Regulatory Updates

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Table of Contents

Oct 01, 2026 : Reserve Bank of India (Local Area Banks - Acquisition and Holding of Shares or Voting Rights) Amendment Directions, 2026 8

Tags: 8

Summary: 8

Insights: 8

Oct 01, 2026 : Reserve Bank of India (Payments Banks - Acquisition and Holding of Shares or Voting Rights) Amendment Directions, 2026 9

Tags: 9

Summary: 9

Insights: 9

Oct 01, 2026 : Reserve Bank of India (Small Finance Banks - Acquisition and Holding of Shares or Voting Rights) Amendment Directions, 2026 10

Tags: 10

Summary: 10

Insights: 10

Oct 01, 2026 : Reserve Bank of India (Commercial Banks - Acquisition and Holding of Shares or Voting Rights) Amendment Directions, 2026 11

Tags: 11

Summary: 11

Insights: 11

Oct 01, 2026 : Consolidation/ Review of instructions issued on currency management matters – Withdrawal of Circulars/ Guidelines 12

Tags: 12

Summary: 12

Insights: 12

Oct 01, 2026 : Cassette - Swaps in ATMs 13

Tags: 13

Summary: 13

Insights: 13

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Oct 01, 2026 : Master Circular - Credit Facilities to Scheduled Castes (SCs) & Scheduled Tribes (STs) 14
Tags: 14
Summary: 14
Insights: 14
Oct 01, 2026 : Non-Resident Deposits - Comprehensive Single Return (NRD-CSR)(R012): Submission under CIMS Sankalan Portal 15
Tags: 15
Summary: 15
Insights: 15
Oct 01, 2026 : Online submission of Form A2: Removal of limits on amount of remittance . 16
Tags: 16
Summary: 16
Insights: 16
Oct 02, 2026 : Master Direction on Note Sorting Machines 17
Tags: 17
Summary: 17
Insights: 17
Oct 07, 2026 : Reserve Bank of India (Commercial Banks – Prudential Norms on Capital Adequacy) Twelfth Amendment Directions, 2026 18
Tags: 18
Summary: 18
Insights: 18
Oct 07, 2026 : Penal Interest on shortfall in CRR and SLR requirements - Change in Bank Rate 19
Tags: 19
Summary: 19
Insights: 19
Oct 07, 2026 : Liquidity Adjustment Facility - Change in rates 20
Tags: 20
Summary: 20
Insights: 20

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Oct 07, 2026 : Standing Liquidity Facility for Primary Dealers 21
Tags: 21
Summary: 21
Insights: 21
Oct 07, 2026 : Reserve Bank of India (All India Financial Institutions (AIFIs) – Prudential Norms on Capital Adequacy) Fifth Amendment Directions, 2026 22
Tags: 22
Summary: 22
Insights: 22
Oct 07, 2026 : Reserve Bank of India (Payments Banks – Prudential Norms on Capital Adequacy) Third Amendment Directions, 2026 23
Tags: 23
Summary: 23
Insights: 23
Oct 07, 2026 : Reserve Bank of India (Small Finance Banks – Prudential Norms on Capital Adequacy) Sixth Amendment Directions, 2026 24
Tags: 24
Summary: 24
Insights: 24
Oct 07, 2026 : Reserve Bank of India (Commercial Banks – Miscellaneous) Amendment Directions, 2026 25
Tags: 25
Summary: 25
Insights: 25
Oct 07, 2026 : Reserve Bank of India (Commercial Banks – Credit Valuation Adjustment Framework) Directions, 2026 26
Tags: 26
Summary: 26
Insights: 26
Oct 07, 2026 : Reserve Bank of India (Commercial Banks – Forthcoming Instructions) Amendment Directions, 2026 27
Tags: 27

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Summary: 27
Insights: 27
Oct 09, 2026 : Section 42(1) of the Reserve Bank of India Act, 1934 - Change in Daily Minimum Cash Reserve Maintenance Requirement 28
Tags: 28
Summary: 28
Insights: 28
Oct 10, 2026 : Risk Management and Inter-Bank Dealings - Foreign Exchange Risk Reserve 29
Tags: 29
Summary: 29
Insights: 29
Oct 10, 2026 : Risk Management and Inter-Bank Dealings 30
Tags: 30
Summary: 30
Insights: 30
Oct 12, 2026 : Risk Management and Inter-Bank Dealings 31
Tags: 31
Summary: 31
Insights: 31
Oct 19, 2026 : Implementation of Section 51A of UAPA, 1967: Updates to UNSC's 1267/ 1989 ISIL (Da'esh) & Al-Qaida Sanctions List: Amendment of 03 Entries 32
Tags: 32
Summary: 32
Insights: 32
Oct 19, 2026 : Reserve Bank of India (Small Finance Banks - Miscellaneous) Amendment Directions, 2026 33
Tags: 33
Summary: 33
Insights: 33
Oct 19, 2026 : Reserve Bank of India (Commercial Banks - Miscellaneous) Second Amendment Directions, 2026 34

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Tags: 34
Summary: 34
Insights: 34
Oct 23, 2026 : Delegation of Compounding of certain Contraventions under FEMA, 1999 to Regional Offices of the Reserve Bank 35
Tags: 35
Summary: 35
Insights: 35
Oct 23, 2026 : Reserve Bank of India (Commercial Banks – Forthcoming Instructions) Second Amendment Directions, 2026 36
Tags: 36
Summary: 36
Insights: 36
Oct 23, 2026 : Reserve Bank of India (Commercial Banks – Prudential Norms on Capital Adequacy) Eleventh Amendment Directions, 2026 37
Tags: 37
Summary: 37
Insights: 37
Oct 27, 2026 : Implementation of Section 51A of UAPA, 1967: Updates to UNSC's 1267/ 1989 ISIL (Da'esh) & Al-Qaida Sanctions List: Removal of 03 Entries 38
Tags: 38
Summary: 38
Insights: 38
Oct 27, 2026 : Implementation of Section 51A of UAPA, 1967: Updates to UNSC's 1267/ 1989 ISIL (Da'esh) & Al-Qaida Sanctions List: Amendment of 03 Entries 39
Tags: 39
Summary: 39
Insights: 39
Oct 27, 2026 : Re-organisation of districts in the NCT of Delhi – Assignment and Review of Lead Bank Responsibility 40
Tags: 40
Summary: 40

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Insights:.....40
Oct 30, 2026 : Implementation of Section 51A of UAPA, 1967: Updates to UNSC's 1988 (2011) Taliban Sanctions List: Amendment of 05 Entries.....41
Tags:.....41
Summary:.....41
Insights:.....41

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Oct 01, 2026 : Reserve Bank of India (Local Area Banks - Acquisition and Holding of Shares or Voting Rights) Amendment Directions, 2026

Tags:

Major Shareholding, One-time Approval, Local Area Banks, Voting Rights, Compliance Requirements

Summary:

The Reserve Bank of India (RBI) has issued the Reserve Bank of India (Local Area Banks - Acquisition and Holding of Shares or Voting Rights) Amendment Directions, 2026, which introduces conditions under which mutual funds, insurance companies, and pension funds can obtain a one-time approval for subsequent acquisitions of major shareholdings up to 10% in a banking company without the need for prior approval upon each acquisition. This update modifies previous directions to streamline the acquisition process for these entities, stipulating that the one-time approval is subject to specific criteria and can be revoked if associated conditions are not met. Entities impacted by this regulation include banking companies, mutual funds, insurance companies, and pension funds, which are now required to comply with the updated guidelines for share acquisition processes.

