2026)**

India's Vivek Aggarwal Elected FATF Vice President (2026–2027)

At its June 2026 Plenary, the Financial Action Task Force (FATF) selected Mr. Vivek Aggarwal of India as the Vice President for the 2026–2027 term. He will assume office on 1 July 2026, succeeding Mr. Giles Thomson of the United Kingdom.

Mr. Aggarwal, a former Head of the Indian Delegation to the FATF and currently Secretary to the Government of India, Ministry of Culture, becomes one of the senior office bearers of the global AML/CFT standard-setting body. His election reflects India's growing leadership and active contribution to the international framework for combating money laundering, terrorist financing, and proliferation financing. **(FATF Vice-Presidency (2026-2027))**

FIU-IND and I4C Sign MoU to Combat Cyber Fraud

The Financial Intelligence Unit–India (FIU-IND) and the Indian Cyber Crime Coordination Centre (I4C) have signed a Memorandum of Understanding (MoU) to strengthen collaboration in combating cyber fraud and financial crimes. The MoU provides a framework for enhanced information sharing, coordinated intelligence, and closer cooperation to support investigations and strengthen the resilience of India's digital financial ecosystem. **(Notice)**

Recognition of The Clearing Corporation of India Limited as a Tier 1 Third-Country CCP ("TC-CCP") by European Securities and Markets Authority ("ESMA")

The Clearing Corporation of India Limited is recognized as a Tier 1 TC-CCP by ESMA in accordance with Article 25 of Regulation (EU) No. 648/2012, to provide services to Clearing Members and trading venues established in the European Union. The recognition is effective from 30th June, 2026.

	As on May 29, 2026	As on Jun. 05, 2026	As on Jun. 12, 2026	As on Jun. 19, 2026
TOTAL RESERVES	682,321	681,610	671,625	672,587

India's Foreign Exchange Reserves (US$ Million) - India's foreign exchange reserves stood at US$ 672,587 million as on June 19, 2026, as per the RBI Weekly Statistical Supplement. The reserves declined by US$ 9,734 million during May 29, 2026 to June 19, 2026.

Source: *Reserve Bank of India (RBI) – Weekly Statistical Supplement*.

Customer Service by Authorised Dealers – Improving Transparency in Cross-Border Transactions

Pursuant to the RBI's advisory on improving transparency in cross-border transactions, **FEDAI has launched a dedicated section on its website** providing links to the customer information pages of member banks. The portal serves as a single reference point for bank-wise documentation requirements, SOPs and other customer service information relating to cross-border transactions. Additional links will be added as they are received from member banks. **Access the portal:** FEDAI Website > Home > Member Banks Card Rates

Forthcoming Meetings & Key Events – July 2026 –

Date	Organisation	Meeting / Event	Remarks
7–8 July 2026	Reserve Bank of Australia (RBA)	Monetary Policy Meeting	Cash rate decision.
15 July 2026*	People's Bank of China (PBoC)	Medium-Term Lending Facility (MLF) Operation	Closely watched for policy signals.
16 July 2026	European Central Bank (ECB)	Governing Council Monetary Policy Meeting	Interest rate decision and press conference.
Mid-July*	International Monetary Fund (IMF)	World Economic Outlook (WEO) Update	Mid-year update on global growth and inflation outlook.
Mid-July*	International Monetary Fund (IMF)	Fiscal Monitor Update	Update on global fiscal developments.
Late July*	Bank for International Settlements (BIS)	Quarterly Review	Global banking and financial market developments.
28–29 July 2026	U.S. Federal Reserve (FOMC)	Monetary Policy Meeting	Interest rate decision and policy statement.
30 July 2026	Bank of Japan (BoJ)	Monetary Policy Meeting	Policy decision and Outlook Report.

Leadership Changes in Indian Banking (April–June 2026)

- HDFC Bank has appointed Rajiv Kumar as an Additional Director (Independent Director) for a four-year term with effect from June 30, 2026. The Board has also approved, subject to the approval of the Reserve Bank of India, his appointment as the Part-time Chairman of the Bank for a period of three years.
- Shri Brajesh Kumar Singh has assumed charge as Managing Director & Chief Executive Officer of Canara Bank with effect from 1 June 2026 for a term extending up to 30 April 2029. Prior to this, he served as Executive Director of Indian Bank.
- Shri Binod Kumar assumed charge as Managing Director & Chief Executive Officer of Indian Bank on 2 June 2026, marking the completion of the leadership transition in the bank.
- Shri Shiv Bajrang Singh has been appointed as Executive Director of Indian Bank.
- Shri Sandeep Bakhshi has been reappointed as Managing Director & Chief Executive Officer of ICICI Bank for a further two-year term with effect from 4 October 2026.
- Shri Keki Mistry's tenure as Interim Part-time Chairman of HDFC Bank has been extended by the Reserve Bank of India for three months or until the appointment of a regular Chairman, whichever is earlier.
- Shri Bhavin Lakhpatwala has been appointed as Chief Financial Officer (CFO) of RBL Bank.

FEDAI – KNOWLEDGE INITIATIVES - 2026

Understanding URC 522 – A FEDAI Commentary Series Part I – Foundations of Documentary Collections

Documentary Collections occupy an important position in trade finance — between the payment security of a Letter of Credit and the flexibility of open account trading. Published by the International Chamber of Commerce, URC 522 provides a uniform operational framework for handling documentary and clean collections, reducing ambiguity and promoting consistency across banking jurisdictions. This series offers an educational commentary for Authorised Dealer banks and trade finance practitioners, to be read alongside the official ICC publication.

