# International Finance

## EURO CURRENCY ( OFFSHORE MARKET)

Chapter 08

S.P MANDALI'S weschool Welingkar Education

# Learning Objectives

*After completing this chapter, you should be able to understand:*

- Euro Currency Market
- Origin of Euro Currency Market.
- Euro Currency Deposit and Credits Market.
- Types of International Bonds
- Tax Havens
- LIBOR / SIBOR

## Structure

8.1 Definition / Introduction of Euro Currency Market
8.2 Origin of Euro Currency (Offshore) Market
8.3 Factors Contributing Towards Growth of Euro Currency (offshore) Market.
8.4 Characteristics of Euro Currency Market
8.5 Components (Compositions) of Euro-Currency Markets
8.6 Euro Currency Deposits Market
8.7 Euro Currency Credit (Loans) Market
8.8 Types of Euro Currency Bonds

## Structure

## Structure

## 8.1 Definition / Introduction of Euro Currency Market

a. Euro Currency market can be described as an international financial market which specializes in borrowing and lending of currencies from / to non-residents outside the country of issue of the currencies.

b. This market consists of specific banking operations of accepting deposits and giving loans in non-resident currencies.

c. Such deposits & loans are called euro-currency deposits/credits and the banks undertaking the transactions are called Euro-banks. These Euro-banks constitute the Euro-Currency Market.

# 8.1 Definition / Introduction of Euro Currency Market

Do not confuse Euro

with Eurocurrency.

Euro is a currency and Eurocurrency is deposits and loans in various currencies, including Euro

## 8.2 Origin of Euro Currency (Offshore) Market

a. During the Bretton Woods era, the USD was the primary means of international settlements. Most countries had reserves in USD, invested in financial assets in the US.

b. There were certain governments that were not politically sync with the US government and were always apprehensive about their USD assets being frozen by the US administration in case of adverse developments between the governments.

## 8.2 Origin of Euro Currency (Offshore) Market

c. Such governments needed a mechanism by which they would have access to their USD resources without the US regulators being able to identify and freeze such accounts.

d. Thus , the need for developing such markets came from the desire to disguise ownership of foreign currency deposits while continuing to have claim on such deposits.

e. This Euro market provides an environment to create assets & liabilities outside the regulatory supervision of the monitoring authority pertaining to a currency.

## 8.2 Origin of Euro Currency (Offshore) Market

| | | | |
|---|---|---|---|
| US Dollars | Deposited in | UK | Are Euro Dollars |
| British Pound Sterling | Deposited in | Japan | Are Euro Sterling |
| Japanese Yens | Deposited in | Australia | Are Euro Yens |

## 8.3 Factors Contributing Towards Growth of Euro Currency (offshore) Market.

**Regulation Q :** The regulation Q of the Federal Reserve Act imposed a ceiling on interest rates that could be paid on deposits by banks in the US. This enabled European banks to attract US dollar deposits by offering better interest rates.

**Regulation M :** The regulation M of the Federal Reserve Act stipulated reserves to be maintained against deposits accepted by banks in US, this increased the cost on deposits for banks in US. It was exploited by European banks as they were not subject to reserve requirements on Euro-Dollar

## 8.3 Factors Contributing Towards Growth of Euro Currency (offshore) Market.

Insure Deposits: There was mandatory regulation on all banks in the US to insure deposits accepted by them from public, on the other hand European markets were unregulated. With no burden of insurance costs, deposits in Euro currency markets were encouraged.



Interest Equalization Tax: This tax was introduced by US monetary authority in 1963 increasing the cost of borrowing there for non-resident entities. They approached offshore markets, where no such burden was there, for their funding needs.

## 8.3 Factors Contributing Towards Growth of Euro Currency (offshore) Market.

International Borrowing:

The Voluntary Restraint Program was introduced in the US in 1965 in terms of which, borrowing in US dollars for financing international projects was restricted and US banks were reluctant to provide loans to international borrowers.

This ensured that US multinationals would also look upon for borrowing funds from the Euro currency market.

## 8.3 Factors Contributing Towards Growth of Euro Currency (offshore) Market.

These developments resulted in American depositors and borrowers increasingly undertaking banking transactions outside the regulatory jurisdiction of the US monetary authority leading to the development of Euro-Currency (Offshore) Market.

