

**RESERVE BANK OF INDIA
(FOREIGN EXCHANGE DEPARTMENT)
CENTRAL OFFICE
MUMBAI 400 001**

Notification No. FEMA 401/2026-RB

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Foreign Exchange Management (Authorised Persons) Regulations, 2026

In exercise of the powers conferred under clause (h) of sub-section (2) of Section 47 read with Section 10 of the Foreign Exchange Management Act, 1999 (42 of 1999) and all other powers enabling it in this behalf, the Reserve Bank hereby, makes the following regulations, namely,

Chapter I – Preliminary

1. Short title and commencement - (1) These regulations may be called the Foreign Exchange Management (Authorised Persons) Regulations, 2026.

(2) These regulations shall come into force from the date of their publication in the [Official Gazette](#).

2. Definitions - (1) In these regulations, unless the context otherwise requires, the terms defined herein shall bear the meanings assigned to them below, and their cognate expressions shall be construed accordingly, –

- (a) “Act” means the Foreign Exchange Management Act, 1999 (42 of 1999);
- (b) “Annual Forex Turnover” means the aggregate of foreign exchange purchased and sold by an authorised person or a Forex Correspondent from/to the public directly, and through its agents/franchisees/Forex Correspondents, during a financial year, excluding the value of inward remittances processed;
- (c) “Authorised Dealer (AD)” means a person authorised as an authorised dealer under sub-section (1) of section 10 of the Act;
- (d) “Company” means a company incorporated under the Companies Act, 2013 (18 of 2013);
- (e) “Control” shall have the same meaning as assigned to it under sub-section (27) of section 2 of the Companies Act, 2013 (18 of 2013);
- (f) “Director” shall have the same meaning as assigned to it under sub-section (34) of section 2 of the Companies Act, 2013 (18 of 2013);

- (g) “Forex Correspondent (FxC)” means an agent of an Authorised Dealer appointed in terms of the Forex Correspondent Scheme (FCS) issued by the Reserve Bank;
 - (h) “Full Fledged Money Changer (FFMC)” means a money changer authorised under sub-section (1) of section 10 of the Act;
 - (i) “Key Managerial Personnel (KMP)” shall have the same meaning as assigned to it under sub-section (51) of section 2 of the Companies Act, 2013;
 - (j) “Net Worth” shall have the same meaning as assigned to it under sub-section (57) of section 2 of the Companies Act, 2013 (18 of 2013);
 - (k) “Promoter” shall have the meaning as assigned to it under sub-section (69) of section 2 of the Companies Act, 2013 (18 of 2013);
 - (l) “Significant Influence” shall have the same meaning as assigned to it under the Explanation (a) to sub-section (6) of section 2 of the Companies Act, 2013 (18 of 2013);
- (2) Words and expressions used but not defined in these regulations shall have the same meanings respectively assigned to them in the Act.

Chapter II – Grant of Authorisation

3. Authorisation - (1) No person shall act as an authorised person without obtaining an authorisation from the Reserve Bank.

(2) An authorised person as on the date of coming into force of these regulations may continue to act as such until the expiry of its existing authorisation, in accordance with the conditions of the authorisation issued, as well as these regulations and the directions issued by the Reserve Bank from time to time.

(3) A person seeking authorisation as an authorised person may apply to the Reserve Bank through the PRAVAAH portal (<https://pravaah.rbi.org.in>) to the regional office concerned of the Reserve Bank under whose jurisdiction the registered office of the applicant is established.

(4) The Reserve Bank shall consider application for fresh authorisation under three categories, namely, AD Category-I, AD Category-II and AD Category-III and such application shall be processed in accordance with these regulations. The eligibility conditions and activities permitted are specified in regulations 4 and 7 below, respectively.

(5) Any additional information and/or documents as may be required by the Reserve Bank to process an application mentioned at sub-regulation (4) shall be submitted by the applicant within the time specified by the Reserve Bank.

