

## 1. RBI Notification No. RBI/2021-22/44 A.P. (DIR Series) Circular No. 05 Dated May 31, 2021

Investment by Foreign Portfolio Investors (FPI) in Government Securities: Medium Term Framework (MTF)

### Investment Limits for FY 2021-22

- The limits for FPI investment in Government securities (G-secs) and State Development Loans (SDLs) shall remain unchanged at 6% and 2% respectively, of outstanding stocks of securities for FY 2021-22.
- As hitherto, all investments by eligible investors in the 'specified securities' shall be reckoned under the Fully Accessible Route (FAR) in terms of A.P. (DIR Series) Circular No. 25 dated March 30, 2020.
- The allocation of incremental changes in the G-sec limit (in absolute terms) over the two sub-categories – 'General' and 'Long-term' – shall be retained at 50:50 for FY 2021-22.
- The entire increase in limits for SDLs (in absolute terms) has been added to the 'General' sub-category of SDLs.

Accordingly, the revised limits (in absolute terms) for the different categories, including the limits for corporate bonds announced, vide A.P. (DIR Series) Circular No. 14 dated March 31, 2021, shall be as under (Table 1):

Table - 1: Investment limits for FY 2021-22

all figures in ₹ Crore

	G-Sec General	G-Sec Long Term	SDL General	SDL Long Term	Corporate Bonds	Total Debt
Current FPI limits ^	2,34,531	1,03,531	67,630	7,100	5,41,488	9,54,280
Revised limit for the HY Apr 2021-Sept 2021	2,43,914	1,12,914	76,766	7,100	5,74,263	10,14,957
Revised limit for the HY Oct 2021-Mar 2022	2,53,298	1,22,298	85,902	7,100	6,07,039	10,75,637
^ as on March 31, 2021						

## 2. RBI Notification No. RBI/2021-22/45 DOR. AML.REC 18 /14.01.001/2021-22 Dated May 31, 2021

### Customer Due Diligence for transactions in Virtual Currencies (VC)

Certain banks/ regulated entities have cautioned their customers against dealing in virtual currencies by making a reference to the RBI circular DBR.No.BP.BC.104/08.13.102/2017-18 dated April 06, 2018. Such references to the above circular by banks/ regulated entities are not in order as this circular was set aside by the Hon'ble Supreme Court on March 04, 2020 in the matter of Writ Petition (Civil) No.528 of 2018 (Internet and Mobile Association of India v. Reserve Bank of India). As such, in view of the order of the Hon'ble Supreme Court, the circular is no longer valid from the date of the Supreme Court judgement, and therefore cannot be cited or quoted from.

Banks, as well as other entities addressed above, may, however, continue to carry out customer due diligence processes in line with regulations governing standards for Know Your Customer (KYC), Anti-Money Laundering (AML), Combating of Financing of Terrorism (CFT) and obligations of regulated entities under Prevention of Money Laundering Act, (PMLA), 2002 in addition to ensuring compliance with relevant provisions under Foreign Exchange Management Act (FEMA) for overseas remittances.

