



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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RBI/2013-14/588

DBOD.No.BP.BC.111/21.04.157/2013-14

May 12, 2014

All Scheduled Commercial Banks
(Excluding RRBs and LABs) &
All India Term-Lending & Refinancing Institutions

Madam / Sir,

**Operations of foreign branches and subsidiaries of the Indian banks –
Compliance with statutory/regulatory/administrative prohibitions/ restrictions**

Please refer to the [Circular DBOD.No.BP.BC.89 /21.04.141/2008-09 dated December 1, 2008](#) on the captioned subject. In terms of paragraph 5 of the circular, if the foreign branches / foreign subsidiaries of the Indian banks propose to handle structured financial products, banks are required to obtain prior approval of the Reserve Bank for the purpose.

2. On a review, it has been decided that if foreign branches / subsidiaries of Indian banks propose to offer structured financial and derivative products that are not specifically permitted by the Reserve Bank in the domestic market, they may do so only at the established financial centers outside India like New York, London, Singapore, Hong Kong, Frankfurt, Dubai, etc. Banks should ensure that their foreign branches / subsidiaries, dealing with such products in foreign jurisdictions, have adequate knowledge, understanding, and risk management capability for handling such products. At other centers, banks may offer only those products that are specifically permitted in India.

3. The products that the foreign branches / subsidiaries of Indian banks offer at overseas location should be in compliance with host country regulations, with prior

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हिंदी आसान है, इसका प्रयोग बढ़ाएँ

approval from their Board and appropriate authority in these foreign jurisdictions. Banks should continue to adhere to more stringent among the host and home regulations in respect of these products. In particular, banks should ensure that the suitability and appropriateness policy is strictly adhered to as mandated by the Reserve Bank and the host regulators.

4. It is reiterated that for undertaking activities by Indian banks' branches and subsidiaries abroad which are not permitted under the Banking Regulations Act, 1949 / respective Statute of the Public Sector Banks, banks should obtain from the RBI / Government of India necessary permission under Section 6 (1) (m) or 19 (1) (c) of the Banking Regulations Act, 1949, as the case may be, for undertaking such activities.

Yours faithfully,

(Rajesh Verma)
Chief General Manager