



PHD Research Bureau
PHD Chamber of Commerce and Industry



Key Notifications by RBI

- **Master Direction on Financial Statements - Presentation and Disclosures**

The Reserve Bank of India has, from time to time, issued several guidelines/instructions/directives to the banks on the presentation of financial statements, regulatory clarification on compliance with accounting standards, and disclosures in notes to accounts.

A Master Direction incorporating, updating and where required, harmonizing across the banking sector the extant guidelines/instructions/directives on the subject has been prepared to enable banks to have all current instructions on presentation and disclosure in financial statements at one place for reference. However, it may be noted that in addition to these disclosures, Commercial Banks shall comply with the disclosures specified under the applicable regulatory capital framework.

Reserve Bank of India has issued this Direction in the exercise of its powers conferred under section 35A and section 56 of the Banking Regulation Act, 1949, and all the powers enabling it on this behalf.

Please find enclosed the detailed document on the same for your kind reference.

- **Guidelines on Compensation of Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staff – Clarification**

This is in reference to para 2.1.2 (f) of RBI [circular DOR.Appt.BC.No.23/29.67.001/2019-20 dated November 04, 2019](#) on the captioned subject. In terms of the extant guidelines, share-linked instruments are required to be fair valued on the date of grant using Black-Scholes model. However, it has been observed that banks do not recognise grant of the share-linked compensation as an expense in their books of account concurrently. Therefore, in the interest of better clarity, the following sentence is being added to the extant instructions contained in the said paragraph:

“The fair value thus arrived at should be recognized as expense beginning with the accounting period for which approval has been granted”.

Banks should ensure compliance to above instructions for all share-linked instruments granted after the accounting period ending March 31, 2021.

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Warm Regards,

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