Insights:

• Regulated entities must apply for one-time approval via PRAVAAH for mutual funds, insurance, and pension funds in acquiring major shareholding as per amended Directions, 2026.

• Qualifying personas with one-time approval must report to RBI for any change in shareholding beyond the 5% threshold within three working days.

• Company comments using Form A1 are required for one-time approval of major shareholding acquisitions, aligning with amended guidelines from 2025.

• Continuous monitoring arrangements now extend to qualifying persons with one-time approval, modifying the previous Master Direction provisions.

• Previously allowed indirect acquisition by portfolio managers now has stricter criteria and safeguards, ensuring compliance with the amended sections.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13722&Mode=0

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Oct 01, 2026 : Reserve Bank of India (Payments Banks - Acquisition and Holding of Shares or Voting Rights) Amendment Directions, 2026

Tags:

Payments Banks, Major Shareholding, One-time Approval, Voting Rights, Compliance Requirements

Summary:

The Reserve Bank of India (RBI) has amended the directions relating to the acquisition and holding of shares or voting rights in payments banks, introducing a streamlined process for mutual funds, insurance companies, and pension funds. This amendment provides these entities with a one-time approval for acquiring major shareholding up to 10% in a banking company, subject to specific conditions and continuous monitoring requirements. The regulation primarily impacts mutual funds, insurance companies, pension funds, and banking companies as they adjust their acquisition procedures in compliance with the new provisions.

Insights:

• Qualifying persons, such as mutual funds, insurance companies, and pension funds, are required to use the PRAVAAH platform to seek one-time approval from RBI for acquisitions of major shareholding up to 10% in banking companies.

• Banking companies must furnish comments to RBI using Form A1 upon applying for a one-time approval under Paragraph 14 of the amended directions.

• Previous holders of major shareholding who obtained one-time approval are now required to report any decrease or increase in aggregate holdings to below or above 5% within three working days.

• Entities granted one-time approval for major shareholding must comply with conditions specified in the approval, as failure may lead to revocation by RBI for non-compliance.

• The new amendment updates prior approval procedures, affecting applications made for acquisition of 10% or more holdings in a banking company, referencing Paragraph 6(2) and 14.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13721&Mode=0

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Oct 01, 2026 : Reserve Bank of India (Small Finance Banks - Acquisition and Holding of Shares or Voting Rights) Amendment Directions, 2026

Tags:

Small Finance Banks, Major Shareholding Acquisition, One-Time Approval, Banking Regulation Compliance, Portfolio Manager Voting Rights

Summary:

The Reserve Bank of India (RBI) has issued an amendment to the 2025 Master Direction regarding acquisition and holding of shares or voting rights in Small Finance Banks on October 1, 2026. This amendment allows mutual funds, insurance companies, and pension funds to receive a one-time approval for subsequent acquisitions of major shareholding, while maintaining the requirement for initial acquisitions to have prior approval. This regulation impacts mutual funds, insurance companies, and pension funds, requiring them to adhere to new reporting and compliance standards.

Insights:

• Qualifying persons can apply for one-time approval for acquiring up to 10% of a banking company's paid-up share capital using PRAVAAH as per paragraph 14 in Chapter II.

• Upon obtaining one-time approval, qualifying persons must monitor their aggregate shareholding to ensure it does not fall below or exceed 5% without notifying the Reserve Bank and the concerned banking company within three working days.

• Portfolio managers advising clients on acquisitions must ensure that clients are the registered owners of shares and exercise voting rights in compliance with new definitions in Chapter I, para 4.

• Banks may apply for one-time approval on behalf of promoter group qualifying persons as detailed in paragraph 5A of Annex I, ensuring adherence to major shareholding limit computations on an aggregate basis.

• Amended guidelines necessitate updating internal systems to track and report acquisitions or changes in shareholding promptly to maintain compliance with continuous monitoring requirements in Chapter III.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13720&Mode=0

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Oct 01, 2026 : Reserve Bank of India (Commercial Banks - Acquisition and Holding of Shares or Voting Rights) Amendment Directions, 2026

Tags:

Acquisition of Major Shareholding, One-Time Approval, Mutual Funds, Banking Regulation Act 1949, Voting Rights Compliance

Summary:

The Reserve Bank of India's 2026 amendment to the Master Direction on acquisition and holding of shares in commercial banks introduces a one-time approval system for mutual funds, insurance companies, and pension funds to acquire major shareholding up to 10% without repeated prior approvals, provided certain conditions are met. This regulation aims to streamline the acquisition process while ensuring compliance with ownership limits and fit-and-proper criteria. Affected stakeholders include commercial banks, their shareholders, and qualifying institutional investors, who must adhere to new application procedures via the PRAVAAH system and other specified guidelines.

Insights:

• Regulated entities must adjust their acquisition processes to ensure prior approval from RBI for any major shareholding acquisition, with the new one-time approval option available for mutual funds, insurance companies, and pension funds.

• Banks must utilize the PRAVAAH application system to request one-time approval from RBI on behalf of qualifying persons, adhering to new guidelines as specified under Chapter II - Prior Approval for Acquisition.

• The definition changes in Chapter I, Section C necessitate banks to revise their compliance frameworks to distinguish between portfolio manager indirect acquisitions and direct acquisitions by clients.

• The amendment in Chapter III mandates continuous monitoring arrangements for 'qualifying persons with one-time approval', requiring updates to existing shareholder monitoring systems.

• As per Annex I, paragraph 9A, entities which obtain one-time approval must report changes in their aggregate shareholding to RBI and the respective banking company within three working days of crossing the 5% threshold.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13719&Mode=0

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Oct 01, 2026 : Consolidation/ Review of instructions issued on currency management matters – Withdrawal of Circulars/ Guidelines

Tags:

Currency Management, Regulatory Framework, Circular Withdrawal, Banking Compliance, Currency Exchange

Summary:

The Reserve Bank of India (RBI) has consolidated and updated its directives related to currency management by withdrawing obsolete circulars and integrating them into Master Directions and subject-specific instructions. This regulatory overhaul aims to streamline the framework for handling regulatory issues tied to currency management, impacting all banks. The update primarily affects the procedures banks follow concerning the exchange and handling of notes, defacement policies, and the detection of counterfeit notes.

Insights:

• Banks must review and align their currency management practices with the consolidated Master Directions issued by RBI, replacing all obsolete or redundant circulars.

• Immediate cessation of using previously prescribed stamps and processes by Public Sector Banks to handle soiled and mutilated notes, as these guidelines are now obsolete.

• Financial institutions are required to update their operational procedures for handling currency exchanges and counterfeit detection in line with the new RBI framework effective October 2026.

• Regulated entities need to discontinue practices from previously withdrawn circulars, notably regarding the maintenance and reporting of cash ratios and note processing procedures.

• All guidelines listed in the Annex to the RBI document dated October 1, 2026, have been revoked, implying a need for compliance checks against the current Master Directions.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13718&Mode=0

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Oct 01, 2026 : Cassette - Swaps in ATMs

Tags:

Cassette Swaps, ATMs, Compliance, Committee of Executives, Banking Operations

Summary:

The Reserve Bank of India circular focuses on the process of cassette swaps in ATMs, with a key update allowing banks to delegate the monitoring responsibility to a Committee of Executives. This change modifies the earlier directive issued on March 31, 2022, and impacts all banking institutions by adjusting oversight procedures related to ATM operations.

