Reserve Bank Of India (Commercial Banks – Governance) Third Amendment Directions, 2026

RBI has issued the Reserve Bank of India (Commercial Banks – Governance) Third Amendment Directions, 2026 vide notification RBI/DOR/2026-27/206, DOR.ACC.REC.No.183/29.67.001/2026-27 dated July 30, 2026, amending the Reserve Bank of India (Commercial Banks – Governance) Directions, 2025. The amendment is consequential to the issuance of the Reserve Bank of India (Commercial Banks - Prudential Norms on Capital Adequacy) Seventh Amendment Directions, 2026, which deals with Basel Pillar 3 disclosures, and has been issued in exercise of powers conferred under Section 35A of the Banking Regulation Act, 1949. These Amendment Directions shall come into force from October 01, 2026.

This is a narrow, consequential amendment rather than a substantive policy change – it re-routes two existing disclosure obligations on compensation of Private Sector Banks (PVBs) from the Financial Statements: Presentation and Disclosures Directions, 2025 to the Prudential Norms on Capital Adequacy Directions, 2025, so that they sit alongside RBI's Pillar 3 disclosure framework.

Key changes:

- Share-linked instruments: continue to be included as a component of variable pay, fair valued on the date of grant using the Black-Scholes model. The fair value thus arrived at shall be recognised as an expense beginning with the accounting period for which approval has been granted. The disclosure of such instruments granted must now follow the Prudential Norms on Capital Adequacy Directions, 2025 rather than the Financial Statements: Presentation and Disclosures Directions, 2025.
- Annual remuneration disclosure: PVBs must continue to disclose remuneration of Whole-Time Directors (WTDs), MD & CEO / CEO, and Material Risk Takers (MRTs) at least annually, but this disclosure is now to be made as prescribed under the Prudential Norms on Capital Adequacy Directions, 2025, as amended from time to time, instead of the Financial Statements Directions.

Similar amendments are introduced for Small Finance Banks and Payment Banks.

Kindly refer the following for the details **–** Reserve Bank of India (Commercial Banks – Governance) Third Amendment Directions, 2026