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Regulatory Updates

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Jun 03, 2026 : Formation of new district in the State of Assam – Assignment of Lead Bank Responsibility

Tags:

Lead Bank Responsibility, New District Formation, Bajali Assam, Jurisdictional Demarcation, Canara Bank

Summary:

The Reserve Bank of India's regulatory document assigns the Lead Bank Responsibility for the newly formed Bajali district in Assam to Canara Bank, as notified in the government of Assam's Gazette Notification. This new allocation is marked with District Working Code 01O, indicating a reorganization in the jurisdictional responsibilities without affecting lead banks in other districts. The regulation specifically impacts Canara Bank, which will now serve as the lead bank responsible for overseeing and coordinating banking activities in Bajali district.

Insights:

• Lead Banks must update their designated responsibilities to include the newly formed Bajali district in Assam and ensure local branches are aware of this change.

• Canara Bank is now responsible for Bajali district as its Lead Bank; they must implement and oversee financial inclusion initiatives accordingly.

• Ensure compliance with jurisdictional changes as outlined in the GoA Notification dated October 21, 2024, particularly focusing on servicing the new Bajali district.

• There are no alterations to the responsibilities of Lead Banks in other districts of Assam, ensuring continuity of operations as previously established.

• Regulated entities affected by this change should cross-check and align their district-specific operations with the Bajali district's new working code - '01O'.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13463&Mode=0

Jun 05, 2026 : Foreign Exchange Management (Cross Border Merger) (Amendment) Regulations, 2026

Tags:

Cross Border Merger, Foreign Exchange Management, Companies Act 2013

Summary:

The Foreign Exchange Management (Cross Border Merger) (Amendment) Regulations, 2026, issued by the Reserve Bank of India, amends the existing regulations regarding cross-border mergers. A significant update is the replacement of the term 'NCLT' with 'Competent Authority', now defined as any authority empowered under the Companies Act, 2013, to approve merger or amalgamation schemes. This change impacts entities engaged in cross-border mergers, ensuring alignment with Indian regulations through the appropriate approval process.

Insights:

• Regulated entities must replace references to 'NCLT' with 'Competent Authority' in compliance documents related to cross border mergers, as per amended regulations 4, 5, 7, and 9.

• Entities must identify and liaise with the appropriate 'Competent Authority', as defined in the Companies Act, 2013, for approval of merger schemes, following the omission of clause (vii) in regulation 2.

• Update operational procedures to reflect the amendments effective from the publication date in the Official Gazette, as per section 1(2) of the amended regulations.

• Regulated entities should review and align their cross-border merger strategies with the revised definition of 'Competent Authority' replacing 'NCLT' references across their regulatory submissions to avoid compliance breaches.

• Ensure all stakeholders are informed about these regulatory changes, especially those involved in drafting and submitting merger or amalgamation schemes for approval.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13466&Mode=0

Jun 05, 2026 : Submission of statement/return on Centralized Information Management System (CIMS)

Tags:

Centralized Information Management System, Authorised Dealer Banks, Foreign Exchange Management Act

Summary:

The Reserve Bank of India (RBI) mandates that all Category-I Authorised Dealer Banks submit monthly reports on branch operations and Non-Resident (Ordinary) Rupee (NRO) account remittances via the Centralized Information Management System (CIMS) portal starting June 30, 2026. Statements on branches opened or closed and remittance details, previously submitted in physical form to RBI offices, now require digital submission under assigned return codes R343 and R006 respectively. This regulation affects Authorised Dealer Category-I banks and aligns with the updated reporting directives under the Foreign Exchange Management Act, 1999.

Insights:

• By June 30, 2026, AD Category-I banks must transition the submission of BOs/LOs/POs statements to the CIMS portal using return code 'R343'.

• Ensure all monthly statements related to NRO Account remittances are uploaded to CIMS with return code 'R006' to remain compliant.

• The shift to CIMS for statement submissions supersedes the process outlined in Circular No. 69 and Circular No. 67 from May 2016.

• AD Category-I banks should update operational processes to include the non-submission of data as a 'NIL' report on the CIMS portal.

• Review and integrate updates from the forthcoming revised Master Direction on Reporting under FEMA, 1999 to ensure full compliance.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13465&Mode=0

Jun 05, 2026 : Investments by Foreign Portfolio Investors in Government Securities – Amendments to the regulatory framework

Tags:

Foreign Portfolio Investors, Government Securities, Investment Limits, Fully Accessible Route

Summary:

The Reserve Bank of India's circular outlines amendments to the regulatory framework for Foreign Portfolio Investors (FPIs) investing in government securities, primarily removing the previously required short-term investment, security-wise, and concentration limits for FPIs under the General Route. Furthermore, it merges the 'general' and 'long-term' investment limits and designates new and specific long-tenor securities, including Sovereign Green Bonds, as 'specified securities' under the Fully Accessible Route (FAR). This regulation directly affects Authorized Dealer Category-I banks and FPIs investing in Central and State Government securities by simplifying investment requirements and broadening the range of accessible securities.

Insights:

• FPIs need to adjust their investment strategies as the short-term investment, security-wise, and concentration limits have been withdrawn for investments in government securities under the General Route.

• Regulated entities must update their compliance systems to accommodate the merging of 'general' and 'long-term' investment limits into a single limit for Central and State Government Securities from FY 2026-27.

• Previous guidelines notified via Circular No. 05 dated April 6, 2026, regarding the limits for government securities have been revised and should be referred to in the updated notification.

• AD Category-I banks must ensure that staff is educated on the immediate enforcement of these regulatory changes, especially the designation of several new instruments as 'specified securities' under the Fully Accessible Route.

• Entities should note that the withdrawal of sub-clauses related to 'Long-term FPIs' and 'Short-term Investments' in the associated regulatory directions necessitates updating internal policy documents to align with new regulations.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13464&Mode=0

Jun 05, 2026 : Foreign Exchange Management (Export of Goods and Services) (First Amendment) Regulations, 2026

Tags:

Export Regulations, Foreign Exchange Management, Export of Goods and Services

Summary:

The Reserve Bank of India has issued the Foreign Exchange Management (Export of Goods and Services) (First Amendment) Regulations, 2026, focusing on changes to the export of goods and services regulations. A major update is the reduction in the permissible period for realizing and repatriating the export proceeds from 'fifteen months' to 'nine months.' This amendment impacts exporters who must now adhere to the shorter timeframe for receiving payment for exported goods and services once the regulation is effective from its publication date in the Official Gazette.

Insights:

• Exporters must now complete the export of goods and services within nine months, reduced from fifteen months, requiring changes to operational timelines.

• Financial institutions need to update compliance systems to reflect the amended nine-month export timeline as per Regulation 9 of the Principal Regulations.

• Regulated entities should review their contractual agreements and shipping schedules to ensure alignment with the new nine-month export timeline.

• Stakeholders must be aware of the removal of the fifteen-month period referenced in previous notifications, specifically impacting timelines set forth in sub-regulations (1) and (2)(a).

• Entities previously relying on a fifteen-month framework should adjust strategy to comply with the immediate nine-month requirement following the amendment.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13467&Mode=0

Jun 08, 2026 : Reserve Bank of India (Regional Rural Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Second Amendment Directions, 2026

Tags:

FCNR (B) Deposits, Cash Reserve Ratio (CRR), Statutory Liquidity Ratio (SLR), US Dollar-Rupee Swap

Summary:

The Reserve Bank of India (RBI) has introduced a regulation exempting Regional Rural Banks (RRBs) from maintaining Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) on fresh Foreign Currency Non-Resident (Bank) [FCNR (B)] deposits of a three to five-year tenor, mobilized or renewed between June 8, 2026, and September 30, 2026. This directive aims to encourage such deposits by providing regulatory relief, effective immediately, impacting RRBs that handle FCNR (B) deposits. The amendment makes specific revisions to the 2025 guidelines, detailing exemptions and modifications in reporting requirements for these deposits.

Insights:

• Banks mobilizing fresh FCNR(B) deposits from June 8, 2026, to September 30, 2026, are exempted from CRR and SLR maintenance for these deposits, requiring operational adjustments for compliance.

• Ensure FCNR(B) deposits comply with the specified minimum of three years and maximum of five years maturity window for exemption from reserve requirements.

• Banks must update their NDTL computation practices by July 1, 2026, to integrate the CRR exemption for eligible FCNR(B) deposits as per amended guidelines.

• Paragraphs 20(3) and 20(4) insertions in the previous guidelines are supplemented with paragraph 20(5), impacting compliance frameworks of banks managing FCNR(B) deposits.

• Banks should update their reporting templates, specifically Annex A of Form A, to reflect the new FCNR(B) guidelines under item VIII.7 as introduced in the amendment.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13475&Mode=0

Jun 08, 2026 : Reserve Bank of India (Rural Co-operative Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Second Amendment Directions, 2026

Tags:

FCNR(B) Deposits, Cash Reserve Ratio (CRR) Exemption, Statutory Liquidity Ratio (SLR), Rural Co-operative Banks

Summary:

The Reserve Bank of India (RBI) introduces the Reserve Bank of India (Rural Co-operative Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Second Amendment Directions, 2026, which provide an exemption for Rural Co-operative Banks from maintaining Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) on fresh Foreign Currency Non-Resident (Bank) [FCNR (B)] deposits of three to five years tenor mobilized between June 8, 2026, and September 30, 2026. The exemption applies to deposits including those renewed upon maturity and affects how Rural Co-operative Banks manage their reserve requirements for such deposits.

Insights:

• Rural Co-operative Banks must start implementing the US Dollar-Rupee swap facility for fresh FCNR(B) deposits mobilized between June 8, 2026, and September 30, 2026.

• Banks have until September 30, 2026, to mobilize fresh FCNR(B) deposits with a tenor of 3-5 years to avail CRR and SLR maintenance exemptions.

• Exemption from CRR and SLR applies to original deposit amounts, requiring banks to maintain accurate records of deposit tenors and amounts.

• Amendments replace previous reference in paragraph 29(4) with a new sub-paragraph 21(5), highlighting critical compliance updates for CRR exemptions.

• By July 1, 2026, banks must adjust their reporting to include exemptions based on NDTL computations as of June 15, 2026.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13474&Mode=0

Jun 08, 2026 : Reserve Bank of India (Urban Co-operative Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Second Amendment Directions, 2026

Tags:

FCNR (B) Deposits, CRR Exemption, SLR Exemption, US Dollar-Rupee Swap, Urban Co-operative Banks

Summary:

The Reserve Bank of India (RBI) introduces a US Dollar-Rupee swap facility for fresh Foreign Currency Non-Resident (Bank) [FCNR (B)] deposits with a tenure of three to five years, exempting these deposits from the Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) maintenance requirements from June 8, 2026, to September 30, 2026. This amendment impacts urban co-operative banks by allowing them to mobilize FCNR (B) deposits without requirement for reserve maintenance during the specified period, as per updated guidelines in the directions of 2025.

Insights:

• Urban Co-operative Banks mobilizing FCNR (B) deposits must note that those with tenors of three to five years between June 8, 2026, and September 30, 2026, are exempt from CRR and SLR maintenance, enhancing the liquidity position.

• Banks should immediately update their systems to classify fresh FCNR (B) deposits correctly in alignment with the updated Reserve Bank of India (Urban Co-operative Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Directions, 2025.

• From the reporting fortnight starting July 1, 2026, banks must compute NDTL without including the exempt FCNR (B) deposit amounts, ensuring compliance with the updated CRR requirements.

• Reserve Bank of India's Amendment Directions 2026 adds a new provision exempting certain FCNR (B) deposits from reserve maintenance, indicating banks should adjust their financial strategies by considering potential cash flow impacts.

• Cross-referenced guidelines in paragraphs 21(3) and (4) now extend to paragraph 21(5), updating compliance obligations for banks handling FCNR (B) deposits in the specified time frame.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13473&Mode=0

Jun 08, 2026 : Reserve Bank of India (Small Finance Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Second Amendment Directions, 2026

Tags:

US Dollar-Rupee Swap, FCNR (B) Deposits, Cash Reserve Ratio (CRR), Statutory Liquidity Ratio (SLR)

Summary:

The Reserve Bank of India has introduced amendments to the regulations concerning Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) for Small Finance Banks, effective immediately. Key updates include an exemption from maintaining CRR and SLR for fresh Foreign Currency Non-Resident (Bank) [FCNR (B)] deposits of three to five years, mobilized between June 8, 2026, and September 30, 2026. This regulation impacts banks mobilizing such deposits, allowing them to benefit from the exemptions on reserve maintenance for the duration the deposits are held.

Insights:

• Banks are exempt from CRR and SLR maintenance on fresh FCNR (B) deposits with a minimum tenor of three years and a maximum tenor of five years mobilized between June 8, 2026, and September 30, 2026.

• FCNR (B) deposits mobilized within the specified tenor and timeline must be reflected in reporting from the fortnight beginning July 1, 2026, based on NDTL computation as on June 15, 2026.

• Modification in paragraph 29(5) now includes exemptions under paragraphs 20(3), (4), (5), and (6) which entities must comply with.

• Amendments in Annex A to Form A require banks to update records to reflect changes as per Para 20(5) and newly inserted FCNR (B) – 2026 [Para 20(6)] effectively immediately.

• Adherence to these amendments require operational alignment with Reserve Bank of India (Small Finance Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Directions, 2025, as updated on January 22, 2026.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13472&Mode=0

Jun 08, 2026 : Reserve Bank of India (Commercial Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Second Amendment Directions, 2026

Tags:

FCNR (B) Deposits, CRR and SLR Exemption, Banking Regulation Act

Summary:

The Reserve Bank of India (RBI) has issued an amendment to the Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) regulations, introducing a US Dollar-Rupee swap facility for FCNR (B) deposits with a tenor of three to five years. Key updates include an exemption from CRR and SLR maintenance for these deposits mobilized between June 8 and September 30, 2026. This regulation impacts commercial banks by providing regulatory relief for certain foreign currency deposits, potentially enhancing their foreign currency mobilization capabilities.

Insights:

• Banks are required to exempt FCNR (B) deposits with a tenor between three to five years from CRR and SLR maintenance for deposits mobilized between June 8, 2026, and September 30, 2026.

• Operational changes must be implemented to ensure that the reserve maintenance exemption is based on NDTL computation from June 15, 2026, with reporting beginning July 1, 2026.

• Paragraph 20(8) of the Directions introduces new stipulations requiring banks to adjust reporting processes to accommodate the FCNR (B) deposit exemptions.

• Banks should update internal compliance systems to reflect the modifications in paragraph 29(5), substituting previous paragraph references with 'paragraphs 20 (4), (5), (6), (7) and (8)'.

• Ensure the reporting forms are updated as per amended Annex A, particularly noting the inclusion of FCNR (B)–2026 in item VIII.7, and compliance with new labeling for items VIII.5 and VIII.6.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13471&Mode=0

Jun 08, 2026 : NOP-INR position of Authorised Dealer Category-I banks

Tags:

FCNR (B) Deposits, External Commercial Borrowings, Overseas Foreign Currency Borrowings, FEMA Compliance

Summary:

The RBI's circular addresses the NOP-INR position for Authorised Dealer Category-I banks, allowing them to exclude swap positions deriving from FCNR (B) deposits, External Commercial Borrowings, and Overseas Foreign Currency Borrowings as per referenced circulars. The directive underscores compliance with provisions from a previous circular dated March 27, 2026, while ensuring adherence to FEMA, 1999 guidelines. This regulation specifically impacts Authorised Dealer Category-I banks by modifying how these financial instruments are treated in accounting for swap positions.

Insights:

• AD Cat-I banks must exclude swap positions from FCNR (B) deposits, External Commercial Borrowings, and Overseas Foreign Currency Borrowings to comply with A.P. (DIR Series) Circular No. 24 dated March 27, 2026.

• Ensure alignment with the provisions of the mentioned circulars, FMOD.MAOG.No.S-56 and FMOD.MAOG.No.S-57, both dated June 8, 2026, when handling swap facilities.

• Review and update compliance processes to ensure that no swap positions are mistakenly included, impacting compliance with recent directives under FEMA.

