



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

www.rbi.org.in

RBI/2013-14/424

DBOD.No.BP.BC.81/21.06.201/2013-14

December 31, 2013

The Chairman and Managing Director/
Chief Executives Officer of
All Scheduled Commercial Banks
(Excluding Local Area Banks and Regional Rural Banks)

Madam / Sir,

Basel III Capital Regulations – Capital Requirements for Credit Valuation Adjustment Risk on OTC Derivatives and for Banks' Exposures to Central Counterparties

Please refer to [circular DBOD.No.BP.BC.88/21.06.201/2012-13 dated March 28, 2013](#) on 'Implementation of Basel III Capital Regulations in India - Clarifications' wherein banks were advised, *inter alia*, that the credit valuation adjustment (CVA) risk capital charge on OTC derivatives would become effective from January 1, 2014. This was done keeping in view the introduction of mandatory inter-bank forex forward guaranteed settlement through a central counterparty i.e. Clearing Corporation of India Ltd. (CCIL). As this process would take some time, it has been decided to implement the CVA risk capital charge on OTC derivatives from April 1, 2014, instead of January 1, 2014.

2. As advised vide [circular DBOD.No.BP.BC.28 /21.06.201/2013-14 dated July 2, 2013](#), guidelines on Capital Requirements for Banks' Exposures to Central Counterparties (CCPs) will become effective from January 1, 2014.

Yours faithfully,

(Chandan Sinha)
Principal Chief General Manager