



F.No 329/IFSCA/Bullion MIIs/2023-24/02

December 11, 2023

To

Bullion Exchange in the International Financial Services Centre (IFSC)
Bullion Clearing Corporation in the IFSC
Bullion intermediaries in the IFSC
Vault Managers in the IFSC
All market participants on the Bullion Exchange in the IFSC

Dear Sir/Madam

Import of gold and silver by Qualified Jewellers through India International Bullion Exchange

1. The Directorate General of Foreign Trade (DGFT), Ministry of Commerce and Industry vide its Notification No. 49/2015-2020 dated January 05, 2022, has *inter alia* specified that Qualified Jewellers as notified by the International Financial Services Centres Authority (IFSCA) will be permitted to import gold under ITC(HS) Codes 71081200 and 71189000, through India International Bullion Exchange IFSC Ltd. (IIBX). Accordingly, IFSCA, vide its Circulars dated January 19, 2022 and August 05, 2022, has issued guidelines and Standard Operating Procedure for Qualified Jewellers to import gold through IIBX.
2. Subsequently, DGFT has issued a Notification No. 35/2023 dated October 11, 2023 wherein it has *inter alia* specified that Qualified Jewellers as notified by the IFSCA will be permitted to import silver under ITC(HS) Codes 71069110 and 71069290 through IIBX. Further, in terms of the extant Import and Export Policy issued by the DGFT, import of silver bars under ITC(HS) Code 71069220 is free subject to RBI regulations.



3. While enabling import of silver by eligible entities through IIBX, it has been decided to issue a consolidated Circular for the purposes of import of gold and silver in accordance with the abovementioned DGFT notifications, and the circulars/directions issued by the Reserve Bank of India (RBI) in this respect. This Circular (annexed to this letter) shall supersede IFSCA Circulars no. 329/IFSCA/DPM/TS/QJ/2021-22/1 dated January 19, 2022 and 329/IFSCA/DPM/TS/QJ/2022-23/2 dated August 05, 2022.
4. Further, with a view to more accurately represent the nature of participation of Limited Purpose Trading Members (LPTMs) as clients, it has been decided to rename 'LPTM' as 'Special Category' client.
5. 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 and in pursuance of DGFT Notifications mentioned in Para 1 and 2 of this Circular.
6. 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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CIRCULAR

1. The Directorate General of Foreign Trade (DGFT), Ministry of Commerce and Industry, vide its Notification No. 49/2015-2020 dated January 05, 2022, and Notification No. 35/2023 dated October 11, 2023 has *inter alia* specified that Qualified Jewellers as notified by the International Financial Services Centres Authority (IFSCA) will be permitted to import gold under ITC(HS) Codes 71081200 and 71189000, and silver under ITC(HS) Codes 71069110 and 71069290, respectively, through India International Bullion Exchange IFSC Ltd. (IIBX). Further, in terms of the extant Import and Export Policy issued by the DGFT, import of silver bars under ITC(HS) Code 71069220 is free, subject to RBI regulations.

2. In this context, it has been decided that the entities fulfilling the following conditions shall be considered as 'Qualified Jewellers' and shall be permitted to transact on IIBX as clients of Bullion Trading Members or as 'Special Category' clients for the purpose of import of gold and silver under abovementioned ITC(HS) codes:
 - a) The entity shall be engaged in the business of goods falling under ITC(HS) codes 7106, 7108, 7113, 7114 and 7118 under Chapter 71 of ITC(HS).
 - b) The entity must have filed due GST returns up to the preceding month prior to making an application to the IIBX. Further, a certificate should be submitted by the entity, duly attested by a practicing chartered accountant or a practicing cost accountant or a practicing company secretary, stating that 90% of the average annual turnover in the last 3 financial years are through dealing in goods under precious metals; and
 - c) The entity shall have a minimum net worth of INR 25 crore as per its latest audited financial statement.



3. For the purpose of 2(c) above, the '*net worth*' shall be determined as follows:

"*Net Worth*" means the aggregate value of the paid-up share capital (or capital contribution) and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

