



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

**RBI/2013-2014/446**

**A.P. (DIR Series) Circular No. 92**

**January 13, 2014**

All Category - I Authorised Dealer banks

Madam/Sir,

**Risk Management and Inter Bank Dealings**

Attention of Authorised Dealers 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. 58 dated December 15, 2011](#), [A.P. \(DIR Series\) Circular no. 13 dated July 31, 2012](#) and [A.P. \(DIR Series\) Circular no 36 dated September 4, 2013](#).

2. Under the extant regulations, the facility of cancellation and rebooking is not permitted for forward contracts, involving Rupee as one of the currencies, booked by residents to hedge current and capital account transactions. However, exporters are allowed to cancel and rebook forward contracts to the extent of 50 per cent of the contracts booked in a financial year for hedging their contracted export exposures and importers are allowed to cancel and rebook forward contracts to the extent of 25 percent of the contracts booked in a financial year for hedging their contracted import exposures.

3. On a review of the evolving market conditions and with a view to providing operational flexibility in respect of current and capital account transactions, it has been decided to allow, in case of contracted exposures, forward contracts in respect of all current account transactions as well as capital account transactions with a residual maturity of one year or less to be freely cancelled and rebooked. As far as the exposure of the FIIs/QFIs/other portfolio investors is concerned, forward contracts booked by these investors, once cancelled, can be rebooked up to the extent of 10 per cent of the value of the contracts cancelled. The forward contracts booked by these investors may, however, be rolled over on or before maturity.

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

5. 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,**

**(CD Srinivasan)  
Chief General Manager**