

Markets take EU's new financial rules in their stride

REUTERS, London

Thout of new rules on Wednesday that aim to make European Union financial markets safer and more transparent has been glitch-free so far, though disruptions cannot be ruled out, the EU's markets watchdog said.

The new regime shines a spotlight on the inner workings of stock, bond, commodity and derivatives markets by forcing banks, asset managers and traders to provide detailed information on trillions of euros in transactions. Big banks spent an estimated \$2 billion collec-

back from holidays, and not much going on in regard to major news or economic data."

Fixed income volumes were lower at 1000 GMT compared with their average at that time over the previous 30 days, according to data provider Trax, a subsidiary of MarketAxess that tracks around 65 percent of all secondary market bond deals.

Sterling corporate bond volumes were 46 percent lower than their 30-day average, with euro sovereign bond volumes 24 percent lower and sterling sovereign bond volumes 11 percent lower. Euro corporate bond volumes were 2

panies more time to comply with some key requirements.

Regulators have said they will not crack down on poor compliance initially, as long as market participants show they are doing everything they can to get up to speed.

Maijor said given the complexity and size of the reform, ESMA glitches could not be ruled out in coming days or weeks.

Regulators in Britain and Germany intervened just hours before MiFID went live to give three clearing houses an exemption from having to give customers more choice over where to clear some of their derivative contracts.

ICE Futures Europe, London Metal Exchange and Eurex Clearing were granted exemptions until July 2020 from opening themselves up to more competition.

said this would be a "one-off" waiver and the new requirements for clearing houses would come into effect in 2020.

Alexandra Hachmeister, chief regulatory officer at Deutsche Boerse, said the waiver was needed for its Eurex arm because it was unclear how Britain's financial market will look once the UK has left the EU in 2019.

"That means that access provisions need to be thought about in an uncertain legal and regulatory environment," Hachmeister told CNBC news channel.

One of MiFID II's main objectives is to shift trading in stocks, bonds and derivatives from private venues called "dark pools" to "lit" markets where everyone in the market can see the prices being offered.

A trader at one of Europe's largest inter-dealer brokers, which help investment banks trade with each other, said it had seen an increase in volumes on its public trading platforms on Wednesday as activity moved from dark pools.

"On the trading side, it seems that the exchanges benefit at the expense of these off-exchange markets," said Martin Van Vliet, a rates strategist at ING.

The rules also require that fund managers pay for research provided by investment analysts, a change that could lead to a fall in the number of reports that pour daily into professional investors' inboxes.

A fund manager at one of Europe's largest asset managers said he had received around a third fewer research reports compared with Tuesday.



KAZI FARMS

Kazi Zahedul Hasan, managing director of Kazi Farms Group, opens Kazi Farms Kitchen's 100th outlet at Arsingate at Faridabad in Dhaka.

Ryanair applies for UK licence ahead of Brexit

AFP, London

Irish low-cost carrier Ryanair said Tuesday it has applied for a British operating licence in case Britain leaves the European Union next year without an aviation deal.

Other airlines have made similar moves amid concerns that Brexit could severely disrupt air traffic between Britain and continental Europe.

"Ryanair today confirmed that a subsidiary company, Ryanair UK, filed an application on 21 December for an Air Operator's Certificate (AOC) with the Civil Aviation Authority in the UK," a spokesman for the airline said.

Executive committee of national forum for dairy sector formed

STAR BUSINESS DESK

A 13-member executive committee has recently been formed to operate the National Dairy Development Forum for the sake of the country's dairy industry.

The forum was formed on May 2016 through an initiative of Oxfam in Bangladesh patronised by the Department for International Development.

Umme Kulsum Smriti, a lawmaker, has been nominated as the president while Mohammad Anisur Rahman, a director of Brac Dairy and Food, as general secretary.

Uzma Chowdhury, director for corporate finance at Pran-RFL Group, and Quazi M Emdadul Huque, former director general of Bangladesh Livestock Research Institute, have been nominated as vice presidents.

The committee was formed in a meeting held at the Dhaka office of Oxfam in Bangladesh.

A seven-member advisory committee was also created which include Prof Abul Barakat, Prof Md Sekender Ali, Mostafizur Rahman, Md Liakat Hossain Moral, Abu Naser, Azad Chowdhury and Nathuram Sarker.



