



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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डीपीएसएस.सीओ.आरआईए.सं.3134/01.06.006/2017-18	
09 मई 2018	
RTI Portal	
Shri Varun Sethi CoWorkIn, coworking space 3 rd Floor, Kushal House 39 Nehru Place New Delhi Pin Code 110019 Delhi	
महोदय,	Dear Sir,
सूचना का अधिकार अधिनियम 2005 के अंतर्गत आवेदन - आरबीआईएनडी/आर/ 2018/51897	Application under Right to Information Act, 2005 - RBIND/R/2018/51897
कृपया सूचना का अधिकार अधिनियम, 2005 के अंतर्गत सूचना प्राप्त करने के लिए प्रस्तुत अपना 09 अप्रैल 2018 का आवेदन देखें।	Please refer to your application dated April 09, 2018 seeking certain information under the Right to Information Act, 2005.
2. संबंधित जानकारी अनुबंध में प्रस्तुत है।	2. The information is furnished in the Annex.
3. हम आपको सूचित करना चाहते हैं कि भारतीय रिज़र्व बैंक में प्रथम अपील अधिकारी का नाम, श्रीमती उमा शंकर, कार्यपालक निदेशक, भारतीय रिज़र्व बैंक, भुगतान और निपटान प्रणाली विभाग, 14 वीं मंजिल, केंद्रीय कार्यालय भवन, शहीद भगत सिंह मार्ग, फोर्ट, मुंबई-400001 हैं। उपर्युक्त उत्तर के संबंध में आप यदि कोई अपील करना चाहें तो उसे इस पत्र की प्राप्ति के 30 दिनों के भीतर प्रथम अपीलीय प्राधिकारी को भेज सकते हैं।	3. We would like to inform that the First Appellate Authority in Reserve Bank of India is Smt. Uma Shankar, Executive Director, Reserve Bank of India, Department of Payment and Settlement Systems, 14 th Floor, Central Office Building, Shahid Bhagat Singh Road, Fort, Mumbai - 400001. Appeal, if any, in respect of the above reply, should be preferred within 30 days to the First Appellate Authority.
भवदीय / Yours faithfully	
 वासुदेवन . पी (पी.वासुदेवन) केंद्रीय जन सूचना अधिकारी / Central Public Information Officer Encl: As above	

भुगतान और निपटान प्रणाली विभाग, केंद्रीय कार्यालय, 14 वीं मंजिल, केंद्रीय कार्यालय भवन, शहीद भगत सिंह मार्ग, फोर्ट, मुंबई - 400001

फोनTel: (91-22) 2264 4995; फैक्सFax: (91-22) 22691557; ई-मेलe-mail: cgmdpscco@rbi.org.in

Department of Payment and Settlement Systems, Central Office, 14th Floor, Central Office Building, Shahid Bhagat Singh Marg, Fort, Mumbai - 400001

हिंदी आवेदन है, इसका प्रयोग नहोकर

RBIND/R/2018/51897

Sr. No	Information Sought	Reply
1	<p>Point 1 of the aforementioned RBI Notification stated – <i>“Reserve Bank has repeatedly through its public notices on December 24, 2013, February 01, 2017 and December 05, 2017, cautioned users, holders and traders of virtual currencies, including Bitcoins, regarding various risks associated in dealing with such virtual currencies”</i></p> <p>In this matter, RBI Press release dated Dec 24, 2013 stated <i>“The Reserve Bank of India has today cautioned the users, holders and traders of Virtual currencies (VCs), including Bitcoins, about the potential financial, operational, legal, customer protection and security related risks that they are exposing themselves to.”</i></p> <p>Please reply:</p>	
a	<p>Was there any committee constituted within RBI that decided and concluded about the such risks being associated while trading in virtual currencies? Please provide the details of that committee and the minutes of the meeting of such committee.</p>	No
b	<p>If there was no such committee constituted, then how was the risk determined? Since Press release dated Dec 24, 2013 mentions about – <i>“VCs being in digital form are stored in digital/electronic media that are called electronic wallets. Therefore, they are prone to losses arising out of hacking, loss of password, compromise of access credentials, malware attack etc.”</i></p> <p>If so, then similar risk also exists in online net banking websites of all banks. In this case, how is the risk of usage of online net banking different / more safe than risks of storing virtual currencies in electronic wallets ?</p>	<p>What is sought is not information as defined in section 2(f) of the RTI Act 2005</p> <p>What is sought is not information as defined in section 2(f) of the RTI Act 2005</p>
c	<p>In the same press release dated Dec 24, 2013, RBI stated – <i>“The Reserve Bank has also stated that it is presently examining the issues associated with the usage, holding and trading of VCs under the extant legal and regulatory framework of the country, including Foreign Exchange and Payment Systems laws and regulations.”</i></p>	<p>1. Reserve Bank of India (RBI), vide press release dated February 01, 2017 has advised that it has not given any license / authorization to any entity / company to operate such schemes or deal with Bitcoin or any virtual currency. This press release is available on the website of RBI at the following link: https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR205413F23C955D8C45C4A1F56349D1B8C457.PDF</p>

