प्रेस प्रकाशनी PRESS RELEASE

भारतीय रिज़र्व बैंक
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RBI issues Directions on Minimum Capital Requirements for Market Risk under Basel III for Commercial Banks

The Reserve Bank of India had issued Draft Guidelines on Minimum Capital Requirements for Market Risk – under Basel III on February 17, 2023, seeking stakeholder feedback. The draft guidelines proposed adoption of the Simplified Standardised Approach (SSA) for computing capital requirement for market risk under the revised Basel III framework.

2. Feedback received on the draft guidelines has been examined and consequent modifications have been suitably incorporated in the final Directions. Statement on the feedback received on the draft guidelines is provided in the Annex. Accordingly, the Reserve Bank of India has today issued the Reserve Bank of India (Commercial Banks - Minimum Capital Requirements for Market Risk) Directions, 2026.

3. The Directions aim to align the market risk guidelines with the revised Basel III framework, as part of RBI's adoption of the Basel standards, while ensuring simplicity of regulations, and providing flexibility, and ease of adoption. The Directions will take effect from April 1, 2027, ensuring sufficient lead time for banks. It may be noted that to ensure smooth transition, intermediate (transition) scalars have been in effect since April 1, 2024.

4. The major changes in the final Directions vis-à-vis the draft guidelines are summarised below:

(1) Scope of the trading book: Since the Investment Directions[1] provide a clearly identifiable trading book under 'Held for Trading (HFT)' accounting sub-classification, the instructions on the definition of the trading book have been deleted from the final Directions, and a reference has been made to the Investment Directions.

(2) Net Open Position and forex risk capital charge: Revised instructions as provided in the Reserve Bank of India (Commercial Banks - Prudential Norms on Capital Adequacy) Tenth Amendment Directions, 2026 have been suitably incorporated.

[1] Reserve Bank of India (Commercial Banks – Classification, Valuation, and Operation of Investment Portfolio) Directions, 2025

(3) Specific risk capital charge for interest rate risk: The specific risk tables for interest rate risk have been revised to align with the Basel Committee on Banking Supervision (BCBS) guidelines, which also provides a more concise and clean treatment.

(4) Debt mutual funds / exchange traded funds (ETF) held in the trading book: The capital treatment has been revised to ensure capital computation is based on the underlying risk drivers while ensuring sufficient guardrails.

(5) Specific risk capital requirement for positions hedged by credit derivatives: The instructions have been revised to include the treatment for positions hedged by total return swaps, permitted in terms of Master Direction – Reserve Bank of India (Credit Derivatives) Directions, 2026.

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