

INDEX

PART-A
SECTION I
Operations of Rupee Vostro Accounts of Non-resident Exchange Houses
SECTION II
Permitted Transactions
SECTION III
Rupee Drawing Arrangement Procedures and Collateral Cover
SECTION IV
Foreign Currency Drawing Arrangements
SECTION V
Miscellaneous Provisions
SECTION VI
Internal Control and Monitoring of Accounts
PART-B
Reports / Statements
Annex- I
Application for obtaining permission to enter into Rupee / Foreign Currency Drawing Arrangements with Exchange Houses
Annex-II
Statement A
Annex- III
Statement B
Annex- IV
Statement C
Annex- V
Statement D
Annex- VI

Master Circular on Memorandum of Instructions for Opening and Maintenance of Rupee/ Foreign Currency Vostro Accounts of Non-resident Exchange Houses



Date: 1st July 2013

[Statement E](#)

[Appendix](#)

PART-A

SECTION I

Operations of Rupee Vostro Accounts of Non-resident Exchange Houses

1. Introduction

Authorised Dealer Category-I (AD Category-I) banks may obtain prior approval of the Reserve Bank the first time they enter into Rupee Drawing Arrangements (RDAs) with non-resident Exchange Houses from Gulf countries, Hong Kong, Singapore, Malaysia and all other countries which are FATF compliant¹ for opening and maintaining Rupee vostro accounts in India of those non-resident Exchange Houses under the said RDAs. Subsequently, they may enter into RDAs, subject to the prescribed guidelines and inform the Reserve Bank immediately. However, once the total number of RDAs reaches twenty, the AD Category-I bank may cause a detailed external Audit of their internal system to ensure that it is working satisfactorily. Based on the satisfactory report, the Board of AD Category-I banks may authorize more such arrangements. A copy of the Board Note together with Board Resolution in the matter may be filed with the Reserve Bank and new arrangements informed to the Reserve Bank immediately. The following are the detailed guidelines for opening and maintenance of Rupee/ foreign currency vostro accounts of non-resident Exchange Houses in India.

2. (a) Under the Rupee Drawing Arrangements (RDAs), cross-border inward remittances are received in India through Exchange Houses situated in Gulf countries, Hong Kong, Singapore, Malaysia (for Malaysia only under Speed Remittance Procedure) and all other countries which are FATF compliant (for all other countries which are FATF compliant only under Speed Remittance Procedure)². AD Category-I banks should apply to the Reserve Bank in the form provided at **Annex-I** with necessary documents for the first time they enter into RDAs with non – resident Exchange Houses from Gulf countries, Hong Kong, Singapore, Malaysia and all other countries which are FATF compliant³, for opening and maintaining in India the Rupee vostro accounts of those non – resident Exchange Houses.

(b) This master circular contains the various provisions pertaining to the opening and maintenance of Rupee Vostro accounts in India of non-resident Exchange Houses.

3. General Instructions

(a) While considering the request of an Exchange House for opening an account in India, the AD Category-I banks concerned should make necessary enquiries about the financial standing of the Exchange House, in accordance with the normal banking practices and satisfy themselves fully in all respects. AD Category-I banks should also ensure that the Exchange Houses hold valid licences issued by the Local Monetary/ Supervisory Authority concerned and have necessary authority / licence to transact currency exchange/ money transfer business.

(b) The requirement of registration of the Agreement between the AD Category-I banks and Exchange Houses under the Rupee Drawing Arrangement/ Foreign Currency Drawing Arrangement has been made optional. However, such arrangements should be subjected to comprehensive legal documentation and

Master Circular on Memorandum of Instructions for Opening and Maintenance of Rupee/ Foreign Currency Vostro Accounts of Non-resident Exchange Houses



Date: 1st July 2013

AD Category-I banks should take care of all necessary legal requirements in this regard. Further, it should be ensured that all the partners of the Exchange Houses are jointly and severally bound to honour the obligations devolving on the Exchange Houses under the agreement.

(c) The normal banking requirements of registration of Power of Attorney/ Specimen signatures of signing officials of the Exchange Houses should be observed.