Insights:

• Banks must establish a Committee of Executives to monitor cassette swap implementation as per the delegated authority by the Board.

• The updated circular RBI/2026-27/273 partially modifies para 3 of the previous circular RBI/2021-22/190 regarding ATM cassette swaps.

• Regulated banks should ensure compliance with the Amendment Directions, 2026, impacting governance structures in various bank segments including Small Finance and Payments Banks.

• Banks are required to re-evaluate their internal reporting structures in accordance with Reserve Bank of India's new governance amendments effective from October 1, 2026.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13717&Mode=0

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Oct 01, 2026 : Master Circular - Credit Facilities to Scheduled Castes (SCs) & Scheduled Tribes (STs)

Tags:

Scheduled Castes, Scheduled Tribes, Credit Facilities, Priority Sector Lending, Government Sponsored Schemes

Summary:

The Reserve Bank of India's Master Circular consolidates existing guidelines for banks to enhance credit facilities to Scheduled Castes (SCs) and Scheduled Tribes (STs). Key updates include specific planning and liaison measures, support from SC/ST Development Corporations, and the introduction of schemes like CEGSSC for entrepreneurship promotion among SCs. The circular impacts all Scheduled Commercial Banks, empowering them to enhance credit flow, ensuring non-insistence on deposits in government schemes, and requiring monitoring through a special cell in banks' head offices.

Insights:

• Regulated entities must establish a special cell at their Head Office to monitor and report credit flow to SC/ST beneficiaries, ensuring compliance with the guidelines.

• Bank staff are required to assist SC/ST borrowers in application completion to expedite credit facility disbursement, aligning with the role of banks in the regulation.

• Branches should organize exclusive meetings for SC/ST beneficiaries to incorporate their credit needs into the district credit plan proactively.

• Effective immediately, banks must refrain from demand deposits when processing SC/ST loan applications under government-sponsored schemes, particularly as stated in the role of banks guideline.

• The differential rate of interest scheme mandates that at least 40% of DRI advances must target SC/ST borrowers, updating the policy on concessionary credit provisions.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13716&Mode=0

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Oct 01, 2026 : Non-Resident Deposits - Comprehensive Single Return (NRD-CSR)(R012): Submission under CIMS Sankalan Portal

Tags:

Non-Resident Deposits (NRD), Comprehensive Single Return (CSR), Centralised Information Management System (CIMS), Reporting Requirements, Foreign Exchange Management Act (FEMA)

Summary:

This RBI regulation pertains to the submission process of the Non-Resident Deposits Comprehensive Single Return (NRD-CSR) under the Centralised Information Management System (CIMS) Sankalan Portal. Major updates include the transition of NRD-CSR submission to the CIMS portal and the introduction of three submission channels—system-to-system integration, file upload, and screen-based web form. The regulation impacts banks maintaining Non-Resident Deposits, requiring them to adhere to new templates and formats for submission and ensure timely reporting by the 10th of each month, while also providing them with guidance on accessing and utilizing the CIMS Sankalan system.

Insights:

• Banks must transition Non-Resident Deposit (NRD) reporting to the CIMS Sankalan portal with immediate effect as per the guidelines superseding A.P. (DIR Series) Circular No. 19 dated August 07, 2013.

• Ensure completion of NRD-CSR data submission by the 10th day of each month through Screen-based, File Upload, or System-to-system integration channels on the CIMS platform.

• Download and utilize the RBI's revised NRD-CSR templates and taxonomy formats from the Sankalan portal for accurate and compliant monthly submissions.

• Screen-based NRD-CSR submissions are restricted to 2000 records; consider alternative submission methods for greater volumes to remain compliant.

• Contact the CIMS helpdesk through its 'Support' menu for clarifications or issues during the transition to the new reporting protocol.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13725&Mode=0

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Oct 01, 2026 : Online submission of Form A2: Removal of limits on amount of remittance

Tags:

Foreign Exchange Management, Online Form A2 Submission, Remittances, Authorised Dealers, Regulatory Guidelines

Summary:

The Reserve Bank of India (RBI) has issued a regulation removing the limit on the amount for outward forex remittances via online submission of Form A2, as previously outlined in A.P. (DIR Series) Circular No. 12 dated July 03, 2024. Authorised Dealers are now required to create internal guidelines approved by their Board or delegated committees to facilitate such remittances. This circular applies to AD Category I banks and AD Category II entities, with all previous instructions remaining unchanged.

Insights:

• Authorised Dealers must revise their internal guidelines for facilitating outward forex remittances by obtaining approval from their Board or delegated committee as defined in the October 2026 circular.

• ADs should ensure the dissemination of updated guidelines mentioned in the October 2026 circular to their clients, reinforcing compliance and understanding.

• No changes are made to the operational instructions previously issued in A.P. (DIR Series) Circular No. 12 dated July 03, 2024; thus, existing compliance structures remain valid.

• ADs need to confirm that their established processes comply with sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999, as affirmed in the latest circular.

• Stakeholders are reminded to adhere to permissions or approvals required under laws outside FEMA, as the October 2026 regulation does not alter such needs.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13724&Mode=0

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Oct 02, 2026 : Master Direction on Note Sorting Machines

Tags:

Note Sorting Machines, Fitness Sorting Parameters, BIS Standards, RBI Compliance, Banking Operational Changes

Summary:

The Reserve Bank of India (RBI) issued a Master Direction on Note Sorting Machines, refining guidelines for note authentication and fitness parameters to ensure reliable sorting of currency notes. Major updates include the requirement for banks to phase out old models of note sorting machines not complying with new BIS standards by June 30, 2027, and mandating quarterly testing and calibration of machines. These updates affect banks operating or procuring note sorting machines, emphasizing adherence to enhanced standards for currency handling.

Insights:

• Banks must ensure quarterly testing and recalibration of Note Sorting Machines and maintain signed certificates by bank officials by June 30, 2027.

• Effective June 30, 2027, all banks must phase out Note Sorting Machines discontinued from production to avoid penalties as per the 'Incentives for Currency Distribution' Master Direction.

• Only BIS certified Note Sorting Machines (Standard IS 18663:2024) should be procured and deployed by banks to comply with RBI's directives.

• The RBI document supersedes previous circulars, including DCM. No. Cir. NPD.3161/09.39.00, DCM(R&D)No.G-26/18.00.14, and others issued between November 2009 and April 2025.

• Regulated banks must perform manual inspections on suspect/reject notes as defined in the amended Note Refund Rules (NRR 2009, December 2018).

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13723&Mode=0

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Oct 07, 2026 : Reserve Bank of India (Commercial Banks – Prudential Norms on Capital Adequacy) Twelfth Amendment Directions, 2026

Tags:

Capital Adequacy, Clearing Member Banks, CVA Losses, Risk Weight, Regulatory Amendment

Summary:

The Reserve Bank of India (RBI) has issued the Twelfth Amendment Directions, 2026, to the Prudential Norms on Capital Adequacy for commercial banks, effective immediately. Major updates include a revised 2% risk weight for banks acting as clearing members of Qualified Central Counterparties (QCCP) and adjustments regarding Credit Valuation Adjustment (CVA) losses, aligning with international standards. These changes primarily impact commercial banks serving as clearing members and necessitate adherence to updated documentation and valuation norms.