• Cross-reference existing processes with the latest circulars to ascertain compliance under Sections 10(4), 11(1), and 11(2) of FEMA, 1999, as stated in the current document.

• Stay informed about other legal permissions and approvals that might be necessary under different laws, as compliance is mandated without prejudice to permissions under other legal frameworks.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13470&Mode=0

Jun 08, 2026 : Swap Facility for External Commercial Borrowings and Overseas Foreign Currency Borrowings

Tags:

US Dollar-Rupee Forex Swap, External Commercial Borrowings, Overseas Foreign Currency Borrowings,

Summary:

The Reserve Bank of India has introduced a US Dollar-Rupee Forex Swap Facility aimed at aiding Public Sector Undertakings (PSUs) and Authorized Dealer Category-I banks engaging in External Commercial Borrowings (ECBs) and Overseas Foreign Currency Borrowings (OFCBs) with maturities of three years or more, initiated from the date of this circular until December 31, 2026. The key features include swaps being offered in US Dollars with a fixed rate of 1.5% per annum and a maximum swap tenor of five years, coordinated by the Financial Markets Operations Department of the RBI. This impacts PSUs and AD Category I banks, imposing them to furnish necessary declarations while engaging in the swap without the need for an ISDA agreement with RBI.

Insights:

• Eligible ECB borrowers should ensure any ECBs drawn on or before December 31, 2026, adhere strictly to the maturity and ownership guidelines specified in the circular.

• AD Category I banks must arrange for the US Dollar swap transactions on a daily basis, based on eligible ECBs and OFCBs inflows as per the set limits from prior weeks.

• For accurate compliance, banks are required to submit a signed declaration confirming hedging facilitation of eligible ECB and OFCB flows from the preceding weeks.

• Banks looking to use the swap facility should promptly approach the Financial Markets Operations Department via email, specifying the swap amount and tenor along with the required declaration.

• Review all terms and conditions under the Foreign Exchange Management Regulations as amended on February 09, 2026, to ensure all ECBs adhere to the most recent changes.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13469&Mode=0

Jun 08, 2026 : Swap Facility for FCNR (B) Deposits

Tags:

US Dollar-Rupee Swap Facility, FCNR (B) Deposits, Swap Tenor Compliance

Summary:

The Reserve Bank of India introduces a US Dollar-Rupee Forex Swap Facility for fresh FCNR (B) deposits with tenors between three to five years, as per the Governor's statement dated June 5, 2026. Key updates include daily operation on Mumbai working days, declaration requirements, a lock-in period of one year, and the facility being available until October 16, 2026, for deposits mobilized before September 30, 2026. Impacted entities are Authorised Dealer Category-I banks, who must maintain proper documentation and can avail the swap facility only once a week, while ensuring adherence to internal pricing policies within RBI's guidelines.

Insights:

• FCNR (B) deposits mobilized from June 8, 2026, to September 30, 2026, fall under the newly introduced swap facility, requiring banks to keep separate transaction records.

• Authorised Dealer Category-I banks must ensure a minimum three-year and maximum five-year tenor for FCNR (B) deposits to qualify for swap facilities from RBI.

• Banks should adhere to an internal consistent currency conversion policy for non-USD FCNR (B) deposits and adequately document all steps for audit trails.

• The swap facility is effective immediately and operational till October 16, 2026, necessitating banks to plan their swap requests on a weekly basis.

• Under the swap scheme, premature withdrawal of FCNR (B) deposits is possible after a one-year lock-in, but the corresponding swap with RBI remains non-cancellable.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13468&Mode=0

Jun 09, 2026 : Withdrawal of old series of banknotes issued prior to 2005: Consolidation of instructions

Tags:

Withdrawal of Banknotes, Pre-2005 Series, Currency Exchange Facilities, Legal Tender Status

Summary:

The Reserve Bank of India's regulation focuses on the withdrawal of banknotes issued prior to 2005 to incorporate upgraded security features. From July 01, 2016, the exchange of these pre-2005 banknotes would be streamlined to occur exclusively at 19 designated RBI Issue Offices, with banks instructed not to reissue these notes and to ensure their proper disposal. The regulation impacts all banks, mandating them to assist the public efficiently during this note phasing process while maintaining the legal tender status of the pre-2005 banknotes.

Insights:

• Banks must ensure that pre-2005 series banknotes are not re-issued through ATMs or over-the-counter transactions, as per the circular dated January 23, 2014.

• Starting July 01, 2016, banks must direct customers to exchange pre-2005 banknotes only at 19 specified RBI Issue Offices.

• Banks are required to sort and deposit pre-2005 banknotes in currency chests under the Linkage Scheme or forward them to the nearest RBI Issue Office.

• The notification DCM.(Plg).No.G-19/3880/10.27.00/2013-14 issued on March 03, 2014 concerning the withdrawal of old banknotes is now withdrawn.

• Ensure compliance with ongoing legal tender status for pre-2005 series banknotes, and adjust operational procedures accordingly.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13477&Mode=0

Jun 09, 2026 : Withdrawal of ₹2000 Denomination Banknotes from circulation: Consolidation of instructions

Tags:

₹2000 Banknotes Withdrawal, Clean Note Policy, Legal Tender Continuation

Summary:

The Reserve Bank of India has formalized the withdrawal of ₹2000 banknotes from circulation as part of its Clean Note Policy, which was initiated in November 2016 under Section 24(1) of the RBI Act, 1934. The exchange or deposit of these notes at bank branches was available until October 07, 2023, and now continues only at 19 designated RBI Issue Offices effective October 09, 2023, until further notice. These notes remain legal tender, and the regulation impacts banks and individuals holding or transacting with ₹2000 banknotes.

Insights:

• Banks must facilitate the exchange/deposit of ₹2000 notes for individuals/entities exclusively at RBI Issue Offices from October 09, 2023, complying with the consolidation directive.

• Ensure ongoing compliance as the exchange/deposit option for ₹2000 denomination remains valid at designated RBI offices until further notice.

• Adopt systems recognizing the legal tender status of ₹2000 banknotes to avoid transactional disruptions, as per the latest RBI instructions.

• Discontinue processes linked to circular RBI/2023-24/33 due to its withdrawal but adhere to provisions under circular RBI/2023-24/64 remaining in-vogue.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13476&Mode=0

Jun 10, 2026 : Reserve Bank of India (All India Financial Institutions – Credit Facilities) Amendment Directions, 2026

Tags:

Reserve Bank of India, Infrastructure Investment Trusts (InvITs), Acquisition Finance

Summary:

The Reserve Bank of India issued the Amendment Directions, 2026 to modify the existing Directions for All India Financial Institutions' lending to Infrastructure Investment Trusts (InvITs), introducing new requirements for lending policies, end-use monitoring, leverage ceilings, and security coverage for InvITs. Key updates include permitting lending only to SEBI-registered and regulated InvITs, with conditions such as board-approved policy guidelines and the exclusion of bullet repayment structures. This regulation primarily impacts All India Financial Institutions by imposing stricter lending conditions and compliance requirements for their transactions with InvITs, effective from October 1, 2026.

Insights:

• From October 1, 2026, AIFIs must implement Board-approved policies on lending to InvITs, covering appraisal mechanisms, underwriting norms, and monitoring procedures.

• All AIFI loans to InvITs should comply fully with security coverage requirements, mandating exclusive or pari passu charges on immovable property with inter-creditor agreements.

• Existing AIFI loans to InvITs must be allowed to run off without renewal unless they comply with the new guidelines post-October 1, 2026.

• AIFIs can extend acquisition finance only when it results in the acquiring company controlling at least 26%, 51%, 75%, or 90% voting rights in a target company.

• Deleted paragraphs 123 to 126 in Chapter VI of RBI Directions, 2025 are replaced with new guidelines from August 2026 regarding InvIT lending policies.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13482&Mode=0

Jun 10, 2026 : Reserve Bank of India (Small Finance Banks – Credit Facilities) Second Amendment Directions, 2026

Tags:

InvITs Lending, Infrastructure Financing, Prudential Ceiling, Security Coverage

Summary:

The Reserve Bank of India's (RBI) Second Amendment Directions, 2026, modify the framework for lending to Infrastructure Investment Trusts (InvITs) by small finance banks, emphasizing the need for a board-approved policy, precise appraisal mechanisms, and strict adherence to SEBI regulations. Banks are advised to ensure security on loans, monitor loan usage, and abide by new limits on exposure and leverage, significantly impacting banks dealing with InvITs. These changes, effective October 1, 2026, mandate small finance banks to realign their lending practices with specified conditions, prohibiting non-compliant existing loan renewals.

Insights:

• Banks must establish and adhere to Board-approved policies for lending to InvITs, incorporating appraisal mechanisms and underwriting norms by October 1, 2026.

• All financing to InvITs must be fully secured, with specific emphasis on exclusive first charge or first pari passu charge governed by inter-creditor agreements.

• Existing loans to InvITs that do not conform to the new amendments can remain active until maturity; however, they must not be renewed or reviewed under the previous terms.

• Banks are prohibited from using InvIT lending to fund subsidiary SPVs with existing loans facing financial difficulty, as defined in the RBI Directions, 2025.

• Ensure that the aggregate bank exposure to a borrowing InvIT does not exceed 49% of the InvIT's asset value, according to SEBI's prudential ceiling, effective from the regulation's adoption date.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13481&Mode=0

Jun 10, 2026 : Reserve Bank of India (Commercial Banks - Prudential Norms on Capital Adequacy) Eighth Amendment Directions, 2026

Tags:

Real Estate Investment Trusts (REITs), Risk Weighted Assets (RWAs), Commercial Real Estate (CRE) Exposures

Summary:

The Reserve Bank of India's Eighth Amendment Directions, 2026, pertain to the prudential norms on capital adequacy for commercial banks, specifically addressing the risk weighting of exposures to Real Estate Investment Trusts (REITs). Major updates include classifying REIT exposures as Commercial Real Estate (CRE) with a risk weight of 100%, and as capital market exposures under certain conditions, which would then attract a risk weight of 125%. Additionally, Indian banks' overseas branches lending to REITs face a risk weight of 150%. These changes impact commercial banks with REIT exposures, affecting their capital adequacy assessments starting October 1, 2026, or earlier if a bank opts for earlier adoption.

Insights:

• Indian banks must classify exposures to REITs as Commercial Real Estate exposures with a 100% risk weight unless they qualify as capital market exposures, in which case a 125% risk weight is applicable, as per the new Amendment Directions.

• Overseas branches of Indian banks need to apply a 150% risk weight on lending to REITs, ensuring compliance with the new regulatory risk assessment.

• Banks should update their risk management frameworks to incorporate the revised risk weights for REIT exposures effective from October 1, 2026, or earlier if adopting the entire Third Amendment Directions, 2026.

• The latest Amendment Directions revises section 61A relating to RWAs, thus requiring banks to promptly review their real estate investment exposures to align with these new guidelines.

• Financial institutions should evaluate their current portfolios for capital market exposures to determine the exact applicable risk weights in line with paragraph 95A of the RBI Directions, 2025.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13480&Mode=0

Jun 10, 2026 : Reserve Bank of India (Commercial Banks – Concentration Risk Management) Third Amendment Directions, 2026

Tags:

Concentration Risk Management, Real Estate Exposure, Prudential Ceiling, Internal Exposure Limits

Summary:

The Reserve Bank of India (RBI) amends the Reserve Bank of India (Commercial Banks – Concentration Risk Management) Directions, 2025 to introduce changes in how banks manage exposure to the real estate sector. Notably, banks must now set internal aggregate exposure limits and sub-limits for sub-categories, with a new prudential ceiling of 10% of the bank's eligible capital base for REITs exposure. These amendments, impacting commercial banks, will be effective from October 1, 2026, unless earlier adopted with preceding amendments.

Insights:

• Banks must establish internal aggregate exposure limits to the real estate sector in accordance with their business models, effective from October 1, 2026.

• The sub-limit for a bank's aggregate exposure to real estate investment trusts (REITs) must not exceed 10% of its eligible capital base.

• Paragraph 94 from 'Chapter V - Exposure Norms' is deleted, and banks should update compliance documents to reflect this change.

• These new norms will take effect from October 1, 2026, but can be adopted earlier if the amendments in the RBI (Commercial Banks – Credit Facilities) Third Amendment Directions, 2026, are fully implemented by that bank.

• Align internal policies to exclude the deleted provisions from the 'Commercial Banks – Concentration Risk Management' Directions, 2025, particularly paragraph 94 to ensure coherence with current regulations.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13479&Mode=0

Jun 10, 2026 : Reserve Bank of India (Commercial Banks – Credit Facilities) Third Amendment Directions, 2026

Tags:

Real Estate Investment Trusts (REITs), Infrastructure Investment Trusts (InvITs), Prudential Ceiling, Security Coverage

Summary:

The Reserve Bank of India's Third Amendment Directions, 2026, updates its Credit Facilities Directions, 2025, to provide guidelines for banks on lending to Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs). Key changes include criteria for lending, such as ensuring REITs and InvITs are listed and generating cash flows, and limits on bank exposure to these entities. These amendments primarily impact commercial banks involved in extending credit facilities, ensuring their lending practices align with specified regulatory and safety protocols.

Insights:

• Banks must establish a Board approved policy on lending to REITs and InvITs which covers appraisal mechanisms and risk assessment by October 1, 2026.

• Ensure all REIT and InvIT loans are fully secured and comply with newly detailed security coverage frameworks for lending as per Chapter VIII, Section F of the amendment.

• Operational restructuring of existing REITs or InvITs loans must cease; new or renewed loans should comply with the Third Amendment stipulations.

• All new loans to REITs must ensure at least 80% of underlying assets are generating positive cash flows for a minimum of one year, directly referencing paragraphs 133F and 137A.

• Previously existing loans to REITs and InvITs which do not comply with the new guidelines can't be renewed or expanded to align with RBI's October 1, 2026 enforcement deadline.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13478&Mode=0

Jun 15, 2026 : Liberalisation of Foreign Portfolio Investment under Schedule III of the Foreign Exchange Management (Non-debt Instruments) Rules, 2019

Tags:

Foreign Portfolio Investment, Non-debt Instruments, Individual Resident Outside India, SEBI Compliance

Summary:

The Reserve Bank of India's recent regulation facilitates investment in listed Indian company equity instruments on recognized stock exchanges by all individuals resident outside India, expanding the previous allowance for only NRIs and OCIs. It mandates the opening of a repatriable INR account and requires banks to adhere to compliance and monitoring provisions per the amended Foreign Exchange Management Rules and Regulations as outlined. This regulation impacts AD Category-I banks, who must ensure regulatory compliance and investor documentation in line with the new framework.

Insights:

• AD Category-I banks must now facilitate equity investments from all individuals resident outside India, not just NRIs/OCIs, per the amended Foreign Exchange Management (Non-debt Instruments) Rules, 2026.

• The amended Rules and Regulations necessitate AD Category-I banks to open a repatriable INR account for foreign individuals as per Foreign Exchange Management (Deposit) Regulations, 2016.

• Investment limit breaches reassigning Foreign Portfolio Investment to FDI must comply with A.P. (DIR Series) Circular No. 19 dated November 11, 2024.

• Banks are required to establish systems and obtain necessary documentation to ensure compliance with applicable SEBI regulations and the amended Rules.

• These regulatory changes come into immediate effect and need to be communicated to all concerned customers by the banks.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13483&Mode=0

Jun 15, 2026 : Reserve Bank of India (Non-Banking Financial Companies – Undertaking of Financial Services) Second Amendment Directions, 2026

Tags:

Non-Banking Financial Companies, Agency Business, Insurance Distribution

Summary:

The Reserve Bank of India (RBI) has issued the Second Amendment Directions, 2026, revising the regulatory framework governing Non-Banking Financial Companies (NBFCs) in undertaking financial services, effective January 01, 2027. Key updates include clarifying the definition of 'Agency Business', allowing NBFCs to engage in insurance distribution without RBI approval, subject to compliance with relevant IRDAI and SEBI guidelines for mutual funds and pensions, with emphasis on ensuring robust customer grievance redressal. This regulation primarily impacts NBFCs involved in agency business or financial product distribution, emphasizing risk participation transparency and customer service standards.