4. Instructions regarding operations in the Rupee vostro accounts

(a) The accounts can be used for channeling cross- border inward remittances into India primarily on private account. The remitter and the beneficiary should be individuals barring a few exceptions. Remittances through Exchange Houses for financing of trade transactions are permitted up to Rs.2,00,000 (Rupees two lakh only) per transaction. ***The accounts should not be used for cross-border outward remittances from India.***

(b) The accounts should run on a credit basis. No overdraft should be granted to the account holders. However, in case of Designated Depository Agency (DDA) procedure, the funds lying in the DDA A/c may be taken into account, if need be. AD Category-I banks shall adopt value dating where on-line debit to Rupee Vostro Account is not possible on a real time basis when any payment is made at drawee branches, to check adequacy of funds and detect concealed overdrafts. However, in such cases, it may be ensured that the drawee branches are networked at the earliest.

(c) Separate Rupee Vostro account shall be maintained for each arrangement. The accounts should be funded by sale of permitted foreign currency to the AD Category-I bank, which maintains the account. Rupee funds transferred from another AD Category-I bank or from another Vostro account will not be eligible for credit to the account.

(d) Debits of permitted types of inward remittances [vide item 4(a) above] may be allowed freely and given the same status as remittances made in foreign exchange in an approved manner to India. Thus, such payments will be eligible for credit to Non-Resident (External) Rupee Accounts maintained by Non-Resident Indians, or for acceptance under priority allotment, etc., schemes. In order to facilitate tourists (whether Indian or not), receiving remittances through such accounts to prove the external sources of the funds wherever required (such as for payment of passages in India or for re-conversion of unutilised balances), AD Category-I banks may issue certificates in the same form as obtaining for inward remittances received through Rupee accounts of overseas banks.

(e) Funds in such accounts will not be convertible, nor will they be transferable to other AD Category-I banks or to other non-resident accounts maintained with the same AD Category-I bank.

(f) Balances in such accounts will not qualify for payment of interest.

(g) The branch of the AD Category-I bank maintaining the Rupee Vostro account of the Exchange House should not credit to the account, Rupees purchased by the latter unless confirmation is received to the effect that the Nostro account of the AD Category-I bank has been credited with the counter-value in foreign currency (cf. paragraph 3.3.1 of the Guidelines for Internal Control over Foreign Exchange Business, February, 2011).

(h) AD Category-I banks may like to obtain suitable and adequate collateral either in the form of a cash deposit in any convertible foreign currency or guarantee of a bank of international repute, depending on the type of arrangement to take care of the credit and operational risks.

Master Circular on Memorandum of Instructions for Opening and Maintenance of Rupee/ Foreign Currency Vostro Accounts of Non-resident Exchange Houses



Date: 1st July 2013

(i) A cap of 300 on the number of drawee branches has been prescribed by the Reserve Bank as a prudential measure. However, AD Category-I banks may designate drawee branches beyond 300, provided such branches are under the Core Banking Solution where on-line monitoring of funds position is ensured to avoid concealed overdrafts in vostro accounts, subject to the terms and conditions of Reserve Bank's approval for the tie-up with an Exchange House and the instructions pertaining to RDA issued by the Reserve Bank from time to time. The AD Category-I banks should obtain necessary Board approval before increasing the number of drawee branches beyond 300 and should inform the position to the Reserve Bank, immediately.

SECTION II

Permitted Transactions

Drawing Arrangements with Exchange Houses are primarily designed to channel cross-border inward personal remittances. ***Under no circumstances, donations / contributions to charitable institutions should be routed through the Exchange Houses.*** The following is the list of permissible transactions under Drawing Arrangements with Exchange Houses:

- (i) Credit to Non-resident (External) Rupee accounts maintained by Non-Resident Indians in Indian Rupees.
- (ii) Payments to families of Non-resident Indians.
- (iii) Payments in favour of Insurance companies, Mutual Funds and the Post Master for premia / investments.
- (iv) Payments in favour of bankers for investments in shares, debentures.
- (v) Payment to Co-operative Housing Societies, Government Housing Schemes or Estate Developers for acquisition of residential flats in India in individual names, subject to compliance of regulations applicable thereof, by the Non-resident Indians.
- (vi) Payments of tuition/ boarding, examination fee, etc., to schools, colleges and other educational institutions.
- (vii) Payments to medical institutions and hospitals in India⁴, for medical treatment of NRIs / their dependents and nationals of all FATF countries⁵.
- (viii) Payments to hotels by nationals of all FATF compliant⁶ countries / NRIs for their stay.
- (ix) Payments to travel agents for booking of passages of NRIs and their families residing in India towards their travel in India by domestic airlines / rail, etc.
- (x) Trade transactions up to Rs.2,00,000.00 (Rupees Two lakhs only) per transaction.