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	<p>What actions have been taken by RBI in this matter of examining the issues pertaining to Virtual currencies?</p>	<p>2. In the wake of significant spurt in the valuation of many VCs and rapid growth in Initial Coin Offerings (ICOs), RBI, vide, press release dated December 5, 2017 has reiterated the concerns conveyed in the earlier press releases. This press release is available on the website of RBI at the following link: https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR15304814BE14A3414FD490B47B0B1BF79DDC.PDF</p> <p>3. Further, RBI, vide its circular dated April 6, 2018, has directed all the entities regulated by the Reserve Bank not to deal in VCs or provide services for facilitating any person or entity in dealing with or settling VCs, with immediate effect.</p> <p>4. RBI was also a member of the Inter Disciplinary Committee constituted by Ministry of Finance, Government of India in March 2017 to examine the present status of Virtual/Digital Currencies in India, regulatory approach adopted globally and to suggest a framework for regulation in India.</p> <p>5. Further, RBI is also a member of the Committee, chaired by Secretary, Department of Economic Affairs, Ministry of Finance, Government of India that has been constituted in November 2017 to study the issues related to Virtual Currencies.</p>
	<p>Has a committee been established and responsibility entrusted to a specific officer / team of officers to understand the nature, working and usage of virtual currencies worldwide with a possibility of usage in India ?</p>	<p>No</p>
	<p>If yes, please provide the details of such committee / officer / minutes of all meetings held to discuss, understand and conclude usage / non usage of such virtual currencies.</p>	<p>Kindly see the above reply.</p>
d	<p>In the same press release dated Dec 24, 2013, RBI stated – <i>"Payments by VCs, such as Bitcoins, take place on a peer-to-peer basis without an authorised central agency which regulates such payments. As such, there is no established framework for</i></p>	

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	<p data-bbox="256 170 823 237"><i>recourse to customer problems / disputes / charge backs etc.</i>"</p> <p data-bbox="256 282 823 383">Is establishing a framework for recourse to customer problems only issue in this matter ?</p> <p data-bbox="256 427 823 528">Has RBI proactively made efforts to establish such framework for recourse to customer problems ever ?</p> <p data-bbox="256 573 823 797">Since peer to peer transactions in virtual currencies happen in a time stamped, non-editable online format called the blockchain, has RBI ever attempted to understand the principles of such technology ?</p> <p data-bbox="256 842 823 987">Is there any committee set up for understanding Blockchain technology and its usage by RBI especially in the banking sector ?</p>	<p data-bbox="855 315 1477 383">What is sought is not information as defined in section 2(f) of the RTI Act 2005.</p> <p data-bbox="855 898 1477 965">RBI does not have the requisite information in this regard.</p>
e	<p data-bbox="256 1032 823 1357"><i>In the same press release dated Dec 24, 2013, RBI stated – "It is reported that VCs, such as Bitcoins, are being traded on exchange platforms set up in various jurisdictions whose legal status is also unclear. Hence, the traders of VCs on such platforms are exposed to legal as well as financial risks."</i></p> <p data-bbox="256 1402 823 1615">Is the legal status and jurisdiction of exchange platforms the only issue that concerns RBI. In this matter, is RBI willing to accept the validity of exchange platform which are set up in India and have a clear legal status ?</p> <p data-bbox="256 1659 823 1917">It has been observed by the applicant that these Indian exchange platforms, have been following a strict mechanism of user KYC and Aadhar Card Linking in past year or so. Has RBI taken this into cognizance before issuance of Notification dated Apr 06, 2018 ?</p> <p data-bbox="256 1962 823 2130">What effort / action has been taken by RBI in collecting information about Indian exchange platforms? Please share the method of collection of such information, details of the information</p>	<p data-bbox="855 1301 1477 1368">What is sought is not information as defined in section 2(f) of the RTI Act 2005</p> <p data-bbox="855 1760 1477 1827">What is sought is not information as defined in section 2(f) of the RTI Act 2005</p> <p data-bbox="855 2007 1477 2074">What is sought is not information as defined in section 2(f) of the RTI Act 2005</p>

