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Regulatory Updates

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Table of contents

Oct 01, 2025 : Export Data Processing and Monitoring System (EDPMS) & Import Data Processing and Monitoring System (IDPMS) – reconciliation of export /import entries – Review of Guidelines

Tags:

EDPMS, IDPMS, Small Export and Import Reconciliation, AD Category - I

Summary:

The Reserve Bank of India has issued a regulation focused on streamlining the reconciliation of export and import entries in the Export Data Processing and Monitoring System (EDPMS) and Import Data Processing and Monitoring System (IDPMS). Key updates allow Authorised Dealer Category I banks to close entries valued at ₹10 lakh or less based on declarations from exporters or importers regarding realization or payment of amounts, and to accept reduced declared values on similar declarations. This regulation impacts AD Category I banks, who must adjust their charges on such small-value transactions and are instructed not to impose penalties for regulatory delays, effective immediately.

Insights:

- AD banks must reconcile and close EDPMS & IDPMS entries of ₹10 lakh or less based on exporter or importer declaration of realization or payment.
- Quarterly consolidated declarations for small-value entries can streamline the reconciliation process in EDPMS and IDPMS for AD banks.
- AD banks should review and adjust charges for handling transactions of ₹10 lakh or less to align with revised reconciliation procedures and remove any penal charges for regulatory delays.
- These updated procedures must be implemented immediately and reflected in the Master Directions – Export of Goods & Services and Import of Goods & Services.
- Ensure compliance with these updated guidelines issued under sections 10(4) and 11(1) of FEMA, 1999, with no penal charges for delayed adherence.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=12908&Mode=0

Oct 01, 2025 : Merchanting Trade Transactions (MTT) – Review of time period for outlay of foreign exchange

Tags:

Merchanting Trade Transactions, Foreign Exchange Outlay, Authorised Dealer Banks, FEMA 1999

Summary:

The Reserve Bank of India's recent circular extends the time period for the outlay of foreign exchange in Merchanting Trade Transactions (MTT) from four to six months, aimed at enhancing the efficiency of merchanting traders. This regulation affects Authorised Dealer Category-I Banks, which are required to inform their constituents and customers about this change. Other directives from the previous circular dated January 23, 2020, remain unchanged, and the updated directions are effective immediately under the Foreign Exchange Management Act provisions.

Insights:

- The time allowed for outlay of foreign exchange in merchanting trade transactions (MTT) is extended from four to six months, requiring operational adjustments to manage longer cash flow durations.
- Authorised Dealer Category-I banks must update their customers about this new six-month outlay period immediately, as mandated by the change effective from October 1, 2025.
- Existing guidelines in A.P. (DIR Series) Circular No.20 dated January 23, 2020, remain unchanged, except for the adjustment in the outlay period, necessitating review for compliance.
- Banks should review their current monitoring systems to accommodate the extended timeline and ensure compliance with sections 10(4) and 11(1) of the FEMA, 1999.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=12907&Mode=0

Oct 03, 2025 : Investment in Corporate Debt Securities by Persons Resident Outside India through Special Rupee Vostro account

Tags:

Special Rupee Vostro Account, Non-Convertible Debentures, Foreign Investment, Corporate Debt Securities

Summary:

The Reserve Bank of India has issued a regulation allowing Persons Resident Outside India to invest their rupee surplus balances, held in Special Rupee Vostro Accounts for international trade settlement, in non-convertible debentures/bonds and commercial papers issued by Indian companies. The circular updates the Master Direction to replace 'Government Securities' with 'eligible instruments' and sets out that these investments will count under the corporate debt securities investment limit under the General Route. This regulation impacts Authorised Dealer Category-I banks, who must ensure compliance with investment limits and report transactions to SEBI, and SRVA holders are responsible for maintaining separate demat accounts for such holdings.