Applicability and Voluntary Participation

URC 522 does not apply automatically. Its application depends on the intention of the parties, and the collection instruction must expressly incorporate the Rules. Banks also retain full discretion to decline a particular collection transaction — commercial considerations, sanctions compliance, customer due diligence or internal risk policies may all be relevant. Where a bank declines to act, it should notify the remitting bank promptly to avoid unnecessary delay.

Examples:

Express incorporation:

- Exporter's (Remitting) bank preparing their covering letter for the documents to be dispatched to the importer's (Collecting) bank and mentioning that "This collection is subject to the Uniform Rules for Collections, 1995 Revision, ICC Publication No. 522".

Declining to handle:

- XYZ Bank in Argentina receives a collection from ABC Bank in Brazil. Upon review, XYZ Bank determines the drawee is on its internal restricted list. So, it sends a SWIFT message immediately to ABC Bank notifying them that it is unable to handle the collection documents.

Nature of a Collection Transaction

In a collection transaction, banks act strictly in accordance with the instructions received — to obtain payment or acceptance from the buyer, or to release documents on agreed terms. Banks are concerned solely with the handling of documents, not the performance of the underlying sales contract. Commercial disputes, quality of goods and delivery obligations remain matters between the exporter and the importer.

Collections fall into two categories. A **Clean Collection** involves only financial instruments (bill of exchange, promissory note, cheque) without accompanying commercial documents, typically used in well-established commercial relationships. A **Documentary Collection** involves commercial documents — transport documents, invoices, certificates of origin, packing lists, insurance documents — released to the buyer against payment (D/P), against acceptance (D/A), or on such other terms as the collection instruction specifies.

Examples:

- Bill of Exchange drawn by the Seller in Singapore on its Buyer in Germany and there is no involvement of Goods and underlying shipping documents. This Bill is forwarded by the Remitting bank in Singapore to the Collecting/presenting Bank in Germany. The Presenting bank' sole task is to present the Bill of Exchange to the buyer and obtain their acceptance. This is a Clean Collection.
- A Chinese seller exports machinery to a British buyer on “Deliver documents against Payment” terms. They dispatch the documents such as Invoice, Bill of Lading, Packing List and Certificate of Origin through their remitting bank to the Collecting bank in UK with instructions to release documents only upon full payment by the drawee / buyer. So, in this case, buyer authorises the bank to debit their account and make payment and get the documents from their bank for delivery of goods.
- Similar to the above, there can be different terms and conditions under which the documents, its payment and / or acceptance are handled / executed.

Parties to a Collection

Five parties participate in a typical collection transaction, each with a distinct role:

- **Principal** — the exporter who entrusts the collection to a bank ***Example****:* An exporter in Mumbai ships goods to a buyer in Singapore and instructs their bank to collect payment.
- **Remitting Bank** — receives the instruction from the exporter and forwards documents overseas. ***Example****:* The exporter’s bank in Mumbai acts as the remitting bank, sending documents to Singapore.
- **Collecting Bank** — any bank other than the remitting bank involved in processing the collection. ***Example****:* A correspondent bank in Singapore receives the documents and forwards them locally.
- **Presenting Bank** — the bank that presents documents to the buyer and seeks payment or acceptance. ***Example****:* The Singapore bank presents the shipping documents to the buyer for payment or acceptance.
- **Drawee** — the party to whom documents are presented, generally the importer. ***Example****:* The Singapore buyer is the drawee who must pay or accept the bill of exchange.

Responsibilities and liabilities under URC 522 are determined by the role performed.

Practical Perspective - The quality of the collection instruction is often the single most important factor in smooth transaction handling. A well-drafted instruction should specify: whether URC 522 applies; documents enclosed; conditions for release (D/P, D/A or otherwise); handling of charges and interest; instructions in the event of non-payment or non-acceptance; and details of the collecting bank and drawee. Documentary collections operate alongside — and not in place of — applicable FEMA regulations, RBI Master Directions, sanctions screening, AML obligations and internal risk management policies.

Training Programmes Calendar – July 2026

Date	Programme	Mode & Venue
06 - 10 July 2026	5-Day Orientation Workshop on “Foreign Trade and Foreign Exchange Business”.	Non-Residential - at “Indian Bank”, IMAGE, Chennai, Tamil Nadu.
13 - 17 July 2026	5-Day Orientation Workshop on “Foreign Trade and Foreign Exchange Business”.	Non-Residential - at "UCO Bank", STC, Salt Lake, Kolkata, West Bengal.

Weekly Quiz | Daily Quiz Questions | FEDAI Workshops | Learning Modules | Knowledge Series

FEDAI revives its Kolkata Local Chapter

FEDAI revived its Kolkata Local Chapter on June 23, 2026, under the chairmanship of UCO Bank, marking another milestone in strengthening regional engagement with member banks. With the launch of the Kolkata Chapter, FEDAI now has six Local Chapters across the country—Delhi/NCR, Mumbai, Chennai, Bengaluru, Kochi, and Kolkata. The inaugural meeting was attended by the Regional Director, Reserve Bank of India, Kolkata, the Executive Director of UCO Bank, senior officials from DGFT, the Chief Executive Officer, FEDAI, and senior bankers from the region. The dignitaries appreciated the initiative, noting that the Local Chapter would serve as an effective platform for knowledge sharing, capacity building, and closer collaboration among foreign exchange and trade finance professionals in the Eastern Region.