(6) Application for fresh authorisation as an FFMC shall not be considered by the Reserve Bank, except those under process as on the date of coming into force of these regulations. Wherever additional information and/or documents have been sought by the Reserve Bank for processing such applications, the same shall be provided within thirty days from the date of coming into force of these regulations; else the applications shall be deemed to have been rejected. Such applications shall be processed as per the eligibility conditions, documents and procedure listed at [Annex](#).

4. Eligibility conditions - (1) An applicant shall be a company incorporated under the Companies Act 2013.

(2) The Memorandum of Association (MoA) of the applicant should include the foreign exchange related activity for which the authorisation is being sought.

(3) An applicant shall fulfil the following criteria at the time of application:

Category of AP	Eligible entities
AD Category-I	A bank licensed by the Reserve Bank.
AD Category-II	<ul style="list-style-type: none"> i. A bank licensed by or a Non-Banking Financial Company (NBFC) registered with the Reserve Bank. ii. A Full-Fledged Money Changer or a Forex Correspondent functioning for at least two years with an average annual forex turnover of ₹50 crore during the previous two financial years.
AD Category-III	An entity: <ul style="list-style-type: none"> i. required to deal in foreign exchange incidental to the activities undertaken by it; or ii. that intends to offer innovative products and services that may involve dealing in foreign exchange.

(4) An applicant, at the time of commencement of business as an authorised person shall have a minimum positive net worth (based upon its latest audited balance sheet) as mentioned below and shall submit a certificate to this effect from its Statutory Auditors:

Category of AP	Minimum Net worth
AD Category-II	₹10 crores
AD Category-III	₹2 crores

(5) The applicant, its promoters, directors and Key Managerial Personnel (KMPs) shall be 'fit and proper' on the following aspects:

- (a) qualification and experience in the financial services industry.
- (b) integrity, reputation and character.
- (c) absence of convictions or restraint orders from a court of law, disqualifications under the Companies Act, 2013 or other applicable corporate law, sanctions imposed by a regulatory body, or expulsion from a professional body:

Provided that at least 50% of the directors and KMPs have qualification and experience in the financial services industry.

(6) In case an applicant or any of its promoters, directors or KMPs or its parent entity is under investigation by Directorate of Enforcement (DoE), the applicant shall furnish, along with the application, a No Objection Certificate (NOC) obtained from DoE, which is dated not earlier than thirty days from the date of such application:

Provided that where no reply has been received from the DoE within 60 days of receipt of request, the application will be processed without NOC from the DoE based on the declaration to this effect by the applicant. Such request to DoE should have been made not earlier than ninety days from the date of application to the Reserve Bank.

(7) Exemption - Sub-regulation (1), (4) and (5) of this regulation shall not be applicable to the entities regulated by the Reserve Bank under the provisions of other Acts.

5. Renewal of authorisation of existing authorised persons - (1) An entity conducting activities as an authorised person as on the date of coming into force of these regulations may apply for renewal of its existing authorisation under these regulations, if its Net worth is a minimum of –

- (a) ₹25 lakh, in case of a single branch FFMC;
- (b) ₹50 lakh, in case of a multiple branch FFMC;
- (c) ₹10 crore, in case of an AD Category-II;
- (d) ₹2 crore, in case of an AD Category-III:

and it is in compliance with provisions of sub regulation (5) and (6) of regulation 4.

(2) An application for renewal of existing authorisation shall be made at least two months before expiry of the existing authorisation. In such case, the existing authorisation shall continue till renewal is granted under these regulations or the application is rejected, as the case may be.

6. Consideration of application - (1) The Reserve Bank, while considering an application, shall examine all matters which it deems relevant, including but not limited to the eligibility conditions specified in these regulations, and in case of entities regulated by the Reserve Bank, the inputs of the respective regulatory and supervisory departments of the Reserve Bank.

(2) Any application for grant or renewal of authorisation–

- (a) which is incorrect, false or misleading in nature; or
- (b) where the applicant is not in compliance with the eligibility requirements as set out under these regulations; or
- (c) where the applicant or any of its promoter or director or KMPs is not a 'fit and proper person' in compliance with the eligibility requirements stated in regulation 4(5) of these regulations; or
- (d) which is not in public interest;

may be rejected by the Reserve Bank.