Note : No cash disbursement of remittances received is allowed under Rupee / Foreign Currency Drawing Arrangements.

SECTION III

Master Circular on Memorandum of Instructions for Opening and Maintenance of Rupee/ Foreign Currency Vostro Accounts of Non-resident Exchange Houses



Date: 1st July 2013

Rupee Drawing Arrangement Procedures and Collateral Cover

Rupee Drawing Arrangements can be conducted under the Designated Depository Agency (DDA), Non-Designated Depository Agency (Non-DDA) and Speed Remittance procedures.

1. Designated Depository Agency (DDA) Procedure

(a) The Exchange House will be required to open a bank account in a convertible foreign currency (known as DDA account) in the name of the drawee bank (a/c- Exchange House) with an international bank acceptable to the drawee bank at a centre mutually agreed upon or with the drawee bank itself at the branch where the corresponding Rupee Vostro account is maintained, with the prior approval of the Reserve Bank.

(b) The Exchange House will, at the end of each day, arrive at the total drawings in Indian Rupees for the day and will convert the same into foreign currency which shall be deposited into the account of the drawee bank (a/c-Exchange House) [known as DDA account, as described at 1(a) above] on the next working day before noon.

(c) The Exchange House will send to the drawee bank information about the total number and the aggregate value of drafts drawn and daily deposits in the DDA account. Transfer from the DDA account should be as frequently as possible and is subject to the stipulation as at 1(e) below.

(d) The funds will be held in the DDA account under lien to the drawee bank. The only debits allowed from the DDA account will be (i) on account of transfer to the Nostro account of the drawee bank where the DDA account is maintained with a bank other than the drawee bank, (ii) for crediting the Rupee vostro account of the Exchange House by selling permitted foreign currency to the drawee bank where the DDA account is maintained with the drawee bank.

(e) It will be the responsibility of the Exchange House to arrange for the transfer of the sum collected on any particular day to the DDA account. The float period for the funds with DDA account will be decided by the drawee bank in consultation with the Exchange House subject to a maximum of **five days**.

(f) The interest earned on the amount deposited by the Exchange House with the DDA as provided for at 1 (b) above, up to the date of transfer to the Nostro account of the drawee bank will accrue to the Exchange House.

(g) To ensure compliance of the above, the drawee bank in India will appoint a firm of practising Chartered Accountants/ Auditors, operating in the country concerned to examine the daily drawings and deposits in the accounts with the DDA as well as transfer to the Nostro account of the drawee bank. For this purpose, the Exchange House will undertake to allow the auditors to inspect the books, pay in vouchers, etc., of the Exchange House in so far as they pertain to Rupee drawing arrangement. Such inspections will be done at least once or twice every week by the auditors.

(h) As an alternative to the appointment of auditors as mentioned in paragraph 1(g) above, the AD Category-I bank may depute a suitable official as their representative to the Exchange House to take up such functions so as to safeguard the interests of the AD Category-I bank.

(i) The auditors / representative will promptly report the findings to the drawee bank. In case of default on the part of the Exchange House, the drawee bank will as per terms and conditions of agreement,

Master Circular on Memorandum of Instructions for Opening and Maintenance of Rupee/ Foreign Currency Vostro Accounts of Non-resident Exchange Houses



Date: 1st July 2013

terminate the agency arrangement under notice to the Exchange House. The termination will also be promptly reported to the Reserve Bank.

(j) So long as the Exchange House complies with the guidelines, the drawee bank will ensure that the drafts issued are honoured at the branches mutually agreed to.

(k) The remuneration payable to the auditors will be borne by the drawee banks.

(l) Drafts drawn by the Exchange House should have a validity of only **three months** from the date of issue thereof.

(m) AD Category-I banks should satisfy themselves that the books of accounts of Exchange Houses are regularly audited by auditors approved by the local supervisory authorities.

(n) AD Category-I banks should call for periodical credit reports, audited balance sheet and profit and loss account of the Exchange House and other relevant information so as to take a decision regarding continuance of accounts in their books.

(o) Valid copies of all licences should also be kept on record by the AD Category-I bank.

(p) Since the books of accounts of the Exchange House cannot be inspected, AD Category-I banks should periodically review the arrangement by paying visits to the Exchange Houses and / or by periodical review of opinion reports. The visits of officials from AD Category-I banks should be at a sufficiently senior level, who are fully conversant with the conduct of the Non-resident Rupee Accounts of the Exchange Houses.

