



RESERVE BANK OF INDIA

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October 11, 2010

The Chief Executive Officer,
All AD Category – I Primary (Urban) Cooperative Banks.

Dear Sir,

Guidelines on Trading of Currency Options on Recognised Stock / New Exchanges – Participation of UCBs

Reserve Bank of India has issued Guidelines on Trading of Currency Options on Recognised Stock / New Exchanges vide [A.P \(DIR Series\) Circular No.05 dated July 30, 2010](#) (copy enclosed). Accordingly it has been decided to allow AD Category – I UCBs, fulfilling the norms for AD – I license (listed in [Annexure I](#) of Circular UBD.PCB.Cir No. 21/16.12.000/06-07 dated November 27, 2006) to participate in the exchange traded currency option market of a designated exchange recognized by SEBI, **only as clients**, subject to RBI (Foreign Exchange Department) Guidelines, referred to above. Participation will be allowed only for hedging underlying forex exposure arising from customer transactions.

2. UCBs which are authorized to undertake forex business as AD category – I and desirous of participating in the exchange traded currency option market may approach Reserve Bank of India, Urban Banks Department, Central Office, Mumbai for specific approval in this regard.

Yours faithfully

(A. Udgata)
Chief General Manager-In-Charge