Master Direction – Reserve Bank Of India (Credit Derivatives) Directions, 2026

RBI issued the Master Direction – Reserve Bank of India (Credit Derivatives) Directions, 2026 on June 25, 2026, superseding the earlier Credit Derivatives Directions, 2022. The revised framework aims to deepen India's corporate bond market by broadening the range of credit derivative products, expanding market participation, and strengthening the regulatory framework governing credit risk transfer instruments. The Directions came into effect immediately.

The revised directions significantly broaden the scope of India's credit derivatives market by permitting additional credit derivative products, widening the participant base, and enabling both Over the Counter (OTC) and exchange-traded transactions. The framework also introduces comprehensive provisions relating to risk management, settlement mechanisms, reporting requirements, accounting treatment, and governance to support the development of a transparent and efficient corporate bond market.

Area	Earlier Norms	Current Norms (Amendment 2026)
Scope of Products	Primarily permitted Credit Default Swaps (CDS).	Framework expanded to include Credit Default Swaps (CDS), Total Return Swaps (TRS) and Futures on Credit Indices.
Market Participation	Limited categories of market participants.	Participation expanded to include NBFCs, Mutual Funds, Insurance Companies, Pension Funds, AIFs, FPIs and eligible corporates, subject to specified conditions.
Trading Platform	Predominantly OTC CDS transactions.	Credit derivatives permitted in both OTC markets and recognised stock exchanges, with detailed operational guidelines.
Governance & Reporting	Limited operational framework.	Comprehensive framework introduced covering settlement, valuation, reporting to CCIL (Clearing Corporation of India Limited), customer protection, accounting guidance and establishment of a Credit Derivatives Determinations Committee

Kindly refer to the link for the further details - [Master Direction – Reserve Bank of India (Credit Derivatives) Directions, 2026]