4. The entity shall provide the net worth certificate from a practicing chartered accountant or a practicing cost accountant or a practicing company secretary.
5. The minimum net worth specified above shall be maintained by the entity at all times and reviewed by IIBX on a half-yearly basis. In case of net worth falling below the minimum requirements, IIBX shall suspend the participation of the entity from transacting on IIBX till the net worth is restored to the minimum required level. The notification of the entity as Qualified Jeweller may also be revoked by the IFSCA based on the recommendation by IIBX.
6. The detailed process to be followed for notification as a Qualified Jeweller is provided here under:
 - a) A Qualified Jeweller can either participate as a client of a Bullion Trading Members or as 'Special Category' client. A Qualified Jeweller seeking to participate as a 'Special Category' client on IIBX shall be a Body Corporate incorporated under the Companies Act, 2013 or Limited Liability Partnership (LLP) Act. 2008.
 - b) An entity (the Applicant) seeking to be notified as a Qualified Jeweller shall be required to submit a 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 client of Bullion Trading Member or as 'Special Category' client shall be communicated by the applicant to IIBX at the time of submitting its application for notification as a Qualified Jeweller.
- c) IIBX shall scrutinize 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. IIBX shall devise the Standard Operating Procedures (SOP) for onboarding the entities as clients of trading members or as 'Special Category' clients, which, *inter alia*, shall include KYC procedures.
 - d) IIBX shall verify the "Dealing in Goods and Services" details of the entity as per the eligibility norms specified in this Circular, through the GST portal.
 - e) Upon verification, IIBX shall forward the application and the related documents to IFSCA along 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.ifsca.gov.in).
 - f) Qualified Jewellers shall comply with the 'fit and proper criteria' specified under Regulation 51(2) of the International Financial Services Centres Authority (Bullion Exchange) Regulations, 2020, at all times.
 - g) IFSCA (Anti Money Laundering, Counter Terrorist-Financing and Know Your Customer) Guidelines, 2022, as amended from time to time, shall be applicable to Qualified Jewellers.
 - h) The notification of the entities as Qualified Jewellers shall be valid unless revoked, subject to adherence to the conditions mentioned in this Circular.
 - i) It is clarified that Qualified Jewellers that have already been notified by IFSCA in terms of its Circulars dated January 19, 2022 and August 05, 2022 for the purpose of import of gold under ITC (HS) Code 71081200 and 71189000 shall be deemed to have been notified for the purpose of import of silver also, under



ITC(HS) Code 71069110, 71069290 and 71069220.

- j) Further, Qualified Jewellers that have been permitted to participate as an LPTM shall be deemed to have been permitted to participate as a 'Special Category' client.
7. A Qualified Jeweller onboarded by IIBX shall be permitted to purchase Bullion Depository Receipts (BDRs) on IIBX only for import of gold and silver in the following manner:
- a) **Client of a Bullion Trading Member:** Pursuant to onboarding by the exchange as a Qualified Jeweller, the entity may get onboarded as a client with a registered Bullion Trading Member in accordance with the applicable norms.
 - b) **'Special Category' client:** An entity, in body corporate form, based in India and not having a physical presence in IFSC, may apply for importing as a Qualified Jeweller - 'Special Category' client, wherein it can trade on its own account (proprietary trading) only. It shall be treated as a client that is permitted to directly access the IIBX trading system; however, it shall have to associate itself with a Bullion Clearing Member for clearing of its purchase transactions, in the manner specified by IIBX. A 'Special Category' client shall not be considered as a Trading Member or an intermediary of IIBX and shall not be permitted to onboard a client.
8. Qualified Jewellers shall comply with all the other applicable norms specified in IFSCA (Bullion Exchange) Regulations, 2020, Operating Guidelines specified by IFSCA on August 25, 2021 and regulatory requirements as may be specified by IFSCA and IIBX from time to time.

Advance remittance for purchase of BDR on IIBX for import of gold/silver

9. The Reserve Bank of India (RBI) vide its circulars dated May 25, 2022 and



November 10, 2023 has specified guidelines on import of gold and silver, respectively, by Qualified Jewellers through IIBX or any other exchange approved by IFSCA and the DGFT, Government of India.

10. 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/silver for the quantity and/or 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 Jeweller to remit advance payments towards import of gold and silver through IIBX in terms of the RBI A.P. (DIR Series) Circular No.04 dated May 25, 2022 and RBI A.P. (DIR Series) Circular No. 07 dated November 10, 2023, respectively.
- b) The Qualified Jeweller 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 and silver.

Purchase of BDR for import of gold/silver

11. The Qualified Jewellers shall only be permitted to purchase BDR on IIBX towards import of gold and silver, and shall not in any manner be permitted to enter a sell order. IIBX shall put in place necessary systems and processes to ensure the same.

12. 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.



13. Any unutilised advance remittance as at the end of the specified time limit of eleven (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.
14. 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 eleven (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.
15. 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 eleven (calendar) day period. IIBX may specify detailed Standard Operating Procedures / Guidelines / Circulars etc. in this regard, for the relevant stakeholders and participants on IIBX.



16. 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. Qualified Jewellers shall comply with the code of conduct and any other operational guidelines that may be issued by IIBX.

17. IIBX shall submit a report to IFSCA, on a monthly basis, providing details relating to transactions in bullion by Qualified Jewellers, including details of products traded, quantity, value, quantity of gold/silver imported, etc.
