Foreign Exchange Dealers' Association of India
(Self-Regulatory Organisation (SRO) for all Authorised Dealers)
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From the CEO's Desk

I am pleased to present this edition of the Monthly Newsletter, highlighting key developments during March 2026. The month saw important regulatory and policy measures focused on enhancing transparency, strengthening risk management, and supporting trade amid global uncertainties. The Reserve Bank of India issued the Master Direction on LEI and UTI, alongside updates on capital adequacy, ECB reporting, and continued trade relief measures. Government initiatives under the Export Promotion Mission, including the RELIEF scheme, further support exporters facing logistical challenges. Key developments such as the transition of NOOP benchmark publication to FBIL and global outcomes from WTO MC14 underline the evolving FX landscape. As we approach the **20th FEDAI Annual Conference in Paris next week**, we look forward to engaging with stakeholders on shaping a resilient and future-ready FX market.

FEDAI remains committed to its role as a Self-Regulatory Organisation, promoting best practices and aligning with global standards.

Regards,

Vivek Wahi

RBI releases Master Direction on Unique Identifiers in Financial Markets

The Reserve Bank of India, on March 27, 2026, issued a consolidated Master Direction on Legal Entity Identifier (LEI) and Unique Transaction Identifier (UTI) to enhance transparency and risk management in financial markets. The LEI framework is effective immediately and mandates all non-individual entities to use LEI for OTC transactions across government securities, money, and foreign exchange markets, with a specific requirement for non-derivative FX transactions of USD 1 million and above; entities without a valid LEI will be barred from participating in RBI-regulated markets.

The UTI framework, effective January 1, 2027, introduces a unique identifier (up to 52 characters) for OTC derivative transactions, with a defined generation hierarchy—CCP, ETP, mutually agreed entity, or CCIL-TR—and continuity across the transaction lifecycle, except in cases like novation requiring a new UTI. Overall, the directions require all market participants to obtain LEIs and establish systems for UTI reporting, thereby strengthening transparency, traceability, and systemic risk oversight.

Foreign Direct Investment Policy Update – Press Note 2 (2026 Series)

The Government has reviewed and strengthened the FDI policy framework governing investments from countries sharing land borders with India, originally introduced in 2020 to curb opportunistic acquisitions.

The revised provisions bring greater clarity by formally defining *beneficial ownership* in line with PMLA norms and expanding its scope to include indirect, layered, and control-based ownership structures. The policy now explicitly mandates prior Government approval for any transfer of ownership that results in such beneficial ownership falling within the restricted category, while also introducing reporting requirements for certain investments that may not require approval.

Overall, the changes reflect a shift towards a more structured and transparent regime with enhanced monitoring to prevent circumvention of FDI norms.

RBI: NOP-INR position of Authorised Dealers

The Reserve Bank of India has directed Authorised Dealers to maintain their net open position in INR (NOP-INR) in the onshore deliverable market within USD 100 million at the end of each business day, in line with its Master Direction on Risk Management and Inter-Bank Dealings. This measure, aimed at exchange rate management, must be complied with at the earliest and no later than April 10, 2026.

The Reserve Bank of India press release dated March 9, 2026 explicitly draws attention to the FATF public documents released on February 13, 2026. These include:

- High-Risk Jurisdictions subject to a Call for Action
- Jurisdictions under Increased Monitoring

RBI advised regulated entities to remain vigilant when dealing with jurisdictions identified by FATF as having strategic AML/CFT deficiencies, while clarifying that this advice does not preclude legitimate business or humanitarian transactions—it simply requires enhanced due diligence.

RBI: Capital Adequacy – Third Amendment Directions, 2026

The Reserve Bank of India has issued the **Third Amendment Directions, 2026** to the Prudential Norms on Capital Adequacy, with immediate effect, to enhance clarity and align the framework with global standards. The amendment strengthens the treatment of **Counterparty Credit Risk (CCR)** by mandating inclusion of exposures of all consolidated entities for capital computation. A key change is the **revision of add-on factors (Table 16)** for market-related off-balance sheet exposures across interest rate, forex, equity, and commodity derivatives, with sharper differentiation based on maturity buckets.