(3) Any application for grant or renewal of authorisation from an entity–

- (a) whose authorisation has been revoked for any reason; or
- (b) which has voluntarily surrendered its authorisation for any reason; or
- (c) whose application for grant or renewal of authorisation has been rejected by the Reserve Bank for any reason other than the inability to meet the net worth; or
- (d) where one or more of the promoters or directors or KMPs have significant influence in any of the entities listed at clause (a), (b) and (c) of this sub-regulation;

shall not be considered by the Reserve Bank for a period of one year from the date of revocation or voluntary surrender of authorisation or rejection of application, as the case may be.

Chapter III – Permitted Activities

7. Permitted Activities - An authorised person shall be permitted to facilitate activities listed below, unless otherwise specifically permitted or restricted by the Reserve Bank:

Category	Permitted Activities
AD Category-I	Any current account and capital account transaction permissible under the Act.

AD Category-II	i. Any non-trade current account transaction permissible under the Act, other than gift and donation. ii. Foreign trade transactions up to ₹25 lakh per transaction.
AD Category-III	As mentioned in the authorisation issued by the Reserve Bank.
Full Fledged Money Changer (FFMC)	i. Purchase of foreign currency notes and travellers' cheques; ii. Sale of foreign currency notes and travellers' cheques for foreign travel purposes; and iii. Functioning as an agent under the MTSS in accordance with the guidelines on Money Transfer Service Scheme (MTSS).

Chapter IV - Conditions of authorisation

8. Conditions of authorisation - (1) An authorisation granted under these regulations shall be valid until revoked or surrendered:

Provided that an authorisation granted to a bank or an NBFC shall be co-terminus with its Banking Licence or Certificate of Registration respectively.

(2) An authorisation granted by the Reserve Bank shall be subject to the conditions laid down therein. The Reserve Bank may at any time vary or revoke any of the existing conditions of authorisation or impose new conditions.

(3) An authorised person, other than a bank or an NBFC, shall achieve minimum annual forex turnover as given below, within two years from the date of coming into force of these regulations or from the commencement of forex business, whichever is later, and shall maintain the minimum annual forex turnover thereafter on an ongoing basis:

Category of AP	Minimum annual forex turnover
AD Category-II	₹50 crores
FFMC	₹10 crores

(4) The requirements under these regulations, or as specified by the Reserve Bank from time to time, including minimum net worth, turnover and 'fit and proper' status, shall be fulfilled on an ongoing basis and any deviation shall be immediately brought to the notice of the Reserve Bank.

(5) If the net worth of the authorised person falls below the minimum specified in these regulations, the authorised person shall restore the net worth to the required minimum, within a period of six months, or such additional time as the Reserve Bank may grant. Failure to do so may lead to revocation of authorisation.

(6) An authorised person, other than a bank shall:

- (a) commence its operations within a period of six months from the date of issuance of authorisation, under intimation to the regional office concerned of the Reserve Bank;
 - (b) seek prior approval from the Reserve Bank before any change in management or control or ownership of more than 50%;
 - (c) report to the regional office concerned of the Reserve Bank within a period of 30 days from the end of financial year, any change of director or of a KMP, and events/information that may affect the 'fit and proper' status of an existing promoter or director or KMP during the year;
 - (d) report to the regional office concerned of the Reserve Bank, details of investigation initiated against it by the DoE, within 30 days of becoming aware about the investigation.
- (7) An authorised person may conduct activities permitted to it under these regulations from any place of business. An authorised person, other than a bank, shall submit to the Reserve Bank, through APConnect¹ application (<https://apconnect.rbi.org.in/>) information regarding:
- (a) conduct of business from any new place (including opening a temporary counter) within seven calendar days of beginning of operations at the new place;
 - (b) closure of a place of business including that of a temporary counter within seven calendar days of such closure; and
 - (c) shifting of the registered office, not being a place of business, within seven calendar days of shifting.
- (8) An authorised person while dealing in foreign exchange (either directly or through an FxC or Franchisee) shall ensure compliance with sub-section (5) of section 10 of the Act.
- (9) An authorisation may be revoked by the Reserve Bank at any time if it is satisfied that:
- (a) it is in public interest to do so; or
 - (b) the authorised person has failed to comply with any condition of authorisation or has contravened any of the provisions of the Act or any rule, regulation, notification, direction or order made thereunder.