Insights:

• NBFCs must enter into agreements with Third-Party Product and Service Providers solely for regulated financial products, ensuring compliance with revised definitions by January 01, 2027.

• Insurance distribution under corporate or broking models can be conducted by NBFCs and HFCs without RBI approval, subject to obtaining IRDAI permissions and compliance, per Paragraph 40 amendments.

• Entities distributing mutual funds must comply with SEBI guidelines and disclose fee-based engagement explicitly, following the paragraph 50 substitutions.

• HFCs and NBFCs must ensure robust customer grievance mechanisms for financial products sold, as per new stipulations in substitutive paragraphs 32 and 56.

• Paragraphs 45 to 49 of the Master Direction are omitted, removing previous stipulations which entities should review to ensure continued compliance.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13501&Mode=0

Jun 15, 2026 : Reserve Bank of India (Rural Co-operative Banks – Undertaking of Financial Services) Second Amendment Directions, 2026

Tags:

Rural Co-operative Banks (RCBs), Agency Business, Referral Services, Financial Services Regulation

Summary:

The Reserve Bank of India (RBI) has issued an amendment to the directions for Rural Co-operative Banks (RCBs) regarding the undertaking of financial services, effective January 1, 2027. Key changes include revised definitions and frameworks for 'Agency Business' and 'Referral Services,' specifying that RCBs can only act as intermediaries with clearly defined roles, without taking on risk participation. The regulation affects RCBs as they must ensure compliance with the Responsible Business Conduct Directions, communicate the non-risk nature of their services to customers, and handle third-party products as per regulatory stipulations.

Insights:

• RCBs must ensure full compliance with the RBI (Rural Co-operative Banks - Responsible Business Conduct) Directions, 2025 as per paragraph 21A.

• RCBs are mandated to conduct agency business on a fee basis without risk participation, with explicit disclosure to customers as per paragraph 21B.

• Insurance products sold must be from companies with robust grievance redressal systems, and RCBs should assist in grievance facilitation as stated in paragraph 21C.

• Ensure only insurance products under specific arrangements are displayed on RCBs' websites or digital channels as per paragraph 21D.

• Omit compliance with sub-paras (2), (7), and (10) of paragraph 15 and with sub-paras (2) and (6) of paragraph 26 of the Master Direction.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13500&Mode=0

Jun 15, 2026 : Reserve Bank of India (Urban Co-operative Banks – Undertaking of Financial Services) Second Amendment Directions, 2026

Tags:

Urban Co-operative Banks, Agency Business, Referral Services, Financial Services Amendment

Summary:

The Reserve Bank of India (RBI) has issued amendments to its 2025 Directions for Urban Co-operative Banks (UCBs), specifically addressing their undertaking of financial services. Key updates include redefining 'Agency Business' and 'Referral Services', detailing the conditions under which UCBs can market mutual funds and insurance products, and establishing regulations around online trading and Point of Presence (PoP) services for the National Pension System. These amendments, effective January 1, 2027, impact UCBs by prescribing compliance with various regulatory frameworks, including SEBI, IRDAI, PFRDA, and ensuring robust customer grievance mechanisms.

Insights:

• Urban Co-operative Banks (UCBs) must comply with updated agency business definitions, limiting activities to marketing and sales without risk participation, effective January 01, 2027.

• UCBs entering agreements with Mutual Funds must ensure disclosure of risk-free fee-based services and compliance with SEBI guidelines and RBI customer conduct directives from 2025.

• UCBs acting as corporate agents in the insurance sector must adhere to Insurance Regulatory and Development Authority (IRDAI) regulations and ensure robust grievance redressal systems.

• Scheduled UCBs providing NPS PoP services must follow the Reserve Bank of India (Urban Co-operative Banks - Responsible Business Conduct) Directions, 2025, ensuring minimal risk involvement and full compliance with PFRDA guidelines.

• Effective immediately, sections like Paragraph 21 and 23 of the Master Direction pertaining to certain ancillary financial services have been omitted, inducing operational changes for urban banks.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13499&Mode=0

Jun 15, 2026 : Reserve Bank of India (Regional Rural Banks – Undertaking of Financial Services) Second Amendment Directions, 2026

Tags:

Agency Business, Referral Services, Mutual Funds Marketing, Insurance Distribution

Summary:

The RBI's Second Amendment Directions, 2026, pertains to regional rural banks (RRBs) undertaking financial services, specifically updating agency business and referral services regulations starting January 1, 2027. Major updates include redefined terms for 'Agency Business,' 'Referral Services,' and the introduction of 'Regulated financial products and services,' emphasizing compliance with existing SEBI and IRDAI guidelines. These changes primarily impact RRBs by stipulating enhanced compliance, control mechanisms, and transparent customer communication when engaging in agency or referral services for third-party financial products.

Insights:

• From January 01, 2027, RRBs must ensure compliance with the updated definitions and structures of 'Agency Business' and 'Referral Services' as per the Second Amendment Directions, 2026.

• RRBs engaging in mutual fund marketing as agents must adhere to SEBI guidelines and ensure strict compliance with the Reserve Bank of India (Regional Rural Banks - Responsible Business Conduct) Directions, 2025.

• Insurance products distributed by RRBs now require full compliance with IRDAI's 'composite corporate agent' regulations and must ensure customer grievance redressal mechanisms are robust.

• The former sub-paras 23(2) and 23(6) from the Master Direction 2025 regarding referral arrangements with insurance companies are omitted; ensure understanding of new compliance requirements.

• Effective January 1, 2027, any disclosure of commission and fees to customers as previously required in paragraph 25 of the Master Direction is no longer mandated.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13498&Mode=0

Jun 15, 2026 : Reserve Bank of India (Housing Finance Companies) Second Amendment Directions, 2026

Tags:

Housing Finance Companies, Advertising and Marketing Compliance, Non-Banking Financial Companies

Summary:

The Reserve Bank of India (RBI) has issued the Second Amendment Directions, 2026, pertaining to the advertising, marketing, and sale of financial products by Housing Finance Companies (HFCs). Key changes include the deletion and replacement of specific sub-sections in the Fair Practices Code, aligning HFCs with comprehensive instructions issued for all Non-Banking Financial Companies (NBFCs) under the Responsible Business Conduct guidelines. These regulations impact HFCs that have a customer interface, excluding certain categories such as Core Investment Companies and NBFC-Account Aggregators, and are set to come into effect on January 1, 2027.

Insights:

• HFCs must align their advertising, marketing, and sales practices with Chapter IIIA provisions of the RBI (Non-Banking Financial Companies – Responsible Business Conduct) Directions, 2025, by January 1, 2027.

• From January 1, 2027, HFCs need to ensure that their protocols for advertising and marketing do not breach the guidelines outlined in Chapter IIIA of the RBI Responsible Business Conduct Directions, 2025.

• The sub-sections A.10 and A.11 from Chapter X of the RBI (Housing Finance Companies) Directions, 2025, have been replaced with new regulatory requirements that HFCs must comply with starting January 1, 2027.

• HFCs should immediately review and modify their code of conduct for DSAs/DMAs as these sections (paragraphs 155 to 157) are now substituted under the new RBI amendment.

• All NBFCs, including HFCs but excluding specified exceptions, must transition their financial sales operations to comply with RBI's consolidated directions on Responsible Business Conduct introduced in 2025 by the start of 2027.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13494&Mode=0

Jun 15, 2026 : Reserve Bank of India (Rural Co-operative Banks - Responsible Business Conduct) Second Amendment Directions, 2026

Tags:

Rural Co-operative Banks, Mis-selling, Direct Selling Agent, Consumer Protection

Summary:

The Reserve Bank of India's (RBI) Second Amendment Directions, 2026, focuses on comprehensive guidelines for advertising, marketing, and selling financial products/services by Rural Co-operative Banks (RCBs) to ensure responsible business conduct. Key updates include definitions of 'compulsory bundling', 'dark pattern', and 'mis-selling', along with requirements for explicit customer consent, transparency in promotional materials, and a code of conduct for RCB employees and agents. This regulation impacts RCBs, their employees, DSAs/DMAs, and TPPS providers, aiming to protect consumer rights and prevent misleading practices.

Insights:

• RCBs must establish a comprehensive policy for advertising, marketing, and sale of financial products/services, including criteria for suitability and customer compensation, by January 1, 2027.

• An up-to-date list of DSAs/DMAs engaged by RCBs must be maintained and displayed on the RCB's website within seven calendar days of any changes.

• RCBs and their DSAs/DMAs are required to ensure user interfaces are free from dark patterns and conduct regular audits in compliance with RBI and CCPA guidelines.

• Before January 1, 2027, RCBs need to incorporate mechanisms for customer feedback within 30 days of a sale to ensure customer understanding and assess product appropriateness.

• RCBs must ensure that no employee receives direct or indirect incentives from TPPS Providers, and prevent compulsory bundling of TPPS with their services.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13491&Mode=0

Jun 15, 2026 : Reserve Bank of India (Urban Co-operative Banks - Responsible Business Conduct) Second Amendment Directions, 2026

Tags:

Urban Co-operative Banks, Responsible Business Conduct, Mis-selling Prevention, Dark Patterns

Summary:

The Reserve Bank of India (RBI) has issued the 'Urban Co-operative Banks - Responsible Business Conduct' Second Amendment Directions, 2026 which focuses on comprehensive guidelines for advertising, marketing, and sale of financial products/services by Urban Co-operative Banks (UCBs). Key updates include definitions related to mis-selling, dark patterns, and the roles of Direct Selling Agents (DSAs)/Direct Marketing Agents (DMAs), along with obligations for UCBs to ensure explicit customer consent, fair advertising practices, and measures to prevent mis-selling. UCBs, their employees, and associated agents are directly impacted by these new guidelines, which aim to enhance consumer protection and ensure responsible conduct in business operations.

Insights:

• UCBs must ensure compliance with the new regulations on compulsory bundling to avoid making customer purchases conditional, effective January 1, 2027.

• UCBs are required to maintain and update an up-to-date list of DSAs/DMAs on their website within seven calendar days of any modification as per the new guidelines.

• Integration of dark pattern audit and adherence to CCPA's 2023 guidelines on dark patterns is mandatory for UCB user interfaces and DSAs/DMAs.

• UCBs must implement a comprehensive policy on advertising and sales, including criteria for determining product suitability and compensating customers in case of mis-selling.

• Cross-referenced: Ensure adherence to SEBI, IRDAI, and PFRDA guidelines regarding products/services, besides compliance with RBI's 2025 Financial Services Directions.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13490&Mode=0

Jun 15, 2026 : Reserve Bank of India (Regional Rural Banks - Responsible Business Conduct) Second Amendment Directions, 2026

Tags:

Regional Rural Banks, Dark Patterns Prevention, Mis-selling Regulations, Direct Selling Agents Compliance

Summary:

The Reserve Bank of India has issued the Reserve Bank of India (Regional Rural Banks - Responsible Business Conduct) Second Amendment Directions, 2026, focusing on comprehensive guidelines for advertising, marketing, and the sale of financial products and services by Regional Rural Banks (RRBs). Key changes include definitions of 'compulsory bundling', 'dark pattern', guidelines on obtaining explicit customer consent, managing Direct Selling Agents (DSAs) and Direct Marketing Agents (DMAs), and measures to prevent mis-selling. Regional Rural Banks and their associated DSAs/DMAs are primarily impacted, with requirements to ensure transparency, customer protection, and adherence to prescribed codes of conduct starting January 1, 2027.

Insights:

• RRBs must implement a policy for advertising, marketing, and sale of financial products by January 1, 2027, covering suitability and mis-selling compensation.

• RRBs are required to update their list of DSAs/DMAs on their website within seven days of any change, ensuring transparency for public reference.

• Explicit consent procedures, including OTP or digital confirmations, must be recorded and retained for one year post-cessation of the contractual product/service agreement.

• User interfaces of RRBs and DSAs/DMAs must avoid deploying dark patterns, adhering to testing and audits, as per 'Guidelines for Prevention and Regulation of Dark Patterns, 2023'.

• RRBs must ensure compliance with related regulatory guidelines, including commercial communication by TRAI and financial product guidance by SEBI, IRDAI, and PFRDA.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13489&Mode=0

Jun 15, 2026 : Reserve Bank of India (Local Area Banks - Responsible Business Conduct) Second Amendment Directions, 2026

Tags:

Responsible Business Conduct, Dark Patterns, Direct Selling Agent (DSA), Mis-selling Prevention

Summary:

The Reserve Bank of India (RBI) issues the Reserve Bank of India (Local Area Banks - Responsible Business Conduct) Second Amendment Directions, 2026, focusing on advertising, marketing, and sales practices for Local Area Banks (LABs). Key updates include definitions for practices such as compulsory bundling and dark patterns, stringent consent requirements, and rules for engaging Direct Selling Agents, among others. These amendments aim to enhance transparency, ensure consumer protection, and prevent mis-selling, impacting LABs, their employees, and associated agents.

Insights:

• LABs must implement a comprehensive policy for advertising, marketing, and sale of financial products by January 1, 2027, covering aspects such as customer compensation for mis-selling.

• Direct Selling Agents (DSAs) and Direct Marketing Agents (DMAs) need to adhere to a Code of Conduct set by LABs, including obtaining prior undertakings to comply with these standards.

• From January 1, 2027, explicit consent from customers is required for the sale of both own and third-party financial products, with clear documentation of such consent.

• DSAs and DMAs need to update their user interfaces to avoid deploying dark patterns, in line with the 'Guidelines for Prevention and Regulation of Dark Patterns, 2023' by CCPA.

• LABs must establish a customer feedback system within 30 days post-sale to assess comprehension of product features and address any concerns, ensuring adherence to customer protection guidelines.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13488&Mode=0

Jun 15, 2026 : Reserve Bank of India (Payments Banks - Responsible Business Conduct) Second Amendment Directions, 2026

Tags:

Payments Banks, Mis-selling Prevention, Direct Selling Agents, Customer Explicit Consent, Dark Patterns

Summary:

The Reserve Bank of India (RBI) has issued the Second Amendment Directions, 2026, aiming to ensure responsible business conduct among Payments Banks (PBs). The regulation introduces comprehensive instructions on advertising, marketing, and the sale of financial products/services, emphasizing transparency, explicit customer consent, and measures to prevent mis-selling and deceptive practices like dark patterns. The directive impacts Payments Banks and their direct selling agents, requiring them to implement new policies, conduct due diligence, and adhere to a newly defined Code of Conduct, affecting how they engage with customers and market third-party products.

Insights:

• Payments Banks must ensure explicit consent for all product/service sales, storing consent records for at least one year post-contract cessation, effective January 1, 2027.

• Engaged DSAs/DMAs must comply with new qualification standards and Code of Conduct, with penalties enforced for non-compliance, as outlined in Chapter III, Section E.2.

• New amendments under paragraphs 42G and 42H require Payments Banks to use prescribed formats like KFS for key feature disclosures, applicable from January 1, 2027.

• PBs must establish user feedback mechanisms within 30 days post-sale to confirm customer understanding, per 42Y, retaining feedback to inform policy revisions.

• Transactions involving TPPS must adhere to anti-mis-selling measures outlined in paragraphs 42P to 42X, prohibiting compulsory bundling without specific customer consent.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13487&Mode=0

Jun 15, 2026 : Reserve Bank of India (Small Finance Banks - Responsible Business Conduct) Second Amendment Directions, 2026

Tags:

Small Finance Banks, Mis-selling, Customer Consent, Dark Patterns

Summary:

The Reserve Bank of India has issued the Small Finance Banks - Responsible Business Conduct Second Amendment Directions, 2026, which revises guidelines on advertising, marketing, and sale of financial products by Small Finance Banks (SFBs). Key updates include requirements for explicit customer consent, prohibition of compulsory bundling, and protocols to avoid misleading practices like dark patterns. The regulation impacts SFBs, DSAs, DMAs, and their sub-agents, mandating transparency and consumer protection measures while selling financial products, ensuring compliance with both RBI and sector-specific guidelines.

Insights:

• SFBs must establish a comprehensive policy for advertising, marketing, and sale by January 1, 2027, including criteria for product suitability and customer compensation.