Insights:

• Clearing member banks must apply a 2% risk weight to their trade exposure for OTC derivatives with QCCPs, ensuring alignment with international norms starting from October 7, 2026.

• Banks offering clearing services must ensure they cover client obligations for potential losses in event of QCCP default, applying a consistent 2% risk weight to such exposures.

• For EAD determination, banks must recognize CVA losses based on actual write-downs; ensure financial documentation aligns with this standard for compliance.

• Previous guidelines under paragraph 213 (2) (iv) (c), (d), and (e) in the 2025 Directions are now deleted and must be excluded from current processes.

• Immediate effect from October 7, 2026, banks need to reassess their capital adequacy frameworks, considering the updated guidelines on CVA and client exposure standards.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13732&Mode=0

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Oct 07, 2026 : Penal Interest on shortfall in CRR and SLR requirements - Change in Bank Rate

Tags:

CRR and SLR shortfall, Bank Rate adjustment, Penal Interest Rates, Compliance requirements, Monetary Policy Statement

Summary:

The Reserve Bank of India (RBI) has revised the Bank Rate upwards by 25 basis points from 5.50% to 5.75%, effective immediately, as announced in the Monetary Policy Statement 2026-27. Consequently, penal interest rates on shortfalls in Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) requirements, linked to the Bank Rate, have been adjusted to Bank Rate plus 3.0 percentage points (8.75%) or Bank Rate plus 5.0 percentage points (10.75%), depending on the shortfall's duration. This change impacts all banks required to adhere to CRR and SLR mandates.

Insights:

• Banks must immediately update their penal interest systems to reflect the revised Bank Rate increase from 5.50% to 5.75%, effective October 07, 2026.

• Ensure that any shortfalls in CRR and SLR are subjected to the revised penal interest rates: 8.75% or 10.75%, depending on the duration of the shortfall.

• Review and amend any compliance procedures linked to the Bank Rate, especially those tied to the previous circular DoR.RET.REC.341/12.01.001/2025-26 dated December 05, 2025.

• Finance departments should strategize to minimize shortfalls as the increased penal rates could significantly impact financial costs.

• Communicate the changes to stakeholders and update financial disclosures where the Bank Rate influences interest calculations or projections.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13728&Mode=0

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Oct 07, 2026 : Liquidity Adjustment Facility - Change in rates

Tags:

Liquidity Adjustment Facility, Policy Repo Rate Increase, Monetary Policy Committee, Standing Deposit Facility, Marginal Standing Facility

Summary:

The Reserve Bank of India (RBI) announces a change in the Liquidity Adjustment Facility (LAF) rates as per the Monetary Policy Statement dated October 07, 2026. The policy repo rate is increased by 25 basis points from 5.25% to 5.50%, and consequently, the standing deposit facility (SDF) rate and marginal standing facility (MSF) rate are adjusted to 5.25% and 5.75% respectively, effective immediately. This change affects all LAF participants, while all other terms and conditions of the LAF Scheme remain unchanged.

Insights:

• LAF participants must immediately adjust their operational strategies to accommodate the increased repo rate of 5.50%, effective from October 7, 2026.

• In line with the repo rate hike, financial institutions are required to recalibrate their interest rates on deposits and borrowings to reflect the adjusted SDF and MSF rates of 5.25% and 5.75%, respectively.

• All financial entities under the LAF scheme should review their liquidity management frameworks to align with the new rates, ensuring compliance with the unchanged terms of the existing LAF Scheme.

• Financial analysts should update interest rate forecasts and client advisories to incorporate the 25 basis points increase in the policy repo rate as announced by the MPC.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13727&Mode=0

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Oct 07, 2026 : Standing Liquidity Facility for Primary Dealers

Tags:

Policy Repo Rate, Liquidity Adjustment Facility, Standing Liquidity Facility, Primary Dealers, Monetary Policy Committee

Summary:

The Reserve Bank of India (RBI) has announced an increase in the policy repo rate under the Liquidity Adjustment Facility (LAF) by 25 basis points, raising it from 5.25% to 5.50% with immediate effect. As a result, the Standing Liquidity Facility offered to Primary Dealers (PDs), which provides collateralized liquidity support, will also be adjusted to this revised repo rate. This change impacts Primary Dealers who rely on this facility for liquidity needs.

Insights:

• Primary Dealers must adjust their systems immediately to accommodate the revised repo rate of 5.50% for accessing the Standing Liquidity Facility.

• The increase in the repo rate from 5.25% to 5.50% is effective immediately, requiring operational areas to update interest calculations for liquidity facilities without delay.

• Ensure compliance with the updated liquidity parameters as outlined by the RBI's bi-monthly Monetary Policy Statement for 2026-27, focusing on timely adjustments.

• Review existing collateral arrangements and margin requirements to ensure they align with the revised repo rate stipulated by the RBI.

• Cross-reference previous communications for any changes in repo rates or liquidity facilities to maintain consistency across financial transactions.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13726&Mode=0

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Oct 07, 2026 : Reserve Bank of India (All India Financial Institutions (AIFIs) – Prudential Norms on Capital Adequacy) Fifth Amendment Directions, 2026

Tags:

Capital Adequacy, All India Financial Institutions, Clearing Member, Prudential Norms, Risk Weight

Summary:

The Reserve Bank of India (RBI) has issued the Fifth Amendment Directions, 2026, revising the prudential norms on capital adequacy for All India Financial Institutions (AIFIs). Key changes include a mandatory 2% risk weight on AIFI's trade exposure to Qualified Central Counterparties (QCCPs) for clearing over-the-counter derivatives and exchange-traded transactions, and for clearing services offered to clients when the clearing member is responsible for client losses due to QCCP default. These amendments align domestic regulations with international standards and primarily impact AIFIs acting as clearing members for QCCPs.

Insights:

• AIFIs acting as clearing members for QCCP must apply a 2% risk weight to its trade exposure, necessitating revisions in risk management strategies.

• Clearing member AIFIs offering client services must prepare for potential liability by incorporating measures to cover client losses in case of QCCP default.

• This amendment aligns with international standards, prompting a review of current compliance systems by AIFIs against updated global benchmarks.

• Entities must update their legal documentation processes, as the requirement for obtaining legal opinions is aligned with these new directions.

• The amendments to paragraph 77(6)(i) necessitate immediate compliance from the date of issue, requiring AIFIs to swiftly integrate these changes.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13735&Mode=0

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Oct 07, 2026 : Reserve Bank of India (Payments Banks – Prudential Norms on Capital Adequacy) Third Amendment Directions, 2026

Tags:

Capital Adequacy, Payments Banks, Prudential Norms, Clearing Member Banks, Risk Weight

Summary:

The Reserve Bank of India (RBI) has issued the Third Amendment Directions, 2026, under the Payments Banks – Prudential Norms on Capital Adequacy to align with international standards. Key changes include the application of a 2% risk weight to a bank's trade exposure to a Qualified Central Counterparty (QCCP) for OTC derivatives, exchange-traded derivatives, and securities financing transactions. This regulation affects clearing member banks, particularly when they offer clearing services to clients and bear the obligation to reimburse client losses if the QCCP defaults.

Insights:

• Payments banks acting as clearing members must apply a 2% risk weight on trade exposure to QCCPs, effective immediately from the date of issue.

