

International financial standards and codes

3.55 The RBI, in consultation with the Government of India constituted, a Standing Committee on International Financial Standards and Codes in December, 1999 to chalk out a road map for aligning India's financial standards and practices to the evolving international standards. The Standing Committee set up 10 Advisory Groups covering 12 key areas prescribed by the Financial Stability Forum (FSF), initiated at the instance of Finance Ministers and Central Bank Governors of G-7 countries in February, 1999. All the 10 Advisory Groups had submitted their reports. The Economic Survey 2001-02 covered the main recommendations of these Groups. Subsequently, RBI constituted a Technical Group on Market Integrity following the recommendations of the Financial Action Task Force (FATF) on money laundering. Based on the recommendations of the 10 Advisory Groups and the Technical Group on Market Integrity, a synthesis report was prepared.

Technical group on market Integrity

3.56 The Technical Group on Market Integrity assessed India's position with respect to G -7 principles on market integrity and recommendations of FATF on anti-money laundering and terrorist financing and suggested future course of action to be taken

by the Government, RBI and other regulators in terms of legal changes, policy decisions and adoption of procedures for more effective system, consistent with international norms. The Report referred to emphasis laid by the RBI on "Know Your Customer" guidelines, which focused on anti- money laundering. The Group assessed that with the enactment of Prevention of Money Laundering Bill, India would be complying with most of the recommendations of the FATF.

Synthesis report

3.57 The Synthesis Report on International Financial Standards and Codes summarised the reports of all Advisory/Technical Groups and listed out the legislative and other changes arising out of their recommendations. The Synthesis report has identified the follow up action to be initiated by the regulatory agencies and authorities concerned.

Report of the standing committee

3.58 The Standing Committee on International Financial Standards and Codes submitted its Report in May, 2002. The Report indicated that its main objective was to essentially sensitise the authorities and markets to international practices and to benchmark Indian market practices with international standards and codes.