



RBI/2013-14/ 557

A.P. (DIR Series) Circular No. 119

April 07, 2014

To,

All Authorised Dealer Category – I banks

Madam / Sir,

**Risk Management & Inter-Bank Dealings:
Booking of Forward Contracts - Liberalisation**

Please refer to [paragraph 23](#) of the first Bi-Monthly Monetary Policy Statement, 2014-15 wherein, inter alia, it has been proposed to allow all resident individuals, firms and companies with actual foreign exchange exposures to book foreign exchange derivative contracts up to US\$ 250,000 on declaration, subject to certain conditions.

2. Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to the Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations, 2000 dated May 3, 2000 ([Notification No.FEMA.25/RB-2000 dated May 3, 2000](#)) as amended from time to time and [A.P. \(DIR Series\) Circular No.15 dated October 29, 2007](#) regarding liberalisation in respect of booking of forward contracts, in terms of which resident individuals, to manage/ hedge their foreign exchange exposures arising out of actual or anticipated remittances, both inward and outward, are allowed to book forward contracts, without production of underlying documents, up to a limit of US\$ 100,000 based on self-declaration.

3. With a view to further liberalising the existing facilities, it has now been decided to allow all resident individuals, firms and companies, who have actual or anticipated foreign exchange exposures to book foreign exchange forward contracts up to US\$ 250,000 on the basis of a simple declaration without any requirement of further documentation. The existing facilities in terms of the aforementioned circular for Small and Medium Enterprises (SMEs) having direct and/ or indirect exposures to foreign exchange risk permitting them to book/ cancel/ roll over forward contracts

without production of underlying documents to manage their exposures effectively subject to conditions specified therein shall remain unchanged.

4. The revised reporting format is provided in Annexes I and II of this circular. All other conditions including tenor of the contracts as laid down in A.P. (DIR Series) Circular No.15 dated October 29, 2007 will apply mutatis mutandis.

5. AD Category – I 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 Section 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,

(Rudra Narayan Kar)
Chief General Manager- in- Charge

[Annex to A. P. (DIR Series) Circular No. 119 dated April 07, 2014]

**Application cum Declaration for booking of forward contracts up to
US\$ 250,000 by Resident Individuals, Firms and Companies**

(To be completed by the applicant)

I. Details of the applicant

- a. Name
- b. Address.....
- c. Account No.....
- d. PAN No.....

II. Details of the foreign exchange forward contracts required

- 1. Amount (Specify currency pair)
- 2. Tenor

III. Notional value of forward contracts outstanding as on date

IV. Details of actual / anticipated remittances

- 1. Amount :
- 2. Remittance Schedule :
- 3. Purpose :

Declaration

I/We,(Name of the applicant), hereby declare that the total amount of foreign exchange forward contracts booked with the -----(designated branch) of ----- --(bank) in India is within the limit of US\$ 250,000/- (US Dollar Two lakh and Fifty Thousand only) and certify that the forward contracts are meant for undertaking permitted current and / or capital account transactions. I/We also certify that I have not booked foreign exchange forward contracts with any other bank / branch. I/We have understood the risks inherent in booking of foreign exchange forward contracts.

Signature of the applicant

(Name)

Place:

Date:

Certificate by the Authorised Dealer Category – I bank

This is to certify that the customer(Name of the applicant) having PAN No. has been maintaining an account(no.) with us since We certify that the customer meets the AML / KYC guidelines laid down by RBI and confirm having carried out requisite suitability and appropriateness test.*

Name and designation of the authorised official:

Place:

Signature:

Date: Stamp and seal

** month / year*

[Annex to A. P. (DIR Series) Circular No.119 dated April 07, 2014]

**Statement – Details of Forward contracts booked and cancelled under Self-declaration
For the Quarter ended –**

Category	Forward Contracts Booked		Forward Contracts Cancelled	
	During the Quarter	Cumulative total-Year to Date	During the Quarter	Cumulative total-Year to Date
SMEs				
Individuals				
Firms / Companies				

Name of the AD Category-I bank:

Signature of the Authorised Officials:

Date:

Stamp: