

<p><b>कार्पोरेशन बैंक</b> (सार्वजनिक क्षेत्र का अग्रणी बैंक) प्रधान कार्यालय, डा.पे. सं.- 88 मंगलूर- 575001</p>	 ई-सर्कुलर e-CIRCULAR	<p><b>Corporation Bank</b> ( A Premier Public Sector Bank ) Head Office, PB No.88, Mangalore – 575 001</p>
<p>Treasury &amp; Investment Department Email : Ibd@corpbank.co.in</p>		
<p>प्र.का. परिपत्र सं. HO Circular No. 307/2015</p>	<p>सूचकांक Index No. 20.00/17/2015</p>	<p>दिनांक Date : 02-May-2015</p>

समस्त शाखाओं/ कार्यालयों हेतु TO ALL THE BRANCHES / OFFICES

Subject : REVISION OF FOREX SERVICE CHARGES

**HIGHLIGHTS**  
**REVISION OF FOREX SERVICE CHARGES W.E.F 01st JUNE 2015**

I. Introduction:

Attention of Branches/Offices is invited to HO Circular No.532/2013 dated 06<sup>th</sup> September 2013 on Service Charges on Foreign Exchange Transactions. The same has been now revised with the approval of the competent authority.

II. Reasons and Basis of Revision:

In view of the competitive environment, the change in the different types of services and addition of new services, it is imperative to evaluate the pricing of services on an ongoing basis. Based on the feedback received from the branches, the service charges on forex related transactions have been rationalized and revised taking into consideration the transaction cost, market expectations and competition from peer Banks.

III. General Rules for application of Forex service charges:

- i. The charges shall be recovered upfront.
- ii. The charges shall not be recovered in instalments without proper sanction of the competent sanctioning authority.
- iii. The charges/commission recovered shall not be refunded without prior permission from competent authority.
- iv. Stamp duty under the Indian Stamp Act or the Stamp Act of the States on Forex transactions, wherever applicable shall be borne by the customer.
- v. The proposal does not cover the charges in the nature of interest.
- vi. The charges which are to be recovered from the overseas buyers/sellers but could not be recovered for any reason shall be recovered from the customer.
- vii. The charges prescribed for individuals shall not be permitted for the Forex transactions in the nature of Trade even if the same is related to individuals.
- viii. The Service Tax as applicable shall be in addition to the service charges.
- ix. 50 % of the commission recovered from the linked branch customers shall be credited to that branch at the end of each calendar quarter.
- x. Revised Service Charges shall be with effect from 01<sup>st</sup> June 2015.

- xi. This circular will supersede all earlier instructions/circulars issued to branches in respect of the service charges on foreign exchange transactions as mentioned in this circular.

#### IV. Highlights of Revised Service Charges:

1. The service charges have been rationalized and brought at par with the other peer banks in the market.
2. Some new services have been identified where DBs are offering services for widening the income base.
3. The charges structure of Import Letter of Credit transactions has been simplified to have better understanding and to be in line with the peer banks.
4. The charges on some of the export transactions have been decreased to boost the exports, as the nation wants to improve our country's export.
5. Now a days the Bank Realization Certificates (BRCs) are issued electronically. As the service cost for such a service has reduced, as a customer friendly measure no charges are proposed to be levied on issuance of eBRC.
6. In case of Forward Contracts, the charges for booking the contract have been reduced to encourage the customers to hedge their currency risk.
7. Concession in service charges is made available in case wherein collaterals in the form of 100% cash margin is provided by the customer. In order to cover both credit risk as well as foreign currency risk, it is proposed to increase the cash margin requirement from 100% to 110%.
8. To encourage better compliance from the customer, charges have been increased for non-compliance issues like non-submission of Bill of Entry, Export Bills etc. in time.
9. Some of the charges like exchange in lieu of commission have been increased from 0.075% to 0.10% to cover increased cost. Despite the increase, the charges are one of the lowest among the peer banks.
10. The volume of Capital Account Transactions like FDI, ODI and ECB is increasing with the greater integration of the country with the global financial markets. In this context some other transactions have been identified where there is demand for such services. It is proposed to introduce some nominal service charges on some of these transactions like scrutiny of ECB-2 Returns, APRs etc.
11. SWIFT is the fastest, safest and popular way out for handling forex transactions. To recover the costs involved the SWIFT charges have been specified, for the first time, for each type of transaction.

The schedules of all Forex services after giving effect to the proposed revision to existing charges are furnished in Annexure- I.

The guidelines and delegated powers for approving/sanctioning the concessions for Forex Service Charges is furnished in Annexure -II.

Branches are advised to give due notice to all their clients and display the revised charges in the notice board as per annexure-III. The branches should confirm the action to this division latest by 15.05.2015.

A notice informing the revision in the charges has been displayed in our bank's website as well.

**Effective date of implementation of Revised Forex Charges: 01<sup>st</sup> June, 2015.**



(V.S.Karthikeyan)

