



FEBRUARY 2020 FEDAI NEWS LETTER

Sixth Bi-monthly Monetary Policy Statement, 2019-20

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=49342

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No change in policy stance, MPC unanimously decided keep policy repo rate unchanged at 5.15% and continue with the accommodative stance as long necessary to revive growth, ensuring inflation remains within target.

To improve safety of settlement of OTC Derivatives that are not centrally cleared, following the G-20 recommendations, RBI shall come out with directions on variation margin (VM) for non-centrally cleared derivatives (NCCDs) by end-March 2020. Draft directions on exchange of initial margin (IM) for NCCDs will be issued by end-June 2020. The introduction of legislation for netting of financial transactions proposed in the Union Budget 2020-21 session of parliament would be a significant enabler for efficient margining.

RBI also proposed that all Rupee IRD transactions of market makers and their related entities globally, shall be accounted for in India and revised draft directions in this regard shall be issued by end-March 2020.

The Cheque Truncation System (CTS), currently operational at the major clearing houses of the country, will be extended pan-India by Sept.2020.

DICGC increased the insurance coverage for depositors

https://www.dicgc.org.in/pdf/2019/Circulars/CircularToCEOsOfAll_InsuredBanks_IncreaseInDepositInsuranceCover.pdf

Deposit Insurance and Credit Guarantee Corporation (DICGC), a wholly owned subsidiary of the Reserve Bank of India, has raised the limit of insurance cover for depositors in insured banks from the present level of Rs.1 lakh to Rs.5 lakh per depositor with effect from February 4, 2020. The rate of premium is also increased to 12 paisa from 10 paisa per Rs.100.

Implementation of Section 51A of UAPA, 1967

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11812&Mode=0>

Please refer to Section 51 of our Master Direction on Know Your Customer dated February 25, 2016 as amended on January 09, 2020, in terms of which "Regulated Entities (REs) shall ensure that in terms of Section 51A of the Unlawful Activities (Prevention) (UAPA) Act, 1967, they do not have any account in the name of individuals/entities appearing in the lists of individuals and entities, suspected of having terrorist links, which are approved by and periodically circulated by the United Nations Security Council (UNSC)."

The UNSC press releases concerning amendments to the list are available at URL: <https://www.un.org/securitycouncil/sanctions/1267/press-releases>

RBI has advised REs to ensure meticulous compliance with the aforementioned instruction pertaining to UAPA and ensure that they do not have any account in the name of individuals/entities appearing in the lists of individuals and entities, suspected of having terrorist links, circulated by the UNSC.

Foreign Exchange Reserve of India

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=49428

Foreign Exchange Reserve of the country touched record high of USD 476.09 billion at the end of first fortnight of February 2020.

ICC News

ICC circulated Second Draft of Uniform Rules for Digital Transaction.

ICC invited comments on Draft Opinion of Banking Commission on references related to LC/SBLC, they received.

FEDAI is in process of collating and submitting comments on above referred drafts to ICC.

FEDAI workshops & training activities

5 days Orientation Workshop & Special Sessions held during the month

Canara Bank, Chennai from 10-14th February 2020,

BoM, Nagpur 24-28th February 2020

Trade Based Money Laundering, FEDAI Conference Hall 12th February 2020

Special Sessions on Documentary Credits and Standby Credit for FED, RBI CO,

Mumbai on 14th February, 2020

Forthcoming Workshops - 5 Day Orientation Workshop

Central Bank of India, Mumbai 02-06th March 2020

Workshop on Trade Based Money Laundering, FEDAI Conf. Hall 21st April 2020

Upcoming Market Events

- > RBI MPC Meeting March 30, Apr.1-3rd 2020
- > FOMC Meeting on March 17-18th 2020
- > ECB MPC Meeting March 12th 2020
- > FEDAI Annual Conference 10-12th April 2020

Market News

- > The Financial Times-owned magazine "The Banker" named Reserve Bank of India Governor Shri Shaktikanta Das as the 'Central Banker of the Year 2020', Asia-Pacific.
- > Shri Lingam Venkata Prabhakar, Executive Director, Punjab National Bank took over as Managing Director & Chief Executive Officer of Canara Bank with effect from Feb 01st 2020
- > Outcome of FATF Plenary, 19-21 February 2020 at Paris: FATF again expressed concerns given Pakistan's failure to complete its action plan and strongly urged to swiftly complete full action plan by June 2020. FATF urged all jurisdictions to advise their FIs to give special attention to business relations and transactions with Pakistan. FATF has identified Albania, Barbados, Jamaica, Mauritius, Myanmar, Nicaragua and Uganda as jurisdictions with strategic AML/CFT deficiencies.

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ICC Banking Commission



The ICC was founded in 1919 to serve world business by promoting trade and investment. ICC's Secretariat & the International Court of Arbitration were established in Paris in 1923. There are ICC National Committees in 92 nations, including ICC India.

Since 1946, ICC has held top-level consultative status with the United Nations and w.e.f. 21 December 2016 granted status of observer in General Assembly of the UNO.

With 85 years of experience and over 600 members in 100(+) countries, the ICC Banking Commission is largest commission of ICC and over the years gained a reputation as the most authoritative voice in the field of trade finance. It works in conjunction with the International Commercial Practice Commission and other international bodies. Banking Commission is a leading global rule-making body for the banking industry which has successfully set Uniform Rules for trade transaction of varied nature accepted globally, such as:

- URC ICC Publication No. 522 read with eURC V-1.0
- ISP ICC Publication No. 590
- UCP ICC Publication No.600 read with eUCP V-2.0
- INCOTERMS ICC Publication No. 723 E
- URR ICC Publication No. 725
- ISBP ICC Publication No. 745
- URDG ICC Publication No. 758
- URF ICC Publication No. 800

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