Chapter V – Appeal Mechanism

9. Appeal - (1) An applicant whose application for authorisation has been rejected by the Reserve Bank or an authorised person whose authorisation has been revoked, may appeal

¹ APConnect shall also refer to any other system specified by the Reserve Bank, for the purpose.

against the rejection of the application or revocation to the Appellate Authority namely, the Executive Director in charge of the Foreign Exchange Department, Central Office, Reserve Bank of India, Mumbai.

(2) An appeal under sub-regulation (1) shall be filed within forty-five calendar days from the date of receipt of the letter intimating rejection of application or revocation of authorisation.

(3) On receipt of an appeal, the Appellate Authority may, after giving applicant an opportunity of being heard, pass a reasoned order within sixty calendar days from the date of receipt of appeal.

Chapter VI – Forex Correspondent Scheme (FCS)

10. Forex Correspondent - (1) An Authorised Dealer Category-I or an Authorised Dealer Category-II may appoint an entity or entities as agent, known as Forex Correspondent (FxC), for conducting money changing business under a 'principal-agent' model.

(2) An FxC shall be permitted to deal in foreign exchange with any of its customer or with other entities as per the Forex Correspondent Scheme laid out in this chapter.

11. Permitted Activities - An FxC is permitted to undertake the following activities:

- (a) Purchase of foreign currency notes/coins and travellers' cheques;
- (b) Sale of foreign currency notes/coins and travellers' cheques for foreign travel purposes; and
- (c) Functioning as MTSS sub-agent in accordance with the guidelines on Money Transfer Service Scheme (MTSS).

12. Governance - The principal shall formulate an internal policy for engaging FxCs with the approval of its Board. Such policy shall, *inter alia*, provide for the type of entities it wishes to appoint as FxC, 'fit and proper' criteria for such entities, activities it wants to undertake through FxCs, requirements related to net worth, due diligence, systems and controls, transaction reporting, charges that may be levied by the FxC, customer service and grievance redressal mechanism.

13. Functioning of FxC - (1) All transactions by an FxC under this scheme shall be reflected in the books of account of the principal concerned.

(2) An FxC may act as an agent to more than one authorised dealer.

(3) An FxC, with the approval of its principal, may deal in foreign exchange with any other FxC or an authorised person, which is not its principal.

14. Obligations of the principal - The principal shall:

- (a) issue necessary permission to each outlet of the FxC and ensure that a copy of such permission is displayed prominently at respective outlet;
- (b) submit details of all FxCs appointed by it, along with their place/s of business, through the APConnect application, to the Reserve Bank, within 15 days from the end of each calendar quarter;
- (c) ensure the preservation, protection, security, and confidentiality of customer information in the custody or possession of its FxCs;
- (d) ensure that the FxC adheres to rules, regulations and directions governing forex transactions under the Act, as applicable to its principal.

15. Managing outsourcing risks - A non-bank authorised dealer, acting as a principal, irrespective of whether it is an NBFC or not, shall follow the guidelines contained in "[Reserve Bank of India \(Non-Banking Financial Companies – Managing Risks on Outsourcing\) Directions, 2025](#)".

Chapter VII – Franchisees of Authorised Persons

16. Franchisees - (1) An authorised person shall not enter into any fresh franchisee arrangements in terms of 'Guidelines for Appointment of Agents / Franchisees by AD Category-I, AD Category-II and FFMC', contained in Section III of 'Master Direction – Money Changing Activities' as amended from time to time.

(2) The franchisee arrangements valid as on the date of coming into force of these regulations shall be discontinued within two years from the date of coming into force of these regulations. Thereafter, the franchisees can be appointed as an FxC, subject to conditions laid down under the FCS.

