

FIMMDA 26th AGM – Chairman’s Speech

Good afternoon, ladies and gentlemen,

On behalf of the Board of Directors of FIMMDA and myself, I extend a cordial welcome to all of you at the 26th Annual General Meeting of your Company.

It is with great pleasure that I, along with the entire Board of Directors, present the 26th Annual Report of the Company to this august gathering. The Directors' Report for the fiscal year 2023-24, together with the financial statements and auditors' reports, has been distributed to the members in conjunction with the notice of the Annual General Meeting. With your permission, I will take these documents as read.

The Global economic outlook exhibits steady expansion.

The IMF in its latest World Economic Outlook released on 16th July maintained global Growth forecast for 2024 at 3.2 per cent and revised the growth forecast to 3.3 % for 2025. Global Manufacturing PMI at 49.7 in July 2024 moved into contraction. However Global Services activity remained in expansion.

Though the near term Global outlook is positive challenges in the medium term outlook is not ruled out.

Domestic economic activity remains resilient. Manufacturing activity continue to depict an upsurge with Purchasing Managers Index (PMI) for manufacturing at 58.1 in July. PMI for services also stood strong at 60.3 in the month of July.

Against the above Back drop RBI in its monetary Policy announced on 8th August has kept the policy rate unchanged for the ninth consecutive time.

India's Retail inflation has eased to 3.5% in July vis a vis 5.1% in June 24. While the food and beverages segment contributed to the ease in headline inflation the major pain points remain in the cereals and pulses basket. Core inflation increased marginally to 3.4% from 3.1%

Globally headline inflation is receding but Central Bankers are on divergent views regarding the appropriate time of a Rate cut.

India's current account deficit (CAD) moderated from 2% of the GDP in 2022-23 to 0.7% of GDP in 2023-2024. RBI expects to CAD to be within manageable levels.

On the whole the Indian financial system remains resilient and is on the path to becoming the third largest economy shortly.

As an association, FIMMDA has been actively engaged in dialogue with regulators to ensure that the perspectives of market participants are well-represented. We have also been instrumental in providing feedback on proposed regulations and working towards practical solutions that balance regulatory objectives with market needs.

Now let me touch upon the activities of FIMMDA during the FY 2023-24.

Some of the highlights are:

1.Dispute Resolution Committee: During the period between April 2023 - March 2024, DRC, FIMMDA has heard and adjudicated on 18 disputes referred by the market participants., involving a total Loss / Gain amount of Rs. 2.1 crs.

2.Introduction of derivatives on exchanges: FIMMDA permitted four interest rate options and four interest rate futures in the exchanges during the year.

3.RBI and other Regulatory Consultations & Interactions: FIMMDA has participated in all the bi-monthly pre-policy consultations with market associations RBI held during FY 23-24.

Market views and feedback was provided by Chairman FIMMDA. Glad to share that several of inputs / suggestions provided by FIMMDA were favorably considered by the Regulator.

CEO, FIMMDA has actively participated in various key committees viz. SEBI-COBOSAC, PFRDA-Pension Advisory Committee, CII National Markets Committee.

4. Interest Rate Futures: Four new single bond IRFs have been permitted during the year. Interest Rate Options at Exchanges: FIMMDA permitted four single bond options in exchanges

5. Accreditation of Brokers in Interest Rate Derivatives Market: During the year FIMMDA has accorded accreditation to one more entity thus bringing the total accredited broker entities number to 9.

6. Training Programs: Pursuing its objective of augmenting proper skill and risk awareness in the market participants FIMMDA had been conducting various training programs over the years. The Flagship training programmes viz Bond Mathematics and Introduction to Indian Treasury Markets & Fixed Income Derivatives have seen high nominations from member Banks. In addition, FIMMDA has conducted customized in-person classroom trainings customized for its members and have successfully trained officials on various topics as per the requirements of respective institutions.

7. Premises: FIMMDA has been aspiring to have its own office premises. Your directors are extremely happy to inform the members that your company has completed the long-standing quest and acquired suitable office space at Parinee Crescenzo at Bandra Kurla Complex Mumbai. FIMMDA is now operating from the New Premises at Parinee Crescenzo at BKC.

The Journey Ahead:

Your Company will continue to endeavor steadfastly towards development of Fixed Income, Money Market and Derivatives and ensuring smooth and orderly conduct of markets. Towards this objective your company would work closely with RBI, other Regulators, GOI and other Authorities.

FIMMDA would engage with the RBI towards accreditation as an SRO towards fulfilment of a long-standing desire of Members. FIMMDA is presently discharging many of the responsibilities as laid out by the SRO framework, a formal recognition as an SRO would bring in wider and broader role expectation by the Regulator.

RBI has recently issued Framework for SROs in Financial Markets. We are sanguine your Company can meet with the enhanced expectation with the active support of the members.

FIMMDA will Continue to engage with Market Participants towards activating existing products and also for introduction of new products to address various emerging needs and challenges in the market. Your Company would continue to actively engage with market participants for broadening and deepening of

Corporate Bond and Credit Derivative markets. Work towards providing Standard Documentation and Market Conventions for orderly development of the same.

FIMMDA will continue to pursue its quest to enhance skill of Market participants in dealing with Financial Products with proper understanding of the nuances and risks involved both on standalone basis and in collaboration with Indian Institute of Banking and Finance (IIBF), National Institute of Securities Markets (NISM), NSE Academy Ltd. (NAL) etc.

In order to work towards bringing in global best practices and products for development of Indian Financial Markets, your Company would continue to engage with global associations such as ISDA, ICMA, IMF & ASIFMA Your Company is collaborating and working closely with fraternity entities such as FEDAI, IBA etc., and CCIL, FBIL on various initiatives pertinent to Financial Markets.

Last but not the least I would like to extend my heartfelt thanks to each and every one of you—our esteemed members, partners, and stakeholders. Your unwavering support and active participation have been instrumental in driving our mission forward and in shaping the landscape of the fixed income, money market, and derivatives sectors in India.

Thank you.

(Nand Kishore)
Chairman