## 8.4 Characteristics of Euro Currency Market

- Unregulated market: it is a cross border market hence no government has full control over the transactions. As a result there is minimal government interference. Essentially it is an unregulated market.

- Short term deposits and long term loans: deposits in Euro Currency markets are primarily for short term. Eurocurrency loans, however, are for longer period of time. This leads to asset-liability mismatch problems for the banks.

## 8.4 Characteristics of Euro Currency Market

- Largely wholesale market: Transactions in Euro Currency markets are very large. They are mostly among banks, and Governments, Public Sector Organizations and large MNCs. This feature makes it a wholesale rather than a retail market.
- Time deposits: This market exists for savings and time deposits, fixed deposits and recurring deposits.
- Eurodollar and LIBOR based market: Euro Currency interest rates are tied to a variable rate base such as London Interbank Offer Rate (LIBOR). This reduces interest rate risks.

## 8.5 Components (Compositions) of Euro-Currency Markets

Compositions of Euromarkets are described in three areas, viz., a] Market Participants - consisting of commercial banks, corporate banks, government and central banks and private individuals, b] Euro Financial Instruments and

## 8.5 Components (Compositions) of Euro-Currency Markets

c] transactional structure of Euro Markets – the Euro Currency market is entirely a wholesale market.

Transactions in the market are telephone linked or telecommunications linked.

They are focused upon London. London boasts of around one third of the Euro Currency markets.

All Euro Currency transactions are unsecured credits and hence lenders pay particular attention to borrowers' status, name and reputation.

## 8.6 Euro Currency Deposits Market

- CV Euro Currency deposits are placed with banks in currencies outside their home country; deposits are accepted only in freely convertible currencies.

- Deposits are normally accepted for periods of from one day to one year. 85% of the deposits are for six months maturity. This is , therefore, considered to be standard maturity for Euro Currency deposits.

- Generally the minimum size of deposits in these markets is USD 50,000 or equivalent in other currencies.

## 8.6 Euro Currency Deposits Market

- These deposits are both

  - unsecured and
  - uninsured.

- Deposits in Euro Currency markets are also not subject to any regulatory control in the form of

  - reserve requirements or
  - interest ceilings or limitations etc.

## 8.7 Euro Currency Credit (Loans) Market

- Euro-credits are generally provided for short to medium term i.e. five to eight years.
- This component of the market operates on a wholesale basis and individual Euro-credits are, therefore, provided for very large amounts.
- Euro credits are always provided on a syndicated basis so as to distribute the credit risk over a large number of participants.
- These loans are assessed on the basis of credit rating of the borrower and the financial viability of the

## 8.7 Euro Currency Credit (Loans) Market

- Euro-credits are provided both as revolving credits and as term loans.
- Euro-credits provide the flexibility of borrowing with multi-currency option.
- Euro-credits are always given on a floating rate basis and are rolled over normally on six monthly basis i.e. interest rate is reviewed and reset based on the on going applicable LIBOR plus specified mark up.
- Euro loans agreements may provide for prepayment of the loan without commitment charges at the time of the periodic roll overs.

## 8.8 Types of Euro Currency Bonds

### Fixed Rate Bonds / Straight Debt Bonds

It is a debt instrument which has a fixed maturity and a fixed coupon rates. Its face value or principal is repaid in one go at maturity. This form of repayment is called ‘Bullet’ repayment.

They can have maturity of as long as 50 years. Bonds with shorter maturity are called ‘Notes’. These Euro-bonds are listed on London, Luxembourg and Singapore stock exchanges. An investor can buy them in primary or secondary markets.

## 8.8 Types of Euro Currency Bonds

### Floating Rate Notes (FRN)

Bonds having varying interest rates or coupon rates over their life are called as floating rate notes.

They are issued with maturity period varying from 5 – 7 years and their rates are linked to six months LIBOR rates.

There are four different types of Floating Rate Notes (FRN)s as follows.

## 8.8 Types of Euro Currency Bonds

### Floating Rate Notes (FRN)

**Flip Flop FRNs:** the investors have the option to convert into flat interest paying instrument at the end of particular period.

**Mix-Match FRNs:** These notes have semi-annual interest payments though the actual rates are fixed monthly. This enables investors to benefit from arbitrage arising out of differential interest rates.

## 8.8 Types of Euro Currency Bonds

### Floating Rate Notes (FRN)

Mini-Match FRNs: These notes include both maximum and minimum coupons. The investor will earn a minimum as well as maximum rates on these notes.