(q) Collateral Cover for DDA : For Exchange Houses which have not completed three years of operation, collateral cover in cash deposit in any convertible foreign currency or guarantee from a bank of international repute equivalent to 7 days' projected drawings may be obtained. For Exchange Houses which have completed three years of successful operations, no collateral is prescribed. However, AD Category-I banks may secure their position by acquiring adequate collateral cover. Cash deposit in any convertible foreign currency or a guarantee from a bank of international repute equivalent to 15 days' estimated drawings may be obtained as collateral cover where it is not possible to appoint auditors as mentioned at 1(g) above. The deposit should be in the name of the AD Category-I bank with interest thereon at market related rates payable to the Exchange House placing the deposits. The amount of deposit and guarantee should be periodically reviewed and properly monitored by the AD Category-I banks to ensure that the collateral covers adequately the drawings.

2. Non- DDA procedure

(a) As an alternative to maintaining a DDA account and appointment of auditors as above, the AD Category-I banks may opt for the Non-DDA procedure.

(b) Under Non – DDA procedure, the Exchange House funds their vostro account with the AD Category-I banks by purchasing rupees from the AD Category-I banks against USD for the total of drafts issued by them at periodic intervals and sends weekly statements of drawing and funding to the AD Category-I banks.

(c) Collateral Cover for Non-DDA : For Exchange Houses which have not completed three years of operation, collateral cover in cash deposit in any convertible foreign currency or guarantee from a bank of

Master Circular on Memorandum of Instructions for Opening and Maintenance of Rupee/ Foreign Currency Vostro Accounts of Non-resident Exchange Houses



Date: 1st July 2013

international repute equivalent to 7 days' projected drawings may be obtained. For Exchange Houses which have completed three years of successful operations, no collateral is prescribed. Further, under Non-DDA arrangement, a collateral cover in cash deposit in any convertible foreign currency or guarantee from a bank of international repute equivalent to 10 days' projected drawings may be obtained from Exchange Houses. In addition to the above, if there is a restriction on the bank's right to depute its own staff for examination of books of the Exchange House, as was in case of Exchange Houses in Kuwait, additional cash deposit in any convertible foreign currency / guarantee from a bank of international repute equivalent to 15 days' estimated drawings may be obtained. The deposit should be in the name of the AD Category-I bank with interest thereon at market related rates payable to the Exchange House placing the deposits. The amount of deposit and guarantee should be periodically reviewed and properly monitored by the AD Category-I banks to ensure that the collateral adequately covers the drawings and account for the pipeline debits evaluated.

3. Speed Remittance Procedure

(a) AD Category-I banks are permitted to enter into RDA under speed remittance procedure wherein:

(i) The Exchange House sends payment instructions with complete details like name, address, etc., via SWIFT or internet.

(ii) The Exchange House funds the Rupee account through the Nostro account of the AD Category-I bank well in advance before issuing payment instructions.

(iii) On verification of data and availability of balances in the Vostro account of the exchange house the AD Category-I bank issues drafts in favour of the beneficiary or credits the account of the beneficiary.

(iv) The Exchange House shall address all payment instructions to the account holding branch of the AD Category-I bank irrespective of the beneficiaries' centre.

(v) The branch shall make no payment unless clear funds are available in the account.

(vi) The AD Category-I bank shall obtain date-wise information regarding number and aggregate value of such transfers from the Exchange House.

(vii) Where facility of speed remittance is extended to existing Rupee drawing arrangements, the Exchange House shall open a separate Rupee account with the prior approval of the Reserve Bank and no payment instructions shall be executed unless there are clear funds available in this account.

However, where the operations in the existing Rupee drawing arrangements under DDA/ Non-DDA procedure are satisfactory, AD Category-I banks can extend the facility of speed remittance to the same Exchange House without prior approval of the Reserve Bank, subject to usual terms and conditions and after obtaining all the necessary documents from the Exchange House. However, the Reserve Bank should be informed in the matter immediately.

(b) Collateral Cover for Speed Remittance Arrangement: For Exchange Houses, which have not completed three years of operation, collateral cover in cash deposit in any convertible foreign currency or guarantee from a bank of international repute equivalent to 7 days' projected drawings may be obtained. For Exchange Houses, which have completed three years of successful operations, no collateral is prescribed. Further, the Exchange House shall keep with the AD Category-I bank an additional cash deposit in any convertible foreign currency or guarantee from a bank of international repute equivalent to 1 day's estimated drawings. The deposit should be in the name of the AD Category-I bank with interest

Master Circular on Memorandum of Instructions for Opening and Maintenance of Rupee/ Foreign Currency Vostro Accounts of Non-resident Exchange Houses



Date: 1st July 2013

thereon at market related rates payable to the Exchange House placing the deposits. The amount of deposit and guarantee should be periodically reviewed and properly monitored by the AD Category-I banks.