Insights:

- AD Category-I banks must update their compliance frameworks to include the newly permitted investment in non-convertible debentures and commercial papers by SRVA holders as per the amended Master Direction dated January 07, 2025.
- SRVA holders must ensure separate demat accounts are opened for holding investments in non-convertible debentures/bonds and commercial papers as specified in the updated Part-5A of the Master Direction.
- Banks are required to report transactions by SRVA holders in non-convertible debentures and commercial papers to SEBI-registered depositories for inclusion under corporate debt investment limits.
- Compliance responsibility for adhering to the investment limits for corporate debt securities now rests primarily with SRVA holders and their maintaining AD Category-I banks.
- The amendments specified in this circular, effective immediately, necessitate affected entities to incorporate these changes into their operational processes without delay.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=12909&Mode=0

Oct 03, 2025 : International Trade Settlement in Indian Rupees (INR)

Tags:

Indian Rupees Settlement, Special Rupee Vostro Accounts, Non-convertible Debentures, AD Banks

Summary:

The Reserve Bank of India's regulation allows Authorized Dealer Category-I banks to now invest surplus balances from Special Rupee Vostro Accounts in non-convertible debentures/bonds and commercial papers issued by Indian companies, expanding the investment options beyond government securities. This change is effective immediately and banks must inform their constituents and customers. The circular and its directives operate under the Foreign Exchange Management Act (FEMA), 1999 and affect entities involved in international trade settlements in Indian Rupees.

Insights:

- AD Category-I banks must now facilitate investment of surplus balances in Special Rupee Vostro Accounts into non-convertible debentures, bonds, and commercial papers issued by Indian companies as per October 03, 2025 guidelines.
- With immediate effect, banks should adjust systems to accommodate investments from Special Rupee Vostro Accounts into diversified financial instruments, expanding beyond government securities.

- Compliance departments need to ensure adherence to expanded investment avenues stipulated by both the current document and previous related guidelines from circular dated July 11, 2022.
- Banks must actively communicate these new investment opportunities to their constituents, ensuring clarity on procedural changes and compliance under FEMA sections 10(4) and 11(1).

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=12910&Mode=0

Oct 07, 2025 : Reserve Bank - Integrated Ombudsman Scheme, 2021 (RB-IOS, 2021)

Tags:

Financial Ombudsman Inclusion, Co-operative Banks Regulation, Regulated Entities Expansion, RBI -IOS

Summary:

The Reserve Bank of India (RBI) has modified the Reserve Bank-Integrated Ombudsman Scheme, 2021, to include State Co-operative Banks and Central Co-operative Banks as 'Regulated Entities,' effective November 1, 2025. This expansion requires these co-operative banks, along with existing regulated entities like Commercial Banks, Regional Rural Banks, Non-Banking Financial Companies with significant assets, and Credit Information Companies, to adhere to the ombudsman scheme's provisions. This update specifically impacts State and Central Co-operative Banks, necessitating compliance with the established guidelines of the ombudsman framework.

Insights:

- State and Central Co-operative Banks must ensure compliance with the Reserve Bank - Integrated Ombudsman Scheme, 2021, starting November 01, 2025.
- Entities covered under the RBI-Integrated Ombudsman Scheme, including all cooperative banks with deposits over ₹50 crore, need to revise compliance protocols as per this notification by November 2025.
- All regulated entities, especially newly included cooperative banks, must review and update their customer grievance redressal mechanisms to align with the Scheme's guidelines.
- Entities should audit their existing process against the amended scheme to ensure no procedural discrepancies occur post-November 01, 2025.
- The notification modifies prior circular CEPD.PRD.No.S544/13.01.001/2022-23 from August 05, 2022, incorporating State Co-operative Banks and Central Co-operative Banks under the Ombudsman Scheme.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=12911&Mode=0

Oct 09, 2025 : Implementation of Section 51A of UAPA,1967: Updates to UNSC's 1267/ 1989 ISIL (Da'esh) & Al-Qaida Sanctions List: Amendment of 02 Entries

Tags:

UAPA Compliance, UNSC Sanctions, KYC Regulations, Terrorist Links Monitoring, Regulated Entities

Summary:

The RBI regulatory document informs about the implementation updates of Section 51A of the UAPA, 1967, particularly concerning the amendments in the UNSC's ISIL (Da'esh) & Al-Qaida Sanctions List. The major update requires regulated entities to ensure that their account holders are not individuals or entities listed by UNSC for terrorist links, as communicated through the recent amendments and press release. It impacts all regulated entities who must comply with the updated UNSC sanctions and ensure thorough adherence to the KYC Master Direction and UAPA Order requirements.