Capped FRNs: an interest rate capped is given, over which the borrower is not required to service the notes even if LIBOR moves above that level.

## 8.8 Types of Euro Currency Bonds

### Sinking Fund Bonds

These bonds provide for repayment of the principal in installments during the lifetime of the bond. Such bonds are issued by companies with average credit rating.

The repayment in installments assures the investors about the solvency and credit worthiness of the issuer.

It also helps to progressively reduce the liability of the issuer.

## 8.8 Types of Euro Currency Bonds

### Junk Bonds

Companies with very poor credit rating or entering into high risk business ventures issue such bonds.

These bonds carry coupon rates of at least 3 – 4% above the normal rates.

A characteristic feature of these bonds is the high turnover of investors. Such bonds are used by corporate entities and individuals to make short term gains on temporary surplus liquidity.

## 8.8 Types of Euro Currency Bonds

### Zero Coupon Bonds

These bonds don't carry any interest rate and are issued at discount to face value while redemption takes place at the face value at the end of its maturity. The investor earns capital gains to the extent of difference between the discounted price and the face value.

### Deep Discount Bonds

These bonds are also issued at discount & redeemed at the face value, difference in values being the cumulative interest earned by investors at specified rate of interest.

## 8.9 Types of Foreign Bonds

### Yankee Bonds:

These are US dollar dominated issue (bonds) by foreign borrowers in the US bond markets.

Foreign issuer has to adapt US accounting practices and US rating agencies will have to rate these bonds.

These bonds are sponsored by US domestic under-writing syndicate and require securities exchange board registration prior to selling them in domestic US markets.

Reliance Industries Ltd. has been the most successful Indian corporate to tap this instrument with fifty years fifty million dollar Yankee Bond issue.

## 8.9 Types of Foreign Bonds

### Samurai Bonds:

Yen denominated bond issued in the Japanese domestic markets by the non-Japanese companies are known as Samurai Bonds.

The borrowers have a minimum investment grade rating (Grade A). The maturities range between three to twenty years.

Since this instrument is for public and the arrangements have to be made for underwriting & selling involving documentation, its issuing costs are the highest.

The Securities House / The Bank acts as The Lead Arranger / Chief Commissioned Company

## 8.9 Types of Foreign Bonds

### Bull Dog Bonds:

Pound denominated bonds issued in the United Kingdom domestic markets by the foreign (non-UK) companies are known as Bull Dog bonds.

The tenure ranges between five to twenty five years.

These bonds are subscribed by long term institutional investors such as

- Pension Funds
- Life Insurance Corporation of India

They have redemption on bullet basis.

# 8.9 Types of Foreign Bonds

## Kangaroo Bonds:

A type of foreign bond that is issued in the Australian market by foreign (non- Australian) companies and is denominated in Australian currency.

The bond is subject to Australian laws and regulations.

These bonds are alternatively known as “Matilda Bond”

Kangaroo Bonds

Are same as

Matilda Bonds

## 8.9 Types of Foreign Bonds

### Maple Bonds:

A type of bond that is issued in the Canadian market by foreign (non-Canadian) companies and is sold by foreign financial institutions and companies.

The Maple bond provides an opportunity to domestic (Canadian) investors to invest in foreign companies without worrying about effects of currency exchange fluctuations.

Foreign companies can use Maple bonds to raise Canadian Dollars for setting up operations in Canada.

## 8.9 Types of Foreign Bonds

### Panda Bonds:

A Panda bond is a Chinese renminbi – denominated bond from a non-Chinese user, sold in China. It was agreed eventually, that funds cannot be repatriated from China.

### Rembrandt Bonds:

A foreign bond denominated in Euros & traded in the Netherlands is known as Rembrandt bond A non-Dutch company can choose to sell this bond to raise capital from Dutch investors.

## 8.9 Types of Foreign Bonds

### Matador Bonds:

A term used to identify a foreign bond issued in Spain by a company that is not domiciled in Spain. Matador bonds were bonds denominated in Pesetas & were usually corporate bonds. The name matador originated from bull fighters in Spain.

Spain followed a systematic approach when accepting new foreign issuers. Spain initially allowed only AAA rated super nationals to issue Matador bonds. After a few years sub AAA multinational were allowed access to Spain's debt market and eventually, allowed non-investment sovereigns to issue bonds.

