

Banks can include reserves held abroad in level 1 assets

By: [FE Bureau](#) | Mumbai | Updated: August 3, 2017 4:35 AM



In cases where a foreign sovereign has been assigned a non-0% risk weight as per rating by an international rating agency, but a 0% risk weight has been assigned at national discretion under Basel II framework, reserves held with the central banks in excess of the reserve requirement will qualify as Level 1 assets. (Reuters)

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The Reserve Bank of India ([RBI](#)) on Wednesday said Indian banks will be allowed to include in their level 1 assets reserves held with foreign central banks in excess of the reserve requirement in the host country, where a foreign sovereign has been assigned a 0% risk weight as per rating by an international rating agency.

In cases where a foreign sovereign has been assigned a non-0% risk weight as per rating by an international rating agency, but a 0% risk weight has been assigned at national discretion under Basel II framework, reserves held with the central banks in excess of the reserve