• Entities offering clearing services to clients must ensure compliance with the 2% risk weight on trade exposure, particularly for cases requiring reimbursement to clients upon QCCP default.

• Regulated banks should update their risk assessment frameworks to incorporate the new risk weighting requirements outlined in the amendment to paragraph 52(5)(i) of the 2025 Directions.

• Review and align legal opinions to meet the updated Direction requirements to maintain adherence to international standards as stipulated by the amendment.

• Ensure internal compliance teams are informed about the withdrawal or amendment of specific provisions in paragraph 52(5)(i) to maintain departmental synchronization.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13734&Mode=0

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Oct 07, 2026 : Reserve Bank of India (Small Finance Banks – Prudential Norms on Capital Adequacy) Sixth Amendment Directions, 2026

Tags:

Small Finance Banks, Capital Adequacy, QCCP, Clearing Member Banks, Risk Weight

Summary:

The Reserve Bank of India (RBI) has issued the Sixth Amendment to the Prudential Norms on Capital Adequacy for Small Finance Banks, altering paragraph 75(5)(i) to align with international standards. This amendment mandates a 2 percent risk weight for clearing member banks' trade exposure to Qualifying Central Counterparties (QCCPs) in specific derivative and securities financing transactions, both for their own transactions and those conducted on behalf of clients. The regulation directly impacts small finance banks acting as clearing members, emphasizing their obligation toward client transactions if a QCCP were to default.

Insights:

• Clearing member banks need to apply a 2% risk weight to trade exposures with QCCPs for OTC and exchange-traded derivatives, ensuring necessary adjustments in capital allocation strategies.

• Banks offering client clearing services must also prepare for a 2% risk weight on trade exposures with QCCPs, adjusting capital reserves accordingly to mitigate potential default risks.

• Previously established norms in paragraph 75(5)(i) are amended; banks should revise compliance frameworks to incorporate these changes immediately, as the amendment is effective from the issuance date.

• Entities should review international standards for capital adequacy adjustments, aligning their policies with the updated RBI guidelines to ensure compliance and avoid penalties.

• Internal audit teams must verify that updates in risk weight applications are accurately reflected in the bank's risk management processes and reporting systems.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13733&Mode=0

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Oct 07, 2026 : Reserve Bank of India (Commercial Banks – Miscellaneous) Amendment Directions, 2026

Tags:

RBI Amendment Directions 2026, Commercial Banks Compliance, Banking Regulation Act 1949, Option Premium Deferment, Regulatory Changes Effective 2027

Summary:

The Reserve Bank of India (RBI) has issued the Reserve Bank of India (Commercial Banks - Miscellaneous) Amendment Directions, 2026, which focus on changes to the regulations governing the deferment of option premium. A significant update is the deletion of Sub-section D of Chapter IV (Paragraph 38) in the 2025 directions, effective from April 1, 2027. This amendment primarily impacts commercial banks as they need to align with the revised regulatory requirements.

Insights:

• From April 1, 2027, banks must ensure compliance with the Reserve Bank of India (Commercial Banks - Miscellaneous) Amendment Directions, 2026, as it deletes Sub-section D of Chapter IV regarding deferment of option premium.

• Banks should note that Paragraph 38 of Sub-section D, Chapter IV in the 2025 Directions is withdrawn, necessitating updates to compliance documentation and operational procedures.

• Entities should stay apprised of the changes due to the referenced Reserve Bank of India (Commercial Banks – Forthcoming Instructions) Amendment Directions, 2026, which have expedited this amendment.

• Regulated entities are required to assess the impact of removing Sub-section D, Chapter IV on their financial transactions and adjust risk management strategies accordingly before the April 1, 2027 deadline.

• Internal policy frameworks and regulatory submissions must be revised to align with the amended Directions effective from April 1, 2027, to avoid regulatory penalties.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13731&Mode=0

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Oct 07, 2026 : Reserve Bank of India (Commercial Banks – Credit Valuation Adjustment Framework) Directions, 2026

Tags:

Credit Valuation Adjustment, Commercial Banks, Counterparty Credit Risk, CVA risk capital charge, Regulatory Compliance

Summary:

The Reserve Bank of India (RBI) has issued the Reserve Bank of India (Commercial Banks – Credit Valuation Adjustment Framework) Directions, 2026, which provides guidelines for commercial banks on calculating the capital requirements for Credit Valuation Adjustment (CVA) risk on derivatives, beginning April 1, 2027. This regulation introduces the Basic Approach (BA-CVA) and provides an alternative treatment for banks with non-centrally cleared derivatives not exceeding ₹10 lakh crore. It impacts commercial banks, excluding Small Finance Banks, Payments Banks, and Local Area Banks, requiring them to implement new risk calculation methodologies and adhere to specific reporting and disclosure requirements.

Insights:

• Commercial banks must adopt either the full or reduced version of the Basic Approach for CVA implementation by April 1, 2027, as mandated by the new RBI guidelines.

• Banks opting for the alternate CVA treatment must cap their CVA capital requirement at 100% of counterparty credit risk and cannot recognize CVA hedges.

• Entities must ensure compliance with cross-referenced guidelines, specifically noting the repeal of para 85(3) from the 2025 Prudential Norms on Capital Adequacy.

• Banks calculating CVA using the full version must account for eligible hedges through single-name or index CDS as specified in paragraphs 18 to 19.

• Disclosure requirements for Pillar 3, including templates CVA1 and CVA2, mandate semiannual reporting under the BA-CVA approach.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13729&Mode=0

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Oct 07, 2026 : Reserve Bank of India (Commercial Banks – Forthcoming Instructions) Amendment Directions, 2026

Tags:

Counterparty Credit Risk, Capital Requirements, Commercial Banks, SA-CCR, Central Counterparties (CCP)

Summary:

The Reserve Bank of India (RBI) has issued amendments to the Reserve Bank of India (Commercial Banks – Forthcoming Instructions) Directions, 2026, focusing on aligning counterparty credit risk capital requirements with international standards. Key changes include updated methodologies for calculating the risk-weighted assets for counterparty credit risk, including specific provisions for central counterparties (CCPs) and a detailed framework for various derivative classes. The regulation impacts commercial banks with an international presence or a significant book value of derivative exposures, with compliance expected by April 1, 2027.

Insights:

• Commercial banks with a book value of derivatives outstanding of ₹25,000 crore and above must adopt the Standardised Approach for Counterparty Credit Risk (SA-CCR) by April 1, 2027.

• Banks using the Current Exposure Method (CEM) must transition to SA-CCR for derivatives exposure assessments by April 1, 2027, as per the amended guidelines.

• Annex 1 of the 'Reserve Bank of India (Commercial Banks – Forthcoming Instructions) Directions, 2025' is renamed, and Annex 2 and 3 are introduced, signifying the incorporation of new methodologies and definitions.

• Clearing members are required to calculate their capital requirements for the default fund exposure to a CCP, ensuring compliance with the outlined formulae and supervisory criteria.

• Banks acting as clearing members must apply a 20 business day floor for margin period of risk for netting sets exceeding 5,000 trades unless conditions allow a 10 business day period.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13730&Mode=0

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Oct 09, 2026 : Section 42(1) of the Reserve Bank of India Act, 1934 - Change in Daily Minimum Cash Reserve Maintenance Requirement

Tags:

Cash Reserve Ratio (CRR), Scheduled Banks, Daily Maintenance Requirement, Liquidity Conditions, Reserve Bank of India Act

Summary:

The Reserve Bank of India (RBI) has issued a regulation altering the minimum daily maintenance requirement for the Cash Reserve Ratio (CRR) for scheduled banks. Effective from October 16, 2026, banks are mandated to maintain at least 99% of the required CRR daily, a significant increase from the previous 90%. This change impacts all scheduled banks and aims to address the current liquidity conditions.