• By January 1, 2027, SFBs using DSAs/DMAs must publicly display and regularly update their list of engaged DSAs/DMAs on their website within seven calendar days of changes.

• SFBs should enforce a 'Code of Conduct' applicable to SFB employees, DSAs/DMAs, and TPPS representatives by obtaining their undertakings prior to any sales engagement.

• Explicit consent from customers is mandatory for the sale of any financial product or service, necessitating suitable documentation methods such as physical signed declarations or digital confirmations.

• SFBs are required to conduct internal audits and user testing of their interfaces to prevent 'dark patterns' and ensure compliance with CCPA's Guidelines for Prevention and Regulation of Dark Patterns, 2023.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13486&Mode=0

Jun 15, 2026 : Reserve Bank of India (Commercial Banks - Responsible Business Conduct) Second Amendment Directions, 2026

Tags:

Responsible Business Conduct, Dark Patterns, Mis-selling, Direct Selling Agents, Customer Consent

Summary:

The Reserve Bank of India (RBI) introduces amendments to the 'Commercial Banks - Responsible Business Conduct' Directions, 2025, focusing on advertising, marketing, and sale of financial products and services. Key updates include definitions for terms like 'compulsory bundling,' 'dark patterns,' and 'mis-selling,' along with new requirements for customer consent, suitability assessments, and the conduct of Direct Selling Agents among others. These amendments impact all commercial banks (excluding Small Finance Banks, Payments Banks, Regional Rural Banks, and Local Area Banks), who must update policies to ensure compliance with the new norms by January 1, 2027.

Insights:

• Banks offering third-party products must update and display an up-to-date list of DSAs/DMAs on their website within seven days of any changes to ensure transparency and compliance.

• Explicit customer consent, documented via physical or digital means, is mandatory for selling any products or services, following the guidelines in section F.3 of the document.

• By January 1, 2027, banks must implement a comprehensive policy covering advertising, marketing, and sale of both own and third-party products, including protocols for customer compensation in mis-selling cases, as outlined in section F.1.

• Banks using DSAs/DMAs must ensure these agents and their sub-agents provide upfront disclosure of fees and terms, respecting customer privacy and obtaining consent as per section F.4 guidelines.

• In adherence to Annex IIA, banks must conduct user-interface audits to identify and eliminate dark patterns, ensuring compliance with the Guidelines for Prevention and Regulation of Dark Patterns, 2023.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13485&Mode=0

Jun 15, 2026 : Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) (Amendment) Regulations, 2026

Tags:

Non-Debt Instruments, Foreign Exchange, NRI/OCI Investments, Equity Shares Reporting

Summary:

The Reserve Bank of India has issued amendments to the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019, focusing on updating payment and remittance instructions and reporting requirements. Major changes include specifications for the mode of payment and sale proceeds remittance for investments by non-resident individuals and purchases on international exchanges, and updated reporting forms for authorized dealer banks. These changes primarily impact non-resident Indians, overseas citizens, authorized dealer banks, and Indian companies involved in international transactions.

Insights:

• Regulated entities must update their payment and remittance processes to follow the revised Mode of Payment and Reporting regulations, which come into force upon publication in the Official Gazette.

• The sale proceeds of equity instruments by NRIs/OCIs must be managed in line with updated remittance options, including repatriation outside India or crediting designated rupee accounts.

• Entities should align their systems with new requirements for reporting purchase/transfer of equity instruments by foreign investors in Form LEC (IFI), as per Regulation 4(9).

• Cross-referencing the 2016 Deposit Regulations, banks must manage repatriable accounts effectively to accommodate inward remittances and investments by persons resident outside India.

• Incorporate changes from prior amendments, maintaining compliance with previous and current iterations, especially those related to Schedule III and Schedule XI investments.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13484&Mode=0

Jun 15, 2026 : Master Directions on Authorisation to operate a Payment System

Tags:

Payment System Authorisation, FATF Non-Compliant Jurisdictions, Certificate of Authorisation

Summary:

The Reserve Bank of India's new Master Directions on Authorisation to operate a Payment System streamline the process for acquiring or maintaining authorisation under the Payment and Settlement Systems Act, 2007, with key updates including perpetual validity for new entities and conditions for certificate renewal. The regulation introduces requirements regarding investment from FATF non-compliant jurisdictions, imposes a cooling period for entities with revoked, not renewed, or surrendered authorisation, and outlines conditions for voluntary surrender of authorisation. These directions impact new applicants and existing entities operating payment systems in India, requiring them to comply with revised financial and operational criteria.

Insights:

• Entities must submit their authorisation application via RBI's portal, ensuring compliance with specific capital requirements detailed on the RBI website.

• Investment from FATF non-compliant jurisdictions must be less than 20% of PSO's voting power, considering both existing and potential voting rights.

• Authorised Payment System Operators without perpetual CoA validity need to address compliance issues by renewal time to avoid annual renewals or potential withdrawal of authorisation.

• Entities seeking voluntary CoA surrender must publish three separate public notices in English, Hindi, and a vernacular language, detailing the process for liability settlement.

• The directives replace certain RBI guidelines including Press Release 2019-2020/953, impacting areas like on-tap authorisation and FATF compliance.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13502&Mode=0

Jun 15, 2026 : Reserve Bank of India (Payments Banks – Undertaking of Financial Services) Amendment Directions, 2026

Tags:

Payments Banks Regulations, Agency Business Amendments, Referral Services Framework

Summary:

The Reserve Bank of India has issued amendments to the Reserve Bank of India (Payments Banks – Undertaking of Financial Services) Directions, 2025, primarily regulating agency business and referral services of payments banks. Key changes include the formalization of agency business and referral arrangements, introduction of definitions for Third-party Product and Service Providers (TPPSP), and stipulations for dealing with regulated financial products only. These amendments impact payments banks by requiring them to comply with risk-free, fee-based agency businesses and prescribed guidelines for referral services while ensuring robust grievance redressal systems are in place.

Insights:

• Payments banks must update their operations to comply with the new definitions of 'Agency Business' and 'Referral Services', as detailed in paragraphs 4(i)(a) and 4(i)(b) of the amended directions.

• From January 1, 2027, payments banks must ensure all third-party products dealt under agency arrangements are published on their digital channels, adhering to paragraph 12(1) of the amendment.

• Banks should execute agency business arrangements on a fee basis only, with clear disclosure of risk non-participation to customers, as per paragraph 12(3) of the regulations.

• Banks must publish a list of TPPS under referral arrangements on their websites to ensure transparency, complying with paragraph 16(4) of the amended directions.

• Banks are required to conduct proper due diligence when selecting a TPPSP for referral arrangements, ensuring the robustness of customer grievance redressal, according to paragraph 16(6) of the amendment.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13497&Mode=0

Jun 15, 2026 : Reserve Bank of India (Small Finance Banks – Undertaking of Financial Services) Second Amendment Directions, 2026

Tags:

Small Finance Banks, Agency Business, Referral Services, Financial Products, Regulatory Compliance

Summary:

The Reserve Bank of India (RBI) has issued the Small Finance Banks - Undertaking of Financial Services Second Amendment Directions, 2026, which revises the regulatory framework for agency business and referral services. Key updates include defining agency business and referral services, specifying that banks should only deal with regulated financial products without risk participation, and enhancing customer grievance redressal systems. These changes impact small finance banks by introducing clearer guidelines on their business conduct when interacting with third-party product and service providers, effective from January 1, 2027.

Insights:

• From January 01, 2027, banks must ensure that all agency business arrangements involve only regulated financial products and services as per Section 6(1) of the Banking Regulation Act, 1949.

• Banks are required to comply with the Reserve Bank of India (Small Finance Banks - Responsible Business Conduct) Directions, 2025, for all agency and referral services as a compliance requirement.

• Operational changes include the explicit disclosure to customers that agency business is conducted on a fee basis without risk participation, to enhance transparency.

• Referral arrangements must not allow the bank's name or brand to feature on any third-party product documents, ensuring operational compliance with the updated referral guidelines.

• The due diligence for selection of third-party service providers must focus on robust grievance redressal arrangements to mitigate reputational risks, enhancing customer protection.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13496&Mode=0

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Jun 15, 2026 : Reserve Bank of India (Commercial Banks – Undertaking of Financial Services) Third Amendment Directions, 2026

Tags:

Agency Business, Referral Services, Regulated Financial Products, Banking Regulation Compliance, Customer Grievance Redressal

Summary:

The Reserve Bank of India (RBI) introduces the 'Reserve Bank of India (Commercial Banks – Undertaking of Financial Services) Third Amendment Directions, 2026,' modifying prior directions from 2025 to refine agency business and referral services. Key updates include explicit definitions of 'Agency Business' and 'Referral Services', and constraints on banks to only engage with regulated financial products and services. These changes primarily impact commercial banks, requiring them to enter agreements with third-party product and service providers (TPPSPs) and to ensure robust grievance mechanisms and proper due diligence in selection processes.

Insights:

• Starting January 01, 2027, banks must ensure agency business arrangements only involve regulated financial products and services listed under Section 6(1) (a)-(m), (o) of the Banking Regulation Act, 1949.

• Banks are required to enter explicit agreements with Third-party Product and Service Providers (TPPSPs) under agency business models without participating in risk, as per the amended paragraph 58.

• In line with paragraphs 59 to 61 being omitted, banks now must prominently disclose their purely referral role through disclaimers on any third-party referral services.

• Under revised paragraph 52, banks acting as insurance brokers departmentally must adhere to conditions stated in paragraph 58, focusing on fee-based operations without risk involvement.

• Amendments remove paragraphs 7(1), 7(2), and 8, mandating banks to ensure that any digital representations of TPPS comply with new rules about separate micro-sites or redirects if not explicitly permitted on the bank's platform.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13495&Mode=0

Jun 15, 2026 : Reserve Bank of India (Non-Banking Financial Companies – Responsible Business Conduct) Second Amendment Directions, 2026

Tags:

NBFC Compliance, Mis-selling Prevention, Dark Patterns Regulation, Third-Party Financial Products

Summary:

The Reserve Bank of India (RBI) has issued the Reserve Bank of India (Non-Banking Financial Companies - Responsible Business Conduct) Second Amendment Directions, 2026, providing comprehensive guidelines on advertising, marketing, and sale of financial products/services by Non-Banking Financial Companies (NBFCs). Major updates include the inclusion of provisions related to customer consent, prevention of mis-selling, use of dark patterns in user interfaces, and engagement of Direct Selling Agents (DSAs) and marketing agents. These guidelines are applicable to NBFCs, except Core Investment Companies, NBFC-Account Aggregators, Non-Operative Financial Holding Companies, and NBFCs without customer interfaces, and will take effect from January 1, 2027.

Insights:

• NBFCs must establish a comprehensive policy for advertising, marketing, and sale of financial products/services by January 1, 2027, as per Chapter IIIA, ensuring compliance with mis-selling prevention measures.

• Entities availing services of DSAs/DMAs are required to update and display their list of engaged agents on their website within seven calendar days of any changes, as specified in paragraph 101C.

• Explicit consent from customers must be obtained for all products/services offered, using methods such as OTP or digitally recorded confirmation, as detailed in paragraph 101G, ensuring compliance by the January 2027 deadline.

• NBFCs need to ensure all advertising/promotional materials disclose interest rates and associated fees, as mandated in paragraph 101K, to prevent misleading communications.

• To adhere to new regulations, NBFCs must ensure that their employees and DSAs/DMAs avoid using 'dark patterns' in user interfaces, performing user testing and audits as outlined in paragraph 101X.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13493&Mode=0

Jun 15, 2026 : Reserve Bank of India (All India Financial Institutions - Responsible Business Conduct) Second Amendment Directions, 2026

Tags:

Advertising and Marketing Regulations, Dark Patterns, Mis-selling Prevention, Direct Selling Agents (DSAs)

Summary:

The Reserve Bank of India (RBI) has issued the Reserve Bank of India (All India Financial Institutions - Responsible Business Conduct) Second Amendment Directions, 2026, aimed at regulating advertising, marketing, and sales practices of financial products/services by All India Financial Institutions (AIFIs). Key updates include mandatory explicit consent for product/service transactions, prohibition of dark patterns in user interfaces, establishment of proper feedback mechanisms, and comprehensive guidelines on engaging Direct Selling Agents (DSAs) and Direct Marketing Agents (DMAs). The regulation affects AIFIs by mandating policy updates to ensure compliance, thereby preventing mis-selling and ensuring customer protection within the financial sector.

Insights:

• AIFIs must update their list of DSAs/DMAs on their website within seven calendar days of any change, ensuring transparency and public reference.

• AIFIs must obtain explicit consent from customers for each service using a clear, demarcated section of the agreement, and maintain consent records for one year post-contract cessation.

• By January 1, 2027, AIFIs should establish procedures to ensure dark patterns are not used in user interfaces, following the 'Guidelines for Prevention and Regulation of Dark Patterns, 2023' by CCPA.

• AIFIs are required to refund the entire amount along with compensation to customers in cases of mis-selling as per their policy, ensuring fair redressal of grievances.

• AIFIs need to adhere to specific guidelines from SEBI, IRDAI, PFRDA, in addition to Reserve Bank guidelines on related matters, maintaining compliance across sectors.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13492&Mode=0

Jun 16, 2026 : Reserve Bank of India (Small Finance Banks – Prudential Norms on Capital Adequacy) Sixth Amendment Directions, 2026

Tags:

Small Finance Banks, Capital Adequacy, ECLGS 5.0, Risk Weight Adjustment, Banking Regulation

Summary:

The Reserve Bank of India (RBI) introduces an amendment to the Small Finance Banks' Prudential Norms on Capital Adequacy, enabling a zero percent risk weight for exposures guaranteed under the Emergency Credit Line Guarantee Scheme (ECLGS) 5.0 up to 75% of the guaranteed portion, with immediate effect. This regulation impacts Small Finance Banks by changing capital adequacy requirements for loans backed by the ECLGS, potentially altering their portfolio risk management. The remaining exposure will continue to attract risk weights per existing guidelines.

Insights:

• Exposures under ECLGS 5.0 must apply a zero percent risk weight to 75% of the guaranteed portion expected to be settled within thirty days.

• The remaining 25% of ECLGS 5.0 exposure must follow existing risk weight guidelines as per the amended Directions.

• Refer to NCGTC circular Ref no. 0264/NCGTC/ECLGS5.0 from May 08, 2026 for detailed guidelines on ECLGS 5.0 implementation.

• Ensure immediate compliance with the updated capital adequacy norms under ECLGS 5.0 as they are effective immediately.

• Review internal systems to align with the RBI's Amendment Directions for immediate response to ECLGS 5.0 application processes.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13508&Mode=0

Jun 16, 2026 : Reserve Bank of India (Non-Banking Financial Companies – Prudential Norms on Capital Adequacy) Third Amendment Directions, 2026

Tags:

Non-Banking Financial Companies, Capital Adequacy, Emergency Credit Line Guarantee Scheme, Risk Weight Adjustment

Summary:

The Reserve Bank of India has issued an amendment to the Prudential Norms on Capital Adequacy for Non-Banking Financial Companies (NBFCs), specifically addressing the Emergency Credit Line Guarantee Scheme (ECLGS) 5.0. The key update is that exposures guaranteed under ECLGS 5.0 will now attract a zero percent risk weight for 75% of the guaranteed portion, provided the settlement amount is expected within thirty days from invocation, impacting NBFCs and altering how they handle guaranteed exposures. This amendment is effective immediately, streamlining risk assessment procedures for ECLGS-backed loans.

Insights:

• Regulated entities must update their risk weight computations for NBFC exposures under ECLGS 5.0, applying a zero percent risk weight to 75% of the guaranteed portion as per Paragraph 18(2)(iv)(f).

• Entities must ensure that systems are in place to track settlement timelines, ensuring expected settlement within thirty days of invocation aligns with the new risk weight modification.

• Operational changes are required immediately as the amendments are effective with immediate effect, necessitating swift adaptation to the updated risk weight guidelines.

• Entities should review previous guidelines, specifically the Ref no. 0264/NCGTC/ECLGS5.0 circular, to understand the interplay with the newly issued ECLGS 5.0 updates.

