



JULY 2019

FEDAI NEWS LETTER

AD Conference on FEMA,99 organised by RBI - July 03, 2019

RBI organised annual AD conference on 3rd July 2019 at RBI Central Office. Mrs.Malvika Sinha, Executive Director, Foreign Exchange Department addressed the participants. Senior officials from FED, FMRD were present and answered queries of participants from various AD Banks. Queries submitted by member banks and RBI's responses are available on RBI website,

<https://fed.rbi.org.in/FEDINTERLINK/login/Login.do>

Comprehensive Review of Mkt Timings – RBI Draft Report

<https://rbi.org.in/Scripts/PublicationDraftReports.aspx?ID=935#C5>

RBI released the draft report on July 10, 2019 inviting suggestions from market participants and other interested parties by July 31, 2019. The group recommended for calibrated extension of Fx Market hours, from 9 am to 9 pm. The group also recommended for extension of timings for collateralised money market (Market Repo and TREPS) till 4:00 pm, Secondary Market Trading in CP & CD up to 5.00 pm and Call Market timings till 6:00 pm.

eUCP v-2.0 and eURC v-1.0 launched w.e.f. 01 July 2019

<https://iccwbo.org/media-wall/news-speeches/icc-banking-commission-releases-new-erules-use-electronic-documents/>

The ICC Banking Commission announced that latest rules adopted in Beijing Meeting of ICC Banking Commission have come in practice w.e.f. 01 July 2019. Practicing of these rules by Authorised Dealer Banks in India is subject to due approval by the local regulators.

ECB – End Use Restrictions Rationalised

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11636&Mode=0>

Based on the feedback, RBI in consultation with the GoI has relaxed the end-use restrictions relating to ECBs for WC, General Corporate purposes and Repayment of Rupee loans. Eligible borrowers can now avail ECBs from recognised lenders, except foreign branches/overseas subsidiaries of Indian banks, for:

- Working capital & general corporate purposes provided min. avg. maturity (MAM) period of ECB is 10 years. Borrowing for on-lending by NBFCs for the above maturity and end-uses is also permitted.
- Repayment of Rupee loans availed domestically for capital expenditure provided MAM period of ECB is 7 years. The borrowings for on-lending by NBFCs for the purpose would also be permitted.
- Repayment of Rupee loans availed domestically for capital expenditure in manufacturing and infrastructure sector and classified as SMA-2 or NPA, under any one-time settlement arrangement with lenders.

LIBOR Transition – Issues and Way Forward

As Financial Conduct Authority (FCA), UK decided to phase out LIBOR by end of 2021, regulatory and advisory bodies working with market participants in various jurisdictions around the world have begun the process of developing replacements. Further, customers are also to be made aware of the transition from LIBOR to enable them to understand the processes and consequences.

Authorities in prominent economies like US, UK, Europe, and Japan etc. have already identified Risk Free Rate (RFR) as an alternative for LIBOR. In India, working group comprising of leading Banks, FBIL, FIMMDA and FEDAI has been constituted under the aegis of IBA to start a dialogue among peers, regulators and various agencies to ensure a consistent approach towards LIBOR Transition.

FEDAI workshops, trainings in July 2019

5 days Orientation Workshop – Bank of Baroda, Gandhinagar 1-5, July 2019

Forthcoming 5 days Orientation Workshop

Axis Bank, Noida from 05 to 09th August 2019

Bank of Baroda, Mumbai from 19 to 23rd August 2019

Canara Bank, Bangalore from 26 to 30th August 2019

Upcoming Market Events

FEDAI 31st Annual General Meeting Aug. 3rd 2019

Launch of FX-Retail Trading Platform Aug. 5th, 2019

RBI Monetary Policy meeting Aug. 5-7 2019

Market News

RBI by an order dt June 25, 2019 imposed monetary penalty on 4 banks for non-compliance with certain provisions of directions issued by RBI on KYC norms / AML Standards for Opening of Current Accounts.

Effective 24th July, RBI reallocated portfolios of Dy. Governors giving the important monetary policy and forecasting department to Sh. B. P. Kanungo. Sh. N. S. Vishwanathan, after being reappointed for further period of 1 year till July 2020 has been entrusted with departments dealing with financial markets operation and regulation.

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Open House Retail Fx Trading Platform



FEDAI in collaboration with CCIL organised an Open House on Retail Fx Platform on 9th July 2019 at World Trade Centre. The programme was attended by over 150 delegates from member banks. Sh. H. K. Jena, Chairman, FEDAI (Dy M.D., State Bank of India) made the opening remarks emphasising the need and importance of transparency in Fx dealings. Sh. R. Sridharan, MD, CCIL also addressed the participants. Sh. Kamal Sighania, Sr VP, CCIL made a presentation explaining the features, operational aspects of the platform. Sh. T. Rabi Sankar, CGM, FMRD, RBI shared his views while also explaining the thought behind the initiative. Sh. Rabi Sankar also answered queries raised by delegates.