Insights:

• Scheduled banks must increase their daily maintained Cash Reserve Ratio from 90% to 99% of the required CRR starting October 16, 2026.

• Compliance teams at scheduled banks should adjust operations to ensure the daily average CRR does not fall below the newly prescribed 99% threshold during each reporting fortnight.

• Banks should review and possibly amend their liquidity management strategies to meet the increased CRR daily maintenance requirement effectively from the specified date.

• Internal compliance audits should be scheduled to verify adherence to the new 99% daily CRR maintenance requirement to avoid regulatory breaches.

• As changes are effective from October 16, 2026, immediate communication and training may be necessary for the relevant teams to ensure seamless transition to this updated requirement.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13736&Mode=0

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Oct 10, 2026 : Risk Management and Inter-Bank Dealings - Foreign Exchange Risk Reserve

Tags:

Foreign Exchange Risk Reserve, INR Derivative Contracts, Authorised Dealers, Compliance Reporting, Hedging Transactions

Summary:

The Reserve Bank of India has introduced a regulation requiring Authorized Dealers to maintain a Foreign Exchange Risk Reserve (FERR) for foreign exchange derivative contracts involving INR, with notional values exceeding USD two million, undertaken to hedge current account transactions. This Reserve, equating to 20% of the INR equivalent of the notional amount of each contract, must be deposited in cash with the Reserve Bank daily until contract termination. The regulation impacts Authorized Dealers and aims to ensure orderly functioning of the foreign exchange market, with compliance monitored through the Centralised Information Management System (CIMS).

Insights:

• Authorised Dealers must establish and maintain a Foreign Exchange Risk Reserve (FERR) for INR derivative contracts exceeding USD two million in notional value, starting immediately.

• The reserve must constitute 20% of the INR equivalent of each derivative contract's notional amount and be deposited with the RBI daily until contract termination.

• Daily reporting of FERR details is mandatory through the Reserve Bank's Centralised Information Management System (CIMS), ensuring real-time compliance monitoring.

• Operational changes must include monitoring for circumvention attempts, as engaging in multiple transactions to avoid reserve requirements is a regulatory violation.

• All previously issued guidelines that conflict with this direction may be deemed amended as per these new requirements, particularly impacting hedging of current account transactions.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13738&Mode=0

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Oct 10, 2026 : Risk Management and Inter-Bank Dealings

Tags:

Foreign Exchange Derivatives, INR Rebooking Prohibition, Hedging Threshold Limit, Additional Documentation Requirement, Compliance with Underlying Exposure

Summary:

The Reserve Bank of India (RBI) has issued new directives for Authorised Dealers regarding foreign exchange derivative contracts involving the Indian Rupee (INR). Key changes include the prohibition of rebooking of cancelled INR derivative contracts, an adjustment of the threshold limit for position-taking without underlying exposure to USD 5 million, and mandatory undertakings by users to prevent multiple hedgings of the same exposure. The regulation impacts Authorised Dealers who must ensure compliance, documentation, and retention of records for at least two years as per the RBI's updated requirements.

Insights:

• Authorised Dealers must cease allowing rebooking of INR-involved foreign exchange derivative contracts once they are cancelled, effective immediately.

• There is a reduced threshold of USD 5 million equivalent for users to take positions without the need for underlying exposure, necessitating stricter monitoring of user exposure limits.

• When offering INR foreign exchange derivative contracts, Authorised Dealers must secure undertakings from users to confirm exposures are not hedged elsewhere, and retain this documentation for at least two years.

• Operational systems should be updated to comply with the immediate enforcement of these directions, necessitating potential reassessment of compliance protocols by Authorised Dealers.

• Authorised Dealers should reference the amended Master Direction - Risk Management and Inter-Bank Dealings, July 05, 2016, and ensure that position taking limits align with the new threshold constraints.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13737&Mode=0

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Oct 12, 2026 : Risk Management and Inter-Bank Dealings

Tags:

Non Deliverable Derivative Contracts, Foreign Exchange Risk Reserve, INR Derivative Contracts, Hedging Currency Risk, Authorised Dealers Compliance

Summary:

The RBI issued a regulation targeting risk management in foreign exchange derivative contracts involving INR. Major updates include the requirement for Authorized Dealers to offer non-deliverable derivative contracts (NDDCs) to non-resident users solely for hedging purposes and the establishment of a Foreign Exchange Risk Reserve (FERR) for such transactions. This regulation impacts Authorized Dealers with operating IFSC Banking Units and Standalone Primary Dealers, mandating FERR equal to 20 percent of the INR equivalent of the notional amount of each derivative contract, to be maintained in cash with the Reserve Bank daily until contract termination.

Insights:

• Authorised Dealers must now offer NDDCs involving INR solely for hedging purposes, superseding the previous allowance for unrestricted usage.

• A new Foreign Exchange Risk Reserve (FERR) must be maintained at a rate of 20% of the INR equivalent of each derivative contract's notional amount.

• The FERR must be deposited in cash with the Reserve Bank on a daily basis and maintained until the contract's termination.

• The new FERR regulations apply only to foreign exchange derivative contracts undertaken after October 12, 2026, the issuance date of these directions.

• Compliance must be aligned with this direction per Section 10(4) and 11(1) of FEMA, 1999, and Section 45W of the Reserve Bank of India Act, 1934.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13739&Mode=0

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Oct 19, 2026 : Implementation of Section 51A of UAPA, 1967: Updates to UNSC's 1267/ 1989 ISIL (Da'esh) & Al-Qaida Sanctions List: Amendment of 03 Entries

Tags:

UAPA Compliance, UNSC Sanctions List, ISIL and Al-Qaida, Financial Institutions, Regulatory Updates

Summary:

The Reserve Bank of India's regulatory update pertains to the implementation of Section 51A of the Unlawful Activities (Prevention) Act, 1967, following amendments to the UNSC's ISIL (Da'esh) & Al-Qaida Sanctions List, which includes three updated entries. Regulated entities such as commercial banks, cooperative banks, and financial institutions are required to ensure compliance by not maintaining accounts for individuals or entities linked to terrorism as listed by the UNSC, and to follow specific procedures for sanctions and potential delisting requests as outlined by the Ministry of Home Affairs and UNSC provisions. These updates necessitate meticulous compliance and appropriate actions per the RBI's KYC Directions of 2025, affecting various financial stakeholders.

Insights:

• Regulated entities must ensure they do not hold accounts in the name of individuals/entities listed by the UNSC under the amended UAPA, 1967 section 51A, effective immediately.

• All entities must regularly update their systems with the amended ISIL (Da'esh) & Al-Qaida Sanctions List and stay informed via the UNSC website for real-time changes.

• Entities are required to follow procedures under the UAPA Order dated February 02, 2021, as amended on April 22, 2024, for dealing with accounts linked to designated individuals/entities.

• Requests for delisting from the UNSC sanctions list must be forwarded to CTCR, MHA electronically, as per ministry directives.

