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RESERVE BANK OF INDIA

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October 12, 2017

RBI releases Discussion Paper on 'Foreign exchange trading platform for retail participants'

The Reserve Bank of India today released on its website a [Discussion Paper on 'Foreign exchange trading platform for retail participants'](#). The discussion paper proposes a scheme to encourage transparent and fair pricing in the retail forex market by developing a foreign exchange platform for retail participants along the lines of the FX-Clear platform of Clearing Corporation of India Limited (CCIL).

As envisaged in the discussion paper, retail customer would be provided access (through an internet based application) to an electronic trading platform where bid/offers from customers and AD banks can be matched anonymously and automatically. This is likely to provide transparency while enhancing competition leading to better pricing for all types of customers, without differentiating them on the basis of order size. Direct execution by the customer is likely to bring down the cost of transactions as there is no market risk to the customer's bank apart from settling the inter-bank trade through the CCIL settlement system. Banks may charge their customers a fee towards processing expenses. Banks will be required to publicly declare such fees.

Comments on the Discussion Paper may be forwarded to:

The Chief General Manager, Reserve Bank of India
Financial Markets Regulation Department
1st Floor Mumbai Regional Office,
Shahid Bhagat Singh Marg,
Mumbai – 400001

Or by [email](#) with subject line: **Feedback on Retail FX platform** by January 1, 2018

Background

In [Para 10](#) of the Statement on Developmental and Regulatory Policies accompanying the [Fourth Bi-monthly Monetary Policy Statement dated October 4, 2017](#), a mechanism was proposed for improving the pricing outcome for the "retail user" (to be defined in terms of transaction size) under which client pricing is directly determined in the market by providing customers with access to an inter-bank electronic trading platform where bid/offers from clients and Authorised Dealer banks can be matched anonymously and automatically. Accordingly, the Discussion paper on 'Foreign exchange trading platform for retail participants' has been prepared and released for feedback.