

MEMORANDUM OF INSTRUCTIONS FOR OPENING AND MAINTENANCE OF RUPEE/FOREIGN CURRENCY VOSTRO ACCOUNTS OF NON-RESIDENT EXCHANGE HOUSES

A. P. (DIR SERIES 2011-12) CIRCULAR NO.72, DATED 30-1-2012

Attention of Authorised Dealer Category - I (AD Category – I) banks is invited to the Paragraph nos. (A)(1) and (A)(3) (ix) of Annex-I to the A.P.(DIR Series) Circular No. 28 [A.P. (FL/RL Series) Circular No. 02] dated February 6, 2008 on Memorandum of Instructions for Opening and Maintenance of Rupee/Foreign Currency Vostro Accounts of Non-resident Exchange Houses and subsequent amendments thereto in terms of which prior approval of the Reserve Bank is required for opening and maintaining rupee vostro accounts of non-resident Exchange Houses.

2. With a view to give more operational leeway to the AD Category-I banks, it has been decided to dispense with the requirement of prior approval of the Reserve Bank for opening and maintaining each Rupee Vostro account in India of non-resident Exchange Houses in connection with the Rupee Drawing Arrangements (RDAs) that banks enter into with them. Accordingly, AD Category-I banks may take approval of the Reserve Bank the first time they enter into the above arrangement with non-resident Exchange Houses from Gulf countries, Hong Kong, Singapore and Malaysia. Subsequently, they may enter into RDAs, subject to the prescribed guidelines and inform the Reserve Bank immediately.

3. Once the total number of Rupee Drawing Arrangements (RDAs) reaches twenty, the AD Category-I bank may cause a detailed external Audit of their internal system to ensure that it is working satisfactorily. Based on the satisfactory report, the Board of AD Category-I banks may authorise more such arrangements. A copy of the Board Note together with Board Resolution in the matter may be filed with the Reserve Bank and new arrangements informed to the Reserve Bank as indicated in Para 2.

4. All other instructions contained in the A.P.(DIR Series) Circular No. 28 [A.P. (FL/RL Series) Circular No. 02] dated February 6, 2008, as amended from time to time, remain unchanged.

5. AD Category-I banks may bring the contents of this circular to the notice of their constituents concerned.

6. 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.