

Members of FIMMDA,

On behalf of the Board of Directors of FIMMDA and on my own behalf, I extend a warm welcome to all of you at the 16<sup>th</sup> Annual General meeting of our association.

The Directors report for the year 2013-14, and the related profit & loss statement, balance sheet were sent to the members and with your permission, I shall take them as read.

Now I intend to dwell upon the latest news and happenings in our markets and the forward path for your association.

**Global environment:**

While, the US has been posting an appreciable growth on the economic front, it also opened up the risks of rising interest rates. With the “tapering” almost coming to an end, there are early signs of a rise in the interest rates in this calendar year itself. The Fed Chairwoman has also indicated the same in many forums and FED is trying to bring things back to normal. This is likely to send reverberations across Globe in forex and fixed income markets in many countries, India being one of them. In contrast, Euro zone has been witnessing a slow down continuously thus forcing the ECB Chairman to announce purchase of Asset Backed securities.

China is also experiencing growth problems with their rate of growth roughly halved.

There are some geo political issues in some parts of the world, in Ukraine, Syria and Iraq, and the issue of independence of Scotland may weigh on the markets.

Due to the opposing directions of economies of US on one side and Europe, Japan, China on the other side, we may witness volatility in the coming days.

**Domestic situation:** Firstly, there is a stable political scenario at the centre. There is “feel good” factor at home as well externally. There are clear signs of recovery of the economy. The GDP is likely to touch 5.5-5.8 percent by March 2015 as per rough estimates of professionals. Though the recent IIP numbers were depressing with Capital goods showing reduced levels, WPI has been steadily coming down though CPI quickened to 7.96 percent for July 2014. RBI kept its rate unchanged on 5<sup>th</sup> August 2014 though SLR was cut by 0.5 percent. CAD deficit to be contracted below 2.5 percent of GDP in 2014-14, even though higher than 2013-14 is seen as a good sign. Trade deficit is continuously falling, as evident even from the recent August’14 figures, partly due to slow down in Gold imports and falling oil prices. Both Oil and commodity prices are at record low levels and this situation is likely to help the CAD as well as the trade deficit.

**Recent initiatives of RBI:** RBI announced its bi-monthly policy review on 5<sup>th</sup> August 2014. While the SLR was cut by 0.5 % to 22 percent, they have made Term repo auctions made available to market participants four times in a fortnight, every Tuesday and Friday. They also announced reverse repos in

auction. All these steps are aimed at containing volatility in available liquidity. The Rupee volatility is contained and it is moving in a predictable range. The forex reserves are at a high after a long gap.

All these measures have gone well with the sentiments of the market.

We wish to pledge our continued support to the Governor and RBI in their efforts to stabilize the financial markets.

**Activities at FIMMDA:** FIMMDA has been taking up matters affecting the debt markets with Regulators

The salient points emerging out of Conferences are shared with and taken up with the Regulators.

Regular meetings and Con-Calls are held with market participants on important matters effecting the functioning of markets and the synopsis is referred to RBI/Ministry where required . Immediately after announcement of the bi- monthly policy also, we held Con calls with the market participants and submitted our recommendations. RBI announced their liquidity measures on 22<sup>nd</sup> August 2014.

Another important objective of FIMMDA has been to help the markets grow steadily and responsibly. Towards this end, at the advice of RBI, we had set up a dispute resolution committee for taking care of "erroneous trades" and since formation **we have settled disputes worth Rs 48.31 Crores** and we are happy **that all disputes were fully settled**. We have also revised the Code of Conduct for users on NDS-OM and the OTC trades done and reported on the NDS-OM platform.

We were also instrumental in starting of single bond interest rate futures on the Exchanges since December last year. In line with IOSCO norms, in consultation with the regulators, we shifted the much acclaimed F-Trac platform in phases to the Stock exchanges and CDSIL. The transfers happened in April and June 2014.

We continue with the educational aspects to improve the skill levels of the executives of the member institutions. We have also introduced training programmes for the middle and senior level market participants. We also started new certification programme for Treasury Dealers in association with IIBF.

FIMMDA is shifting to a new premises by the end of this month and created space for holding training programmes in the premises. We wish to increase our activities in this sphere.

**The forward path for FIMMDA:**

We are thankful to RBI for recognizing us as a benchmark Administrator for Indian rupee interest rates. We are happy to announce that FIMMDA took a lead role in forming a new JV company with FEDAI and IBA(76-14-10% shares) and the new company is expected to breath it's new life shortly. It casts a greater responsibility on us in ensuring smooth transition to traded rates, and conduct benchmarks with Polled rates with greater care and credibility.

**Acknowledgements:**

I take this opportunity to express my deep gratitude to Mr. H. R. Khan, our mentor and a constant supporter of the association with his valuable guidance. We thank the Dy. Governors M/S R. Gandhi, Mr. Urjit Patel for their interactions with the association. We thank M/S Vijaya Bhaskar, B. Mahapatra, G. Padmanabhan, Mr. Chandan Sinha Executive Directors, M/S K. K. Vohra, Rekha Warrior, G. Mahalingam Chief General managers and all other RBI officials with whom FIMMDA worked closely for the betterment of the markets we represent.

I also thank the ministry of Finance for talking to the association on all important matters. We thank The Senior officials of SEBI, IRDA, PFRDA for consulting the association on matters of importance.

I am thankful to CAFRAL, IIBF, Dun & Brad Street, M/S Deloitte, Touche Tohmatsu for their role in providing knowledge, training and insights for our members.

My sincere thanks to CCIL, CDSIL for their help and assistance in running the F-Trac system till May'14, interactions with our members and successfully running NDS-OM /Call platforms for our members.

My sincere thanks to service providers M/S Thomson Reuters, M/S Bloomberg, M/S Cogeneration with whose help our member institutions function well.

I am thankful to our sister associations FEDAI, AMFI and IBA who are associated with our activities. We thank IBA and FEDAI for joining us in the formation of a new company for administration of recognized benchmarks.

I would like to thank and appreciate the services rendered by my esteemed colleagues on the Board and all employees of FIMMDA Secretariat for the efforts put in by them in keeping the association strong and responsive to the needs of the markets and its participants.

I thank each one of you for taking active part in the activities of the association and for attending this evening's AGM.

With your active participation, FIMMDA will surely achieve greater heights.

I WISH YOU ALL SUCCESSFUL, PROFITABLE AND SAFE MARKETS IN THE COMING DAYS.

N.S.VENKATESH

CHAIRMAN.