Electronic Trading Platforms

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About Electronic Trading Platforms

- These are electronic systems, **other than a recognised stock exchange**, on which transactions in eligible instruments like securities, money market instruments, foreign exchange instruments, derivatives, etc. are contracted.
- In India no entity shall operate an ETP without obtaining prior authorisation of RBI under The Electronic Trading Platforms (Reserve Bank) Directions, 2018.
- Resident persons operating ETPs without authorisation from RBI, collecting and effecting/remitting payments directly/indirectly outside India shall render themselves liable for penal action, including the Foreign Exchange Management Act, 1999 and the Prevention of Money Laundering Act, 2002.
- ETPs authorised by the Reserve Bank shall **host transactions only** in **instruments approved** by the Reserve Bank.
- **Criteria for authorization of ETPs**
  - The entity shall be a company incorporated in India.

- An entity seeking authorisation as an ETP operator shall maintain a minimum **net-worth of Rs.5 crore** (Rupees five crore only) and shall continue to maintain the minimum net-worth prescribed herein at all times.
- The existing entities operating ETPs with a net-worth lower than the prescribed net-worth requirement shall achieve the minimum net-worth of Rs.5 crores within one year from the date of authorisation by the Reserve Bank.
- Banks seeking authorisation to operate ETP shall earmark a minimum capital of Rs.5 crore for the purpose.

Q1: What Is Forex (FX)?

Forex (FX) refers to the global electronic marketplace for trading international currencies and currency derivatives. It has no central physical location, yet the forex market is the largest, most liquid market in the world by trading volume, with trillions of dollars changing hands every day.

Source: Unauthorised FX platforms: Need enhanced vigilance by banks’