## 8.9 Types of Foreign Bonds

- Matrioshka Bond:

Matrioshka bond, a Russian Rouble denominated bond issues in the Russian Federation by non-Russian entities. The name derives from Russian wooden dolls popular with overseas visitors to Russia.

- Arirang Bond: it is a Won denominated bond issued in South Korea named after a Korean folk song. The market is very small. The Asian Development Bank was the first to issue Arirang seven-year bonds in 1995 for Won 80 billion.

- Kauri Bond: a similar bond but issued in New Zealand in 2004 named after trees & denominated in NZ dollars.

## 8.10 Euro Currency Notes Market

Euro-notes are instruments of borrowing issued by borrowers directly to investors without using banks as intermediaries, with or without the underwriting support to the issue.

They have shorter maturities than bonds. Maturities normally range from 15 days to five years. There are five types used in this market.

*1. Commercial paper:* This is a short term security issued for maturity of less than one year without underwriting support from banks. These instruments are, therefore, issued by borrowers with very good credit rating wishing to leverage the same to raise resources at rates lower than lending rates of banks.

# 8.10 Euro Currency Notes Market

## *2. Notes issuance facility (NIF):*

In situations where borrowing entity requires resources for the medium term but investors desire to invest on short term basis, the reconciliation is brought about through this mech

Investors happy!

The borrower issues <u>short</u> term notes supported by underwriting from banks. The notes are redeemed on maturity by issue of <u>fresh notes</u>.

Borrower happy!

Shortfalls in subscriptions are covered by the underwriters.

## 8.10 Euro Currency Notes Market

*3. Medium term notes (MTN):*

These represent medium term, fixed interest rate instruments issued without underwriting support from banks.

Instruments are issued for a period ranging from one to ten years with standard maturity being five years.

The instruments are very popular with Euro market investors. They are normally listed to provide liquidity.

# 8.10 Euro Currency Notes Market

## *4. Bankers Acceptance (BA):*

This is an instrument widely issued in the US money market to finance domestic as well as international trade.

The exporter (seller) draws a time or issuance draft on the buyer (importer's bank).

On completing the shipment, the seller hands over the shipping documents and L/C issued by his bank to the exporter's bank to discount the same & lend to the seller.

## 8.10 Euro Currency Notes Market

*5. Repurchase Obligation (RO):*

In these transactions the borrower 'sells' securities to the lender with commitment to 'repurchase' the same at a predetermined rate on a fixed future date.

The difference between the sale and repurchase prices represents the return to the lender as interest.

Effectively it represents the most secured form of lending in the Euro currency market.

## 8.11 External Commercial Borrowings (ECBs)

ECBs are the loans or equity raised in any convertible foreign currency from individual investors, banks and investment institutions in international financial markets.

ECB can be raised in terms of prevailing current ECB policy in the country formulated by its Government. This policy considers external debt management priorities prescribing the quantum, maturity & use of funds raised in foreign convertible currencies.

ECB policy envisages sectoral approach & preference is given to infrastructure sector.

## 8.12 Syndication of Loans

As the size of the individual loans increased, individual banks found it difficult to take the risk single handed. Regulatory authorities in most countries also limit the size of the individual exposures. Hence the risk was required to be shared by a group of banks termed 'syndicate'.

A loan syndicate refers to the negotiation where borrowers and lenders sit across the table to discuss about the terms and conditions of lending. Syndication works on the principle of risk spreading and benefits the lenders as well as borrowers.

# 8.13 Offshore Banking

1. In today's highly integrated global network, international offshore centers are playing a vital role in facilitating investment worldwide. An offshore center exists by usage and they are known as Offshore Financial Centers (OFCs).

2. OFCs are also known as Offshore Bank's centers. They conduct a wide range of business activities such as banking, insurance, securities transactions, trusts and some non-financial activities such as shipping, registries etc.

## 8.13 Offshore Banking

3. An Offshore Banking Unit (OBU) of a bank is a deemed foreign branch of the parent bank situated within India and shall undertake International Banking business involving foreign currency denominated assets and liabilities.
4. Offshore banking is, thus, an extension of the Euro-currency concept used in offshore financial centers.
5. Offshore Banking has taken a great shape in India since 2002. The seeds for OFCs were sown in the EXIM policy 2002 – 07 that targeted export growth from 0.67% to 1.00% of the world trade..