The Directions also clarify that for contracts with periodic reset features, residual maturity should be linked to the next reset date, with a minimum add-on floor of 0.50% for certain interest rate contracts. Further, add-on factors are now applicable to all outstanding CCR exposures, and banks acting as clearing members of recognised exchanges are required to maintain capital for such exposures. The amendment also prescribes a **2% risk weight for exposures to Qualifying Central Counterparties (QCCPs)**, with conditional capital relief where no reimbursement obligation exists and supported by legal opinion. Overall, the changes enhance risk sensitivity, improve consistency in CCR measurement, and bring Indian capital adequacy norms closer to international best practices.

RBI: Reporting – Returns pertaining to External Commercial Borrowing (ECB)

The Reserve Bank of India has issued revised guidelines on reporting of **External Commercial Borrowings (ECB)** under the Foreign Exchange Management Act, 1999, effective April 1, 2026, aimed at improving reporting discipline and clarity. The circular reclassifies Form ECB and Revised Form ECB as returns that do not capture transaction flows, thereby aligning the computation of Late Submission Fees (LSF). It further clarifies that LSF will be levied per return, with each delayed submission of Form ECB 2 under a Loan Registration Number treated as a separate instance. Authorised Dealer (AD) Category I banks are now required to submit complete ECB returns to RBI within seven calendar days of receipt from borrowers, ensuring timeliness and accuracy.

Additionally, LSF payments are to be made via NEFT/RTGS after RBI acknowledgement, with AD banks responsible for monitoring such payments in case of delays. Overall, the revised framework strengthens compliance, enhances reporting efficiency, and reinforces the role of AD banks in ensuring adherence to ECB reporting requirements.

RBI: Foreign Liabilities and Assets Information Reporting (FLAIR) – Online Web Based Reporting System

The Reserve Bank of India has mandated the filing of the Annual Return on Foreign Liabilities and Assets (FLA) under the Foreign Exchange Management Act, 1999, requiring all Indian-resident entities—including companies, LLPs, SEBI-registered AIFs, partnership firms, and PPPs—with outstanding FDI and/or ODI as at end-March (including the current year) to submit the return. The FLA return is to be filed electronically through the RBI's FLAIR portal, ensuring streamlined and standardized reporting of cross-border investment positions. In the case of Alternative Investment Funds (AIFs), the return is to be filed using the prescribed format obtained from RBI via email. The framework reinforces transparency and comprehensive reporting of India's external sector liabilities and assets. **RBI also released a Frequently Asked questions - (FAQs)** on Annual Return on Foreign Liabilities and Assets (FLA) under FEMA, 1999.

Trade Relief Measures for Exporters

The Reserve Bank of India has continued its trade relief measures to support exporters amid ongoing geopolitical tensions and logistical disruptions. The extended timeline for realisation and repatriation of export proceeds remains at 15 months, providing additional flexibility over the earlier 9-month norm. Further, the enhanced export credit period of up to 450 days for pre- and post-shipment credit has been extended for disbursements up to June 30, 2026, offering sustained liquidity support. These measures have been formalised under the Reserve Bank of India (Trade Relief Measures) Directions, 2026.

Additionally, for existing packing credit where shipment has not occurred, liquidation may be allowed from alternate legitimate sources, including domestic sale proceeds or substitution with another export order. The RBI will continue to monitor the situation and respond as required.

FBIL to Publish USD/INR Spot Rate for NOOP Benchmark from April 6, 2026

FBIL will commence publication of the USD/INR Spot Rate for NOOP effective April 6, 2026 (Monday). The rate will be computed using inputs from trades reported/undertaken on CCIL's FX Clear platform and those executed on Refinitiv, in line with FBIL's established hierarchy of inputs.

Hitherto, the USD/INR Spot Rate for NOOP has been published by FEDAI. With effect from April 6, 2026, this benchmark will be published by FBIL, and accordingly, **FEDAI will discontinue its publication of the same**.

The rate will be released around 4:00 PM IST on all Mumbai business days, excluding Saturdays, Sundays, and Mumbai holidays. The benchmark will be made available free of cost until further notice.

DGFT issues Clarification on Interest Subvention Framework under EPM

DGFT, through Trade Notice No. 33/2025-26 dated 20 March 2026, has introduced key clarifications to the Interest Subvention Scheme under the Export Promotion Mission (EPM). The revised framework mandates generation and submission of UIN/UDIN at the time of loan disbursement, failing which subvention benefits will not be available. UIN portability across banks is not permitted, and a fresh UIN is required upon change of lender. Subvention is applicable only for export credit disbursed on or after 2 January 2026 and only for the actual period the credit remains outstanding.

