

RBI/2022-23/151

A. P. (DIR Series) Circular No. 19

December 12, 2022

All Authorised Dealer Category – I Banks

Madam / Sir,

**Hedging of Commodity Price Risk and Freight Risk in Overseas Markets
(Reserve Bank) Directions**

Please refer to Paragraph 4 of the [Statement on Developmental and Regulatory Policies](#) announced as a part of the [Bi-monthly Monetary Policy Statement for 2022-23 dated December 07, 2022](#) regarding hedging of price risk of gold in overseas markets. Attention is also invited to the [Hedging of Commodity Price Risk and Freight Risk in Overseas Markets \(Reserve Bank\) Directions, 2018 dated March 12, 2018](#), as amended from time to time.

2. Resident entities in India are currently not permitted to hedge their exposure to price risk of gold in overseas markets. On a review, it has been decided to permit eligible entities to hedge their exposure to price risk of gold on exchanges in the International Financial Services Centre (IFSC) recognised by the International Financial Services Centres Authority (IFSCA).

3. The Master Direction – Foreign Exchange Management (Hedging of Commodity Price Risk and Freight Risk in Overseas Markets) Directions, 2022 ([A. P. \(DIR Series\) Circular No. 21 dated December 12, 2022](#)) have been issued today and are enclosed herewith.

4. 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,

(Dimple Bhandia)
Chief General Manager

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