



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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January 12, 2018

RBI releases draft directions on hedging of commodity price risk and freight risk in overseas markets

The Reserve Bank of India today released [draft directions](#) on hedging of commodity price risk and freight risk in overseas markets. Comments on the draft directions are invited from banks, market participants and other interested parties by January 31, 2018.

Feedback on the draft directions may be forwarded to:

The Chief General Manager, Reserve Bank of India
Financial Markets Regulation Department
1st Floor, Main Building
Shahid Bhagat Singh Marg,
Mumbai – 400001

Or by [email](#) with subject line “Feedback on draft directions for commodity hedging in overseas markets”.

Background

As per the Statement on [Developmental and Regulatory Policies dated December 6, 2017](#), [the report of the Working Group on Hedging of Commodity Price Risk by Residents](#) (Chairman: Shri Chandan Sinha) had been placed in the public domain for feedback and revised directions were to be issued by January 15, 2018.

Considering the large number and wide variety of comments received, it has now been decided to place the draft directions in the public domain for seeking comments. The draft directions propose to, *inter alia*:

- (i) Delegate the decision regarding the quantity and tenor to be hedged to the client (subject to the satisfaction of the AD Bank)
- (ii) Introduce the facility for hedging of indirect price risk for selected metals