**RBI Has come with lots of circulars in this period. Details of them are stated in the table below;**

Circular No. / Date	Pertains to	Website Link for further references

RBI/2021-22/46 DOR. STR. REC. 20/21.04.048/2021-22 dated June 4, 2021	Resolution Framework - 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses – Revision in the threshold for aggregate exposure  Limits enhanced from Rs. 25 crores to Rs. 50 crores as on 31st March 2021	<a href="https://www.rbi.org.in/scripts/NotificationUser.aspx?id=12104&amp;Mode=0">https://www.rbi.org.in/scripts/NotificationUser.aspx?id=12104&amp;Mode=0</a>
RBI/2021-22/47 DOR. STR. REC. 21/21.04.048/2021-22 dated June 4, 2021	Resolution Framework - 2.0: Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs) – Revision in the threshold for aggregate exposure  Limits enhanced from Rs. 25 crores to Rs. 50 crores as on 31st March 2021	<a href="https://www.rbi.org.in/scripts/NotificationUser.aspx?id=12105&amp;Mode=0">https://www.rbi.org.in/scripts/NotificationUser.aspx?id=12105&amp;Mode=0</a>
RBI/2021-22/48 A.P. (DIR Series) Circular No.06 dated June 4, 2021	<b>Payment of margins for transactions in Government Securities by Foreign Portfolio Investors</b>  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.	<a href="https://www.rbi.org.in/scripts/NotificationUser.aspx?id=12106&amp;Mode=0">https://www.rbi.org.in/scripts/NotificationUser.aspx?id=12106&amp;Mode=0</a>
RBI/2021-22/49 DoR. RET. REC. 19/12.05.009/2021-22 dated June 4, 2021	Submission of returns under Section 31 of the Banking Regulation Act, 1949 (AACs) – Extension of time  Reserve Bank has extended the date for the furnishing of the returns under Section 31 of the Act for the financial year ended on March 31, 2021 upto 30/09/2021.  Accordingly, all UCBs, State Co-operative Banks and Central Co-operative Banks shall ensure submission of the aforesaid returns to Reserve Bank on or before September 30, 2021. The State Co-operative Banks and Central Co-operative Banks shall also ensure submission of the aforesaid returns to NABARD on or before September 30, 2021.	<a href="https://www.rbi.org.in/scripts/NotificationUser.aspx?id=12107&amp;Mode=0">https://www.rbi.org.in/scripts/NotificationUser.aspx?id=12107&amp;Mode=0</a>
RBI/2021-22/79 FMRD. DIRD. 03/14.01.003/2021-22 dated June 4, 2021	Master Direction – Reserve Bank of India (Certificate of Deposit) Directions, 2021 is released	<a href="https://www.rbi.org.in/scripts/NotificationUser.aspx?id=12108&amp;Mode=0">https://www.rbi.org.in/scripts/NotificationUser.aspx?id=12108&amp;Mode=0</a>
RBI/2021-22/50 FMRD. FMID. No. 05/14.01.006/2021-22 dated June 7, 2021	<b>Transactions in Government securities by Foreign Portfolio Investors: Reporting</b>  a. FPIs/custodian banks shall report their transactions to the NDS-OM platform within three hours after the close of trading hours for the Government securities market.  b. Information about trades undertaken by domestic counterparties with FPIs shall be disseminated by the Clearcorp Dealing Systems (India) Ltd. (CDSL) after one leg of the trade is reported on the NDS-OM platform by the domestic counterparty with a suitable qualifier to indicate that the trade is awaiting counterparty confirmation.  c. Domestic market participants, including domestic counterparties to transactions with FPIs, shall continue to report transactions to the NDS-OM platform as per extant practice.  d. Necessary operational guidance in this regard shall be issued by CDSL.	<a href="https://www.rbi.org.in/scripts/NotificationUser.aspx?id=12109&amp;Mode=0">https://www.rbi.org.in/scripts/NotificationUser.aspx?id=12109&amp;Mode=0</a>
RBI/2021-22/52 DPSS. CO. OD. No. S-182/06.07.011 /2021-22 dated June 10,	Usage of Automated Teller Machines / Cash Recycler Machines – Review of Interchange Fee and Customer Charges  a. Allow increase in interchange fee per	<a href="https://www.rbi.org.in/scripts/NotificationUser.aspx?id=12111&amp;Mode=0">https://www.rbi.org.in/scripts/NotificationUser.aspx?id=12111&amp;Mode=0</a>

