



JUNE'19

FEDAI NEWS LETTER

Fx Retail - Foreign Exchange Trading Platform for retail participants

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11597&Mode=0>

As stated in 'Statement on Developmental and Regulatory Policies' on June 6, 2019 RBI has announced the launch of an electronic trading platform, first of its kind in Fx market, for buying/selling foreign exchange by retail customer of banks. The platform will help bring down the cost for retail customers in Fx market. The customer registration process on the platform shall commence on July 01, 2019 and the platform shall be available for transactions from August 05, 2019.

The platform would be accessible through website <https://www.fxretail.co.in>

RBI's 2nd Bi-monthly Monetary Policy Statement, 2019-20

https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=47225

In consonance with the objective of achieving the medium-term target for consumer price index (CPI) inflation of 4 per cent within a band of +/- 2 per cent, while supporting growth, the Monetary Policy Committee (MPC) decided to **reduce the policy repo rate under the liquidity adjustment facility (LAF) by 25 basis points to 5.75 per cent from 6.00 per cent w.e.f. 6 June'19.** The MPC also decided to change the stance of monetary policy from **Neutral to Accommodative.**

Both the decisions of MPC were unanimous with all 6 members voting in favour. Around the same time Federal Reserve and also European Central Bank decided to keep the rate unchanged.

Rupee Interest Rate Derivatives Directions, 2019

<https://rbi.org.in/Scripts/NotificationUser.aspx?Id=11602&Mode=0>

RBI on June 26'2019 issued directions applicable to Rupee interest rate derivatives transactions. As per the new directives Exchanges are permitted to offer any standardized Interest Rate Derivatives product.

In OTC markets, market makers which include Schedule Banks, Primary Dealers, All India Financial Institutions, may offer Forward Rate Agreement (FRA), Interest Rate Swap (IRS) and European Interest Rate Options (IRO) including caps, floors, collars and reverse collars to retail users.

Market-makers may additionally also offer swaptions and structured derivative products, excluding leveraged derivatives, only to non-retail users.

INCOTERMS 2020

<https://iccwbo.org/media-wall/news-speeches/icc-prepares-launch-incoterms-2020/>

The Incoterms, acronym for International Commercial Terms, rules feature abbreviations for terms, like FOB ("Free on Board"), DAP ("Delivered at Place") EXW ("Ex Works"), CIP ("Carriage and Insurance Paid To"), which all have very precise meanings for the sale of goods around the world. The International Chamber of Commerce (ICC) is preparing for the publication of Incoterms® 2020, an update of the renowned regulations that define the responsibilities of buyers and sellers operating in the international trade system. Members of FEDAI can pre book their copy of The INCOTERM 2020 Publication at exclusive discounted price of Rs.3,800 till 15 July 2019.

FEDAI workshops, trainings in June'19

5 days Orientation Workshop –

AXIS Bank Ltd at Mumbai from 10-14th June'19

Forthcoming 5 days Orientation Workshop

Bank of Baroda, Gandhinagar 1-5, July 2019 ;

Bank of Baroda, Mumbai 19-23rd Aug.'19

Upcoming Market Events

Finance Bill (Union Budget) 2019 – 5th July 2019

Launch of FX-Retail Trading Platform – 5th Aug.'19, client onboarding starts from 1st July'2019

FOMC Meeting July 31'2019

ECB Monetary Policy Meeting July 25'2019

Market News

Reserve Bank of India (RBI) Deputy Governor, Dr. **Viral Acharya** resigned six months before the scheduled end of his term, due to unavoidable personal circumstances. He had joined RBI in 2017.

Bank of China Ltd. authorized to carry on Fx Business in India as AD Category-I

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Market News

6-6-66 ; Historic Date for Indian Rupee



6 June 1966 is an important date in India's Forex Market history. Post 1965 India Pakistan war, 6 June 1966 was the day when independent India facing its first balance of payment crises, took the difficult call to devalue the currency.

Indian Rupee which was pegged to Pound Sterling and rate against USD was a derived rate, effectively depreciated from INR 4.76 to INR 7.50 to a US Dollar, devaluation of about 57%.

Another factor leading to devaluation was the drought of 1965/1966 which resulted in a sharp rise in prices.

The devaluation had its ramifications abroad as well; Kuwait, Bahrain, Qatar, and the Trucial States (now UAE), which used the Gulf Rupee (issued by the RBI), were forced to come up with their own currencies. (Refer FEDAI Jan.'19 News Letter)