REUTERS

A broker works on the trading floor at IG Index in London, Britain yesterday.

tively last year to upgrade IT systems to prepare.

"What we can see for our part, is no glitches so far," Steven Maijor, chairman of the European Securities and Markets Authority (ESMA), told reporters.

"It will be the first time we have a complete overview of all financial instruments in the EU."

European stock and bond volumes were light in early trading.

"So far [there is] no difference compared to a regular day," said Markus Huber, a trader at City of London Markets.

"Volume isn't expected to be massive or back to normal either due to not everybody being

percent higher, according to Trax.

The new rules, known as Markets in Financial Instruments Directive II (MiFID II), were delayed by a year to give banks, asset managers and exchanges more time to get ready.

Harps Sidhu, head of capital markets at consultants KPMG, said it would become clearer by the end of the week if transaction reporting was working properly.

"The key thing to realize is MiFID II isn't done. People are at various stages of readiness, which I think everyone accepts," Sidhu said.

Market nerves were eased by ESMA announcing measures just before Christmas to give com-



ORION FOOTWEAR

Ruhul Amin Molla, CEO of Orion Footwear, opens the company's new outlet at Runner Plaza in Bogra.

Govt to amend Grameen Bank electoral rules again

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The changes said the three-member body will comprise two deputy managing directors: one from a state-owned commercial bank and the other from Palli Karma-Sahayak Foundation. A former district judge will serve as the chief election commissioner.

But in the last four years the government could not implement the rules. So, the posts of the nine directors have remained vacant.

In this context, K Mozammel Haque, chairman of Grameen Bank, on July 16 wrote a letter to the finance

minister seeking approval to change some of the electoral provisions so that the bank can appoint one of its officials to oversee the election.

Haque's letter said the proposed changes will help in easing the current complexity as the new rules are not being applied. If the proposed amendments are approved, the election of directors could be organised in the quickest possible time, the letter said.

Finance Minister AMA Muhiht held a meeting with Fazole Kabir, governor of the central bank; Md Eunusur Rahman, senior secretary of the banking division; Haque, and Ratan Kumar

Nag, acting managing director of Grameen Bank, in the first week of August last year.

The new move is the outcome of the meeting.

Three government-appointed directors, including the chairman, have been running Grameen Bank since February 2015 after the tenure of the nine elected directors came to an end.

The Grameen Bank board is a 12-member body. Nine board members are directly elected by shareholders and borrowers of the bank, while the rest, including the chairman, are nominated by the government.

Forex reserves fall to 1-year low after ACU payments

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Before paying the ACU yesterday, Bangladesh's foreign currency reserves were more than \$33.3 billion, Bangladesh Bank data showed.

The reserves had shot past the \$33 billion mark for the first time in history in June last year.

Six state banks post hefty operating profits

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An official of the bank said last year their recovery of bad loans was good while the rate of interest on deposits was low, all of which helped to gain good operating profit.

Of the remaining four banks, Sonali made Tk 1,178 crore in 2017 and Tk 424 crore in 2016, Agrani Tk 951 crore and Tk 555 crore, scam-hit Basic Tk 43 crore and Tk 9 crore and Bangladesh Development Bank Tk 108 crore and Tk 65 crore respectively.

Rice imports scale two-decade high

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The soaring imports and the harvest of aman crop have increased the availability of rice. However, prices of the staple still remain high.

In Dhaka, retail prices of the coarse and medium quality rice, consumed by the majority of the population, were Tk 44 to Tk 56 a kg yesterday, according to data from the state-run Trading Corporation of Bangladesh (TCB).

Yesterday's prices of coarse and medium quality grain were 6 percent and 4 percent higher from a month ago, show TCB data.

Majumder said there is high speculation that aman output declined in 2017 from a year ago.

The government decision to buy rice at Tk 39 per kg and millers' rush to buy aman paddy contributed to the higher prices, he said.

Majumder said the number of buyers is high this year. Many millers don't have any stock of previous boro paddy and entered the market to buy aman paddy to keep their mills running.

A US Department of Agriculture report in November forecasted a drop in aman production to 1.3 crore tonnes in the fiscal year. The agency also said overall output will decline.

