



Foreign Exchange Dealers' Association of India

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AR Circular No. 01/2022

Date 08th February 2022

All Members of FEDAI

Dear Sir/Madam,

Amendment in FEDAI Rules – General Rule No.5 and Rule No. 1.2

In the backdrop of the following recent developments, FEDAI Technical Advisory Committee (TAC) discussed Fx Market timings for value cash Fx trades in its meeting held on 11th January 2022.

1. The facility of online domestic wire transfer under RTGS facility is now available round the clock and rupee settlement is possible anytime on all days.
2. We understand that the Securities and Exchange Board of India has proposed to introduce T+1 settlement replacing the existing T+2 days settlement period for equity settlements. In consideration of reduction in settlement period, market investors specifically Foreign Institutional Investors (FII) have approached authorised persons requesting flexibility in Fx Market timings for value cash trades as they may have to execute Fx trades late in the evening or early morning to ensure timely payment of INR towards settlement of equity trades executed on Exchange.

In consideration of the above, members after due consideration agreed that the FEDAI Rules may be revised to enable authorised persons (FEDAI Members) to undertake Fx value cash trades outside normal market hours, assuming the authorised person is satisfied on client's need for such cash trades and timing.

In view of the GFXC having released the revised Global Fx Code, the TAC also suggested an amendment in FEDAI General Rule No.5 to align it with FEDAI Circular SPL-04/COC/2021 dated 07th September 2021.

The proposed change in FEDAI rules pertaining to market timing for value cash Fx transactions was also reported to the FEDAI Managing Committee on 02nd February 2022. Managing Committee members highlighted the fact that the amendment in FEDAI Rule 1.2 removing the restriction regarding timing for Cash value Fx deals allows individual member banks to undertake Fx transactions, including transaction for same day settlement, outside normal market hours based on client's genuine requirements and their own internal policy. It may also be noted that the proposed change in FEDAI Rule is not altering the Normal Market hours for Fx Markets in India and does not change the regulatory position in this regard.

In view of above, the FEDAI Rule 1.2 and FEDAI General Rule No. 5 stands modified as per the Annexure to this circular w.e.f. 14th February 2022 (Monday). Members are requested to make a note of the above amendments and be guided accordingly.

Dy. Chief Executive

EXISTING RULE	REVISED RULE
<p>General Rule No.5 All members shall abide by FEDAI Code of Conduct 2017 and shall submit their 'Statement of Commitment' in prescribed format. Members shall confirm in April each year that they have obtained the Statement in Annexure-I to FEDAI Circular SPL-11.BC/2017 dated 08th November 2017 from all the concerned employee</p>	<p>All members shall abide by FEDAI Code of Conduct 2017 (As updated from time to time) and shall submit their 'Statement of Commitment' in prescribed format. Members shall confirm in April each year that they have obtained the Statement in Annexure-I to FEDAI Circular SPL-04/COC/2021 dated 07th September 2021 from all the concerned employees.</p>
<p>Rule No.1.2 (A) Authorised dealers may undertake customer (persons resident in India and persons resident outside India) and inter-bank transactions on all working days beyond normal market hours. (B) Transactions with persons resident outside India, through their foreign branches and subsidiaries may also be undertaken on all working days beyond normal market hours. (C) However, value Cash transactions may be undertaken only upto 5.00 pm IST, except in case of individual person (including joint account or proprietary firm). (D) Transactions, including value cash transactions, for individual persons (including joint account or proprietary firm) can be undertaken even on Saturdays, Sundays and holidays as per banks internal policy. (E) Any transaction undertaken beyond the market hours prescribed under Rule 1.1, bank must ensure that: NOOP Limit is maintained all the times [including transactions executed from EOD to 9.00 am IST (market opening time) next working day]. Spot date Roll over for FCY/INR transactions will take place at 12.00 midnight IST.</p>	<p>(A) Authorised dealers may undertake customer (persons resident in India and persons resident outside India) and inter-bank transactions on all working days beyond normal market hours. (B) Transactions with persons resident outside India, through their foreign branches and subsidiaries may also be undertaken on all working days beyond normal market hours. (C) However, value Cash transactions may be undertaken only upto 5.00 pm IST, except in case of individual person (including joint account or proprietary firm). (D) Transactions, including value cash transactions, for individual persons (including joint account or proprietary firm) can be undertaken even on Saturdays, Sundays and holidays as per banks internal policy. (E) Any transaction undertaken beyond the market hours prescribed under Rule 1.1, bank must ensure that: NOOP Limit is maintained all the times [including transactions executed from EOD to 9.00 am IST (market opening time) next working day]. Spot date Roll over for FCY/INR transactions will take place at 12.00 midnight IST.</p>