



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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Reserve Bank of India (Commercial Banks – Prudential Norms on Capital Adequacy) Twelfth Amendment Directions, 2026

Please refer to paragraph 85(6) (i) and paragraph 213 (2) (iv) (b) of the [Reserve Bank of India \(Commercial Banks - Prudential Norms on Capital Adequacy\) Directions, 2025](#), regarding the requirements for clearing member banks to obtain legal opinion and valuation adjustments for incurred CVA losses, respectively. On a review, it has been decided to amend these Directions to align them with international standards.

2. Accordingly, in exercise of the powers conferred by Section 35A of the Banking Regulation Act, 1949 (hereinafter called the Act) and all other provisions / laws enabling the Reserve Bank in this regard, the Reserve Bank, being satisfied that it is necessary and expedient in the public interest so to do, hereby, issues the Amendment Directions hereinafter specified.

3. (i) These instructions shall be called the Reserve Bank of India (Commercial Banks – Prudential Norms on Capital Adequacy) Twelfth Amendment Directions, 2026.

(ii) These Amendment Directions shall come into effect from the date of issue.

4. The [Reserve Bank of India \(Commercial Banks – Prudential Norms on Capital Adequacy\) Directions, 2025](#), are amended as provided below.

4.1 In paragraph 85(6)(i), sub-paragraph (a) shall be replaced by the following, namely: –

“(a) Where a bank acts as a clearing member of a QCCP for its own purposes, a risk weight of 2 per cent shall be applied to the bank’s trade exposure to the QCCP in respect of OTC derivatives transactions, exchange traded derivatives transactions, and SFTs. Where the clearing member (bank) offers clearing services to clients, the 2

per cent risk weight also applies to the clearing member's (bank) trade exposure to the QCCP that arises in cases where the clearing member (bank) is obligated to reimburse the client for any losses on such transactions in the event that the QCCP defaults."

4.2 In paragraph 213 (2) (iv) (b), sub-paragraph (i) shall be replaced by the following, namely: –

"(i) incurred CVA losses - For the purpose of determining the exposure at default (EAD), the CVA loss shall be the CVA recognised by the bank as an incurred write-down. Accordingly, a bank shall use the amount recognised in its financial statements in accordance with its applicable accounting and valuation policies. The reduction in EAD on account of incurred CVA loss shall be calculated without taking into account any offsetting debit valuation adjustments that have been deducted from capital. Such reduction in EAD shall not apply for the purpose of determining the CVA risk capital requirement. The bank shall maintain adequate documentation to demonstrate the amount of CVA included as an incurred write-down and its reconciliation to the financial statements."

4.3 Paragraph 213 (2) (iv) (c), (d), and (e) shall be deleted.

(Sunil T S Nair)
Chief General Manager