• Compliance teams in regulated entities should update their capital adequacy assessment processes to incorporate the specific changes introduced in the June 16, 2026 amendment directions.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13507&Mode=0

Jun 16, 2026 : Reserve Bank of India (Regional Rural Banks - Prudential Norms on Capital Adequacy) Second Amendment Directions, 2026

Tags:

Emergency Credit Line Guarantee Scheme, Capital Adequacy, Risk Weight Adjustment

Summary:

The Reserve Bank of India's regulation focuses on the prudential norms of capital adequacy for Regional Rural Banks, amending the existing directions from 2025. Major updates include the introduction of zero percent risk weight to 75% of the exposures guaranteed under the Emergency Credit Line Guarantee Scheme (ECLGS) 5.0, provided the settlement occurs within thirty days, impacting the financial risk calculations for such banks. This amendment, effective immediately, specifically affects Regional Rural Banks by altering how they assess risk and capital requirements under the ECLGS 5.0 framework.

Insights:

• Regulated entities must immediately adjust their compliance frameworks to incorporate a zero percent risk weight for up to 75% of exposures guaranteed under ECLGS 5.0.

• Entities must ensure reconciliation and timely invocation processes to receive settlement amounts within thirty days in order to maintain zero percent risk weight applicability.

• Review existing risk management policies to align with amended paragraph 15(5)A of the Directions, increasing operational focus on ECLGS guaranteed exposures.

• Cross-reference the circular Ref no. 0264/NCGTC/ECLGS5.0 dated May 08, 2026, for additional operational guidelines under ECLGS 5.0 and align strategies accordingly.

• Compliance teams should immediately review and update risk weight calculations for non-guaranteed portions according to extant guidelines in light of this amendment.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13506&Mode=0

Jun 16, 2026 : Reserve Bank of India (Urban Co-operative Banks – Prudential Norms on Capital Adequacy) Second Amendment Directions, 2026

Tags:

Urban Co-operative Banks, Emergency Credit Line Guarantee Scheme (ECLGS) 5.0, Risk Weight

Summary:

The Reserve Bank of India has introduced an amendment to the 'Urban Co-operative Banks – Prudential Norms on Capital Adequacy' Directions, 2025, incorporating changes related to the Emergency Credit Line Guarantee Scheme (ECLGS) 5.0. The amendment specifies that exposures guaranteed under ECLGS 5.0 will have a zero percent risk weight for 75% of the guaranteed portion, provided the settlement is expected within thirty days of invocation, while the remaining exposure will follow existing risk weight guidelines. This regulation directly impacts urban co-operative banks by altering the risk weight calculations for specific guaranteed exposures.

Insights:

• Urban Cooperative Banks must adjust their risk assessment models to apply a zero percent risk weight to 75% of the exposures guaranteed under ECLGS 5.0, starting immediately.

• Financial entities should update their compliance systems to ensure the remaining 25% of the ECLGS 5.0 guaranteed exposure aligns with current risk weight guidelines.

• Operational teams need to ensure that the settlement amount for ECLGS 5.0 guaranteed portions is received within thirty days from the invocation date to benefit from reduced risk weight.

• Cross-reference the circular Ref no. 0264/NCGTC/ECLGS5.0 dated May 08, 2026, as it introduces Emergency Credit Line Guarantee Scheme (ECLGS) 5.0 details critical for compliance.

• The amendment in Paragraph 17(6)A requires immediate implementation; Urban Cooperative Banks must review and revise their capital adequacy documentation to reflect these changes.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13505&Mode=0

Jun 16, 2026 : Reserve Bank of India (All India Financial Institutions – Prudential Norms on Capital Adequacy) Third Amendment Directions, 2026

Tags:

Emergency Credit Line Guarantee Scheme, ECLGS 5.0, Risk Weight Adjustment

Summary:

The Reserve Bank of India (RBI) amended its prudential norms regarding capital adequacy for All India Financial Institutions through the Reserve Bank of India (All India Financial Institutions – Prudential Norms on Capital Adequacy) Third Amendment Directions, 2026. The major update involves setting a zero percent risk weight for 75% of the portion of exposures guaranteed under the Emergency Credit Line Guarantee Scheme (ECLGS) 5.0, provided the settlement occurs within thirty days of invocation. This amendment impacts financial institutions managing exposures under the ECLGS 5.0, necessitating them to adjust their risk weight calculations accordingly.

Insights:

• Regulated entities must apply a risk weight of zero percent to 75% of exposures guaranteed under ECLGS 5.0, with immediate effect, for settlement amounts expected within thirty days of invocation.

• Ensure compliance with Paragraph 29A insertion, which highlights comprehensive risk assessment processes for the remaining 25% exposure as per extant guidelines.

• Review and update operational systems to reflect the ECLGS 5.0 risk weight change outlined in the amendment of the Directions dated 2025.

• Cross-reference National Credit Guarantee Trustee Company circular Ref no. 0264/NCGTC/ECLGS5.0 dated May 08, 2026, when assessing guaranteed exposures under ECLGS 5.0.

• Implement immediate changes in financial reporting to incorporate the revised risk weight criteria for guaranteed portions under ECLGS 5.0 as per new amendment directions.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13504&Mode=0

Jun 16, 2026 : Reserve Bank of India (Commercial Banks- Prudential Norms on Capital Adequacy) Ninth Amendment Directions, 2026

Tags:

ECLGS 5.0, Risk Weight, Banking Regulation, Capital Adequacy, NCGTC

Summary:

The Reserve Bank of India (RBI) issued an amendment to the Prudential Norms on Capital Adequacy for Commercial Banks, introducing a zero percent risk weight for exposures guaranteed under the Emergency Credit Line Guarantee Scheme (ECLGS) 5.0 for 75% of the guaranteed portion where settlement is expected within thirty days. This amendment, effective immediately, impacts commercial banks by altering the capital requirements for loans guaranteed under this government scheme.

Insights:

• Commercial banks must apply a zero percent risk weight to 75% of exposures guaranteed under ECLGS 5.0, where the settlement is expected within thirty days as per the amendment in Reserve Bank of India Directions, 2025.

• Operational systems should be updated to ensure compliance with the newly inserted Paragraph 34A, which specifies risk weight adjustments under ECLGS 5.0.

• Banks are required to implement immediate changes in risk assessment models to reflect the zero percent risk weight on applicable ECLGS 5.0 exposures, as effective starting June 16, 2026.

• Cross-reference the guidelines with the NCGTC circular Ref no. 0264/NCGTC/ECLGS5.0 dated May 08, 2026, for comprehensive understanding and compliance with ECLGS 5.0 provisions.

• Ensure alignment of existing credit exposure management practices with the updated prudential norms to avoid penalties and maintain regulatory compliance.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13503&Mode=0

Jun 17, 2026 : Reserve Bank of India (Commercial Banks – Interest Rate on Deposits) Amendment Directions, 2026

Tags:

Interest Rate Ceiling, NRE Deposits, FCNR(B) Deposits, RBI Amendment, Banking Regulation Compliance

Summary:

The Reserve Bank of India's latest regulation temporarily removes the interest rate ceiling on fresh FCNR(B) deposits with tenors of 3-5 years, and relaxes restrictions on interest rates for NRE deposits of three years and above, effective from June 17, 2026, until September 30, 2026. This amendment impacts commercial banks handling non-resident deposits and is aimed at offering banks increased flexibility in managing deposit interest rates. Stakeholders affected include banks offering NRE and FCNR(B) deposits, although the exemption does not apply to transfers from NRO to NRE accounts.

Insights:

• Banks can offer higher interest rates on NRE deposits for terms 3 years and above until September 30, 2026, requiring adjustments to promotional strategies.

• The interest rate ceiling on FCNR(B) deposits for tenors between 3 and 5 years is temporarily withdrawn, necessitating updates to deposit mobilization plans by September 30, 2026.

• NRO to NRE account transfers do not qualify for the new interest rate exemptions, necessitating clear customer communication regarding this policy.

• Referencing: The amendment modifies Paragraph 27(4) and 32(7) of the existing Directions, aligning operational processes with the updated interest rate guidelines.

• Compliance Alert: Banks must adjust interest rate frameworks and internal systems by June 17, 2026, to reflect the temporary policy changes on deposit interest rates.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13509&Mode=0

Jun 17, 2026 : Reserve Bank of India (Rural Co-operative Banks – Interest Rate on Deposits) Amendment Directions, 2026

Tags:

Rural Co-operative Banks, Interest Rate Ceiling Withdrawal, FCNR(B) Deposits, NRE Deposits

Summary:

The Reserve Bank of India (RBI) has issued an amendment to the 'Rural Co-operative Banks – Interest Rate on Deposits' Directions, 2025, temporarily removing the interest rate ceiling on new FCNR(B) deposits with tenors of 3-5 years and on NRE deposits with tenors of 3 years and above, effective from June 17, 2026, until September 30, 2026. These changes, driven by public interest concerns, affect rural co-operative banks, allowing them greater flexibility in setting deposit interest rates to attract more overseas deposits during this period. The amendment, however, specifies that transfers from NRO to NRE accounts do not qualify for this rate exemption.

Insights:

• Rural cooperative banks must adjust their interest rates on NRE and FCNR(B) deposits in compliance with the temporary withdrawal of interest rate ceilings until September 30, 2026.

• Banks should note that the restriction on offering higher interest rates on NRE/NRO deposits than comparable domestic rupee term deposits is temporarily lifted for three-year and above tenors until September 30, 2026.

• The regulatory amendment concerning FCNR(B) deposits allows banks to adjust interest rates for tenors of three to five years, effective from June 17, 2026, until September 30, 2026.

• Rural cooperative banks need to update their deposit schemes aligning with the temporary amendments for NRE and FCNR(B) deposits, as per the Amendment Directions, 2026.

• Entities should ensure any transfer from NRO to NRE accounts does not benefit from the temporary withdrawal of restrictions, following the guidelines effective June 17, 2026.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13514&Mode=0

Jun 17, 2026 : Reserve Bank of India (Urban Co-operative Banks – Interest Rate on Deposits) Amendment Directions, 2026

Tags:

Interest Rate Ceiling, FCNR(B) Deposits, NRE Deposits, Banking Regulation Act, Temporary Withdrawal

Summary:

The Reserve Bank of India has issued an amendment affecting Urban Co-operative Banks regarding interest rates on deposits, specifically withdrawing the interest rate ceiling on FCNR(B) deposits and restrictions on NRE deposits for specified tenors until September 30, 2026. The temporary changes allow banks to offer more competitive rates on these deposits, impacting how they attract and manage foreign currency and non-resident rupee deposits. Banks must ensure compliance with this amendment, which affects the interest offerings on newly mobilized or renewed deposits beyond specified tenors.

Insights:

• Urban Co-operative Banks must adjust operational processes to accommodate the temporary withdrawal of the interest rate ceiling on fresh FCNR(B) deposits of 3-5 years tenure until September 30, 2026.

• Banks should ensure their interest rates on NRE deposits of three years and above exceed comparable domestic rupee deposits temporarily from June 17, 2026, to September 30, 2026.

• Financial institutions need to closely monitor and adjust their systems to accommodate the amendment in the interest rate guidelines for NRE and NRO deposits as outlined in Chapter IV.

• Compliance teams must note the withdrawal of the interest rate ceiling on FCNR(B) deposits, as stated in Chapter V, and adjust interest strategies until September 30, 2026.

• Ensure no transfers from NRO accounts to NRE accounts are made for exemptions under the temporary withdrawal outlined in the amendment, effective from June 17, 2026.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13513&Mode=0

Jun 17, 2026 : Reserve Bank of India (Local Area Banks – Interest Rate on Deposits) Amendment Directions, 2026

Tags:

FCNR(B) Deposits, NRE Deposit Rates, Interest Rate Ceilings

Summary:

The Reserve Bank of India (RBI) has issued an amendment to its 2025 Directions on interest rates for deposits in Local Area Banks, specifically removing the interest rate ceiling on fresh FCNR(B) deposits of 3-5 year tenors and restrictions on interest rates for NRE deposits of 3 years and above, effective from June 17, 2026, until September 30, 2026. This temporary withdrawal allows for potentially higher interest offerings on these deposits, impacting banks that handle NRE, NRO, and FCNR(B) accounts by enabling them to mobilize fresh deposits with greater interest flexibility. However, transfers from NRO to NRE accounts do not qualify for this exemption.

Insights:

• From June 17, 2026, Local Area Banks must lift interest rate caps on fresh FCNR(B) deposits for tenors of 3 to 5 years until September 30, 2026.

• Local Area Banks should adjust their operational strategies as NRE deposit interest rate restrictions for tenors of 3 years and above are suspended from June 17, 2026, to September 30, 2026.

• Banks must ensure no interest rate exemption applies for transfers from NRO to NRE accounts during the period of lifted restrictions.

• Financial institutions should align their rate offerings for NRE/NRO deposits with domestic term deposits as specified in the amendments.

• Chapter V ceiling rates for 3 to 5-year FCNR(B) deposits are withdrawn temporarily, requiring banks to revisit and potentially revise their foreign currency offering strategies.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13512&Mode=0

Jun 17, 2026 : Reserve Bank of India (Regional Rural Banks – Interest Rate on Deposits) Amendment Directions, 2026

Tags:

Interest Rate Ceiling, FCNR(B) Deposits, NRE Deposits

Summary:

The Reserve Bank of India (RBI) has issued an amendment to the regulations concerning interest rates on deposits in Regional Rural Banks, removing the interest rate ceiling on fresh FCNR(B) deposits of 3-5 year tenors and on NRE deposits of 3 years and above until September 30, 2026. This amendment applies to new deposits and those renewed upon maturity, relaxing previous restrictions temporarily to potentially enhance the attraction of foreign currency and non-resident deposits. The affected entities include banks handling FCNR(B) and NRE deposit accounts, impacting their interest offerings and financial strategies.

Insights:

• Regulated entities should adjust their systems to remove the interest rate ceiling on NRE deposits for tenors of three years and above, applicable from June 17, 2026, to September 30, 2026.

• Banks need to ensure that any transfers from NRO to NRE accounts do not qualify for the temporary exemption on interest rate ceilings.

• Entities must update their procedures to apply no interest rate ceiling on fresh FCNR(B) deposits with tenors of three to five years during the specified period starting June 17, 2026.

• Banking institutions need to align with the amended overnight alternative reference rate for FCNR(B) deposits, ensuring compliance with the new operational standards by September 30, 2026.

• Review and amend interest rate structures in line with Chapter IV and V modifications in Deposits Directions, withdrawing previous caps as specified in the 2025 guidelines.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13511&Mode=0

Jun 17, 2026 : Reserve Bank of India (Small Finance Banks – Interest Rate on Deposits) Amendment Directions, 2026

Tags:

Interest Rate Ceiling, FCNR(B) Deposits, NRE Deposits

Summary:

The Reserve Bank of India (RBI) has temporarily withdrawn the interest rate ceiling on fresh FCNR(B) deposits with tenors of 3-5 years and restrictions on NRE deposits of 3 years and above, effective from June 17, 2026, until September 30, 2026. These changes, made under the Banking Regulation Act of 1949, allow small finance banks to offer higher interest rates on these deposits compared to domestic term deposits, impacting banks and their non-resident customers. The amendment aims to enhance the appeal of foreign and non-resident deposits, thereby providing these banks greater flexibility in deposit rate offerings.

Insights:

• Temporary removal of interest rate restrictions: Banks can offer higher interest rates on fresh FCNR(B) deposits for 3-5 years and NRE deposits for 3 years and above until September 30, 2026.

• Regulatory deadline: Ensure compliance with the temporary interest rate adjustments on applicable deposits from June 17, 2026, and revert to the standard rates by September 30, 2026.

• Policy update for NRO to NRE transfers: Any fund transfer from NRO accounts to NRE accounts will not qualify for the temporary interest rate exemption implemented by this amendment.

• Cross-referenced guidelines amendment: Amendments to Chapter IV and V of the Directions specified on November 28, 2025, with respect to the interest rates on Rupee Deposits and Foreign Currency Deposits.