In December, the Food and

Agriculture Organization said total paddy production would fall in 2017 by 3 percent to 5.08 crore tonnes, a five-year low. It estimated paddy output at 5.21 crore tonnes in 2016.

"In Bangladesh, three episodes of severe floods during 2017 affected large areas of the country, particularly northern districts, causing losses to the two main boro and aman crops, which together account for more than 90 percent of total annual output," said the FAO.

Rezaul Karim Talukder, poverty and social protection policy adviser of the FAO Bangladesh, said the floods and a disease infestation in aman crop might have caused a loss of 15-20 lakh tonnes of rice.

He said imports are rising as there is demand from the private and public sectors.

Talukder expected the prices of rice to become stable for increased imports and the harvest of aman.

Quazi Shahabuddin, a former director general of the Bangladesh Institute of Development Studies, said the private sector is importing because of the price gaps between domestic and international markets.

He stressed ensuring a bumper boro harvest in the coming season to bring down prices of rice.

Port users call for lifting vehicle's weight limit

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The restriction was imposed to save the highways but steps should have been taken to find out the reason behind quicker damage of the roads and highways, he said.

Around 30 to 35 tonnes of goods are imported in a 40-foot container, said AKM Akhter Hossain, president of Chittagong Customs Clearing and Forwarding Agents Association.

When such a container is carried by a prime mover, the combined weight of the container, the goods and the vehicle—exceeds 50 tonnes, Hossain said.

"How one can carry the same amount of goods keeping the weight limit set for such prime movers within 40 tonnes?"

Importers are now facing a scarcity of vehicles, which could create a fresh congestion at the port, he said.

Vehicle owners are now cashing in on the sudden rise in demand and charging more, said

Khairul Alam Sujan, director of Bangladesh Freight Forwarders Association.

Traffic congestion on the Dhaka-Chittagong highway is also increasing, he said.

Some of the owners are also trying to bring low quality vehicles to the street, he said.

The restriction should be withdrawn for the sake of the businesses, said Mahbubul Alam, chairman of the port users' forum.

Alam, also the president of Chittagong Chamber of Commerce and Industry, said steps should be taken soon to start construction of eight-lane Dhaka-Chittagong highway and dedicated expressway on the route.

Jabbar pledges to cut internet price

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On the digitisation of the education sector, he said he would try to do all he could.

Rebuilding Teletalk as a dynamic entity was also on his priority list. He found it strange that the state-run mobile operator was unable to do good business.

Top bankers seek BB support to halt sudden changes in boards

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As per existing BB rules, conventional commercial banks are not allowed to lend more than 85 percent of their deposits while the ceiling for Shariah-based banks is 90 percent.

The central bank may decrease the ADR ratio to 80.50 percent for the conventional banks and 88 percent for the Islamic banks, the BB deputy governor said.

"Such initiatives will decrease the liquidity pressure in the banking sector along with tackling aggressive lending," Chowdhury said.

Banks have been asked not to

open letters of credit for luxury products as there has been heavy import growth recently, he said.

The central bank also asked banks to be cautious in order to avoid volatility in the exchange rate between the taka and the American dollar.

Some exchange houses operating abroad have imposed high charges on remitters in sending money to the country, Chowdhury said.

In the meeting, the BB set a service charge ceiling of Tk 20 per remittance transaction to encourage expatriate Bangladeshis to send money through the banking channel, Chowdhury said.

Mosharraf new NBR chairman

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Bhuiyan, who retired last year as senior secretary of the industries ministry, is the second person to get contractual appointment to head the NBR.

During the BNP's tenure in 2004, the government appointed Khairuzzaman Chowdhury on contractual basis.

Bhuiyan started his career in 1981 under the audit and accounts cadre of Bangladesh Civil Service. In 2010, he was promoted as secretary and given the charge of Bridges Division.

Later, the Anti-Corruption Commission filed a case against him and some others on allegation of a corruption conspiracy related to the Padma bridge project brought by World Bank. The ACC also arrested him.

In its probe report submitted to the court in September 2014, the anti-graft body cleared all the accused, including Bhuiyan, in the case, saying none had been found guilty.

A Dhaka court in October that year acquitted all the government officials including Bhuiyan.