Insights:

- Regulated Entities must ensure no accounts are held with names listed under UNSC's 1267/1989 ISIL (Da'esh) & Al-Qaida Sanctions and regularly update databases as per the updated lists.
- Any de-listing requests must be forwarded electronically to Joint Secretary (CTCR), MHA, emphasizing adherence to prescribed protocol.
- All updates on the sanctions list and compliance measures must strictly follow the guidelines in the UAPA Order amended on April 22, 2024.
- Regulated Entities are required to access and consult the UNSC website for updated sanction measures and individual/entity listing details.
- Ensure procedural compliance by referencing Paragraph 51 of the MD on KYC, as amended, mandating action according to Section 51A of the UAPA Act, 1967.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=12912&Mode=0

Oct 13, 2025 : Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) (Seventh Amendment) Regulations, 2025

Tags:

Foreign Currency Accounts, IFSC, Export and Import Regulations, Repatriation Requirement

Summary:

The Reserve Bank of India's Seventh Amendment to the Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) Regulations, 2025, allows Indian exporters to open and maintain foreign currency accounts outside India, including in International Financial Services Centres (IFSCs), for the realization and advance remittance of export proceeds. A significant update in the amendment is the stipulation that funds in these accounts must be used for imports into India or repatriated within a defined timeline: three months for accounts with banks in IFSCs and one month for other jurisdictions. This regulation primarily impacts Indian exporters by providing them more flexibility in managing their foreign currency holdings while ensuring compliance with the repatriation requirements.

Insights:

- Exporters can open and maintain foreign currency accounts with banks outside India for export proceeds, but must ensure funds are repatriated within three months for IFSC accounts or by the next month for others.
- Entities maintaining foreign currency accounts must adjust for forward commitments while repatriating funds, as per the amended Foreign Exchange Management (Export of Goods and Services) Regulations, 2015.
- Regulated entities can now open foreign currency accounts in International Financial Services Centres, aligning operations with domestic IFSC regulations.
- Exporters should review their compliance processes for foreign currency accounts in light of amendments to similarly dated FEMA regulations, ensuring adherence to realization and repatriation requirements.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=12916&Mode=0

Oct 13, 2025 : Foreign Exchange Management (Borrowing and Lending) (Amendment) Regulations, 2025

Tags:

Foreign Exchange Management, Borrowing and Lending Regulations, AD Bank, Cross Border Trade Transactions

Summary:

The Foreign Exchange Management (Borrowing and Lending) (Amendment) Regulations, 2025, issued by the Reserve Bank of India, allows Authorized Dealer (AD) banks to extend Indian Rupee loans to residents in Bhutan, Nepal, or Sri Lanka, including banks in these jurisdictions, for cross-border trade transactions. This amendment introduces a significant update by expanding the scope of lending in Indian Rupees by AD banks to certain neighbouring countries. The regulation primarily impacts AD banks and entities involved in cross-border trade with Bhutan, Nepal, and Sri Lanka.

Insights:

- AD banks can now offer Rupee loans to residents of Bhutan, Nepal, and Sri Lanka for cross-border trade, necessitating updates to loan evaluation and approval processes.
- Systems should be updated to reflect the changes in borrowing and lending regulations, incorporating the new clause introduced in Regulation 7, sub-regulation A.
- Compliance teams must review existing cross-border lending protocols in line with the amended FEMA.3(R)(4)/2025 regulations to incorporate the new lending provisions.
- Regulated entities should communicate these changes to relevant staff and stakeholders, particularly those involved in trade finance operations, to ensure seamless implementation.
- Ensure that all historical compliance documentation aligns with the current regulations by cross-referencing and updating procedures in light of the amendments to the Principal Regulations from 2018.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=12915&Mode=0

Oct 23, 2025 : Implementation of Section 51A of UAPA,1967: Updates to UNSC's 1267/ 1989 ISIL (Da'esh) & Al-Qaida Sanctions List: Amendments to 01 Entry

Tags:

UAPA Section 51A, UNSC Sanctions List, ISIL and Al-Qaida, Ministry of External Affairs

Summary:

The RBI regulation informs regulated entities about updates to the UNSC's ISIL (Da'esh) and Al-Qaida Sanctions List, as outlined by the Ministry of External Affairs following an UNSC press release. The major update includes the amendment to an entry regarding an individual associated with these groups, requiring entities to ensure they do not maintain any accounts for individuals or entities on this list in compliance with Section 51A of the UAPA, 1967. Regulated entities are impacted, as they must implement the necessary actions to adhere to the updated sanctions and delisting procedures outlined in the circular.