2021	<p>transaction from ₹ 15 to ₹ 17 for financial transactions and from ₹ 5 to ₹ 6 for non-financial transactions in all centres. This shall be effective from August 1, 2021.</p> <p>b. Customers are eligible for five free transactions (inclusive of financial and non-financial transactions) every month from their own bank ATMs. They are also eligible for free transactions (inclusive of financial and non-financial transactions) from other bank ATMs viz. three transactions in metro centres and five transactions in non-metro centres. Beyond the free transactions, the ceiling / cap on customer charges is ₹ 20 per transaction, as prescribed vide circular DPSS.CO.PD.No.316/02.10.002/2014-2015 dated August 14, 2014. To compensate the banks for the higher interchange fee and given the general escalation in costs, they are allowed to increase the customer charges to ₹ 21 per transaction. This increase shall be effective from January 1, 2022.</p> <p>c. Applicable taxes, if any, shall be additionally payable.</p> <p>d. These instructions shall also apply, mutatis mutandis, to transactions done at Cash Recycler Machines (other than for cash deposit transactions).</p>	
<p>RBI/2021-22/53</p> <p>DoS. CO. PPG. SEC/ 03/ 11.01.005/ 2021-22 dated June 10, 2021</p>	<p>Risk Based Internal Audit (RBIA)</p> <p>Please refer to the circular Ref. No. DoS.CO.PPG/SEC.05/11.01.005/2020-21 dated February 03, 2021 on the captioned subject.</p> <p>2. On a review, it has been decided that the provisions of the aforesaid circular shall be applicable to Housing Finance Companies (HFCs) also, as stipulated below:</p> <p>a. All deposit taking HFCs, irrespective of their size</p> <p>b. Non-deposit taking HFCs with asset size of ₹ 5,000 crore and above</p> <p>3. The above-mentioned entities shall put in place a RBIA framework by June 30, 2022, in accordance with the provisions of the aforesaid circular.</p>	<p><a href="https://www.rbi.org.in/scriptS/NotificationUser.aspx?d=12112&amp;Mode=0">https://www.rbi.org.in/scriptS/NotificationUser.aspx?d=12112&amp;Mode=0</a></p>
<p>RBI/2021-22/55</p> <p>CO. DPSS. AUTH. No. S190/ 02.27.005/ 2021-22 dated June 14, 2021</p>	<p>Investment in Entities from FATF Non-compliant Jurisdictions</p> <ul style="list-style-type: none"> <li>• The Financial Action Task Force (FATF) periodically identifies jurisdictions with weak measures to combat money laundering and terrorist financing (AML / CFT) in its following publications: i) High-Risk Jurisdictions subject to a Call for Action, and ii) Jurisdictions under Increased Monitoring. A jurisdiction whose name does not appear in these two lists is referred to as a FATF compliant jurisdiction. Investments in PSOs from FATF non-compliant jurisdictions shall not be treated at par with that from compliant jurisdictions.</li> <li>• Investors in existing PSOs holding their investments prior to the classification of the source or intermediate jurisdiction/s as FATF non-compliant, may continue with the investments or bring in additional investments as per extant regulations so as to support continuity of business in India.</li> <li>• New investors from or through non-compliant FATF jurisdictions, whether in existing PSOs or in entities seeking authorisation as PSOs, are not permitted to acquire, directly or indirectly, 'significant influence' as defined in the applicable accounting standards in the concerned PSO. In other words, fresh investments (directly or indirectly) from such jurisdictions, in aggregate, should account for less than 20 per cent of the voting power (including potential1 voting power) of the PSO.</li> <li>• The above instructions, as amended from time to time, shall also apply to any entity that has applied for or that intends to apply for</li> </ul>	<p><a href="https://www.rbi.org.in/scriptS/NotificationUser.aspx?d=12114&amp;Mode=0">https://www.rbi.org.in/scriptS/NotificationUser.aspx?d=12114&amp;Mode=0</a></p>

