



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

वेबसाइट : www.rbi.org.in/hindi

Website : www.rbi.org.in

इ-मेल email: helpdoc@rbi.org.in

संचार विभाग, केंद्रीय कार्यालय, एस.बी.एस.मार्ग, मुंबई-400001

DEPARTMENT OF COMMUNICATION, Central Office, S.B.S.Marg, Mumbai-400001

फोन/Phone: 022 2261 0835 फैक्स/Fax: 91 22 22660358

October 12, 2017

RBI releases Draft Directions regarding Framework for Authorisation of Electronic Trading Platforms under section 45 W of the RBI Act, 1934

The Reserve Bank of India today released [Draft Directions](#) for authorising Electronic Trading Platforms for financial market instruments regulated by the Reserve Bank. Comments on the draft guidelines are invited from banks, market participants and other interested parties by November 10, 2017.

Feedback on the draft directions may be forwarded to:

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

Or by [email](#) with subject line “Feedback on draft directions for Authorising ETPs”.

Background

Post the global financial crisis, trading on electronic platforms is being encouraged in several jurisdictions, driven primarily by regulatory initiatives to reform OTC derivative markets, changes in market structure and technology advancement. Electronic platforms provide several benefits in terms of transparency in pricing, processing efficiency in terms of transaction time and cost, improved risk controls and help in market surveillance by addressing market abuse and unfair trading practices. These platforms have the potential to positively impact the market structure by broadening market access, increasing competition, reducing dependency on traditional trading methods and thereby leading to better price discovery and improved market liquidity.

It has been decided to issue a framework for authorisation of Electronic Trading Platforms (ETP) for financial instruments. These directions have the following broad objectives:

- (i) Development of market through transparent trading, safe settlement systems and standardisation of instruments;
- (ii) Promoting fair, equitable, orderly and non-discriminatory access to markets;

- (iii) Prevention of market abuse and ensuring financial integrity through effective monitoring and surveillance; and
- (iv) Improving dissemination of trading information and thereby reducing information asymmetry.

The announcement in this regard was made in the [Statement on Developmental and Regulatory Policies dated October 4, 2017](#).

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Jose J. Kattoor
Chief General Manager