



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA

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Draft for Comments

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**Large Exposures Framework (Amendment Circular), 2025**

Please refer to [Large Exposures Framework dated June 3, 2019](#) (hereinafter referred to as the “LEF circular”) and [Large Exposures Framework – Credit Risk Mitigation \(CRM\) for offsetting – non-centrally cleared derivative transactions of foreign bank branches in India with their Head Office dated September 9, 2021](#) (hereinafter referred to as the “LEF-CRM circular”).

2. On a review, in exercise of the powers conferred by the sections 21 and 35A of the Banking Regulation Act, 1949 and all other laws enabling the Reserve Bank in this regard, the Reserve Bank being satisfied that it is necessary and expedient in the public interest to do so, hereby issues the **Amendment Circular** hereinafter specified.

3. The Amendment Circular modifies the above-mentioned circulars as under:

**A. Amendments to the LEF Circular**

(i) In paragraph 3.1 of the Annex to the LEF circular, an explanation shall be inserted below sub-clause (f) as highlighted:

*“3.1 ...The exposures that are exempted from the LEF are listed below:*

*f. Intra-group exposures*

***Explanation - Exposure of a foreign bank operating in India as a branch to its Head Office (HO), or to a branch/subsidiary of its HO in any jurisdiction, shall not fall under this exclusion, and the counterparty limits applicable for its HO exposures in terms of paragraph 10.12 below, shall apply to such exposures in aggregate.”***

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(ii) At the end of paragraph 10.12, the following shall be inserted:

*“**Explanation** - In respect of transactions between an Indian branch of a foreign bank and its HO or any of its branches that may be cleared through a central counterparty or otherwise, such exposures of the Indian branch must always be calculated on a gross basis.”*

**B. Amendments to the LEF-CRM Circular**

(i) Paragraph 2 shall be partially modified as under:

*“It is advised that ..... for offsetting ~~the gross~~ any exposure (including those not arising from non-centrally cleared derivative transactions) ~~of the foreign bank branches in India~~ to the HO or ~~(including~~ overseas branches of the HO, for the calculation of LEF limit, subject to the following conditions:”*

(ii) Paragraph 3 shall be partially modified as under:

*“3. The amount held under section 11(2)(b)(i) of the BR Act and earmarked as CRM shall be disclosed by way of a note in Schedule 1: Capital to the Balance Sheet as given below:*

*“An amount of .... ~~designated~~ has been earmarked as credit risk mitigation (CRM) for offsetting of ~~non-centrally cleared derivative~~ exposures to Head Office (including overseas branches of Head Office) and is not reckoned for regulatory capital and ~~any~~ other statutory requirements, if any.”*

4. The above amendments shall come into force from April 1, 2026. Banks may however decide to implement the amendments in entirety from an earlier date.

(Vaibhav Chaturvedi)

Chief General Manager