

RBI likely to move TRAI, MeitY against unauthorised forex platforms

Updated at February 4, 2022 00:32 IST

The Reserve Bank of India (RBI) is considering approaching the Telecom Regulatory Authority of India (TRAI) / Ministry of Electronics and Information Technology (MeitY) for banning content promoting unauthorised foreign exchange and derivatives trading platforms on digital media.

The central bank would request the ministry and the regulatory body to invoke clauses in major social media and search engine platforms such as Facebook, Twitter, YouTube, Google, Bing, etc., that disallow advertisement contents that are not compliant with local laws of their target audience, sources in the know of the matter told Business Standard.

The prominent app stores, such as those belonging to Google, Apple and Microsoft will also be asked to take down unauthorised trading platform apps not compliant with Indian laws, or not allowed by the Reserve Bank as authorised dealers in foreign exchange trading.

A typical example of this clause is found in Google Ad, which reads: “We expect all advertisers to comply with the local laws for any area their ads target, in addition to the standard Google Ads policies”.



Government of India (MeitY) would also be requested to explore if such unauthorised portals can be blacklisted or blocked in terms of Section 69A of the Information Technology Act, 2007.

The central bank would also request investigation on the matter by the Directorate of Enforcement (DoE), and to ascertain the modus operandi of rupee collection accounts opened by unauthorised online portals in India.

While the RBI will provide all the necessary support, only DoE is vested with powers of investigation and search and seizure.

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Resource: Business Standard, 04 Feb 2022

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Making Corporate India Comply

On its part, the central bank will continue to caution the general public through notices on its website and awareness campaigns on social media targeted against using such unauthorised platforms that offer forex trading, repatriation of money or even offering services for margin payment overseas, the sources say, requesting anonymity.

In continuation with that practice, the central bank on Thursday cautioned the public against undertaking forex transactions on unauthorised electronic trading platforms (ETP), or remit and deposit money for such unauthorised transactions.

“While permitted forex transactions can be executed electronically, they should be undertaken only on ETPs authorised for the purpose by the RBI or on recognised stock exchanges (National Stock Exchange of India Ltd., BSE Ltd. and Metropolitan Stock Exchange of India Ltd.) as per the terms and conditions specified by the RBI from time to time,” the central bank said in a statement on its website.

Any individual who undertakes foreign exchange transactions not authorised by the RBI, or with unauthorised persons and electronic trading platforms (ETP), will be liable to penal actions under Foreign Exchange Management Act.

“There have also been reports of such ETPs engaging agents who personally contact gullible people to undertake forex trading/investment schemes and entice them with promises of disproportionate/exorbitant returns,” the central bank said, adding these transactions often lead to frauds as well.

The list of authorised dealers, such as banks, money changers, off-shore banking units etc. are updated regularly on the RBI website.

Any complaints regarding unauthorised platforms can be filed on the National Cyber Crime Reporting Portal, the RBI said in its statement.