## 8.13 Offshore Banking

6. The Government of India has introduced the Special Economic Zone (SEZ) scheme with a view to provide an internationally competitive and a hassle free environment for export production.
7. As per the Government's policy, SEZs will be a specially made duty free enclave and deemed to be a foreign territory for the purpose of trade operations and duties/tariffs so as to usher in export led growth of the economy. Offshore banks are the foreign branches of Indian Bank located in India.

## 8.14 Tax Havens

- A country that offers foreign individuals and businesses little or no tax liability in a politically and economically stable environment is known as a Tax Haven. These tax havens provide little or no financial information to foreign tax authorities.
- Individuals and businesses that do not reside a tax haven, can take advantage of these countries' tax regimes to avoid paying taxes in their home countries. Tax havens do not require that an individual reside in or a business operate out of that country in order to benefit from its tax policies.

## 8.14 Tax Havens

- Both residents and non-residents enjoy very low income tax rates. They provide a very high degree of financial freedom combined with limited regulations whose enforcement is less stringent.

- They offer limited wholesale banking services to non-residents with near zero tax on income. The non-resident financial institutions located at such centers are not integrated with the financial system of the host country.

## 8.14 Tax Havens

- They promise strict secrecy regarding financial transactions of non-resident bank customers which means there is lack of effective exchange of financial information with foreign tax authorities.
- Alaska, the Bahamas, Belize, the British Virgin Islands, the Cayman Islands, the Channel Islands, United Arab Emirates, the Cook Islands, Hong Kong, the Isle of Man, Mauritius, Lichtenstein, Monaco, Panama, Switzerland and St. Kitts and Nevis are all considered tax havens.

## 8.15 Petrodollars

- The Organization of Petroleum Exporting Countries (OPEC) was formed in 1960 at the Baghdad Conference in Iraq. This group has had a significant influence on crude oil / petroleum prices. The first major hike in petroleum prices was introduced in 1973.
- This event had a major impact on the flow of international funds. Since petroleum trading was invoiced in USD, these surplus funds generated out of petroleum sales and recycled between exporters and importers, were called Petro Dollars

## 8.16 LIBOR – (London Interbank Offered Rate)

- The interest rate at which prime bank offers dollar deposit to other prime bank in London is known as LIBOR. This rate is used as the basis for pricing Eurodollar and other Eurocurrency loans. The lender and the borrower agree to a mark up (specific percentage or basis percentage i.e. 1% = 100 basis points) over the LIBOR; and total of LIBOR and the mark up is the effective interest rate for the loan.

- It represents the average rate at which bank can obtain unsecured funding in a given currency for a given period.

## 8.16 LIBOR – (London Interbank Offered Rate)

- A panel of eight to sixteen Euro-banks in London market have been designated by the ‘British Bankers’ Association’ (BBA) based on scale of market activity, credit rating and perceived expertise in the currency, to contribute the rates at which they would be willing to transact funds in the interbank market.

# 8.17 SIBOR (Singapore Interbank Offered Rate)

SIBOR stands for Singapore Interbank Offered Rate and is a daily reference rate based on interest rates at which banks offer to lend unsecured funds to other banks in Singapore wholesale money market (or interbank market).

It is set by the Association of Banks in Singapore (ABS). Using SIBOR is more common in the Asian region.

# 8.18 Euro Bonds vs. Euro Credits

| No | Euro-Bonds | Euro-Credits |
|---|---|---|
| 1 | Euro-bonds are medium to long term instruments issued for periods from five to forty years. | Euro-credits are short to medium term transactions provided for five to eight years. |
| 2 | Euro-bonds often provide for fixed coupon / interest rates | Euro-credits are always given on floating rate basis |

# 8.18 Euro Bonds vs. Euro Credits

| No | Euro-Bonds | Euro-Credits |
|---|---|---|
| 3 | Liability for interest on the entire amount begins from the day of receipt. | Interest liability on each component begins from the date of drawing |
| 4 | Bonds cannot be issued in multiple currencies. | Loans can be availed of in different currencies. |

## 8.18 Euro Bonds vs. Euro Credits

| No | Euro-Bonds | Euro-Credits |
|---|---|---|
| 5 | Coupon rates on bonds are based on deposit rates and are, therefore, lower than rates payable on loans. | Euro-credit interest rates are based on borrowing rates and are, therefore, higher than bond rates. |
| 6 | Bonds have to be marketed to international investors; raising finance through issue of bonds is a slower process. | Loans syndications can be completed in a very short span of time. |