Insights:

- Regulated entities must ensure that no accounts are held in the names of individuals/entities listed by the UNSC with terrorist links, as outlined in Section 51A of the UAPA Act, 1967.

- Entities must adhere to the amended Master Direction on KYC as of August 14, 2025, ensuring compliance with updates to Section 51A requirements.
- The UNSC's updated sanction lists effective October 16, 2025, must be cross-referenced with existing customer databases to ensure compliance with the latest arms embargo and asset freeze directives.
- Per Ministry of Home Affairs instructions, any delisting requests received by entities must be forwarded to the Joint Secretary (CTCR), MHA electronically for evaluation.
- Entities are required to continuously monitor and update their systems with the latest lists from the UNSC as per URLs provided in the October 23, 2025 circular.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=12917&Mode=0

Oct 24, 2025 : Implementation of Section 51A of UAPA,1967: Updates to UNSC's 1267/ 1989 ISIL (Da'esh) & Al-Qaida Sanctions List: Amendments to 01 Entry

Tags:

UAPA Compliance, UNSC Sanctions List, KYC Guidelines, Terrorism Financing, Regulated Entities

Summary:

The RBI regulation outlines the implementation of Section 51A of the UAPA, 1967, focusing on updates to the UNSC's 1267/1989 ISIL (Da'esh) & Al-Qaida Sanctions List. Key updates include amendments to individuals and entities under sanction measures, requiring regulated entities to ensure no financial accounts exist with listed individuals/entities linked to terrorist activities. This regulation directly impacts all RBI-regulated entities, necessitating strict compliance with KYC procedures and the UAPA Order to prevent financing of terrorism.

Insights:

- Regulated Entities must ensure compliance with the updated UNSC Sanctions List by cross-referencing customer accounts against the list of individuals and entities linked to terrorist activities as of October 21, 2025.
- Operational systems and KYC protocols should be updated according to paragraph 51 of the RBI's latest Master Direction amended on August 14, 2025, ensuring alignment with UAPA 1967 Section 51A.
- Review the UAPA Order dated February 02, 2021 (amended on April 22, 2024) and implement its procedures diligently as annexed to the updated RBI Master Direction on KYC.
- Designated compliance teams must regularly check and incorporate updates from the UNSC Sanctions Lists available at provided URLs to avoid inadvertent operational lapses.
- Forward any de-listing requests electronically to Joint Secretary (CTCR), MHA, adhering to the Ministry of Home Affairs' directives, ensuring regulatory compliance.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=12918&Mode=0

Oct 28, 2025 : Reserve Bank of India (Nomination Facility in Deposit Accounts, Safe Deposit Lockers and Articles kept in Safe Custody with the Banks) Directions, 2025

Tags:

Nomination Facility, Deposit Accounts, Safe Deposit Lockers, Deceased Customers

Summary:

The Reserve Bank of India has issued new directions regarding the nomination facility in deposit accounts, safe deposit lockers, and articles kept in safe custody, which will take effect from November 1, 2025. These directions align regulatory instructions with the amended provisions of the Banking Regulation Act, 1949, and the corresponding 2025 Nomination Rules, facilitating the swift settlement of claims and minimizing hardship for deceased customers' families. Applicable to all banks, this regulation mandates offering the nomination facility, elaborating its benefits to customers, and requires banks to maintain documentation and provide prompt acknowledgments of nominations in their systems.

Insights:

- All banks must implement the updated nomination facility guidelines effective November 1, 2025, ensuring compliance with the amended Banking Regulation Act, 1949, and Nomination Rules, 2025.
- Banks are required to update their account opening procedures to explicitly inform customers about the nomination facility, offering it without imposing restrictions unless declined in writing.
- Regulated entities must ensure the registration, cancellation, and variation of nominations are recorded in their systems, acknowledging receipt of related forms within three working days.
- Banks must revise their passbooks and deposit receipts to indicate 'Nomination Registered' and include the nominee's name, ensuring clarity and compliance with new formats.
- Previous circulars such as DBOD.No.Leg.BC.37/C.233A-86 and RPCD.CO.RF.BC.No.70/07.38.01/2006-07 are repealed as of November 1, 2025, requiring banks to update their compliance frameworks.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=12919&Mode=0