(N Senthil Kumar)
Chief General Manager

Annex

[Please refer to regulation 3(6)]

1. The applicant shall be a company registered under the Companies Act, 1956/ Companies Act 2013/ Registration of Companies (Sikkim) Act, 1961.
2. The minimum Net Owned Funds (NOF) required for consideration as FFMC are as follows:

Category	Minimum NOF
Single branch FFMC	₹25 lakh
Multiple branch FFMC	₹50 lakh
<p>Note: The Net Owned Funds of applicants, other than banks, should be calculated as per the following.</p> <p>(a) Owned Funds: (Paid-up Equity Capital + Free reserves + Credit balance in Profit & Loss A/c) minus (Accumulated balance of loss, Deferred revenue expenditure and Other intangible assets)</p> <p>(b) Net Owned Funds: Owned funds minus the amount of investments in shares of its subsidiaries, companies in the same group, all (other) non-banking financial companies as also the book value of debentures, bonds, outstanding loans and advances made to and deposits with its subsidiaries and companies in the same group in excess of 10 per cent of the Owned funds.</p>	

3. 'Fit and proper' criteria for the applicant: If any case by DoE / DRI or any other case by any other law enforcing authorities, is initiated / pending against any company / its directors, the company will not be considered as 'fit and proper' and its application will not be considered for licensing as FFMC.
4. 'Fit and proper' criteria for directors:
 - (a) The Board of the applicant should undertake a process of due diligence to determine the suitability of the person for appointment / continuing to hold appointment as a director on the Board, based upon qualification, expertise, track record, integrity and other 'fit and proper' criteria. For assessing integrity and suitability, factors like criminal record, if any, financial position, civil action initiated to pursue personal debts,

refusal of admission to or expulsion from professional bodies, sanctions imposed by regulators or similar bodies, previous questionable business practices, etc. should be considered. The Board of Directors should assess 'fit and proper' status by calling for information by way of self-declaration, verification reports from market, etc. The applicant should obtain necessary information and declaration from the proposed / existing directors for the purpose as given in the Master direction on Reporting.

- (b) The process of due diligence should be undertaken at the time of appointment / renewal of appointment.
- (c) The Board of the applicant should constitute Nomination Committees to scrutinise the declarations.
- (d) Based on the information provided in the signed declaration, Nomination Committees should decide on the acceptance or otherwise and may make references, where considered necessary to the appropriate authority / persons, to ensure their compliance with the requirements indicated.
- (e) The provisions of Companies Act 2013 shall apply with regard to the age of the candidate. Further, the candidate should not be a Member of Parliament / Member of Legislative Assembly / Member of Legislative Council.

5. Comments of respective Departments of the Reserve Bank will be obtained on the operations of an applicant who / whose parent organisation is already licenced / authorised by the Reserve Bank.

6. Documentation: Application in the prescribed form should be submitted along with the following documents:

- (a) Copy of the Certificate of Incorporation.
- (b) Memorandum and Articles of Association containing a provision for undertaking money changing business or an appropriate amendment to this effect filed with the Company Law Board.
- (c) Copy of the latest audited accounts with a certificate from the Statutory Auditors certifying the Net Owned Funds as on the date of application. Copies of the audited Balance Sheet and Profit & Loss Account of the company for the last three years, wherever applicable.
- (d) Confidential Report from the applicant's banker in a sealed cover.

- (e) A declaration to the effect that no proceedings have been initiated by / are pending with the Directorate of Enforcement (DoE) / Directorate of Revenue Intelligence (DRI) or any other law enforcing authorities, against the applicant company or its directors and that no criminal cases are initiated / pending against the applicant company or its directors.
- (f) A declaration to the effect that proper policy framework on KYC guidelines issued by Reserve Bank of India from time to time will be put in place on obtaining the approval of the Reserve Bank and before commencement of operations.
- (g) Details of sister / associated concerns operating in the financial sector, like NBFCs, etc.
- (h) A certified copy of the board resolution for undertaking money changing business.

7. Clearance by the Empowered Committee: The request for issuance of FFMC licence would be considered by the regional office concerned of the Reserve Bank on the basis of the clearance by an Empowered Committee, set up for the purpose.

8. Reserve Bank's decision in the matter of granting approval or otherwise will be final and binding.