SECTION IV

Foreign Currency Drawing Arrangements

AD Category-I banks may enter into foreign currency drawing arrangements under DDA or Non-DDA procedure with those Exchange Houses with whom they have Rupee Drawing Arrangements (RDAs), with prior approval of the Reserve Bank, subject to the following conditions. Each tie-up arrangement of an AD Cat-I bank with an Exchange House under Foreign Currency Drawing Arrangements is required to be approved by the Reserve Bank.

(a) Exchange Houses shall draw drafts in any convertible foreign currency on 'A' or 'B' category branches of AD Category-I bank. No 'C' category branch is allowed to participate in the arrangement.

(b) The foreign currency drawing arrangement shall be kept distinct from the Rupee drawing arrangement.

(c) A separate foreign currency vostro account of the Exchange House shall be opened with the account maintaining branch. Payment of such drafts shall be made by debit to this account maintained by the Exchange House and not to the Nostro Account of the AD Category-I bank.

(d) The aggregate amount of drafts drawn in foreign currency by the Exchange House on any day should be credited to the Nostro Account of the drawee bank latest by close of business on the second working day.

(e) The account maintaining branch of the drawee AD Category-I bank should credit foreign currency vostro account of the Exchange House on receipt of confirmation regarding credit to their nostro account.

(f) AD Category-I banks should ensure that foreign currency accounts are funded at all times.

(g) If the arrangement is under the Non-DDA procedure, the Exchange House should communicate to the account maintaining branch by any electronic mode, the number and aggregate value of drafts drawn in foreign currency before close of the following working day. Under DDA procedure, such information may be obtained frequently, at least on a bi-weekly basis.

(h) Collateral cover : Exchange Houses should keep a deposit of not less than USD 50,000 with the drawee AD Category-I bank. Adequacy of quantum of deposit kept with the bank should be reviewed every six months on the basis of operations under this arrangement and if necessary the Exchange House should increase the quantum of the deposit. AD Category-I banks should allow interest on this deposit at an appropriate rate.

(i) AD Category-I banks are allowed to keep the amount of deposit required to be kept under foreign currency draft drawing arrangements and Non-DDA procedure of Rupee Drawing Arrangement in India with the Account maintaining branch.

SECTION V

Master Circular on Memorandum of Instructions for Opening and Maintenance of Rupee/ Foreign Currency Vostro Accounts of Non-resident Exchange Houses



Date: 1st July 2013

Miscellaneous Provisions

1. AD Category-I banks should adhere to the Know Your Customer (KYC)/ Anti Money Laundering (AML) / Combating the Financing of Terrorism (CFT) Guidelines issued by the Reserve Bank, while undertaking any transaction under Rupee/ Foreign Currency Drawing Arrangements, as applicable.
2. AD Category-I banks should include in their concurrent audit the Rupee/ Foreign Currency Drawing Arrangement to ensure that credit of funds to the vostro account of the Exchange House takes place before payments are made to the beneficiaries.
3. AD Category-I banks should undertake a 'due diligence' exercise in respect of remittances received through Rupee/ Foreign Currency Drawing Arrangements so that regulations relating to anti-money laundering standards are complied with scrupulously. AD Category-I banks should call for an annual compliance report from the Exchange Houses duly certified by their auditors that they are adhering to the home country KYC/ AML/ CFT regulations.
4. AD Category-I banks should keep the Reserve Bank informed of the unusual feature(s) in the operations of the Rupee/ Foreign Currency Drawing Arrangement by exercising constant vigil in the matter.
5. AD Category-I banks shall ensure that licences of the Exchange Houses, which have expired are renewed and copies of authenticated English versions placed with them for their record.
6. The Exchange Houses should not enter into any arrangement with service providers for their back office operations in India such as issuance of drawing advices and stop payment instructions on their behalf and AD Category-I banks should not act on the instructions of such service providers. However, Exchange Houses can establish liaison offices in India and back office operations in India and activities such as printing of drafts, issuance of drawing advices and stop payment instructions can be undertaken by the liaison offices in India with the prior approval of the Reserve Bank.
7. AD Category-I banks should obtain approval of the Reserve Bank for maintaining accounts of Exchange Houses whose name and constitution, etc., undergo changes.