Sr. No	Information Sought	Reply
	collected and the officer entrusted with this responsibility.	
	Has RBI got enquiries from counterpart Central Banks of other countries about virtual currencies ? Share the details of such formal enquiries and how have they been disposed off?	No
	Has RBI send out communication to other counterpart Central Banks outside India, in relation to virtual currencies to understand the regulatory framework, if any, they are building in their country to enable RBI to understand if similar regulatory frameworks can be built in India as well by RBI ?	No
f	<p>In the same press release dated Dec 24, 2013, RBI stated – <i>"There have been several media reports of the usage of VCs, including Bitcoins, for illicit and illegal activities in several jurisdictions. The absence of information of counterparties in such peer-to-peer anonymous/ pseudonymous systems could subject the users to unintentional breaches of anti-money laundering and combating the financing of terrorism (AML/CFT) laws"</i></p> <p>Has RBI done its own research before reaching conclusion on its stance (which was mention in aforementioned Notification) on virtual currencies. Is there any committee set up for understanding usage of Virtual currencies for legal / illegal activities ?</p>	No
	Which are the media reports that RBI has taken cognizance of ? Please share the details of all such media reports and how they have been taken as a conclusive evidence by RBI / committee setup by RBI ?	What is sought is not information as defined in section 2(f) of the RTI Act 2005
	Also what is the manner and method of determining the authenticity of such media reports ? Has RBI made efforts to understand the authenticity of these media reports / made own efforts to	What is sought is not information as defined in section 2(f) of the RTI Act 2005

Sr. No	Information Sought	Reply
	<p>understand blockchain technology. Please share evidence for the same.</p> <p>What cost has been incurred by RBI for understanding the blockchain technology? Specifically what budget has been allocated for understanding this technology by RBI ?</p>	<p>What is sought is not information as defined in section 2(f) of the RTI Act 2005</p>
2	<p>Point 2 of the aforementioned RBI Notification stated - "In view of the associated risks, it has been decided that, with immediate effect, entities regulated by the Reserve Bank shall not deal in VCs or provide services for facilitating any person or entity in dealing with or settling VCs. Such services include maintaining accounts, registering, trading, settling, clearing, giving loans against virtual tokens, accepting them as collateral, opening accounts of exchanges dealing with them and transfer / receipt of money in accounts relating to purchase/ sale of VCs."</p>	
a	<p>How did RBI reach this conclusion of deciding to terminate offer of all services by entities regulated by RBI ? Please share the minutes of the committee meetings held in this matter which drew such conclusion.</p>	<p>What is sought is not information as defined in section 2(f) of the RTI Act 2005.</p>
b	<p>Was any expert opinion sought before drawing such conclusion ?</p>	<p>What is sought is not information as defined in section 2(f) of the RTI Act 2005.</p>
c	<p>If yes, Who was the expert appointed? What report did he / she / it submitted. Please share that report.</p>	<p>What is sought is not information as defined in section 2(f) of the RTI Act 2005.</p>
d	<p>If no expert was appointed in this matter, was the conclusion drawn internally by RBI officers? Please share the details of such officer(s) with contact details and designations who are experts in this subject matter.</p>	<p>The information sought is exempted under section 8 (1) (j) of the RTI Act, 2005.</p>
e	<p>Please share an exhaustive list of banks who were providing such services in the past ?</p>	<p>RBI does not have the requisite information in this regard.</p>
f	<p>As per the information collected by the applicant, apparently it seems that State Bank of Sikkim is not regulated by RBI. In this case, please confirm whether this Notification is applicable to State bank of Sikkim or not ?</p>	<p>RBI has no specific information to furnish. However, it may be noted that, State Bank of Sikkim (SBS) was constituted in terms of the State Bank of Sikkim Proclamation, 1968. State Bank of Sikkim is not licenced under Section 22(1) of the Banking Regulation Act, 1949 by Reserve Bank of India. Banking Regulation Act, 1949 is not yet applicable to SBS.</p>

