



CIRCULAR

329/IFSCA/DPM/TS/2022-23/1

June 17, 2022

To,

All the Bullion Market Infrastructure Institutions (MIIs) in IFSC

All the Market Intermediaries in IFSC

All the Banking Units in IFSC

Dear Sir/Madam,

Sub: Clarification on investment in Bullion Depository Receipts (BDR) on India International Bullion Exchange (IFSC) Limited (IIBX) through the Liberalised Remittance Scheme (LRS) route

1. The Government of India vide notification dated August 31, 2020, had notified the Bullion Spot Delivery Contract and Bullion Depository Receipt (BDR) with underlying Bullion as Financial Product and related services as Financial Services.

Further, vide Gazette Notification dated December 24th, 2021, Bullion Spot Delivery Contract and Bullion Depository Receipt (BDR) with underlying bullion have been included in the definition of 'securities' under the Securities Contract Regulations Act 1956.

2. Remittances to International Financial Services Centres (IFSCs) in India under the Liberalised Remittance Scheme (LRS) as permitted by the Reserve Bank of India notification dated February 16, 2021, allows resident individuals to make remittance in IFSCs in India only for making investments in IFSCs in securities, other than those issued by entities/companies resident (outside IFSC) in India.



3. In this regard, it is hereby being clarified that, resident individuals, as referred to in the RBI circular on LRS dated February 16, 2021, are not permitted to transact/invest in BDR on IIBX through the LRS route.

4. This is without prejudice to the participation of Qualified Jewellers notified by the IFSCA, in terms of DGFT notification no. 49/2015-2020 dated January 05, 2022 for purchase of BDRs for the sole purpose of import of gold through IIBX.

This Circular has been issued in exercise of the power conferred under section 12 of the International Financial Services Centres Authority Act, 2019 r/w Regulation 58 of the International Financial Services Centres Authority (Bullion Exchange) Regulations, 2020

A copy of this Circular is available on the website of International Financial Services Centres Authority at www.ifsc.gov.in at “Legal →Circulars”.

Yours faithfully,

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