SECTION VI

Internal Control and Monitoring of Accounts

1. AD Category-I banks should put in place adequate internal controls and a system of monitoring of accounts as per the extant instructions. Dealings with Exchange Houses should be strictly on credit basis at all times and no overdraft should be granted to the account holders.
2. **Self-inspection of the vostro accounts of Exchange Houses** : AD Category-I banks are required to cause inspection of the vostro accounts of Exchange Houses on a half-yearly basis through experienced officers. The inspection reports should be carefully gone through by the competent authorities in AD Category-I banks so that prompt corrective action is initiated. Observations thereon shall be included in the annual review of the accounts submitted to the Board.

PART-B

Master Circular on Memorandum of Instructions for Opening and Maintenance of Rupee/ Foreign Currency Vostro Accounts of Non-resident Exchange Houses



Date: 1st July 2013

Reports / Statements

1. **Statement A** : This statement (**as at Annex-II**) is designed to elicit details of operations in Rupee/ foreign currency vostro accounts of Exchange Houses and has to be prepared every month Exchange House-wise. This statement should be critically examined to ascertain whether funds held in the account are adequate to cover estimated pipeline debits. The Top Managements of the ADs Category-I may work out the pipeline data and set their own limits. The adherence to the limits set should be informed to the Top Management on a quarterly basis.

2. **Statement B** : This is a consolidated half-yearly statement (**as at Annex-III**) showing position of Rupee/ foreign currency vostro accounts of Exchange Houses which are to be closed/ are in the process of closure.

3. **Statement C** : This is a monthly statement (**as at Annex- IV**) giving information regarding Exchange House's account held at overseas branches of Indian banks under DDA/ Non-DDA procedures for holding collection proceeds and additional collaterals.

4. **Statement D** : This monthly statement (**as at Annex- V**) provides information about operations in the foreign currency vostro account of the Exchange House.

Note - While statements A to D are not required to be submitted to the Reserve Bank, ADs Category-I should prepare these statements and cause inspections at the prescribed periodicities. The relative statements/ reports should invariably be submitted to their respective Top Managements with suitable explanatory notes indicating corrective measures taken/ being initiated wherever necessary.

5. **Statement E** : This statement (**as at Annex- VI**) is designed to collect statistical information on total remittances received every quarter and the growth of business. This quarterly statement is required to be submitted to the Chief General Manager in-charge, Reserve Bank of India, Foreign Exchange Department, Central Office, Forex Markets Division, Mumbai- 400001 before 15th of the succeeding month to which the quarter relates.

6. **Annual Review** : AD Category-I banks should submit to the Chief General Manager-in-Charge, Reserve Bank of India, Foreign Exchange Department, Central Office, Forex Markets Division, Mumbai-400001 by 30th June every year an annual review note covering the period January 1 to December 31 of the previous year, on the vostro accounts of the Exchange Houses maintained by them under the Rupee/ Foreign Currency Drawing Arrangements (RDAs/ FcyDAs) duly approved by their Board. The Review Note should cover various aspects like (a) credit-worthiness of the Exchange House (based on financial statements and market reports), (b) validity of licences of Exchange Houses and compliance of home country KYC/ AML /CFT Guidelines by Exchange Houses (c) financial losses suffered if any by the AD category -I bank on account of transactions, events, disputes, etc., (d) business turnover separately under each arrangement, (e) funding arrangements in respect of vostro accounts, (f) half-yearly inspection of the account of the Exchange House, (g) supervision (system in vogue to monitor operations in the account), (h) internal control and risk management system, (i) overdrafts and interest collected. An extract of directions, if any issued by the Board should be forwarded to the Reserve Bank along with the Annual Review note. While submitting the annual review note, the particulars such as (a) complete particulars of Drawing Arrangements (DDA/ Non-DDA / Speed Remittance) that the AD Category-I banks have with Exchange Houses with the date of approval by RBI and opening of the vostro accounts (b) dates of termination of Drawing Arrangements, if any (including Drawing Arrangements which could not be concluded), and (c) number of drawee branches under each arrangement should be included.

Master Circular on Memorandum of Instructions for Opening and Maintenance of Rupee/ Foreign Currency Vostro Accounts of Non-resident Exchange Houses



Date: 1st July 2013