Sr. No	Information Sought	Reply
g	Are there any specific instructions issued to State bank of Sikkim in the matter of dealing with users of Virtual currencies?	RBI does not have the requisite information in this regard.
h	What are the list of entities that are regulated by RBI ?	There is no such list being maintained .
i	Is this restriction imposed by RBI on entities regulated by it, to disallow them to offer services to users of virtual currency, temporary or permanent ?	Please refer to RBI instructions dated April 06, 2018 captioned 'Prohibition in dealing in Virtual Currencies'. The instruction is available on following link : https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NOTI15465B741A10B0E45E896C62A9C83AB938F.PDF
j	Who has the authority of issuance of such restrictions. Please share the details of such officer or committee ?	The information sought is exempted under section 8 (1) (j) of the RTI Act, 2005.
k	Does this person or committee also have authority for withdrawal or modification of notification ?	What is sought is not information as defined in section 2(f) of the RTI Act 2005
l	How shall these entities regulated by RBI return the deposits / balances held in those entities of users of virtual currencies ?	What is sought is not information as defined in section 2(f) of the RTI Act 2005
m	What are the penalties on such entities regulated by RBI if they continue to offer services to users of virtual currency ?	The entities shall be penalised for contravention of extant provisions under RBI Act 1934, BR Act 1949 and Payment and Settlement Systems Act 2007.
3	Point 3 of the aforementioned RBI Notification stated – “Regulated entities which already provide such services shall exit the relationship within three months from the date of this circular”	
a	Are the regulated entities allowed to offer seamless service to users of virtual currency upto next three months ?	Please refer to RBI instructions dated April 06, 2018 captioned 'Prohibition in dealing in Virtual Currencies'. The instruction is available on following link: https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NOTI15465B741A10B0E45E896C62A9C83AB938F.PDF
b	How is RBI expecting the balance /deposits held by such regulated entity be returned to be users?	What is sought is not information as defined in section 2(f) of the RTI Act 2005
c	Shall RBI forfeit / direct to forfeit, the amount which are held by such	What is sought is not information as defined in section 2(f) of the RTI Act 2005.

Sr. No	Information Sought	Reply
	regulated entities of the users even after the expiry of three months.	
4	<p>Point 4 of the aforementioned RBI Notification stated – “These instructions are issued in exercise of powers conferred by section 35A read with section 36(1)(a) of Banking Regulation Act, 1949, section 35A read with section 36(1)(a) and section 56 of the Banking Regulation Act, 1949, section 45JA and 45L of the Reserve Bank of India Act, 1934 and Section 10(2) read with Section 18 of Payment and Settlement Systems Act, 2007.”</p>	
a	<p>Section 35A(1) of the Banking Regulation Act mentions - “Where the Reserve Bank is satisfied that- (a) in the public interest; or (aa) in the interest of banking policy; or (b) to prevent the affairs of any banking company being conducted in a manner detrimental to the interests of the depositors or in a manner prejudicial to the interests of the banking company; or (c) to secure the proper management of any banking company generally, it is necessary to issue directions to banking companies generally or to any banking company in particular, it may, from time to time, issue such directions as it deems fit, and the banking companies or the banking company, as the case may be, shall be bound to comply with such directions.”</p> <p>Under which sub section – (a) / (aa) / (b) or (c) has RBI issued the aforementioned notification ?</p>	<p>This is only a statement.</p> <p>RBI has issued circular in exercise of powers conferred under section 35A read with section 36(1)(a) of Banking Regulation Act, 1949, section 35A read with section 36(1)(a) and section 56 of the Banking Regulation Act, 1949, section 45JA and 45L of the Reserve Bank of India Act, 1934 and Section 10(2) read with Section 18 of Payment and Settlement Systems Act, 2007</p>
	<p>On what basis did RBI got satisfied to issue such notification. Share the method of drawing such conclusion ? Including the details of the authority / person / committee who concluded the issuance of these instructions ?</p> <p>Did RBI receive any complaint in this matter for issuance of such notification ?</p> <p>Was the action taken on its own motion by RBI for issuance of such notification ?</p>	<p>What is sought is an opinion and not information U/S 2(f) of RTI Act 2005.</p>

