
CIRCULAR

329/IFSCA/DPM/TS/QJ/2022-23/2

August 05, 2022

To,

India International Bullion Exchange IFSC Ltd (IIBX)

India International Depository IFSC Ltd (IIDIL)

Vault Managers in the IFSC

Qualified Jewellers notified by IFSCA

Dear Sir/Madam,

Sub: Standard Operating Procedure for Qualified Jewellers importing gold through India International Bullion Exchange

1. The Directorate General of Foreign Trade (DGFT), Ministry of Commerce & Industry vide Notification No.49/2015-2020 dated January 05, 2022, had *inter alia* specified that Qualified Jewellers notified by IFSCA shall be permitted to import gold under Indian Trade Clarification based on Harmonized System of Coding {"ITC(HS)"} Codes 71081200 and 71189000, through India International Bullion Exchange ("IIBX").
2. Subsequently, IFSCA had issued a circular 329/IFSCA/DPM/TS/QJ/2021-22/1 dated January 19, 2022("January Circular") enabling Qualified Jewellers to import gold under ITC(HS) codes 7108, 7113, 7114 and 7118 under Chapter 71 of ITC(HS) through IIBX, subject to terms and conditions.
3. In order to be notified as a Qualified Jeweller, an entity is required to furnish the documents for satisfying the conditions specified in clause 2 of the January Circular to IIBX. The detailed process to be followed for notification as a Qualified Jeweller is provided in following clauses:

A. Process for notification of Qualified Jeweller

4. At present, a Qualified Jeweller can either participate as a client of a Bullion Trading Members or as a Limited Purpose Trading Members (LPTM). A Qualified Jeweller seeking to participate as a LPTM on IIBX shall either be a Body Corporate incorporated under the Companies Act, 2013 or a Limited Liability Partnership (LLP).
5. An entity (the Applicant) seeking Qualified Jeweller status shall be required to submit duly filled application to IIBX in the specified form along with the supporting documents and applicable fees, if any. The option to participate as a LPTM or as a client of Bullion Trading Member shall be communicated by the applicant to IIBX at the time of (or at a later date as specified by IIBX) submitting its application for notification as a Qualified Jeweller.
6. IIBX shall scrutinise the application to verify the fulfilment of the eligibility criteria by the applicant. IIBX may seek additional documents wherever considered necessary, including clarifications from the applicant.
7. Upon verification, IIBX shall forward the application and the related documents to IFSCA with its recommendations. IFSCA, upon its satisfaction, shall notify the entity as Qualified Jeweller by issuing a letter to the entity, under intimation to IIBX. IFSCA shall also publish the duly updated list of the notified Qualified Jewellers on its website (www.ifsc.gov.in).
8. As specified in the January Circular, a Qualified Jeweller is required to maintain minimum net worth of ₹ 25 crores as per its latest audited financial statement at all times. IIBX shall suspend the participation of a Qualified Jeweller from transacting on IIBX in the event the net worth falls below ₹ 25 crores. The notification of the entity as Qualified Jeweller may also be revoked by IFSCA, based on the recommendation by IIBX.
9. The notification of the entities as Qualified Jewellers shall be valid unless revoked, subject to the adherence to the conditions mentioned in the January circular.
10. The KYC/AML guidelines specified by IFSCA from time to time shall be applicable on Qualified Jewellers.