• Operational adjustment for interest rate calculations: Banks must adjust their systems to calculate interest rates based on the revised ceiling rate provisions for applicable deposit tenors as specified in the amendment.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13510&Mode=0

Jun 19, 2026 : Reporting of FCNR (B) Deposits, ECB and OFCB mobilized under Reserve Bank's Swap Facility

Tags:

FCNR(B) Deposits, Swap Facility, ECB Reporting, OFCB Compliance, FEMA Regulations

Summary:

The Reserve Bank of India introduces new reporting requirements for Authorised Dealer Category-I banks regarding FCNR (B) deposits, External Commercial Borrowings (ECBs), and Overseas Foreign Currency Borrowings (OFCBs) under its Swap Facility. Banks must submit daily data on these mobilizations by 6 p.m. in specific formats to designated email addresses. This requirement, effective from June 22, 2026, mandates submission even in the absence of transactions, thus affecting all AD Category-I banks handling such transactions.

Insights:

• AD Category-I banks must submit daily FCNR (B) deposit data before 6 p.m. to fedcoepd@rbi.org.in, starting June 22, 2026.

• ECB data must be sent daily by AD banks before 6 p.m. to ecbframework@rbi.org.in, with submissions starting June 22, 2026.

• Daily submission of OFCB data by 6 p.m. to fmrdfx@rbi.org.in is mandatory, starting June 22, 2026 for all AD banks.

• Report all FCNR (B), ECB, and OFCB data mobilized since June 08, 2026, by June 22, 2026, to ensure compliance.

• NIL statements are required for days with no FCNR (B), ECB, or OFCB transactions, excluding Saturdays and holidays.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13515&Mode=0

Jun 19, 2026 : Reserve Bank of India [Rural Co-operative Banks - Kisan Credit Card (KCC) Scheme] Directions, 2026

Tags:

Kisan Credit Card (KCC) Scheme, Rural Co-operative Banks, Agricultural Loans, Interest Rates, Collateral

Summary:

The Reserve Bank of India issued directions in 2026, aimed at enhancing the Kisan Credit Card (KCC) Scheme under the Rural Co-operative Banks framework. This regulation introduces a structured method for calculating credit limits and includes provisions for post-harvest expenses, insurance costs, and technological support, emphasizing composite credit support for farmers over six years. The directives impact State Co-operative Banks and Central Co-operative Banks by necessitating adherence to updated credit assessment and operational guidelines effective January 01, 2027.

Insights:

• Regulated entities must align their credit facilities under the Kisan Credit Card (KCC) Scheme with the Reserve Bank of India (RBI) [Rural Co-operative Banks - KCC Scheme] Directions, 2026, effective from January 01, 2027.

• Rural Co-operative Banks are required to divide the KCC facility into sub-limits for different credit types, ensuring compliance with Sections 9 and 24 of the regulation.

• Banks should update their documentation process to include a one-time submission of land records or equivalent certificates as per guidelines in Section 27.

• Institutions must ensure compliance with the new insurance assignment norms under Section 31, where insurance funded under the KCC facility shall be assigned to the lending bank.

• Stakeholders must familiarize themselves with the collateral security exemption limit (₹2 lakh per borrower) and ensure adherence to guidelines in Section 21.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13525&Mode=0

Jun 19, 2026 : Reserve Bank of India [Regional Rural Banks - Kisan Credit Card (KCC) Scheme] Directions, 2026

Tags:

Kisan Credit Card (KCC), Regional Rural Banks (RRBs), Agriculture Finance, Scale of Finance (SoF)

Summary:

The Reserve Bank of India's latest regulation outlines the updated guidelines for the Kisan Credit Card (KCC) Scheme, effective from January 1, 2027, specifically for Regional Rural Banks. This regulation introduces a comprehensive approach with a six-year tenure for credit support to farmers and allied activities, detailing purposes like crop cultivation, post-harvest needs, and investment requirements. Key stakeholders impacted include banks and eligible borrowers such as individual farmers, tenant farmers, self-help groups, and joint liability groups, focusing on revolving cash credit facilities with no restrictions on the number of transactions.

Insights:

• KCC Scheme implementation starts January 1, 2027; banks must ensure all new KCC loans from this date comply with new guidelines.

• Banks are required to divide KCC facilities into sub-limits and maintain separate loan accounts for short-term and long-term credit under the composite KCC facility.

• Collateral security is waived for agricultural loans up to ₹2 lakh; banks must adjust policies regarding voluntary pledges of gold and silver as collateral.

• Marginal farmers can access a flexible credit limit up to ₹50,000 without linking it to the value of the land, emphasizing banks' need to adapt assessment practices.

• Banks must operate KCC accounts through modern delivery channels like UPI and NEFT; ensure systems are updated for interoperable operations.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13524&Mode=0

Jun 19, 2026 : Reserve Bank of India [Small Finance Banks - Kisan Credit Card (KCC) Scheme] Directions, 2026

Tags:

Kisan Credit Card, Small Finance Banks, Agricultural Loans, Interest Rates, Collateral Security

Summary:

The Reserve Bank of India (RBI) issues directions focusing on the Small Finance Banks' implementation of the Kisan Credit Card (KCC) Scheme effective January 2027, aiming to facilitate timely credit support for agricultural and allied activities with a simplified process. Key updates include establishing a composite facility with a six-year tenure, detailing short-term and long-term credit requirements, and waiving collateral for loans up to ₹2 lakh, significantly impacting small and marginal farmers, tenant farmers, and self-help groups. These provisions seek to streamline credit disbursement, promote sustainable practices, and require banks to closely monitor utilization and report data quarterly.

Insights:

• Small Finance Banks must implement the new Kisan Credit Card Directions effective from January 01, 2027, ensuring compliance with sanctioning loans under updated guidelines.

• Regulated entities need to reassess existing credit portfolios to align with the specified tenure of six years for composite KCC facilities as per Chapter II, Section 7.

• Banks should transition their documentation process by easing the collateral requirements for loans up to ₹2 lakh as specified in Chapter III, Section 22.

• The Reserve Bank repeals existing circulars listed in the Appendix, necessitating entities to discontinue practices guided by these documents and adopt the updated directives.

• Financial institutions must submit KCC loan data quarterly, adhering to the new reporting format stipulated in Chapter IV, Section 38, within 15 working days post-quarter.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13523&Mode=0

Jun 19, 2026 : Reserve Bank of India [Commercial Banks - Kisan Credit Card (KCC) Scheme] Directions, 2026

Tags:

Kisan Credit Card Scheme, Agricultural Loans, Interest Rates, Collateral Security

Summary:

The Reserve Bank of India issued new Directions for the Kisan Credit Card (KCC) Scheme, applicable to all commercial banks, effective January 1, 2027, aimed at improving efficient and timely credit support for agricultural and allied activities. Key updates include a composite KCC facility with a tenure of six years, specified eligibility criteria for borrowers, standardization of crop seasons, and detailed guidelines for the assessment and segregation of short-term and long-term credit limits. These Directions impact commercial banks, excluding small finance banks, payment banks, and local area banks, by mandating the adoption of a unified framework for KCC applications, repayment schedules, and monitoring procedures while emphasizing compliance with collateral-free lending requirements for loans up to ₹2 lakh.

Insights:

• Commercial banks must segregate KCC credit limits into short-term and long-term components and maintain them as separate loan accounts by January 2027 for compliance.

• Collateral-free lending to agriculture under the KCC scheme is capped at ₹2 lakh, and banks must obtain borrower declarations for voluntary gold or silver pledges as per the amended directions.

• The regulation mandates documentation adjustments for KCC loans, including comprehensive documentation at the time of initial disbursement, and only borrower declarations are required during periodic reviews.

• Banks are required to integrate digital delivery channels such as UPI and appropriate electronic banking platforms for KCC accounts, ensuring seamless farmer transactions.

• With the repeal of previous circulars including RPCD.PLNFS.No.BC.99/05.05.09/99-2000, banks must conform to the new provisions set forth in the 2026 Directions for KCC.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13522&Mode=0

Jun 19, 2026 : Lead Bank Scheme

Tags:

Lead Bank Scheme, Financial Inclusion, Credit Planning, SLBC Meetings, Banking Penetration

Summary:

The Reserve Bank of India's revised guidelines on the Lead Bank Scheme (LBS) aim to enhance coordination among banks, government agencies, and other stakeholders, facilitating increased credit flow to priority sectors and deepening financial inclusion. Key updates include clarifying roles of the Lead Bank, Lead District Manager, and other related officers, while specifying new meeting procedures and data reporting requirements. The regulation impacts all commercial banks (excluding foreign banks), cooperative banks at state and district levels, government agencies, and NABARD, requiring them to comply with revised coordination and planning processes to improve rural and priority sector lending.

Insights:

• The revised Lead Bank Scheme guidelines supersede previous instructions issued in the Master Circular FIDD.CO.LBS.BC.No.03/02.01.001/2025-26, with Lead Banks now required to establish and monitor a robust system for actionable outcomes in committee meetings.

• Lead Banks must ensure that Lead District Managers (LDMs) are of appropriate seniority and possess the necessary skills, with a clear focus on assigning only one district to each LDM to maintain operational effectiveness.

• In districts where the Credit Deposit Ratio (CD Ratio) is below 20%, the Special Sub-Committee of the DCC must devise a Monitorable Action Plan (MAP) for improving the ratio, including the State Government's efforts to enhance lending conditions.

• SLBC Convenor Banks are required to maintain a dedicated and updated list of Unbanked Rural Centres (URCs) on their websites, with priority given to covering villages over 5000 in population with CBS-enabled banking outlets.

• SLBCs are obliged to prepare a State Level Annual Credit Plan (ACP) by April 1st every year, ensuring substantial synchronization with the internal business plans of banks for accurate credit deployment.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13521&Mode=0

Jun 19, 2026 : Reserve Bank of India (Regional Rural Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Third Amendment Directions, 2026

Tags:

Non-Resident External Deposits, Cash Reserve Ratio Exemption, Statutory Liquidity Ratio, Regional Rural Banks

Summary:

The Reserve Bank of India (RBI) issued an amendment to the regulations concerning Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) for Regional Rural Banks. The amendment exempts fresh Non-Resident (External) Rupee (NRE) term deposits, with a tenure of three years or more mobilized until September 30, 2026, from CRR and SLR maintenance. This circular impacts banks that handle NRE deposits, encouraging them to attract longer-term foreign deposits without the immediate reserve requirements.

Insights:

• Regional Rural Banks must update their CRR and SLR maintenance processes to exclude NRE term deposits of tenor three years or more from June 19, 2026, to September 30, 2026.

• Banks should ensure that fresh NRE term deposits mobilized during the specified window are exempt from CRR starting the reporting fortnight of July 16, 2026, with calculations based on NDTL as of June 30, 2026.

• Banks must amend current accounting systems to differentiate between NRE and NRO account transfers, as the latter do not qualify for CRR exemptions under this regulation.

• Cross-reference directive in paragraph 28(5), now amended to include paragraph 20(6), setting a new precedent for compliance oversight on exempted deposit types.

• Update reporting templates to include item VIII.8 in Form A from Annex A specifically noting NRE Term Deposits under the new guideline for 2026.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13520&Mode=0

Jun 19, 2026 : Reserve Bank of India (Rural Co-operative Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Third Amendment Directions, 2026

Tags:

Non-Resident External Deposits, Cash Reserve Ratio Exemption, Statutory Liquidity Ratio Amendment, Rural Co-operative Banks

Summary:

The Reserve Bank of India (RBI) has issued the third amendment to the Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) regulations for Rural Co-operative Banks, exempting fresh Non-Resident (External) Rupee (NRE) term deposits with a tenor of three years or more, mobilized between June 19, 2026, and September 30, 2026, from CRR and SLR maintenance. This exemption applies to deposits held during the reporting fortnight beginning July 16, 2026, and impacts banks that handle NRE term deposits, excluding transfers from Non-Resident (Ordinary) accounts to NRE accounts. The directive to update banking practices is immediately effective and adjusts the 2025 directions accordingly.

Insights:

• Rural Co-operative Banks are exempted from maintaining CRR and SLR on fresh NRE term deposits with a tenor of three years or more mobilized between June 19, 2026 and September 30, 2026, facilitating better liquidity management.

• These banks must compute the Net Demand and Time Liabilities (NDTL) for CRR exemption starting from the reporting fortnight beginning July 16, 2026, with computation based on June 30, 2026 figures.

• Deposits transferred from NRO to NRE accounts do not qualify for CRR and SLR exemption, compelling banks to segregate and monitor such funds meticulously.

• Amendments in paragraph 21 and 29 of the original 2025 directions require banks to update their compliance frameworks to include the new sub-paragraphs and cross-references.

• Immediate operational changes must be implemented as the amendment directions come into force right from June 19, 2026, ensuring timely alignment with the new regulations.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13519&Mode=0

Jun 19, 2026 : Reserve Bank of India (Urban Co-operative Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Third Amendment Directions, 2026

Tags:

NRE Deposits, CRR Exemption, SLR Exemption, Urban Co-operative Banks

Summary:

The Reserve Bank of India's regulation, effective immediately, focuses on amendments to the Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) for Urban Co-operative Banks regarding Non-Resident (External) Rupee (NRE) term deposits. It introduces an exemption from maintaining CRR and SLR for NRE deposits of three years or more, mobilized or renewed between June 19, 2026, to September 30, 2026. This directive impacts urban co-operative banks by altering reserve requirements for specific NRE deposits.

Insights:

• From June 19, 2026, banks must consider new NRE term deposits of three years or more exempt from CRR and SLR until September 30, 2026, aligning their record-keeping systems accordingly.

• Banks need to recalibrate their NDTL computations as of June 30, 2026, to incorporate exemptions from CRR and SLR maintenance for eligible NRE term deposits reported in the following fortnight.

• Non-transfer eligibility: Transfers from NRO accounts to NRE accounts will not qualify for CRR and SLR exemptions, necessitating banks to update their internal transfer protocols.

• Incorporate sub-paragraph (6) within paragraph 21 updates, ensuring compliance with revised CRR and SLR exemption regulations effective immediately.

• Banks should review and adjust their compliance documentation to reflect the substitution in paragraph 29(4), acknowledging the inclusion of sub-paragraph (6) in exemption qualifiers.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13518&Mode=0

Jun 19, 2026 : Reserve Bank of India (Small Finance Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Third Amendment Directions, 2026

Tags:

Cash Reserve Ratio, Statutory Liquidity Ratio, Non-Resident External Term Deposits, Compliance Exemption

Summary:

The Reserve Bank of India recently amended regulations for Small Finance Banks concerning Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR). The amendments exempt Non-Resident (External) Rupee (NRE) term deposits of three years or more, mobilized between June 19, 2026, and September 30, 2026, from CRR and SLR maintenance requirements. These changes directly impact Small Finance Banks, allowing them to offer benefits to NRE account holders and potentially influence their deposit mobilization strategy.

Insights:

• Non-Resident (External) Rupee term deposits of three years or more mobilized between June 19, 2026, and September 30, 2026, are exempt from CRR and SLR maintenance requirements, easing reserve pressure on banks during this period.

• Banks must adjust their NDTL computations starting July 16, 2026, to factor in the exemption for new NRE deposits for effective reserve management.

• Institutions should revise their compliance strategies to incorporate this amendment into the current RBI (Small Finance Banks – CRR and SLR) Directions, 2025, ensuring robust alignment with the updated regulation.

• The amendment specifies that any transfer from Non-Resident (Ordinary) accounts to NRE accounts does not qualify for CRR and SLR exemptions, necessitating careful account management.

• Review and update all related operational processes and documentation to ensure that item VIII.8 regarding NRE term deposits is incorporated as specified, ensuring accurate record-keeping and regulatory compliance.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13517&Mode=0

Jun 19, 2026 : Reserve Bank of India (Commercial Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Third Amendment Directions, 2026

Tags:

CRR Exemption, SLR Exemption, Non-Resident External Rupee Deposits

Summary:

The Reserve Bank of India has issued the Third Amendment Directions, 2026, concerning the Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) for commercial banks. This regulation exempts fresh Non-Resident (External) Rupee (NRE) term deposits with tenors of three years or more, mobilized between June 19, 2026, and September 30, 2026, from CRR and SLR maintenance. The exemptions impact banks mobilizing these deposits and apply to the deposit amounts while held in the banks, with specific exclusions for transfers from Non-Resident (Ordinary) (NRO) accounts.