	authorisation as a PSO under the Payment and Settlement Systems Act, 2007.	
RBI/2021-22/56 A. P. (DIR Series) Circular No. 07 dated June 17, 2021	<p>Liberalised Remittance Scheme for Resident Individuals – Reporting</p> <ul style="list-style-type: none"> <li>AD Category -I banks were required to upload the data in respect of number of applications received and the total amount remitted under the Liberalised Remittance Scheme (the Scheme) on Online Return Filing System (ORFS).</li> <li>It has now been decided to collect this information through XBRL system instead of the ORFS.</li> <li>Accordingly, AD Category – I banks shall upload the requisite information on XBRL system on or before the fifth of the succeeding month from July 01, 2021 onwards. The XBRL site can be accessed through URL <a href="https://xbrl.rbi.org.in/orfsxbrl">https://xbrl.rbi.org.in/orfsxbrl</a>. User ids are being issued separately. In case no data is to be furnished, AD banks shall upload 'nil' figures.</li> </ul>	<a href="https://www.rbi.org.in/scripts/NotificationUser.aspx?id=12115&amp;Mode=0">https://www.rbi.org.in/scripts/NotificationUser.aspx?id=12115&amp;Mode=0</a>
RBI/2021-22/57 DOR. AML REC. 22/14.06.001/ 2021-22 dated June 18, 2021	Implementation of Section 51A of UAPA, 1967: Updates to UNSC's 1267/ 1989 ISIL (Da'esh) & Al-Qaida Sanctions List: Amendment of one entry	<a href="https://www.rbi.org.in/scripts/NotificationUser.aspx?id=12116&amp;Mode=0">https://www.rbi.org.in/scripts/NotificationUser.aspx?id=12116&amp;Mode=0</a>

#### **A.P. (DIR Series) Circular No. 04 dated May 12, 2021**

##### **Sponsor Contribution to an AIF set up in overseas jurisdiction including IFSCs:**

It has been decided that any sponsor contribution from a sponsor Indian Party (IP) to an Alternative Investment Fund (AIF) set up in an overseas jurisdiction, including International Financial Services Centre (IFSC) in India, as per the laws of host jurisdiction, will be treated as Overseas Direct Investment (ODI).

Accordingly, IP as defined in Regulation 2(k) of Notification FEMA 120 can set up AIF in overseas jurisdictions including IFSCs under the automatic route provided it complies with Regulation 7 of Notification FEMA 120.

#### **A.P. (DIR Series) Circular No. 05 dated May 31, 2021**

Investment by Foreign Portfolio Investors (FPI) in Government Securities: Medium Term Framework (MTF):

Investment Limits for FY 2021-22:

- The limits of FPI investment in Government Securities (G-Secs) and State Development Loans (SDLs) shall remain unchanged at 6% and 2% respectively of outstanding stocks of securities for FY 2021-22.
- All investments by eligible investors in "specified securities" shall be reckoned under the Fully Accessible Route.
- The allocation of incremental changes in the G-sec limit (in absolute terms) over the two sub-categories – 'General' and 'Long-term' – shall be retained at 50:50 for FY 2021-22.
- The entire increase in limits for SDLs (in absolute terms) has been added to the 'General' sub-category of SDLs.

The revised limits for all categories shall be as under:

Table I – Investment Limits for FY 2021-22

All figures in Rs. Crore

	G-Sec General	G-Sec Long Term	SDL General	SDL Long Term	Corporate Bonds	Total Debt

Current Limits <sup>^</sup>	FPI	2,34,531	1,03,531	67,630	7,100	5,41,488	9,54,280
Revised for 2021-Sept	Limit HY Apr 2021	2,43,914	1,12,914	76,766	7,100	5,74,263	10,14,957
Revised for 2021-Mar	Limit HY Oct 2022	2,53,928	1,22,298	85,902	7,100	6,07,039	10,75,637

**A.P. (DIR Series) Circular No. 07 dated June 17, 2021**

**Liberalized Remittance Scheme for Resident Individuals – Reporting:**

AD bank were required to upload the data in respect of number of applications received and total amount remitted under LRS on Online Return Filing Scheme (ORFS).

It has now been decided to collect this information in XBRL system instead of the ORFS. AD Bank shall upload the requisite information on XBRL system on or before 5th of succeeding month from Jul 01, 2021 onwards.