# 8.19 Euro Currency Bonds vs. Euro Currency Notes

| No | Euro-Currency Bonds | Euro-Currency Notes |
|---|---|---|
| 1 | Bonds are sold by the borrower to a syndicate of underwriting banks. | Notes are sold by the borrower without any underwriting support. |
| 2 | Borrower sells the issue to the underwriters who thereafter sell the instruments to retail investors. | Borrower sells instruments directly to retail investors without any intermediation. |

# 8.19 Euro Currency Bonds vs. Euro Currency Notes

| No | Euro-Currency Bonds | Euro-Currency Notes |
|---|---|---|
| 3 | Issue risk is assumed by the underwriters and credit rating of borrower is of limited importance. | The sale of notes is based on the credit rating of the borrower and hence is critical to the issue. |
| 4 | Price discovery takes place through demand / supply. | Since there is no intermediation, the cost of acquiring notes is the same for all investors |

# 8.20 Euro Currency Market vs. Foreign Exchange Market

| No | Euro-Currency Market | Foreign Exchange Market |
|---|---|---|
| 1 | This market deals with borrowing and lending currencies. | This market deals with purchase and sale of currencies |
| 2 | It is an unregulated market. | These markets are regulated by the respective national monetary authorities. |
| 3 | This market functions on interest rates. | This market functions on exchange rates. |

# 8.20 Euro Currency Market vs. Foreign Exchange Market

| No | Euro-Currency Market | Foreign Exchange Market |
|---|---|---|
| 4 | It is essentially a wholesale market. | It operates at both retail and wholesale levels. |
| 5 | Transactions are mainly done in standard quantities. | Transactions at retail level are customized. |
| 6 | Lending is not security oriented. | Security based approach to lending |
| 7 | Euro-banks face a permanent asset liability mismatch problem | No such limitations. |

# 8.21 List of Some Important Central Banks

| Country | Name |
|---|---|
| USA | Federal Reserve Bank |
| UK | Bank of England |
| Japan | Bank of Japan |
| Switzerland | Swiss National Bank |
| Euro-Area | European Central Bank |
| China | People's Bank of China |
| Australia | Reserve Bank of Australia |
| Norway | Bank of Norway |
| India | Reserve Bank of india |

# 8.22 List of Some Regulatory Authorities

| Country | Agency |
|---|---|
| USA | Securities & Exchange Commission (SEC) |
| UK | Financial Services Authority (FSA) |
| Japan | (1) Financial Services Authority<br>(2) Securities & Exchange Surveillance Commission (SESC) |
| Switzerland | Federal Department of Finance |
| Canada | (1) Canadian securities Administrators (CSA)<br>(2) Investment Industry Regulatory Organization of Canada (IIROC) |

# 8.22 List of Some Regulatory Authorities

| Country | Agency |
|---|---|
| Australia | (1) Australian Prudential Regulation Authority (APRA)<br>(2) Australian Securities & Investment Commission (ASIC) |
| Germany | Federal Financial Supervisory Authority |
| France | (1) Autorite Des Marches Financiers (AMF) – Financial Markets Authority |
| India | Securities and Exchange Board of India |

# 8.23 Summary

The Euro currency market is entirely a wholesale market. Transactions are rarely for less than $1 million and sometimes they are for $ 100 million. Like foreign exchange markets, the vast bulk is confined to interbank operations. The largest non-banking companies have to deal via banks. Borrowers are the very highest pedigree corporate names carrying the lowest credit risks. The market sis telephone linked or telecommunication linked and is focused upon London, which has a share of around one third of the Eurocurrency market. All Eurocurrency transactions are unsecured credits, hence the fact that lenders pay particular attention to borrowers status and names.

## 8.24 Self Assessment Questions

1. What is euro Currency market? What factors have contributed to its growth?
2. Define Euro-Currency market. Enumerate its characteristics features.
3. Define Bond. Explain different types of bonds.
4. Trace the origin of Tax havens and factors contributing to their growth.
5. Bring out the progress of offshore financial

## With this we complete chapter 08

"Euro Currency (Offshore) Market"

Let us now move to chapter 09 "International Equity Market"

*Good Luck !*