Exporters are responsible for ensuring that total claims across banks remain within the ₹50 lakh per IEC annual cap, with excess recoverable. The guidelines also disallow benefits post NPA classification and prescribe a digital, UIN-linked claim process, strengthening transparency and compliance.

Government of India - RELIEF Scheme for Exporters – Key Highlights

The Government of India, vide Notification No. 65/2025-26 dated March 19, 2026, has introduced a time-bound support scheme titled **Resilience & Logistics Intervention for Export Facilitation (RELIEF)** under the Export Promotion Mission to mitigate the impact of geopolitical disruptions in the Gulf and West Asia maritime corridor. The scheme, to be implemented through ECGC, aims to address elevated logistics costs, war risk premiums, and insurance surcharges affecting exporters. It comprises three components: (i) enhanced risk cover (up to 100%) for existing ECGC-insured exporters for eligible shipments during February–March 2026; (ii) facilitation and extended cover (up to 95%) for upcoming exports till June 2026; and (iii) partial reimbursement (up to 50%) of extraordinary freight and insurance costs for eligible MSME exporters not covered by ECGC. With an overall outlay of about ₹497 crore, the scheme seeks to ensure continuity of exports, reduce financial stress, and safeguard supply chains amid ongoing geopolitical uncertainties.

WTO MC14 Concludes with Focus on Reform and Trade Stability

The World Trade Organization concluded its 14th Ministerial Conference (MC14) with members reaffirming the need to strengthen the multilateral trading system through reforms in dispute settlement, transparency, and inclusivity. Deliberations reflected concerns around geopolitical tensions, supply chain disruptions, and evolving trade dynamics, with a continued commitment to open and predictable markets.

While progress was seen on development issues, LDC support, and digital trade discussions, key areas such as e-commerce saw no consensus, particularly on extending the moratorium on customs duties on electronic transmissions. India supported continued engagement, emphasizing bridging the digital divide and strengthening digital infrastructure and regulatory frameworks for developing economies. The matter will now be taken up at the General Council in Geneva.

DGFT: Notifications/Circulars

Support for Emerging Export Opportunities under the Export Promotion Mission (EPM) – NIRYAT PROTSAHAN, effective March 6, 2026.

This intervention aims to:

- Strengthen global trade connectivity and liquidity in under-served markets.
- Enhance confidence in trade settlements and build capacity of banks to support constrained cross-border transactions.
- Foster partnerships between Indian banks and local banks abroad.

Risk-sharing support will be provided by the Government of India through Exim Bank, enabling MSMEs engaged in international value chains to access non-recourse trade finance for exports to under-served markets, thereby boosting competitiveness.

Credit Assistance for E-Commerce Exporters under the Export Promotion Mission (EPM) – NIRYAT PROTSAHAN, effective March 6, 2026.

This intervention is designed to:

- Enhance access to working capital for MSMEs engaged in international value chains through e-commerce.
- Enable MSMEs to manufacture goods in advance of demand and expand their global market participation.
- Provide credit guarantee cover to banks for facilities such as Cash Credit, Overdraft, and other working capital assistance.

Support these facilities with interest subvention, subject to notified ceilings.

Removal of Value Cap on Courier Exports under FTP 2023 Vide Notification No. 67/2025-26, the Central Government has amended Para 9.05 of the Foreign Trade Policy (FTP) 2023 relating to exports through courier service/post.

As per the revision, the earlier value cap of ₹10,00,000 per consignment has been removed, and no value limit is now prescribed for exports through courier services, subject to compliance with applicable FTP/ITC(HS) provisions.

Extension in the Export Obligation period In view of the prevailing geopolitical developments affecting international shipping routes and global supply chains, and with a view to facilitating exporters, the Export Obligation (EO) period / Block-wise EO period in respect of specified Advance Authorisations and EPCG Authorisations expiring between 01.03.2026 and 31.05.2026 has been automatically extended up to 31.08.2026 without payment of composition fee. This relaxation is in addition to the EO extension facility already available under FTP/HBP upon payment of composition fees.

