



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

www.rbi.org.in



RBI/2026-27/292

A.P. (DIR Series) Circular No. 26

October 10, 2026

To,

All Authorised Dealers

Madam/Sir,

Risk Management and Inter-Bank Dealings - Foreign Exchange Risk Reserve

Attention of Authorised Dealers is invited to the [Master Direction - Risk Management and Inter-Bank Dealings dated July 05, 2016](#), as amended from time to time.

2. With a view to ensuring the orderly functioning of the foreign exchange market, it has been decided that:

- i. Authorised Dealers shall be required to maintain a Foreign Exchange Risk Reserve (FERR) for foreign exchange derivative contracts involving INR undertaken with users;
- ii. The Reserve shall be applicable to all foreign exchange derivative contracts involving INR of notional value exceeding USD two million equivalent undertaken for the purpose of hedging current account transactions where the user is purchasing foreign currency against INR;
- iii. This Reserve shall be equal to 20 per cent of the INR equivalent of the notional amount of each derivative contract; and
- iv. This Reserve shall be deposited and maintained by way of cash in India with the Reserve Bank on a daily basis and shall be maintained until the termination of the contract.

वित्तीय बाज़ार विनियमन विभाग, केंद्रीय कार्यालय भवन, नौवीं मंजिल, शहीद भगत सिंह मार्ग, फोर्ट, मुंबई-400001. भारत

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हिन्दी आसान है, इसका प्रयोग बढ़ाए



3. Any attempt by users to circumvent the requirements set out in paragraph 2 (ii) *ibid* through undertaking multiple transactions with one or more Authorised Dealers shall be considered as a violation of these Directions.
4. Authorised Dealers shall report the details of the FERR maintained on a daily basis through Centralised Information Management System (CIMS) of the Reserve Bank.
5. These Directions shall be applicable to foreign exchange derivative contracts undertaken after the issuance of these Directions.
6. These Directions are issued in exercise of the powers conferred by Sections 10(4) and 11(1) of the FEMA, 1999, and Section 45W of the Reserve Bank of India Act, 1934, and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Dimple Bhandia)
Chief General Manager