



RESERVE BANK OF INDIA
Foreign Exchange Department
Central Office
Mumbai - 400 001

RBI/2011-12/488

A. P. (DIR Series) Circular No. 104

April 04, 2012

To

All Authorised Persons in Foreign Exchange

Madam/ Sir,

**Authorised Dealer Category II – Permission for
additional activity and opening of Nostro account**

Attention of all the Authorised Persons in foreign exchange is invited to Para 3 and Para 5 of Annex I to the [A. P. \(DIR Series\) Circular No. 25 \[A.P. \(FL/RL Series\) Circular No. 02\] dated March 6, 2006](#).

2. At present, only Authorised Dealer Category – I (AD Category-I) banks are permitted to issue forex pre-paid cards to residents travelling on private / business visit abroad. It has now been decided to permit Authorised Dealers Category-II also to issue forex pre-paid cards to residents travelling on private/business visits abroad, subject to adherence to KYC / AML / CFT requirements. However, the settlement in respect of forex pre-paid cards may be effected through AD Category-I banks.

3. To ensure greater flexibility in sending remittances, it has now also been decided to allow Authorised Dealers Category-II to open Nostro accounts subject to following terms and conditions:

- i) Only one Nostro account for each currency may be opened;
- ii) Balances in the account should be utilized only for the settlement of remittances sent for permissible purposes and not for the settlement in respect of forex prepaid cards;
- iii) No idle balance shall be maintained in the said account; and
- iv) They will be subject to reporting requirements as prescribed from time to time.

4. All the other instructions contained in the A.P.(DIR Series) Circular No.25 {A.P.(FL/RL Series) Circular No.2} dated March 6, 2006 shall remain unchanged.

5. Authorised Persons 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.

Yours faithfully,

(Rudra Narayan Kar)
Chief General Manager