The rates of the benefits under RoDTEP which were advised to be reduced through notification in previous month is restored up to 31 March 2026.

The Directorate General of Foreign Trade (DGFT), through Public Notice No. 53/2025-26 dated 24 March 2026, has extended the validity of Tariff Rate Quota (TRQ) authorisations for import of gold (CTH 7108) under the India–UAE CEPA. Originally valid up to 31 March 2026, these authorisations will now remain valid until 30 June 2026.

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The Reserve Bank of India Payment Systems Vision 2028

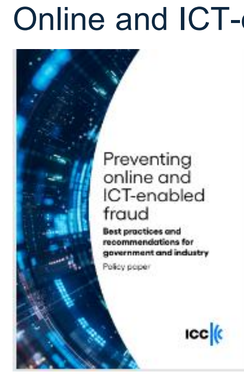
RBI's Payment Systems Vision 2028 outlines a roadmap to make India a "digital-first" economy, centered on the "4Es"—E-payments for Everyone, Everywhere, Every time—ensuring safe, fast, and affordable digital payments. The strategy is anchored in the "5Cs": Integrity, Connectivity, Capacity, Cost, and Convenience, balancing growth with stability.

Key initiatives include global expansion of UPI for cross-border payments, introduction of the Digital Rupee (CBDC), UPI123Pay for feature phone users, regulation of Big Tech payment players, and geotagging of payment infrastructure to address gaps. While the vision positions India to disrupt traditional remittance systems and lead in fintech, it also highlights challenges such as managing cyber risks, avoiding over-regulation, and addressing last-mile infrastructure constraints. Overall, Vision 2028 marks a shift from digital adoption to global leadership in payments.

ICC Update

ICC Publication - Preventing online and ICT-enabled fraud - Best practices and recommendations for government and industry Policy paper

Online and ICT-enabled fraud is one of the fastest-growing forms of transnational crime, harming consumers, businesses and trust in digital markets. This policy paper sets out cross-industry perspectives and good practices, as well as concrete recommendations for governments and industry to strengthen prevention, enforcement and public-private co-operation.



India's foreign exchange reserves exhibited a broadly stable and upward trend during the period from January 23 to February 27, 2026, increasing from about USD 709 billion to USD 728 billion. After a sharp rise at end-January, reserves witnessed a brief dip in early February, followed by a recovery and steady accumulation towards the end of the month - RBI Bulletin – March 2026

Federal Reserve issues FOMC statement - The Federal Reserve, in its FOMC statement March 18 2026, kept policy rates unchanged at 3.50%–3.75%, reflecting a cautious "wait-and-watch" stance. It noted that the U.S. economy continues to expand at a solid pace, though labour market conditions have shown some moderation, while inflation remains elevated and above the 2% target. The Committee highlighted increased uncertainty in the economic outlook, particularly due to geopolitical developments and their potential inflationary impact, and emphasised that future policy decisions will remain data-dependent.

The Digital Rupee (e₹) is India's Central Bank Digital Currency (CBDC), representing the digital form of the Indian Rupee (₹). Issued by the Reserve Bank of India, it is at par with physical currency and carries the same sovereign guarantee, along with features such as ease of use and finality of settlement. Stored in a digital wallet, the e₹ enables users to send and receive money or make payments seamlessly, much like using physical cash. For a comprehensive understanding, all you need to know about the e₹ is available in the RBI's FAQs.

🌍 Global Meetings & Announcements – April 2026

Institution	Meeting Dates	Key Focus / Announcement
Reserve Bank of India (RBI)	6 – 8 April 2026	MPC Meeting; Policy announcement on 8 April
Federal Reserve (FOMC)	28 – 29 April 2026	Interest rate decision & forward guidance
European Central Bank (ECB)	29 – 30 April 2026	Monetary policy decision & press conference
Bank of England (BoE)	30 April 2026	MPC decision & Monetary Policy Report
International Monetary Fund (IMF) & World Bank	13 – 18 April 2026	Spring Meetings – Global economic outlook & policy coordination
International Chamber of Commerce (ICC)	Ongoing	Banking Commission discussions, trade finance rules (UCP, URDG), regional engagements

🏦 Key Leadership Movements – Indian Banks (March 2026)

