



August 2020 FEDAI NEWS LETTER

Monetary Policy Statement dated August 6, 2020

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=50175

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=50176

Based on assessment of the current and evolving macroeconomic situation, the MPC decided to:

- keep the policy repo rate under the LAF unchanged at 4.0%, consequently, the reverse repo rate under the LAF remains unchanged at 3.35 per cent and the MSF & the Bank Rate at 4.25%
- Other important announcement in Statement on Developmental and Regulatory Policies are:
- Special refinance facilities for a total amount of ₹65,000 crore provided to NABARD, SIDBI, NHB and EXIM Bank.
 - The RBI introduced an optional facility in e-Kuber providing banks more flexibility/discretion to manage their day end CRR
 - Loan to value (LTV) ratio for loans against pledge of gold ornaments and jewellery for non-agricultural purposes increased from 75 per cent to 90 per cent
 - Payment System Operators (PSOs) to introduce Online Dispute Resolution (ODR) Systems in a phased manner
 - Introduction of Positive Pay Mechanism for Cheques above Rs.50,000

Opening of Current Accounts by Banks - Need for Discipline

https://www.rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?id=11945

RBI advised that no bank shall open current accounts for customers who have availed credit facilities in the form of cash credit/overdraft from the banking system and all transactions shall be routed through the CC/OD account. Permission is available under specific situations on compliance of certain conditions.

Self-Regulatory Organisation (SRO) for Payment System Operators

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=50233

The Reserve Bank of India, as the regulator of payment and settlement systems in the country, sets the necessary regulatory framework, generally through a consultative process, to ensure that different types of payment systems operate in the country to meet the various payment needs in the economy. Over a period of time, a bouquet of payment instruments has evolved to meet the needs of different segments of users. RBI said, in the interest of optimal use of regulatory resources, it is required that the payments industry develops industry standards in respect of system security, pricing practices, customer protection measures and grievance redressal mechanisms. RBI has proposed the establishment of an SRO that will be responsible for setting and enforcing rules for Payment Systems Operators.

Revised Fx Hedging Guidelines

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?id=11888&Mode=0>

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?id=11861&Mode=0>

The revised Regulation and Direction governing the foreign exchange market effective 1st Sept. 2020 set out a unified set of rules for accessing the foreign exchange markets for both residents and non-residents. The rules have been made simpler and principle based. The simplified regulatory framework, inter alia, allows users to enter into deliverable foreign exchange derivative contracts equivalent of US\$ 10 million and US\$ 100 million in the over-the-counter (OTC) and Exchange-traded market, respectively, without the need to establish the underlying exposure. The new framework also facilitates booking of anticipated exposures and enables participants to freely cancel and rebook transactions. Gains, if any, on hedging of anticipated transactions will be passed on to the client only when the cash flows are sighted.

In order to remove segmentation between the onshore and offshore markets and improve efficiency of price discovery, banks in India which operate International Financial Services Centre (IFSC) International Banking Units (IBUs) were permitted to offer non-deliverable derivative contracts (NDDCs) involving the Rupee, or otherwise, to persons not resident in India w.e.f. 1st June'2020.

FEDAI Circular

FEDAI issued Guidance Note on 20 August 2020, for all AD I Banks, on revised directives of RBI on "Risk Management and Inter-bank Dealings – Hedging of foreign exchange risk", in order to help Member Banks, formulate their internal procedures, guidelines and develop common understanding across all market makers.

Export Authorisation involving technology transfer

[https://content.dgft.gov.in/Website/dgftprod/25b2c0c3-101b-46b5-9a09-326d667edd8c/Trade%20Notice%20No%20%2026%20dated%2031-08-2020%20on%20revalidation%20of%20SCOMET%20authorisation%20for%20Tech%20Transfer\(1\).pdf](https://content.dgft.gov.in/Website/dgftprod/25b2c0c3-101b-46b5-9a09-326d667edd8c/Trade%20Notice%20No%20%2026%20dated%2031-08-2020%20on%20revalidation%20of%20SCOMET%20authorisation%20for%20Tech%20Transfer(1).pdf)

DGFT vide Trade Notice No.26/2020-21 dated 31 August 2020 clarified that since the export obligation in case of technology/software transfer can't be quantified in terms of item or value, hence request for their revalidation can't be acceded. DGFT decided to grant only onetime relief in all SCOMET Export Authorisation involving technology transfer expiring by 30.09.2020 on submission of application.

ICC News

ICC circulated consolidated draft Opinions, in the sequence TA903-908, for discussion at the October 2020 Banking Commission meeting which will be held virtually.

FEDAI workshops & training activities

Market interactions

- **05th September 2020**, FEDAI in coordination with ITFA is organising online session on Trade Digitisation and Regulations

Online workshop/Trainings

- **26th August 2020**, Half Day Online Workshop held on "LRS Remittance Scheme "
- **10th & 11th Sept.2020**, Webinar on "Documentary Credit Operations and Related Rules"

Upcoming Market Events

- FEDAI Annual General Meeting on 19th September 2020
- RBI MPC Meeting 29-30th September & 01 October 2020
- FOMC Meeting 15-16th September 2020
- ECB Policy Meeting 29th October 2020

Market News

- On 28th August'2020 The Banks Board Bureau recommended Shri Dinesh Kumar Khara as the next chairman of State Bank of India (SBI), the country's largest lender. The tenure of current Chairman, Shri Rajnish Kumar who took over the reins in 2017 when he replaced Smt Arundhati Bhattacharya, is slated to end on 7 October this year.
- Shri Ashwani Bhatia has taken charge as Managing Director at State Bank of India.
- Shri Sashidhar Jagdishan has been identified to be next Managing Director (MD) and Chief Executive Officer (CEO) of HDFC Bank. He will replace Sh. Aditya Puri as the head of the private sector lender.

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Access and Use LEI Data



The Legal Entity Identifier (LEI) connects to key reference data that provides the information on a legal entity identifiable with a LEI. The ISO 17442 standard developed by the Intl. Organization for Standardization defines a set of attributes or LEI reference data comprising the most essential elements of identification. ISO also defines approach for Certification Authorities to embed Legal Entity Identifiers (LEIs) within digital certificates. Minimum reference data which must be supplied for each LEI is:

- The official name, Registered Address, Country of Formation of the legal entity
- The codes for the representation of names of countries and their subdivisions
- The date of the first LEI assignment; the date of last update of the LEI information; and the date of expiry, if applicable
- Additional information may be registered as agreed between the legal entity and its LEI issuing organization.

The business card information available with the legal entity reference data is referred to as 'Level 1' data that answers the question of 'who is who'.

The Global Legal Entity Identifier Foundation publishes the Global LEI Index. It contains historical and current LEI records including related reference data in one authoritative, central repository. GLEIF offers various means to access the publicly available LEI data pool, maintained separate for Level-1 and Level-2 information. 'Level 2' data answers the question of 'who owns whom'.

Any interested party can access and search the complete LEI data pool free of charge and without the need to register.

LEI Search 1.0. <https://www.gleif.org/en/lei/search>

LEI Search 2.0. <https://search.gleif.org/#/search/>