

FIMMDA/RBI /1/2021-2022

Date 25-01-2022

All Market Participants

Sub- IRD Guidelines – Clarifications from RBI

Please refer to RBI Circular on Rupee Interest Rate Derivatives dated 26th June 2019 -RBI/2018-19/222 FMRD.DIRD.19/14.03.046/2018-19.

Section 6 (i) of the circular stipulate that “settlement & other market conventions for IRD transaction shall be specified by FIMMDA, in consultation with market participants”.

Based on market feedback on the directions, FIMMDA has sought clarity from RBI as to whether banks can undertake products for which ‘settlement & market conventions’ may not yet have been specified by FIMMDA.

RBI Clarification:

Quote:

- The intent of Section 6 (i) is not to prevent market-makers from offering new products to their clients or deal in new products among themselves but to establish market conventions for new products.
- Market-makers should be free to offer new products to their clients or deal in new products among themselves and should not be constrained because standard conventions for that specific product may not be specified by FIMMDA.
- However, to the extent possible, FIMMDA should publish standard market conventions for all new products in consultation with the market participants.

Unquote:

Members are requested to take note of the above clarification.

Regards,

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CEO, FIMMDA