

भारत गणराज्य के संसद द्वारा पारित किया गया अधिनियम संख्या 26, 2006

THE RESERVE BANK OF INDIA (AMENDMENT) ACT, 2006

(पारित किया गया संसद द्वारा पारित किया गया अधिनियम संख्या 26, 2006 (अधिनियम संख्या 26, 2006) के अधिनियम संख्या 501 जे.आर. 503)

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2006 ई. में संसद द्वारा पारित किया गया अधिनियम संख्या 26, 2006 (अधिनियम संख्या 26, 2006) के अधिनियम संख्या 501 जे.आर. 503

THE RESERVE BANK OF INDIA (AMENDMENT) ACT, 2006

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ACT

further to amend the Reserve Bank of India Act, 1934.

BE it enacted by Parliament in the Fifty-seventh Year of the Republic of India as follows:

1. Short title and Commencement: (1) This Act may be called the Reserve Bank of India (Amendment) Act, 2006.

(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint; and different dates may be appointed for different provisions of this Act.

2. Amendment of section 17: In section 17 of the Reserve Bank of India Act, 1934 (2 of 1934) (hereinafter referred to as the principal Act),-

(i) after clause (6), the following shall be inserted, namely:

'(6A) dealing in derivatives, and, with the approval of the Central Board, in any other financial instrument.

Explanation: For the purposes of this clause, "derivative" means an instrument, to be settled at a future date, whose value is derived from change in one or a combination of more than one of the following underlyings, namely:

(a) interest rate,

(b) price of securities of the Central Government or a State Government or of such securities of a local authority as may be specified in this behalf by the Central Government,

(c) price of foreign securities,

(d) foreign exchange rate,

(e) index of rates or prices,

(f) credit rating or credit index,

(g) price of gold or silver coins, or gold or silver bullion, or

(g) any other variable of similar nature;';

(ii) after clause (12A), the following shall be inserted, namely:

'(12AA) lending or borrowing of securities of the Central Government or a State Government or of such securities of a local authority as may be specified in this behalf by the Central Government or foreign securities;

(12AB) dealing in repo or reverse repo:

Provided that lending or borrowing of funds by way of repo or reverse repo shall not be subject to any limitation contained in this section.

Explanation: For the purpose of this clause,-

(a) "repo" means an instrument for borrowing funds by selling securities of the Central Government or a State Government or of such securities of a local authority as may be specified in this behalf by the Central Government or foreign securities, with an agreement to repurchase the said securities on a mutually agreed future date at an agreed price which includes interest for the funds borrowed;

(b) "reverse repo" means an instrument for lending funds by purchasing securities of the Central government or a State Government or of such securities of a local authority as may be specified in this behalf by the Central Government or foreign securities, with an agreement to resell the said securities on a mutually agreed future date at an agreed price which includes interest for the funds lent;'

3. Amendment of section 42: In section 42 of the principal Act,-

(i) in sub-section (1),-

(a) for the words, brackets and figure "three percent. of the total of the demand and time liabilities in India of such bank as shown in the return referred to in sub-section (2)", the words, brackets and figure "such percent of the total of the demand and time liabilities in India of such bank as shown in the return referred to in sub-section (2), as the Bank may from time to time, having regard to the needs of securing the monetary stability in the country, notify in the Gazette of India" shall be substituted;

(b) the proviso shall be omitted;

(ii) sub-sections (1AA) and (1B) shall be omitted.

4. Insertion of new Chapter III D: After Chapter IIIC of the principal Act, the following Chapter shall be inserted, namely:

'CHAPTER-IIID

REGULATION OF TRANSACTIONS IN DERIVATIVES, MONEY MARKET INSTRUMENTS, SECURITIES, ETC.

45U. Definitions: For the purposes of this Chapter,-

(a) "derivative" means an instrument, to be settled at a future date, whose value is derived from change in interest rate, foreign exchange rate, credit rating or credit index, price of securities (also called "underlying"), or a combination of more than one of them and includes interest rate swaps, forward rate agreements, foreign currency swaps, foreign currency-rupee swaps, foreign currency options, foreign currency-rupee options or such other instruments as may be specified by the Bank from time to time;

(b) "money market instruments" include call or notice money, term money, repo, reverse repo, certificate of deposit, commercial usance bill, commercial paper and such other debt instrument of original or initial maturity up to one year as the Bank may specify from time to time;

(c) "Repo" means an instrument for borrowing funds by selling securities with an agreement to repurchase the securities on a mutually agreed future date at an agreed price which includes interest for the funds borrowed;

(d) "reverse repo" means an instruments for lending funds by purchasing securities with an agreement to resell the securities on a mutually agreed future date at an agreed price which includes interest for the funds lent;

(e) "Securities" means securities of the Central Government or a State Government or such securities of a local authority as may be specified in this behalf by the Central Government and, for the purposes of "repo" or "reverse repo", include corporate bonds and debentures.

45V. Transactions in derivatives: (1) Notwithstanding anything contained in the Securities Contracts (Regulation) Act, 1956 (42 of 1956) or any other law for the time being in force, transactions in such derivatives, as may be specified by the Bank from time to time, shall be valid, if at least one of the parties to the transaction is the Bank, a scheduled bank, or such other agency falling under the regulatory purview of the Bank under the Act, the Banking Regulation Act, 1949, the Foreign Exchange Management Act, 1999 (42 of 1999), or any other Act or instrument having the force of law, as may be specified by the Bank from time to time.

(2) Transactions in such derivatives, as had been specified by the Bank from time to time, shall be deemed always to have been valid, as if the provisions of sub-section (1) were in force at all material times.