Insights:

• Commercial banks can mobilize new NRE term deposits from June 19, 2026, to September 30, 2026, exempt from maintenance of CRR and SLR, requiring adjustments in reporting systems from July 16, 2026.

• Banks should update account management practices to ensure transfers from NRO accounts to NRE accounts do not mistakenly avail CRR and SLR exemptions as provided in the new amendment.

• Ensure operational compliance by incorporating changes in paragraph 20 and 29(5) of the 2025 Directions, specifically the insertion of the new paragraph 20(9) and amendment of paragraph 29(5).

• Amend internal systems to reflect the new references in Form A, Annex A, by introducing item VIII.8 for NRE Term deposits – 2026 under paragraph 20(9) and renumbering previous items appropriately.

• Communications and compliance training for employees should be updated to reflect the operational timeline for the new regulation with immediate effect, highlighting the critical dates and changes involved.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13516&Mode=0

Jun 23, 2026 : Reserve Bank of India (Commercial Banks – Credit Facilities) Fourth Amendment Directions, 2026

Tags:

Credit Facilities, Unified Payments Interface (UPI), Pre-Sanctioned Credit Lines, Prudential Norms

Summary:

The Reserve Bank of India introduces the Fourth Amendment to the Credit Facilities Directions, 2025, which addresses the operation of pre-sanctioned credit lines through the Unified Payments Interface (UPI) with customer consent. This regulation mandates that credit facilities linked to payment instruments are governed by the nature of the underlying credit facility and must align with the bank's credit policy while adhering to existing regulatory requirements. The amendment impacts commercial banks by ensuring consistent regulatory compliance across all banks offering such credit products.

Insights:

• Banks must incorporate specific payment-linked credit facility terms in their credit policy to comply with the new Chapter IIA guidelines.

• Ensure all pre-sanctioned credit lines through UPI align with the prudential norms stated in the amended 2025 Directions by evaluating the nature of the underlying credit facility.

• Operational systems should be updated to manage UPI linked credit transactions as per the clarification in the circular dated September 04, 2023.

• Compliance officers should verify that credit facilities connected to payment modes align with any pre-existing extant regulations to avoid regulatory conflicts.

• All amendments mentioned, such as those referred from the 2025 Directions and relevant chapters, should be reviewed and integrated into current banking operations immediately.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13528&Mode=0

Jun 23, 2026 : Reserve Bank of India (Small Finance Banks – Credit Facilities) Third Amendment Directions, 2026

Tags:

UPI Transactions, Pre-Sanctioned Credit Line, Small Finance Banks, Prudential Norms

Summary:

The Reserve Bank of India (RBI) issued directions amending the Small Finance Banks (SFBs) Credit Facilities regulations, introducing guidelines to ensure consistency in products using pre-sanctioned credit lines through Unified Payments Interface (UPI). Major updates include specifying prudential treatment based on the credit facility's nature and requiring terms and conditions to align with bank credit policies and regulatory requirements. These amendments impact Small Finance Banks, necessitating compliance with specified norms for credit facilities linked to specific payment instruments.

Insights:

• Small Finance Banks must integrate pre-sanctioned credit lines for UPI transactions into their credit policies, ensuring compliance with all applicable regulatory requirements outlined in the 2025 Directions.

• Banks are required to align the prudential treatment of credit facilities, including UPI-based pre-sanctioned credit lines, with existing prudential norms to ensure regulatory consistency.

• Effective immediately, the new Chapter IIA mandates that any credit facility linked to a specific payment mode must adhere to existing statutory or regulatory provisions, signifying a need for thorough policy documentation.

• In accordance with the guidelines, Small Finance Banks should revisit their existing credit line offerings to ensure alignment with the latest amendment and prudential norms.

• This amendment to the Directions emphasizes the necessity for Small Finance Banks to revisit and potentially revise their operational frameworks to facilitate seamless and compliant UPI-based credit transactions.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13527&Mode=0

Jun 23, 2026 : Reserve Bank of India (Trade Receivables Discounting System) Directions, 2026

Tags:

Trade Receivables Discounting System (TReDS), MSME Financing, Capital Requirements, Factoring Business

Summary:

The Reserve Bank of India's 2026 Master Direction on Trade Receivables Discounting System (TReDS) aims to streamline operations by aligning capital requirements with non-bank PSOs, simplifying MSME seller onboarding, and allowing financiers to access credit guarantee covers. This regulation impacts TReDS platform operators, participants including sellers, buyers, financiers, and the Credit Guarantee Fund Trust, mandating them to ensure minimum net-worth compliance, adopt due diligence guidelines, and manage the seamless settlement of trade receivables. The document consolidates previous guidelines into a single directive, repealing prior circulars and ensuring continuity of previously granted authorizations.

Insights:

• TReDS platform operators must ensure compliance with the updated net-worth requirement of ₹25 crore by March 31, 2028, as per Section E.

• All entities seeking new TReDS authorization must incorporate within India and secure a 'No Objection Certificate' from financial regulators within 45 days as specified in Section D.

• Platform operators must incorporate a transparent bid process for financiers ensuring funds reach only MSME sellers, following Section G guidelines.

• Effective immediately, existing agreements must align with the new Master Direction provisions, as repealed guidelines from December 2014 and June 2023 are now void, per Section J.

• Financiers using TReDS transactions can avail credit guarantees from government-sanctioned funds, while ensuring insurance premiums are not levied on sellers, as outlined in Section G.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13526&Mode=0

Jun 23, 2026 : Open positions of Authorised Dealer Category-I banks

Tags:

Net Overnight Open Position, AD Category-I Banks, Hedged Transactions, FCNR (B) Deposits, FEMA Compliance

Summary:

The Reserve Bank of India's circular addresses the open positions of Authorised Dealer Category-I banks, particularly regarding hedged transactions related to FCNR (B) deposits and foreign currency borrowings. It introduces a requirement for these banks to exclude such hedged positions when calculating their net overnight open positions, as per the amended Master Direction. The regulation impacts Authorised Dealer Category-I banks by modifying their compliance procedures under the FEMA, 1999 guidelines.

Insights:

• AD Cat-I banks must exclude positions from hedged transactions related to FCNR (B) deposits, External Commercial Borrowings, and Overseas Foreign Currency Borrowings when calculating net overnight open positions.

• Compliance must be ensured with A.P. (DIR Series) Circular No. 24 dated March 27, 2026, as well as the Master Direction on Risk Management and Inter-Bank Dealings dated July 05, 2016.

• AD Cat-I banks must revise internal systems to align with modifications specified in this circular dated June 23, 2026.

• Review and amend risk management practices to incorporate changes in position calculation as per this circular and previous relevant circulars.

• Ensure that all procedures comply with Sections 10(4), 11(1), and 11(2) of the FEMA, 1999 as stated in the circular.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13529&Mode=0

Jun 24, 2026 : Review of Circulars issued under Foreign Exchange Management Act, 1999 (FEMA)

Tags:

FEMA Circular Withdrawal, Regulatory Framework Rationalization, Authorized Persons Directive,

Summary:

The Reserve Bank of India (RBI) is withdrawing certain circulars issued under the Foreign Exchange Management Act, 1999 (FEMA) that are no longer applicable due to subsequent regulatory amendments, redundancy, overlap, or replacement by more recent directives. This action stems from the RBI's initiative to streamline the regulatory framework, affecting all Authorised Persons who must then inform their constituents of these changes. These directions, issued under Sections 10(4) and 11(1) of FEMA, 1999, do not override any other necessary permissions or approvals under different laws.

Insights:

• Authorised Persons must review and update their compliance practices to align with the withdrawn and amended directives listed in the Annex.

• Communications should be issued to constituents to inform them about the withdrawal of outdated regulations to ensure clarity in regulatory compliance.

• Regulated entities should systematically assess referenced circulars from June 01, 2000, onwards to ensure updated adherence and eliminate any reliance on superseded guidelines.

• Compliance teams should verify any cross-referenced approvals under other laws are maintained, as per the ongoing requirements of Section 10(4) and Section 11(1) of the FEMA.

• Operational processes must integrate the streamlined regulatory framework under FEMA, eliminating non-compliant procedures as per the latest directive.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13551&Mode=0

Jun 24, 2026 : Modification of Returns / Reporting requirements under FEMA, 1999

Tags:

FEMA Reporting, Foreign Currency Transactions, Master Direction Changes, MTSS Compliance

Summary:

The Reserve Bank of India (RBI) streamlines reporting requirements under FEMA, 1999, by revising formats and introducing new directives for Authorised Persons. Key updates include the discontinuation of the need for RBI approval for write-offs exceeding USD 2000 in foreign currency notes and ceasing of certain returns like the Quarterly Statement of Foreign Currency Accounts. Impacted stakeholders include Authorised Persons, Indian Agents under MTSS, and entities maintaining Nostro accounts, who must adjust to new timelines and formats for submissions, enhancing efficiency and compliance oversight.

Insights:

• Authorised Persons must discontinue the submission of FLM-1 to FLM-7 formats and ensure maintenance of accurate transaction records as required by the Reserve Bank for inspections.

• Entities with franchisee arrangements are required to submit a list of these arrangements within 15 days after each calendar quarter ends.

• MTSS Indian Agents must discontinue submission of collateral statements and instead ensure adequacy of collateral as per existing instructions.

• Authorised Persons must utilize the updated FLM-8 format to report foreign currency note write-offs, without prior approval from the Reserve Bank for amounts exceeding USD 2000.

• Cross-referenced guidelines include the removal of the requirement for a separate list of additional MTSS locations and quarterly confirmations regarding the Reserve Bank's website list.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13550&Mode=0

Jun 24, 2026 : Reserve Bank of India [Disbursement of Government Pension by Agency Banks (ABs)] First Amendment Directions, 2026

Tags:

Excess Pension Recovery, Agency Banks, RBI Amendment 2026, Pension Disbursement

Summary:

The Reserve Bank of India's amendment dated June 24, 2026, focuses on the disbursement of government pensions by Agency Banks (ABs), emphasizing the recovery and refund of excess pension payments. Key updates include requiring banks to notify pensioners before recovery, setting up board-approved recovery policies, and detailing methods of recovery for errors attributed to banks or the government. This regulation impacts Agency Banks responsible for disbursing government pensions, ensuring compliance with proper procedures and guidelines to protect pensioners' rights.

Insights:

• Agency banks must put in place a Board-approved policy by June 2026 to handle recovery of excess pension payments as required by the RBI amendment.

• Notification to the pensioner upon detection of excess payment is mandatory, including details of error and recovery method, as outlined in Annex III of the RBI directions.

• Banks must not recover excess pension payments without obtaining prior consent and notifying the pensioner, which aligns with the updated Chapter III guidelines.

• Immediate credit to the Government account for bank-attributed excess pension payments is crucial and must be executed upon detection as directed by the RBI.

• Existing processes must be revised to accommodate new procedural requirements for dealing with Government-attributed errors, with specificity to actions required as detailed in the updated guidelines.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13530&Mode=0

Jun 24, 2026 : Reserve Bank of India (Non-Banking Financial Companies – Financial Statements: Presentation and Disclosures) Second Amendment Directions, 2026

Tags:

NBFC Financial Statements, Presentation and Disclosures, Scale Based Regulatory Framework, Government Controlled NBFC-UL

Summary:

The Reserve Bank of India (RBI) has issued the Second Amendment Directions, 2026, for Non-Banking Financial Companies (NBFCs) concerning the presentation and disclosure of financial statements. The amendment exempts NBFCs in the Upper Layer that are fully owned and controlled by the government from certain provisions, reflecting a regulatory review of these entities under the Scale Based Regulatory Framework. This regulation specifically impacts government-owned NBFCs in the Upper Layer.

Insights:

• NBFCs in the Upper Layer following the Scale Based Regulatory Framework must revise their financial statements to align with the amended disclosures by June 24, 2026.

• NBFC-UL entities wholly owned by the Government are exempt from the specific disclosures mentioned in paragraph 23 of the 2025 Directions.

• All affected NBFCs should ensure compliance with these amendments immediately, as they are effective from the issuance date of June 24, 2026.

• Entities must review prior compliance under the Reserve Bank of India (Non-Banking Financial Companies – Financial Statements: Presentation and Disclosures) Directions, 2025 to integrate the new amendments.

• The amended Directions supersede any conflicting provisions outlined in sections 45JA, 45K, 45L, and 45M of the Reserve Bank of India Act, 1934.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13542&Mode=0

Jun 24, 2026 : Reserve Bank of India (Non-Banking Financial Companies – Governance) Amendment Directions, 2026

Tags:

NBFC Upper Layer, Scale Based Regulatory Framework, Government Ownership

Summary:

The Reserve Bank of India (RBI) has amended the Reserve Bank of India (Non-Banking Financial Companies - Governance) Directions, 2025, to introduce changes applicable to NBFCs in the Upper Layer under the Scale Based Regulatory Framework. Specifically, a new proviso is added after paragraph 43, exempting NBFC-UL fully owned and controlled by the government from certain governance provisions. These amendments come into effect immediately and impact non-banking financial companies in the specified Upper Layer category.

Insights:

• NBFC-UL entities must adapt governance frameworks as per the amended directions effective from June 24, 2026, ensuring compliance without delay.

• Fully government-owned NBFC-ULs are exempt from the provisions after paragraph 43, requiring a review of governance practices for entities not meeting this criterion.

• All NBFCs in the Upper Layer should reassess their operational policies in light of amendments and check for adherence to the Scale Based Regulatory Framework.

• Amended guidelines supersede specific prior directions from November 28, 2025; entities must cross-reference and reevaluate compliance checklists.

• NBFCs should consult regulatory and legal teams to confirm alignment with the updated directives issued under multiple legislative provisions, including the Reserve Bank of India Act, 1934.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13541&Mode=0

Jun 24, 2026 : Reserve Bank of India (Non-Banking Financial Companies – Concentration Risk Management) Third Amendment Directions, 2026

Tags:

Concentration Risk Management, NBFC Regulations, Government owned NBFCs, Prudential Exposure Limits

Summary:

The Reserve Bank of India has introduced the Reserve Bank of India (Non-Banking Financial Companies – Concentration Risk Management) Third Amendment Directions, 2026, aimed at revising concentration risk management protocols for NBFCs, especially those in the Upper Layer under the Scale Based Regulatory Framework. Key changes include rescinding exemptions from concentration norms for government-owned NBFCs, recognizing State Government guarantees as exposures with a 20% risk weight, and increasing exposure limits for NBFC-Infrastructure Finance Companies (IFC) to a group of connected counterparties to 45%. These updates specifically impact government-owned NBFCs, NBFC-Middle Layer, and NBFC-Upper Layer entities.

Insights:

• Government owned NBFCs must now adhere to concentration norms based on their classified layer, withdrawing previous exemptions.

• Exposures by State Government guarantees in the Upper Layer will be risk-weighted at 20%, requiring NBFCs to adjust their risk assessment models.

• The removal of Paragraph 19 implies that NBFCs in the Middle Layer must revisit their compliance strategies for discontinued guidelines.

• NBFCs (IFC) in the Upper Layer can extend exposure limits by 20% of Tier 1 capital to connected counterparties, necessitating internal recalibrations.

• Group connected counterparties exposure limits for NBFC (IFC) in the Upper Layer are amended to 45%, impacting strategic funding decisions.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13540&Mode=0

Jun 24, 2026 : Reserve Bank of India (Non-Banking Financial Companies – Registration, Exemptions and Framework for Scale Based Regulation) Second Amendment Directions, 2026

Tags:

Scale Based Regulation, Non-Banking Financial Companies (NBFCs), Upper Layer Identification

Summary:

The Reserve Bank of India issues the Second Amendment Directions, 2026, revising the regulatory framework for Non-Banking Financial Companies (NBFCs) concerning their registration, exemptions, and scale-based regulation. Key changes include the redefinition of Upper Layer NBFCs with assets of ₹1,00,000 crore and above, removal of certain paragraphs, and newly introduced guidelines for NBFC group entities of Scheduled Commercial Banks. This regulation impacts NBFCs, especially those identified in the Upper Layer, and requires compliance with updated criteria for classification and applicable guidelines for group entities.

