



# December 2020 FEDAI NEWS LETTER

## Monetary Policy Statement dated December 04<sup>th</sup>, 2020

[https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=50748](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=50748)

[https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=50747](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=50747)

### Status quo:

• No change in Policy repo rate under the LAF at 4.0% and consequently the reverse repo rate continues at 3.35%, Marginal Standing Facility rate and the Bank Rate unchanged at 4.25%  
The MPC also decided to continue with the accommodative stance as long as necessary to revive growth on a durable basis and mitigate the impact of COVID-19, while ensuring that inflation remains within the target.

### External Trade – Facilitation- Export of Goods and Services

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12005&Mode=0>

RBI decided to delegate more powers to the AD banks in the following areas:

1. **Direct Dispatch of Shipping Documents** - AD Bank can regularise direct dispatch of export document irrespective to amount involved subject to certain conditions
2. **Write-off of unrealized Export bills** - AD Bank may permit write off exceeding the limit applicable as otherwise in three scenarios viz (i) The overseas buyer has been declared insolvent (ii) The unrealized amount represents the balance due in a case settled through the intervention of the Indian Embassy, Foreign Chamber of Commerce or similar Organization (iii) The goods exported have been auctioned or destroyed by the Port/Customs/Health authorities
3. **Set-off of Export receivables against Import payable** - AD Bank may permit exporter to set-off with their overseas group/associate companies either on net basis or gross basis, through an in-house or outsourced centralised settlement arrangement
4. **Refund of Export Proceeds**- AD Bank may permit refund without insisting for importing the goods back in cases where exported goods had reportedly been auctioned or destroyed by the Port / Customs / Health authorities/ any other accredited agency in the importing country.

### Draft Guidelines on OTC Derivatives

[https://www.rbi.org.in/scripts/bs\\_viewcontent.aspx?id=3933](https://www.rbi.org.in/scripts/bs_viewcontent.aspx?id=3933)

RBI released the Draft RBI (Market-makers in OTC Derivatives) Directions, 2020. Comments on these Draft Directions are invited from banks, market participants and other interested parties by Jan. 15, 2021.

### Introduction of Clearing Member Structure in Fx Forward Segment

<https://www.ccilindia.com/Lists/1stNotificationForexSettlement/Attachments/1217/Notification%20on%20Clearing%20Member%20Structure.pdf>

CCIL has announced roll out date for extending the services of CCP clearing in Forex Forward segment to resident Corporate and non-resident users such as Foreign Portfolio Investors. W.e.f. 1<sup>st</sup> February 2021. The users, as Constituent Member can avail clearing of USD/INR trades through a Clearing Member (CM) in the Forex Forward Segment of Clearing Corporation.

Spot and Forward trades of Constituents with residual maturity upto 13 months are eligible for clearing under Forex Forward Segment. Trades concluded by the Constituent bilaterally, either with its CM or with any other market maker shall be cleared by CCIL under the Forex Forward Segment. The reporting shall be done by the CM or by the constituent directly to CCIL. This facility is already operational in Securities and Rupee Derivatives segment.

### Sh Shaktikanta Das met MD & CEOs of Public and Private Sector Banks

[https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=50847](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=50847)

The RBI Governor talked about the current economic situation emphasizing the importance of the banking sector in supporting the ongoing revival in economic activities. He highlighted the measures taken by the RBI since the onset of the pandemic to stabilise the economy and to ensure financial stability. He also reiterated the need for banks to remain vigilant and take proactive measures to strengthen their resilience and lending capacity by raising capital and making provisions proactively.

### FATF Report on TBML: Trends & Developments

<https://www.fatf-gafi.org/media/fatf/content/Trade-Based-Money-Laundering-Trends-and-Developments.pdf>

This report is a companion piece to earlier Financial Action Taskforce (FATF) and FATF-style Regional Body documents focusing on trade-based money laundering. The report highlights the fact that trade can be inherently complex and complicated, reflecting the nature of interconnected supply chains stretching around the world. These complexities are exploited by Organised Criminal Groups, Professional Money Launderers and Terrorist Financing networks, to facilitate myriad types of financial flows including the laundering of proceeds of crime and the evasion of sanctions. Greater awareness about all aspects of the trade process, including how different financing processes are managed, would likely increase opportunities to detect and successfully disrupt TBML/TF.

### ICC News

ICC Banking Commission released final consolidated opinion on various references as concluded in virtual meeting October 2020.

ICC Paris has issued and invited comments on 3<sup>rd</sup> Draft International Standard Demand Guarantee Practices Document.

### FEDAI workshops & training activities

- 24<sup>th</sup> December 2020, 1 Day Online Workshop on “Liberalised Remittance Scheme”
- 29-30<sup>th</sup> December 2020, 2 Days Online Workshop on “Capital Account Transactions”
- 07-08<sup>th</sup> January 2021, 2 Days Online Workshop on “Documentary Credit and Related Rules”

### Upcoming Market Events

- RBI MPC Meeting 03-05<sup>th</sup> February 2021
- FOMC Meeting 26-27 January 2021
- ECB Monetary Policy Meeting 21<sup>st</sup> January 2021

### Market News

- Shri Radha Shyam Ratho, Shri Rohit Jain and Shri R. Subramanian were promoted to the rank of Executive Director, RBI w.e.f. December 11, 2020.
- RBI announced opening of Second Cohort under the Regulatory Sandbox (RS) with ‘Cross Border Payments,’ as its theme, the First Cohort was on Retail Payments.
- RBI issued 35<sup>th</sup> half yearly report on Management of Foreign Exchange Reserves on December 08, 2020
- The Banks Board Bureau recommended name of Shri S. Ramann and Shri. Sudatta Mandal for the position of CMD and Dy.MD respectively in SIDBI. Shri Shivendra Tomar is recommended for the position of MD & CEO in IFCI Ltd

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## EGMONT GROUP

<https://egmontgroup.org/en>



The Egmont Group setup in July 2007 based in Canada, is a united body of 166 Financial Intelligence Units (FIUs). This Group provides a platform for the secure exchange of expertise and financial intelligence to combat money laundering and terrorist financing. This is especially relevant as FIUs are uniquely positioned to cooperate and support national and international efforts to counter TF and are the trusted gateway for sharing financial information domestically and internationally in accordance with global Anti Money Laundering and Counter Financing of Terrorism (AML/CFT) standards.

India is one of the members of the group. In order to accomplish its mission of development, cooperation, and sharing of expertise, the Egmont Group created four working groups.

1. Information Exchange on Money Laundering/Terrorist Financing Working Group (IEWG)
2. Membership, Support, and Compliance Working Group (MSCWG)
3. Policy and Procedures Working Group (PPWG)
4. Technical Assistance and Training Working Group (TATWG)

-: Wish you all Happy New Year 2021 :-

- :Stay healthy and stay safe: -