Bank	Name	Position	Movement	Date / Remarks
HDFC Bank	Atanu Chakraborty	Part-time Chairman & Independent Director	Resigned	18 March 2026
HDFC Bank	Keki Mistry	Non-Executive Chairman	Appointed (Interim)	RBI-approved, 3 months
Yes Bank	Vinay Muralidhar Tonse	MD & CEO (Designate)	Appointed	12 March 2026; takes charge 6 April 2026
Yes Bank	Prashant Kumar	MD & CEO	Demits office	5 April 2026 (end of tenure)
South Indian Bank	Jose Joseph Kattoor	Part-time Chairman	Appointed	23 March 2026

FEDAI – KNOWLEDGE INITIATIVES - 2026

Article 33 – Hours of Presentation

ICC UCPDC 600 – Commentary

A bank has no obligation to accept a presentation outside of its banking hours.

Article 33 makes it clear that banks are only obliged to accept document presentations during their normal banking hours. If documents are submitted after hours, they are deemed presented on the next/following banking day, and the five-day examination period is determined accordingly.

Banks are not required to accept or process documents outside their stated hours. If they do, it is purely discretionary. Similarly, banks are not prohibited from accepting after-hours presentation of documents.

Article 34 – Disclaimer on Effectiveness of Documents

Article 34 as a disclaimer clarifies that banks, when handling documents under a Letter of Credit (LC), are not responsible for:

• The form, sufficiency, accuracy, genuineness, falsification, or legal effect of any document.

• The description, quantity, weight, quality, condition, packing, delivery, value, or existence of goods/services represented by those documents.

• The acts, omissions, solvency, performance, or standing of parties involved (consignor, carrier, forwarder, consignee, insurer, etc.).

In short, banks deal with documents only, not the goods or services those documents represent.

Exporters or Importers should understand that banks' role is limited to document examination. Risk of goods quality, fraud, or performance lies with themselves (contracting parties).

Example:

Scenario: Exporter ships goods under an LC and presents a clean bill of lading and commercial invoice.

Reality: The goods are damaged in transit.

Bank's Position:

• The bank must honor the LC if documents comply, regardless of the goods' condition.
• The bank is not liable for the damage, misdescription, or even fraud in the documents.
• Any dispute over goods must be settled between buyer and seller, not with the bank.

Article 35 Disclaimer on Transmission and Translation

Article 35 deals with risks in transmission, delivery, and translation of documents/messages under a Letter of Credit (LC). It clarifies that banks are not liable for:

• Delays, loss, mutilation, or errors in transmission of messages or delivery of documents, provided they were sent according to LC instructions or via a reasonable service chosen by the bank.

• In case of Loss of documents-in-transit between banks, especially when a nominated bank has determined compliance and forwarded them either to the confirming bank or to the issuing bank, then the issuing bank or confirming bank must still honor or reimburse the nominated bank.

• A bank assumes no liability or responsibility for errors in translation or interpretation of technical terms and may transmit credit terms without translating them.

Practical Examples:

Scenario 1 – Documents Lost- in-Transit: An exporter presents complying documents to a nominated bank. The nominated bank forwards them to the issuing bank, but the courier loses the package.

Bank's Position: The issuing bank must still honor or reimburse the nominated bank, even though the documents never physically reached their counters.

Similarly, even though, LC is an issuing bank's undertaking, practically, applicant's account is debited for payment. So, finally, the applicant (buyer) cannot refuse payment on grounds of lost documents.

Scenario 2 – Translation Errors: An LC issued in English, but it contains technical terms. The advising bank transmits the LC without translating those technical terms to the beneficiary.

Bank's Position: The advising bank is not responsible for any misinterpretation of those terms by the beneficiary.

Article 36 Force Majeure

This article or clause that protects banks from liability when their operations are interrupted by extraordinary events beyond their control. It establishes two key points:

No liability for interruption: Banks are not responsible for consequences arising from interruptions caused by:

- Acts of God (natural disasters)
- Riots, civil commotions, insurrections, wars, terrorism
- Strikes, lockouts, or other uncontrollable causes

Expiry during interruption: If a credit expires while the bank's business is interrupted, the bank is not obliged to honor or negotiate once it resumes operations.

