



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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Reserve Bank of India (Standalone Primary Dealers) Second Amendment Directions, 2026

Please refer to Annex I of the FMRD Master Direction - Risk Management and Inter-Bank Dealings (Master Direction No. 1/2016-17 dated July 5, 2016) and paragraphs 92 and 93 (section E.1.4) of the Reserve Bank of India (Standalone Primary Dealers) Directions, 2025 dated November 28, 2025, which *inter alia* specify the methodology for computation of Net Open Position and calculation of capital charge for foreign exchange risk. Upon a review and to ensure greater alignment with international standards and consistent implementation across Standalone Primary Dealers (SPDs), there is a felt need to amend these instructions.

2. Accordingly, in exercise of the powers conferred by Sections 45JA, 45L and 45M of the Reserve Bank of India Act, 1934 and all other provisions / laws enabling the Reserve Bank to issue instructions in this regard, the RBI 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 (Standalone Primary Dealers) Second Amendment Directions, 2026.

(ii) These Amendment Directions shall come into effect from April 1, 2027.

4. The Reserve Bank of India (Standalone Primary Dealers) Directions, 2025 are amended as provided below.

(i) Paragraph 92 shall be substituted by the following, namely: –

वित्तियमन विभाग, केंद्रीय कार्यालय, 12 वीं और 13 वीं मंजिल, केंद्रीय कार्यालय भवन, शहीद भगत सिंह मार्ग, फोर्ट, मुंबई-400001
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हिंदी आसान है इसका प्रयोग बढ़ाइए



“E.1.4 Capital Charge for Foreign Exchange (FE) Position

92. An SPD shall compute capital charge for foreign exchange risk as per the following method.

Scope of Application

- (1) An SPD shall meet the capital requirements for foreign exchange risk on a continuous basis, i.e., at the close of each business day.

Exclusions from Net Open Position

- (2) An SPD shall not apply foreign exchange risk capital requirement to any position that is deducted from the SPD's regulatory capital, including a position that is hedging such a position.
- (3) An SPD shall not apply forex risk capital requirements to securities which are
a) already matured and remain unpaid; or b) have been classified as a non-performing asset / investment. Such securities shall attract capital only for credit risk.

Calculation of Net Open Position

- (4) For calculating the capital requirement for foreign exchange risk, an SPD shall include all assets, liabilities, and off-balance sheet positions, within the 'Scope of Application' above, in foreign currencies.
- (5) The Net Open Position shall be calculated as under:
 - (i) Measure the exposure in a single currency as set out in sub-paragraphs (6) to (9) below.
 - (ii) Measure the risks inherent in an SPD's mix of long and short positions in different currencies as set out in sub-paragraphs (10) to (13) below.

Measuring the exposure in a single currency

- (6) An SPD's Net Open Position in each currency shall be calculated by summing:
 - (i) the net spot position (i.e., all asset items less all liability items, including accrued interest, denominated in the currency in question);
 - (ii) the net forward position (i.e., all amounts to be received less all amounts to be paid as indicated in sub-paragraph (7) below);



- (iii) net future income / expenses not yet accrued / due but where the amounts are certain and have been fully hedged by the SPD, at its discretion;
 - (iv) any other item representing a profit or loss in foreign currencies; and
 - (v) the net delta-based equivalent of the total book of foreign currency options.
- (7) The net forward position includes:
- (i) tom and spot transactions which are not yet settled;
 - (ii) forward and futures transactions; and
 - (iii) principal on cross-currency swaps and any other forex derivative transactions not included in the spot position.
- (8) Interest, other income and expenses should be treated as follows: Interest accrued (i.e., earned but not yet received) and accrued expenses should be included as a spot position. Unearned but expected future interest and anticipated expenses may be excluded unless the amounts are certain and the SPD has taken the opportunity to hedge them. If an SPD includes future income / expenses it should do so on a consistent basis, and it would not be permitted to select only those expected future flows which reduce its position.
- (9) Measurement of derivative positions: An SPD shall use the current spot rates, without present value adjustment, for measuring derivative positions.

Measuring the foreign exchange risk in a portfolio of foreign currency positions

- (10) For measuring the foreign exchange risk in a portfolio of foreign currency positions, an SPD shall use a shorthand method which treats all currencies equally.
- (11) Under the shorthand method, the nominal amount of the net position in each foreign currency is converted at spot rates into the reporting currency. The overall Net Open Position is measured as the greater of the sum of the net short positions or the sum of the net long positions.
- (12) An SPD shall use the spot rates based on financial benchmarks administered by benchmark administrators authorised under the relevant directions issued by FMRD.



- (13) Transactions undertaken by an SPD till the end of business day shall be included for calculation of Net Open Position. The transactions undertaken after the end of business day may be taken into the positions for the next day. For this purpose, an SPD may define its own end of business day timings but the same shall be determined as per a duly approved internal policy and followed on a consistent basis.
- (14) Under the Standardised approach, the capital requirement for foreign exchange positions shall be 15 per cent of the overall Net Open Position computed using the shorthand method. This capital requirement is in addition to the capital requirement for credit risk, interest rate risk or any other risks on the on-balance sheet and off-balance sheet items pertaining to foreign exchange.

Illustration: See example in Table below.

Table: Example of the shorthand measure of foreign exchange risk

	JPY	EUR	GBP	CAD	USD
Net position per currency	+50	+100	+150	-20	-180
Net Open Position	+300			-200	

The capital requirement, under the standardised approach, will be 15 per cent of the overall Net Open Position. Thus, the capital requirement would be 15 per cent of the higher of either the net long currency positions or the net short currency positions = $300 \times 15 \text{ per cent} = 45$.

- (15) An SPD which is subject to the Master Direction – Risk Management and Inter-Bank Dealings, as amended from time to time, shall be guided by the Direction *ibid*, and related directions, for other instructions related to Net Open Position, including inter alia, reporting, applicable limit, and limit for Net Open Position involving Rupee as one of the currencies (NOP-INR).”.

(ii) Paragraph 93 shall be deleted.

(Sunil T S Nair)
Chief General Manager