



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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RBI/2021-22/48

A.P. (DIR Series) Circular No.06

June 4, 2021

To
All Authorised Persons

Madam / Sir

**Payment of margins for transactions in Government Securities by
Foreign Portfolio Investors**

Please refer to Paragraph 4 of the [Statement on Developmental and Regulatory Policies](#), issued as a part of the [second Bi-monthly Monetary Policy Statement for 2021-22 dated June 04, 2021](#) regarding placement of margins for Government securities transactions on behalf of Foreign Portfolio Investors (FPIs). Attention is also invited to the Foreign Exchange Management (Borrowing and Lending) Regulations, 2018 notified, *vide* [Notification No. FEMA 3\(R\)/2018-RB dated December 17, 2018](#), as amended from time to time, and the relevant directions issued thereunder.

2. All transactions in government securities concluded outside the recognized stock exchanges are settled on a guaranteed basis by the Clearing Corporation of India Ltd. (CCIL) which acts as the central counter party. Based on requests received, it has been decided to allow banks in India having an Authorised Dealer Category-1 licence under FEMA, 1999 to lend to FPIs in accordance with their credit risk management frameworks for the purpose of placing margins with CCIL in respect of settlement of transactions involving Government Securities (including Treasury Bills and State Development Loans) by the FPIs.

3. Necessary amendments to Foreign Exchange Management (Borrowing and Lending) Regulations, 2018 have been carried out, *vide* [Notification No. FEMA 3\(R\)/2021-RB dated May 24, 2021](#).

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हिन्दी आसान है, इसका प्रयोग बढ़ाइए



4. These Directions shall be applicable with immediate effect.

5. The Directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions/ approvals, if any, required under any other law.

Yours faithfully

(Dimple Bhandia)
Chief General Manager