प्रेस प्रकाशनी PRESS RELEASE

भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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संचार विभाग, केंद्रीय कार्यालय, शहीद भगत सिंह मार्ग, फोर्ट, मुंबई - 400 001
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August 7, 2026

RBI invites public comments on the draft Directions on 'Credit Valuation Adjustment (CVA) Framework'

Credit Valuation Adjustment (CVA) reflects the adjustment to the default risk-free prices of derivatives to account for potential counterparty default. CVA risk refers to losses resulting from changes in CVA values, driven by shifts in counterparty credit spreads and market risk factors. The CVA capital charge ensures banks hold sufficient capital to cover these risks.

2. The extant CVA framework was issued by the Reserve Bank in 2011, which was based on the Basel Committee on Banking Supervision (BCBS) standards issued in 2010. The BCBS has, since, issued revised CVA guidelines under the final Basel III framework. Accordingly, it has been decided to issue revised instructions on CVA framework permitting banks in India to adopt the basic approach (BA-CVA). Banks may choose to implement either the full or reduced version of BA-CVA. Alternatively, in line with BCBS guidelines, banks with an insignificant volume of non-centrally cleared derivatives may calculate their CVA capital charge as 100 per cent of their counterparty credit risk (CCR) capital charge.

3. The revised instructions: (a) allow eligible banks to choose a simpler approach; (b) clarify the eligibility and recognition of CVA hedges; (c) increase the sensitivity of supervisory risk weights for counterparties by sector and credit quality; and (d) separate systematic and idiosyncratic CVA risk components in the full BA-CVA calculation, addressing imperfect alignment of indirect CVA hedges. These revisions enhance risk sensitivity and improve consistency in the CVA framework.

4. Accordingly, the Reserve Bank has released today the Reserve Bank of India (Commercial Banks – Credit Valuation Adjustment Framework) Directions, 2026.

5. The comments on the draft Directions are invited from Regulated Entities, market participants, and other interested parties till August 28, 2026. The comments / feedback may be submitted through the link under the 'Connect 2 Regulate' Section available on the Reserve Bank's website or may alternatively be forwarded to

The Chief General Manager
Market Risk Group
Department of Regulation, Central Office
Reserve Bank of India, 12th Floor
Shahid Bhagat Singh Marg
Fort, Mumbai – 400 001
Or
by email

With the subject line 'Feedback on Credit Valuation Adjustment (CVA) Framework'

(Brij Raj)
Chief General Manager

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