B. Process of import of gold by a Qualified Jeweller through IIBX

I. Mode of participation by Qualified Jeweller on IIBX

11. At present, a Qualified Jeweller is being permitted to purchase Bullion Depository Receipt (BDR) on IIBX -only for import of gold, either as a client of a Bullion Trading Member or as a LPTM. The option for a Qualified Jeweller to access IIBX as a Trading Member is currently not operationalized and shall not be available.
12. A Qualified Jeweller participating as client may approach a Bullion Trading Member for opening a client account for the purpose of buying BDR for importing gold.
13. A Qualified Jeweller participating as LPTM shall be treated as a client that is permitted to directly access the IIBX trading system. A LPTM shall not be considered as a Trading Member or intermediary on IIBX.
14. A Qualified Jeweller participating as LPTM shall have to associate itself with a clearing member for clearing of its purchase transactions, in the manner specified by IIBX.
15. The responsibility of surveillance of the Bullion ecosystem in IFSC shall be with IIBX. In order to maintain the market integrity, IIBX shall put in place the necessary infrastructure, mechanisms, safeguards and controls for conducting live surveillance of the activities of Bullion market participants including the LPTMs. The LPTM shall comply with the code of conduct and any other operational guidelines that may be issued by IIBX.

II. Advance remittance for purchase of BDR on IIBX for import of gold

16. The Reserve Bank of India (RBI) vide circular dated May 25, 2022 has specified guidelines on import of gold by Qualified Jewellers through IIBX or any other exchange approved by IFSCA and the DGFT, Government of India.
17. Pursuant to the aforementioned guidelines issued by the RBI, it is directed that:
 - a. IIBX shall put in place necessary systems for issuance of an IIBX authenticated document carrying details of indicative price of gold for the quantity and the quality (purity), intended to be imported by the Qualified Jeweller through IIBX. This

document shall be the basis on which Authorised Dealer (AD) bank may allow Qualified Jewellers to remit advance payments towards import of gold through IIBX in terms of the para 3(i) RBI circular, RBI/2022-2023/57/A.P(DIR Series) Circular No.04 dated May 25, 2022.

- b. The Qualified Jewellers shall remit foreign currency through its AD bank in India, in the manner specified by IIBX for the purchase of BDR, only for the purpose of importing gold.

III. Purchase of BDR for import of gold

18. The Qualified Jewellers shall only be permitted to purchase BDR on IIBX towards import of gold and shall not in any manner be permitted to enter a sell order or cancel the purchase order. IIBX shall put in place necessary systems and processes to ensure the same.
19. IIBX shall ensure that the statement of accounts is issued by the Bullion Trading Members / Bullion Clearing Members, as the case may be, to each Qualified Jeweller, and the same are reconciled on a daily basis. The statement shall contain the details relating to the advance remittance amount, amount of remittance utilized and the unutilized amount as at the end of the day.
20. Any unutilised amount as at the end of the specified time limit of 11 (calendar) days from the date of remittance, shall be compulsorily remitted back to the AD bank in India, from where the remittance was received, for reconciliation of the Outward Remittance Message (ORM) and Bill of Entry (BOE) in terms of RBI Circular, RBI/2022-2023/57/A.P(DIR Series) Circular No.04 dated May 25, 2022.
21. The IFSC Banking Units (IBUs), acting as Clearing Banks authorised by IIBX, for the purpose, shall get the remittance with a unique client code for each Qualified Jeweller in the designated accounts. IIBX shall issue necessary instructions to the Clearing Banks to ensure that the amount of advance remittance received from a Qualified Jeweller through a Bullion Clearing Member, for purchase of BDR, shall be credited in the designated account and shall be ringfenced by the clearing banks by restricting any debits from the accounts other than for applicable charges, pay-out for purchase of BDRs or towards refund of excess / unutilised amount, within the specified time limit of 11 (calendar) days from the date of remittance. The

Clearing Banks shall prohibit any credits to such accounts maintained, except for any fresh inward remittance through the AD bank in India as advance payment by the Qualified Jeweller for purchase of BDR.

IV. Movement of Gold from IFSC for import to India - Domestic Tariff Area

22. IIBX shall issue necessary instructions to the Bullion Depository, which in coordination with the vault manager registered with IFSCA, shall ensure that the BDR purchased by Qualified Jeweller is extinguished and the Bill of Entry is filed before the expiry of 11 (calendar) day period.
23. IIBX may specify detailed Standard Operating Procedures / Guidelines / Circulars etc. in this regard, for the relevant stakeholders and participants on 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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