Insights:

• NBFCs with asset sizes of ₹1,00,000 crore and above must comply with Upper Layer regulatory requirements as per amendment in paragraph 24.

• Effective immediately, NBFCs categorized as group entities of Scheduled Commercial Banks should comply with provisions from the RBI Directions, 2025 updated timely for shared business activities.

• NBFCs identified annually for Upper Layer should prepare for enhanced inspections based on criteria set in the revised sub-section A.8.1., paragraph 12.

• Paragraph 31 mandates a periodic review of the criteria for identifying NBFC-UL, requiring financial institutions to continuously adapt to asset-size thresholds reviewed every three years.

• Entities should note the deletion of paragraph 25 to 26 and paragraph 15 sub-paragraph (4), ensuring their compliance measures are not based on obsolete regulations.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13539&Mode=0

Jun 24, 2026 : Reserve Bank of India (All India Financial Institutions (AIFIs) – Prudential Norms on Capital Adequacy) Fourth Amendment Directions, 2026

Tags:

Foreign Exchange Risk, Capital Adequacy, Net Open Position, Structural Exemption

Summary:

The Reserve Bank of India (RBI) has issued amendments to the Prudential Norms on Capital Adequacy for All India Financial Institutions (AIFIs) to enhance the alignment with international standards and ensure consistent implementation across AIFIs. The regulation introduces new methodologies for computing Net Open Position for foreign exchange risk, including exclusion criteria for certain structural forex positions and an adjusted approach for calculating capital requirements. These changes impact AIFIs, requiring them to adhere to revised capital adequacy calculations effective from April 1, 2027.

Insights:

• AIFIs must compute capital charges for foreign exchange risks at group and solo levels by April 1, 2027, ensuring daily compliance.

• AIFIs can exclude certain structural foreign exchange positions if they meet specified criteria, maintaining consistency and documenting exclusions for supervision.

• Underlying currency risk positions excluded from capital requirements must adhere to stipulations from paragraphs 6-9 of the amended guidelines.

• AIFIs must incorporate both spot and forward positions when calculating their Net Open Position, referring to Reserve Bank's 2025 Directions, ensuring alignment with Section D.4.

• Record calculation of exemptions of structural positions quarterly, adhering strictly to the methodology established by this 2026 Amendment Direction.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13538&Mode=0

Jun 24, 2026 : Reserve Bank of India (Urban Co-operative Banks - Prudential Norms on Capital Adequacy) Third Amendment Directions, 2026

Tags:

Urban Cooperative Banks, Capital Adequacy, Foreign Exchange Risk, Net Open Position

Summary:

The Reserve Bank of India has issued the Third Amendment Directions, 2026, for Urban Co-operative Banks on Prudential Norms for Capital Adequacy, effective from April 1, 2027. This amendment revises the methodology for computing Net Open Position and capital charge on foreign exchange risk, requiring banks to meet capital requirements on a continuous basis and providing exclusions for certain positions. These changes specifically impact Urban Co-operative Banks, ensuring consistent implementation of capital adequacy norms across entities handling foreign exchange and gold positions.

Insights:

• Urban Co-operative Banks (UCBs) need to compute capital charges for foreign exchange risk daily, starting April 1, 2027 - aligning with Reserve Bank of India (Urban Co-operative Banks - Prudential Norms on Capital Adequacy) Third Amendment Directions, 2026.

• Ensure that foreign exchange risk capital requirement exclusions are implemented, applicable especially to securities already matured, now classified as non-performing assets, as per amended paragraph 20(18) of the 2025 Directions.

• Re-evaluate net open positions in currencies and gold based on the new calculation methodologies outlined in paragraph 20(18)(v) to stay compliant and avoid potential penalties.

• Align risk management practices with the revised calculation methods for exposure in single currency and portfolio positions to reflect changes in the FMRD Master Direction cross-referenced guidelines.

• UCBs are required to integrate these new amendments into existing frameworks and consistently update internal policies that define business day timings for transactions as per 20(16) of the amended directions.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13535&Mode=0

Jun 24, 2026 : Reserve Bank of India (Regional Rural Banks - Prudential Norms on Capital Adequacy) Third Amendment Directions, 2026

Tags:

Capital Adequacy, Foreign Exchange Risk, Regional Rural Banks, Net Open Position, Prudential Norms

Summary:

The Reserve Bank of India (RBI) introduces the Reserve Bank of India (Regional Rural Banks - Prudential Norms on Capital Adequacy) Third Amendment Directions, 2026 to standardize capital requirements for foreign exchange and gold positions held by Regional Rural Banks (RRBs). The key changes include instructions on calculating Net Open Position for foreign exchange risk, which only apply to RRBs authorized to handle foreign exchange, while non-authorized RRBs will calculate based on gold positions. These directions will be effective from April 1, 2027, impacting RRBs by implementing a risk weight of 100% for such positions, adding to the existing capital requirements for credit risk and other risks.

Insights:

• Regional Rural Banks must calculate foreign exchange risk Net Open Position daily and adjust accordingly by April 1, 2027, to comply with amended prudential norms.

• RRBs must exclude matured securities and non-performing assets from forex risk capital requirements, solely focusing on their credit risk valuation for capital adequacy.

• Net Open Position computation must include positions in 'Held for Trading' or 'Available for Sale' categories as per the 2025 Directions, ensuring comprehensive risk assessment.

• Authorized Dealer RRBs should adhere to forex risk weights, while non-Authorized Dealers should focus on risk weights from net open gold positions for precise capital calculations.

• RRBs governed by the Master Direction – Risk Management and Inter-Bank Dealings should integrate the Net Open Position guidelines with existing risk management directives for compliance efficacy.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13534&Mode=0

Jun 24, 2026 : Reserve Bank of India (Local Area Banks - Prudential Norms on Capital Adequacy) Amendment Directions, 2026

Tags:

Capital Adequacy, Foreign Exchange Risk, Local Area Banks, Net Open Position

Summary:

The Reserve Bank of India (RBI) has issued an amendment to the 'Prudential Norms on Capital Adequacy' for Local Area Banks, effective from April 1, 2027, revising how capital charge for foreign exchange risk is calculated. Key updates include continuous daily capital requirement compliance, exclusion of certain positions from forex risk capital requirements, and a detailed methodology for measuring net open positions in various currencies. This regulation impacts Local Area Banks, which must now align their risk assessment practices with these revised guidelines to maintain compliance.

Insights:

• Local Area Banks must align their foreign exchange risk management practices to the updated capital charge methods effective from April 1, 2027.

• The amended guidelines invalidate Paragraph 21(5) on 'Risk weights for open positions', requiring LABs to review and adjust their compliance structures accordingly.

• LABs need to incorporate the calculation of Net Open Position on a daily basis, ensuring compliance with the revised standards set forth in Paragraphs 29(1) to 29(17).

• Entities must disregard foreign exchange risk capital requirements for securities already matured and classified as non-performing, focusing instead on credit risk capital requirements.

• Effective monitoring and reporting systems must be implemented by LABs for transactions within the regulation's scope, with adherence to approved internal policy timings for end-of-business day determinations.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13532&Mode=0

Jun 24, 2026 : Reserve Bank of India (Commercial Banks - Prudential Norms on Capital Adequacy) Tenth Amendment Directions, 2026

Tags:

Capital Adequacy, Foreign Exchange Risk, Net Open Position, Structural Forex Positions, RBI Amendments

Summary:

The Reserve Bank of India has issued the Tenth Amendment Directions, 2026, updating the prudential norms on capital adequacy for commercial banks to ensure alignment with international standards. The regulation revises the methodology for computing Net Open Position and calculating capital charge on foreign exchange risk, requiring banks to manage their foreign exchange risk at both group and solo levels continuously and allowing the exclusion of certain structural forex positions from their calculations. The amendments will affect all commercial banks, which must comply from April 1, 2027.

Insights:

• Commercial banks must update their risk management systems to compute Net Open Position and maintain capital charge for forex risk daily from April 1, 2027.

• Paragraph 199 of the 2025 Directions is amended, and banks should revise their foreign exchange risk capital charge methodology accordingly.

• Banks must exclude structural forex investments as per the new criteria by documenting their methodology and recalculating quarterly.

• All regulated entities must integrate both domestic and international operations into the Net Open Position calculation, ensuring consistent application from April 1, 2027.

• The new regulation mandates a capital requirement of 9% for foreign exchange positions using the shorthand method, necessitating immediate system updates.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13531&Mode=0

Jun 24, 2026 : Reserve Bank of India (Standalone Primary Dealers) Second Amendment Directions, 2026

Tags:

Net Open Position, Foreign Exchange Risk, Standalone Primary Dealers, Capital Charge

Summary:

The RBI's Second Amendment Directions, 2026, revises the methodology for computing the Net Open Position and capital charge for foreign exchange risk for Standalone Primary Dealers (SPDs), effective April 1, 2027. Key updates include detailed instructions on calculating exposure in foreign currencies, exclusions for certain positions from forex risk capital requirements, and the standardized calculation approach for capital requirements using a shorthand method. This regulation specifically impacts Standalone Primary Dealers by aligning their practices with international standards and stipulating changes to risk management procedures.

Insights:

• Standalone Primary Dealers (SPDs) must comply with updated capital charge calculation for foreign exchange risk by April 1, 2027, aligning with international standards.

• SPDs need to include all foreign currency assets, liabilities, and off-balance sheet positions for calculating the net open position, excluding matured unpaid securities or NPAs.

• The capital requirement for foreign exchange positions will now be 15% of the overall Net Open Position using the shorthand method, applicable in addition to other risk capital requirements.

• Instructions in paragraph 93 of the 2025 Directions are now deleted; SPDs should reference updated calculation methods in paragraph 92.

• SPDs governed by ‘Risk Management and Inter-Bank Dealings’ must align with amendments related to Net Open Position and related reporting requirements.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13537&Mode=0

Jun 24, 2026 : Reserve Bank of India (Rural Co-operative Banks - Prudential Norms on Capital Adequacy) Amendment Directions, 2026

Tags:

Rural Co-operative Banks, Capital Adequacy, Foreign Exchange Risk, Net Open Position, Prudential Norms

Summary:

The Reserve Bank of India (RBI) has issued the Reserve Bank of India (Rural Co-operative Banks - Prudential Norms on Capital Adequacy) Amendment Directions, 2026, which update capital adequacy requirements for Rural Co-operative Banks (RCBs) concerning foreign exchange and gold open positions. Major updates include the introduction of a new method for calculating the net open position for foreign exchange risk, alongside detailed measurement guidelines and risk weights, specifically targeting Authorized Dealer RCBs. This regulation impacts RCBs, particularly those authorized to handle forex transactions, by requiring them to meet capital requirements on a continuous daily basis to ensure consistency across the sector.

Insights:

• Rural Co-operative Banks (RCBs) must calculate their Net Open Position (NOP) for foreign exchange risk on a daily basis as stipulated by the new directions effective from April 1, 2027.

• RCBs which are authorized dealers must apply a 100% risk weight to net open positions from foreign exchange, as revised in paragraph 17(1).

• RCBs should update their systems to include all on and off-balance sheet foreign currency items, including gold, when computing NOP by April 1, 2027.

• The amendment directs RCBs to exclude positions deducted from regulatory capital and securities classified as non-performing assets when calculating forex risk capital requirements.

• RCBs currently complying with the FMRD Master Direction on Risk Management, dated July 5, 2016, should adapt to the amended guidelines and ensure alignment with the Reserve Bank of India's requirements.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13536&Mode=0

Jun 24, 2026 : Reserve Bank of India (Small Finance Banks - Prudential Norms on Capital Adequacy) Seventh Amendment Directions, 2026

Tags:

Small Finance Banks, Capital Adequacy, Net Open Position, Foreign Exchange Risk

Summary:

The Reserve Bank of India has issued the Reserve Bank of India (Small Finance Banks - Prudential Norms on Capital Adequacy) Seventh Amendment Directions, 2026, aimed at revising the methodology for computing the Net Open Position for Small Finance Banks (SFBs) to align with international standards. Key changes include the exclusion of market and operational risk capital charges for SFBs and the introduction of new criteria for calculating Net Open Position, particularly for those acting as Authorized Dealer Category I banks. The amendments affect all Small Finance Banks and will be implemented from April 1, 2027.

Insights:

• Small Finance Banks (SFBs) must compute the Net Open Position for foreign exchange and gold positions as per Annex VII guidelines starting April 1, 2027.

• SFBs operating as Authorised Dealer Category I banks are required to monitor their Net Open Position daily and adhere to new computation methodologies.

• All positions in foreign currencies, including gold, must be considered in the Net Open Position calculation, affecting both trading and banking books.

• The guideline specifies exemptions where forex risk capital requirements are not applied and requires updating of internal policies to consistently determine the end-of-business-day positions.

• Positions already having forex risk or those classified as non-performing assets are not required to be included in the Net Open Position, aligning with operational risk evaluations.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13533&Mode=0

Jun 25, 2026 : Master Direction – Reserve Bank of India (Credit Derivatives) Directions, 2026

Tags:

Credit Derivatives, Total Return Swaps, Credit Default Swaps

Summary:

The Reserve Bank of India (RBI) has issued the Master Direction on Credit Derivatives, which introduces derivatives on credit indices and total return swaps on corporate bonds, effective from June 25, 2026. This regulation permits entities such as Scheduled Commercial Banks, Standalone Primary Dealers, and certain NBFCs to act as market-makers in credit derivatives. It affects residents, non-residents, FPIs, and financial institutions by setting conditions for participation, reference assets, and settlement mechanisms, with a key focus on ensuring compliance, robust valuation methodologies, and reporting obligations to enhance market transparency.

Insights:

• Market-makers must begin reporting all OTC credit derivative transactions to the CCIL trade repository within 30 minutes of execution, as per the new directions.

• Regulated entities acting as market-makers in credit derivatives must revise their client classification process to distinguish between retail and non-retail users, under the updated user classification framework.

• NBFCs, excluding those classified as Small Finance Banks or other exceptions, need to ensure continued eligibility to act as market-makers or exit the role to comply with the latest regulatory changes.

• The existing Directions regarding credit derivatives issued in 2021-22 are superseded, requiring entities to adhere strictly to the new RBI Directions 2026 for all new transactions.

• Credit derivative contracts must now adhere to new standardization practices set forth by FIMMDA, reflecting international best practices, mandatory for compliance from the effective date.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13552&Mode=0

Jun 29, 2026 : Foreign Exchange Management (Deposit) (Sixth Amendment) Regulations, 2026

Tags:

Special Non-Resident Rupee Account (SNRR), International Financial Services Centre (IFSC), Foreign Exchange Management Act (FEMA), Remittance of Assets

Summary:

The RBI has issued the Foreign Exchange Management (Deposit) (Sixth Amendment) Regulations, 2026, which primarily enable persons residing outside India to open a Special Non-Resident Rupee Account (SNRR account) with authorized dealers both within and outside India, including in International Financial Services Centres (IFSCs). Key changes include the facilitation of transfers between NRO and SNRR accounts within specified limits and transactional autonomy for SNRR accounts between persons resident outside India. These updates impact non-resident individuals and entities engaged in permissible transactions with both resident and non-resident individuals within India's financial jurisdiction.

Insights:

• Authorized dealers must now facilitate opening of Special Non-Resident Rupee Accounts (SNRR) in IFSCs, ensuring alignment with the Notification No. FEMA 5(R)/2016-RB.

• Transfers from NRO accounts to SNRR accounts are now governed by Regulation 4 of the Foreign Exchange Management (Remittance of Assets) Regulations, 2016, necessitating updates in internal compliance protocols.

• The amendment highlights the inclusion of transfers to NRE or SNRR accounts, mandating updates to transaction monitoring systems per the amended Schedule 3 clauses.

• Operational teams must remove references to the deleted paragraphs 2, 5, 6, 7, and 8 from Schedule 4 to maintain compliance with the current regulation.

• With the clarified role of AD banks in the management of SNRR accounts, banks should establish clear processes for validating transaction purposes between residents outside India.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13553&Mode=0