• Compliance teams should utilize updated sanction lists available at designated UN URLs to ensure immediate conformance with current international standards.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13742&Mode=0

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Oct 19, 2026 : Reserve Bank of India (Small Finance Banks - Miscellaneous) Amendment Directions, 2026

Tags:

Small Finance Banks, Non-Option Derivative Contracts, Banking Regulation Act 1949, Amendment Directions 2026, Compliance Changes

Summary:

The Reserve Bank of India's regulation addresses the 'Limits for Non-Option Derivative Contracts' for Small Finance Banks under the Reserve Bank of India (Small Finance Banks - Miscellaneous) Directions, 2025. The key update is the deletion of Section C, which pertains to paragraph 37 of Chapter IV, and these changes take effect immediately. This regulation impacts Small Finance Banks as they will no longer be bound by the previously specified limits for non-option derivative contracts.

Insights:

• With immediate effect, Small Finance Banks must cease entering into Non-Option Derivative Contracts as per the deleted Section C of Chapter IV in the 2025 Directions.

• Entities previously engaged in Non-Option Derivative Contracts should review and adjust their risk management strategies to adapt to the updated 2026 guidelines.

• Regulated entities must update their compliance frameworks promptly to reflect the deletion of paragraph 37 from the 2025 Directions.

• Banks should inform and train relevant staff on this regulatory amendment to ensure understanding and adherence to the new operational framework.

• Stakeholders dependent on Non-Option Derivative Contracts must seek alternative strategies or instruments to manage financial risks in line with the latest RBI amendments.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13741&Mode=0

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Oct 19, 2026 : Reserve Bank of India (Commercial Banks - Miscellaneous) Second Amendment Directions, 2026

Tags:

Non-Option Derivative Contracts, Banking Regulation Act, Reserve Bank of India, Commercial Banks, Amendments

Summary:

The Reserve Bank of India (RBI) has issued the Reserve Bank of India (Commercial Banks - Miscellaneous) Second Amendment Directions, 2026, which focuses on revising the limits for Non-Option Derivative Contracts. The major update involves the deletion of Section C of Chapter IV in the previous 2025 directions concerning these limits. This change impacts commercial banks engaged in derivative contracts, ensuring they adhere to the updated regulatory framework immediately.

Insights:

• As of October 19, 2026, commercial banks must immediately cease compliance with Section C on 'Limits for Non-Option Derivative Contracts' from Chapter IV of the 2025 directions.

• Banks should re-evaluate their non-option derivative contracts policies and update risk management frameworks to align with the deletion of the previous limits.

• Financial institutions previously guided by Section C of 2025 directions should review internal guidelines to ensure no residual references to the now-deleted section.

• Entities are expected to track further communications from RBI regarding any additional modifications to derivative contract guidelines post-amendment.

• Any strategic planning and training materials related to Chapter IV Section C of the Reserve Bank Directions, 2025, should be revised to reflect these regulatory changes.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13740&Mode=0

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Oct 23, 2026 : Delegation of Compounding of certain Contraventions under FEMA, 1999 to Regional Offices of the Reserve Bank

Tags:

Compounding of Contraventions, FEMA 1999, Overseas Investments, Borrowing and Lending, Regional Offices Delegation

Summary:

The Reserve Bank of India's latest circular delegates the compounding of certain contraventions under FEMA, 1999, specifically those related to Overseas Investments and Borrowing, Lending, and Guarantees transactions, to select Regional Offices instead of the Central Office. This update is aimed at enhancing customer service by decentralizing the process and requires applications for compounding contraventions to be submitted to specific Regional Offices based on unique identifiers or jurisdiction. This regulation impacts Authorized Dealer Category-I banks, other Authorized Persons, and entities involved in overseas investment, borrowing, lending, and guarantees.

Insights:

• Regional Offices of RBI can now compound contraventions related to Overseas Investments and Borrowing and Lending, requiring entities to submit applications to specific Regional Offices based on UIN prefixes.

• All AD Category-I banks and other Authorised Persons should update their compliance protocols to reflect the delegation of compounding powers from Central Office to Regional Offices as per the new RBI guidelines.

• Entities must ensure that compounding applications for contraventions without a UIN are submitted to the CEFA, RBI's Foreign Exchange Department, Central Office, Mumbai in compliance with new directions.

• For transactions involving Lending or Guarantees, entities must assess whether they relate to their Overseas Direct Investments and apply for compounding at designated Regional Offices accordingly.

• The Master Directions on Compounding of Contraventions under FEMA, 1999, will be updated to reflect these changes, and regulated entities must review these updates to ensure adherence to the revised guidelines.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13745&Mode=0

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Oct 23, 2026 : Reserve Bank of India (Commercial Banks – Forthcoming Instructions) Second Amendment Directions, 2026

Tags:

Operational Risk, Minimum Capital Requirements, Banking Regulation, Risk Management, Internal Loss Multiplier

Summary:

The Reserve Bank of India (RBI) has issued the Second Amendment Directions, 2026 to the Reserve Bank of India (Commercial Banks – Forthcoming Instructions) Directions, 2025, focusing on the Minimum Capital Requirements for Operational Risk. Key updates include revised calculation methodologies for the Operational Risk Capital (ORC) linked to internal loss multipliers and adjustments in financial statement mappings. These changes, effective from April 1, 2027, primarily affect commercial banks, necessitating adherence to newly prescribed computation methods for operational risk losses and capital adequacy requirements.

Insights:

• Starting April 1, 2027, banks must align their operational risk capital computation with the new parameters in amended Chapter IV of Directions, 2025, focusing on Minimum Capital Requirements.

• Banks need to update financial statement mappings and ensure 'Interest, lease and dividend Component' items comply with the new Table 8 guidelines for ILDC classification.

• In case of asset damage or destruction, banks must follow the new detailed calculation guidance for operational loss amounts and report accordingly.

• Amended Paragraph 32 mandates banks, with at least five years of loss data, to compute the Loss Component (LC) for ILM calculations, emphasizing high-quality data requirements.

• Paragraph 31's substitution introduces a new formula for ILM, reinforcing the need for precise historical loss data utilization in operational risk capital calculations.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13744&Mode=0

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Oct 23, 2026 : Reserve Bank of India (Commercial Banks – Prudential Norms on Capital Adequacy) Eleventh Amendment Directions, 2026

Tags:

Basel III Leverage Ratio, Prudential Norms, Banking Supervision, Capital Adequacy, Regulatory Compliance

Summary:

The Reserve Bank of India (RBI) issued the 'Commercial Banks – Prudential Norms on Capital Adequacy, Eleventh Amendment Directions, 2026', amending the leverage ratio framework to align with the Basel III 2017 guidelines. Key updates include revised definitions, minimum requirements, and application scopes for leverage ratios, requiring domestic systemically important banks (D-SIB) to maintain a 4% leverage ratio, while other banks abide by a 3.5% threshold. This amendment impacts commercial banks in India, including branches of global systemically important banks, mandating regular disclosure and adherence to revised capital adequacy norms effective from April 1, 2027.

Insights:

• Banks are required to calculate their leverage ratio using either CEM or SA-CCR frameworks for derivative exposures as per the new guidelines specified in paragraph 267 and 267A.

• The minimum leverage ratio requirement will take effect from April 1, 2027, necessitating operational readiness for compliance with the amended norms by this deadline.