Sr. No	Information Sought	Reply
b	<p>Reference is drawn to Section 35A(2) - <i>"The Reserve Bank may, on representation made to it or on its own motion, modify or cancel any direction issued under sub-section (1), and in so modifying or cancelling any direction may impose such conditions as it thinks fit, subject to which the modification or cancellation shall have effect."</i></p> <p>What are manner of making representation to RBI in this matter ? Please share a sequential process. Who is authorized to make such representation to RBI ?</p> <p>Who is the authorized person to take up such representations in the current matter being discussed ?</p> <p>What are guidelines of making a representation to RBI in the aforementioned matter ?</p> <p>State any 3 past matters where RBI has issued modification or cancellation of Directions issued by it earlier.</p>	<p>This is only a statement</p> <p>Please refer to section 'complaints' on our website www.rbi.org.in</p> <p>RBI does not have the requisite information in this regard.</p>
5	Other queries in the aforementioned matter :	
a	As per the information collected by the applicant, and as stated by Shri Subhash Chandra Garg, Secretary, Department of Economic Affairs, Ministry of Finance, Government of India on TV channel(s) that virtual currencies may be traded but not brought into the banking channels, does RBI also have the same stance ?	What is sought is not information as defined in section 2(f) of the RTI Act 2005
b	Will RBI prohibit users procuring virtual currencies from exchanges outside India ?	What is sought is not information as defined in section 2(f) of the RTI Act 2005
c	Will RBI prohibit users selling their existing acquired virtual currencies (prior to the aforementioned notification) in exchange platforms outside India.	What is sought is not information as defined in section 2(f) of the RTI Act 2005
d	What are the Foreign Exchange management act guidelines pertaining to virtual currencies ?	Virtual Currency is not recognized as currency under Section 2(h) of Foreign Exchange Management Act, 1999 (FEMA). Hence, no guidelines have been framed on virtual currencies under FEMA.

Sr. No	Information Sought	Reply
e	Will there be imposition of penalty for purchase / sale of virtual currencies by Indians outside India for the currently acquired virtual currency prior to the aforementioned notification ?	What is sought is not information as defined in section 2(f) of the RTI Act 2005.
f	Will RBI bring out separate guidelines for regulating virtual currencies under FEMA ?	What is sought is not information as defined in section 2(f) of the RTI Act 2005.
g	Is RBI proposing to bring a comprehensive regulatory framework on virtual currencies ever ?	What is sought is not information as defined in section 2(f) of the RTI Act 2005
h	Who are the officers entrusted with the responsibility for drafting such regulatory framework ? Along with their contact details.	The information sought is exempted under section 8 (1)(j) of the RTI Act, 2005.
6	<p>Will RBI entertain a face to face presentation by the applicant / known subject matter experts on the matter of Blockchain technology and its merits, especially, in the field of financial sector and how the same can be used for public interest along with what model policy framework can be drafted to crackdown on illicit use of this technology.</p> <p>It may be of interest to RBI that, though there are countries which do not legitimize virtual currencies, however there is also a growing list of countries which recognize the validity of virtual currencies and have / are in process of putting in place a regulatory framework, such list of countries include Japan, Canada, USA, Mexico, Jamaica, Argentina, Kyrgyzstan, UAE, Israel to name a few.</p>	<p>What is sought is not information as defined in section 2(f) of the RTI Act 2005</p> <p>This is only a statement.</p>
	Who is the concerned officer to contact in this matter with contact details.	The queries may be addressed to Chief General Manager In-charge, Department of Banking Regulation, Reserve Bank of India, Central Office, Mumbai.