Scenario: An LC expires on 18th March 2026 at the Confirming Bank's counters. Documents presentation was allowed up to expiry date of the LC at their counters. On 16th March 2026, there was a massive riot that got flamed-up due to a political reason in the specific city and the confirming bank has to be closed completely. Beneficiary, even though, was ready with the documents prior to expiry, was unable to present due to this reason.

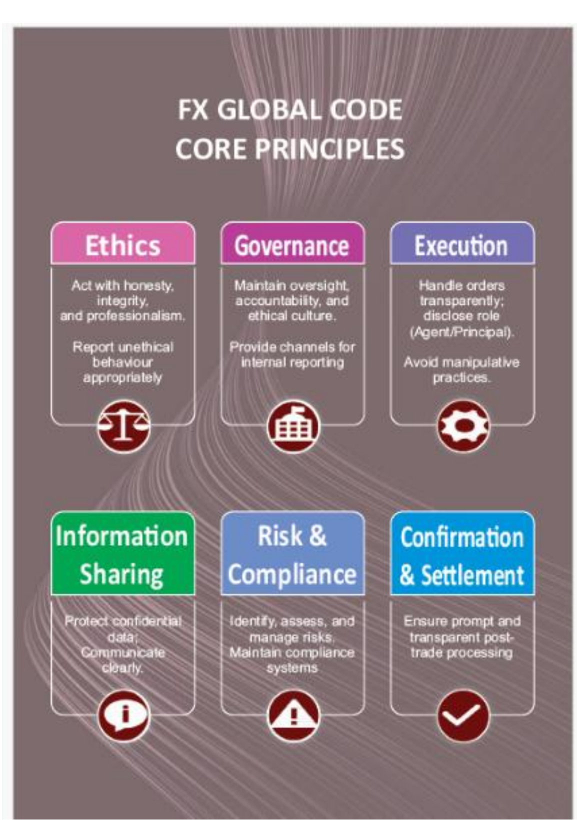
Once the riots ended and city is back to normal, bank could resume its business on 30th March 2026. However, even though, beneficiary is now presenting it, the confirming bank need not receive, examine and honor or negotiate under complying presentation after re-opening as the LC has expired during the closure.

FEDAI Workshops & events

📅 Date: 07March 2026 -FEDAI conducted an online workshop on "SWIFT - Financial Messaging Services" where 99 staff participated from 19 banks.

📅 Date: 07 April 2026 - FEDAI is convening a stakeholder meeting with Banks and Regulator to deliberate on matters related to entries remaining unreconciled in Import/Export Data Processing and Monitoring System (I/EDPMS).

📅 Date: 17 April 2026 - FEDAI is organizing a Classroom (3 hours) Workshop (Non - Residential) on "Standard Initial Margin Model (SIMM)" in collaboration with ISDA at FEDAI Conference room, Mumbai.



The FEDAI Code of Conduct, originally adopted effective 01 January 2018 based on the FX Global Code and FEDAI Addendum, continues to serve as the benchmark for best practices in the Indian forex market.

In its meeting held on 29 April 2025, the FEDAI Managing Committee approved the Revised FEDAI Code of Conduct, incorporating the latest December 2024 version of the FX Global Code, along with the existing FEDAI Addendum. Members are advised to align their internal policies and procedures with the updated Code. The revised Code, available on the FEDAI website, reflects global principles of good practice aimed at promoting integrity, transparency, and efficient functioning of the foreign exchange market. The FX Global Code, developed by central banks and market participants across jurisdictions, serves as a guiding framework (non-regulatory in nature) to foster a robust, fair, and liquid forex market aligned with global standards.

FX Global Code – Global Framework for Best Practices

The Global Foreign Exchange Committee (GFXC), established in May 2017, is a forum of central banks and private sector participants working to promote a robust, liquid, open, and transparent foreign exchange market. It aims to ensure that market participants can transact confidently at competitive prices, supported by resilient infrastructure and aligned with acceptable standards of conduct.

Key Objectives of the GFXC- Foster collaboration and communication among Local FX Committees (LFXCs) and key non-GFXC jurisdictions. Share insights on global FX market trends, structure, and developments. Promote, maintain, and periodically update the FX Global Code, and encourage adherence to its principles.

The FX Global Code thus serves as a globally accepted framework of best practices, reinforcing integrity and efficiency across the foreign exchange market.

Weekly Quiz	Daily Quiz Questions	FEDAI Workshops	Learning Modules	Knowledge Series