• Paragraph 270 details that banks must publicly disclose their quarterly Basel III leverage ratio and are obligated to report it to the RBI, which involves aligning systems for reporting and disclosure compliance.

• In accordance with paragraph 268, banks acting as agents in SFTs must properly assess and calculate exposure measures to include indemnities and guarantees given, requiring a review of current agency agreements.

• Specific previous guidelines referenced in paragraphs 265, 266, and 271 have been amended or deleted, indicating the need for banks to update these sections in their compliance and operational protocols.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13743&Mode=0

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Oct 27, 2026 : Implementation of Section 51A of UAPA, 1967: Updates to UNSC's 1267/ 1989 ISIL (Da'esh) & Al-Qaida Sanctions List: Removal of 03 Entries

Tags:

UNSC Sanctions List, ISIL and Al-Qaida, UAPA Compliance, Financial Institutions, Delisting Procedures

Summary:

The Reserve Bank of India (RBI) announces updates to the implementation of Section 51A of the Unlawful Activities Prevention Act (UAPA), 1967, in response to the United Nations Security Council's removal of three entries from the ISIL (Da'esh) and Al-Qaida Sanctions List. Financial institutions, including banks and non-banking financial companies, must ensure compliance by updating their records to reflect these changes, following procedures outlined in Chapter IX of the RBI Directions and the UAPA Order. The regulation impacts banks, financial companies, and other regulated entities, requiring them to adjust account monitoring and adhere to revised sanctions lists.

Insights:

• Regulated entities must remove accounts linked to individuals and entities mentioned in the UNSC's delisted entries from their records immediately.

• Banks should forward any de-listing requests to the Joint Secretary (CTCR), MHA, as per UAPA guidelines amended on April 22, 2024.

• Entities must continue to monitor and adhere to updated ISIL and Al-Qaida Sanctions Lists at specified UN URLs as mentioned in the document.

• Ensure compliance with Section 51A of the UAPA Act, 1967, by cross-referencing updated sanction lists with existing customer databases.

• Follow the operational procedures outlined in the UAPA Order dated February 02, 2021, and amended in 2024, for processing changes related to the sanctions list.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13747&Mode=0

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Oct 27, 2026 : Implementation of Section 51A of UAPA, 1967: Updates to UNSC's 1267/ 1989 ISIL (Da'esh) & Al-Qaida Sanctions List: Amendment of 03 Entries

Tags:

UNSC Compliance, UAPA Section 51A, ISIL & Al-Qaida Sanctions, Terrorist Link Accounts, Financial Asset Freeze

Summary:

The Reserve Bank of India (RBI) has issued guidelines to ensure compliance with Section 51A of the Unlawful Activities (Prevention) Act, 1967, requiring regulated entities to verify their accounts against the updated United Nations Security Council's ISIL (Da'esh) & Al-Qaida Sanctions List. Key updates include amended entries for individuals suspected of terrorist activities, as communicated by the Ministry of External Affairs. This regulation impacts commercial banks, cooperative banks, local area banks, and financial institutions, necessitating timely action and communication regarding designated entities and individuals following the specified protocol.

Insights:

• Regulated entities must ensure no accounts are held in the names of individuals/entities listed in the updated UNSC's 1267/1989 ISIL & Al-Qaida Sanctions List as per Chapter IX of RBI's Directions issued on November 28, 2025.

• Entities are required to comply with sanctions measures specified by the UAPA Order amended on April 22, 2024, which is annexed to the existing Directions as of February 02, 2021.

• Any requests for de-listing from the UNSC sanctions list received by banks should be forwarded electronically to the Joint Secretary (CTCR), MHA, as part of compliance with updated guidelines.

• Entities are advised to stay current with updates to the ISIL, Al-Qaida, and Taliban lists available on the UN's official website, ensuring timely adjustments to prevent violations.

• Operational protocols must integrate the amendments as highlighted in the UNSC press release SC/16490, specifically relating to asset freezes, travel bans, and arms embargoes applicable since October 26, 2026.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13748&Mode=0

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Oct 27, 2026 : Re-organisation of districts in the NCT of Delhi – Assignment and Review of Lead Bank Responsibility

Tags:

NCT of Delhi, Lead Bank Assignment, District Reorganization, Financial Inclusion, Banking Compliance

Summary:

The RBI document addresses the re-organization of districts in the National Capital Territory (NCT) of Delhi, necessitating the reassignment and review of Lead Bank responsibilities. Key changes involve the creation of three new districts (Old Delhi, Central North, and Outer North) and the cessation of the Shahdara district, with new Lead Bank assignments given to Canara Bank, State Bank of India, and Punjab National Bank for the respective new districts. Existing Lead Bank assignments in some districts have also been revised, impacting banks like Canara Bank, State Bank of India, Punjab National Bank, and Union Bank of India, while responsibilities for other districts remain unchanged.

Insights:

• Lead banks in the newly formed districts Old Delhi, Central North, and Outer North must establish their operations as per the new district working codes 03E, 03F, and 03G respectively.

• For the Central and Northwest districts, compliance requires the transition of lead bank responsibilities to State Bank of India and Union Bank of India respectively, as per the revised codes.

• Entities must cease operations issued under the prior lead bank assignment for Shahdara as detailed in circular RPCD.CO.LBS.BC.No.12/02.08.001/2013-14 dated July 11, 2013.

• Stakeholders should align operational activities and resources according to the reassigned lead bank roles reflecting the district reorganization in the NCT of Delhi.

• Retention of status quo is required for lead bank operations in non-affected districts until further notice, ensuring continuation of standard procedures.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13746&Mode=0

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Oct 30, 2026 : Implementation of Section 51A of UAPA, 1967: Updates to UNSC's 1988 (2011) Taliban Sanctions List: Amendment of 05 Entries

Tags:

UNSC Sanctions, UAPA Act 1967, Taliban Sanctions List, Terrorist Links Compliance, Regulated Financial Entities

Summary:

The Reserve Bank of India (RBI) issued a regulatory document addressing the implementation of Section 51A of the Unlawful Activities (Prevention) Act (UAPA), 1967, focusing on updates to the UN Security Council's (UNSC) Taliban Sanctions List, including amendments of five entries. The notification mandates that regulated entities, such as banks and financial institutions, ensure compliance by preventing accounts linked to individuals or entities suspected of ties to terrorism and listed by the UNSC. It emphasizes adherence to the UAPA Order of February 2021, with the directive impacting commercial banks, cooperative banks, non-banking financial companies, and other financial institutions, urging them to update records in line with UNSC communications and procedures for de-listing requests.

Insights:

• Regulated entities must regularly review and update their systems to ensure no accounts are held with individuals/entities on the updated UNSC Taliban Sanctions List, as per Chapter IX of the Directions.

• Entities are required to implement amendments specified by the UNSC in the Taliban Sanctions List by closely examining and cross-verifying individual and entity entries, particularly those detailed with additions and strikethroughs.

• All delisting requests received by banks should be electronically forwarded to Joint Secretary (CTCR), MHA, ensuring adherence to the latest communication protocols.

• Organizations must utilize the updated UNSC lists for compliance, referencing both the ISIL (Da'esh) and Al-Qaida lists found on the UNSC website links provided in the document.

• Refer to the UAPA Order dated February 02, 2021, and its amendment on April 22, 2024, for detailed procedures and ensure compliance with updated guidelines issued in this document.

Further details can be found on:

https://rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=13749&Mode=0

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