



CIRCULAR

329/IFSCA/DPM/TS/QJ/2021-22/1

January 19, 2022

To,

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

Dear Sir/Madam,

Sub: Qualified Jewellers importing gold through India International Bullion Exchange

1. The Directorate General of Foreign Trade, Ministry of Commerce & Industry vide Notification No.49 /2015-2020 dated January 05, 2022, has *inter alia* specified that import of gold under ITC(HS) Codes 71081200 and 71189000, shall be permitted by Qualified Jewellers through India International Bullion Exchange ("IIBX").

Qualified Jewellers

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 as trading members / clients of trading members, on IIBX, for the purpose of import of gold under the above-mentioned ITC(HS) codes:
 - a. The entity shall be engaged in the business of goods falling under ITS(HS) codes 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 practising chartered accountant or a practising cost accountant or a practising 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 ₹ 25 crore as per its latest audited financial statement.



Net Worth Requirements

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 practising chartered accountant or a practising cost accountant or a practising company secretary.
5. The net worth specified above shall be maintained by the entity at all times.

Fit and Proper criteria

6. The Qualified Jewellers shall comply with the 'fit and proper criteria' specified under regulation 52(2) of the International Financial Services Centres Authority (Bullion Exchange) Regulations, 2020, at all times.

Trading Member / Client of a Trading Member

7. The eligible Qualified Jewellers shall approach the exchange for obtaining authorization from the exchange for transacting on IIBX as a trading member or as a client of a trading member.
8. The exchange 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, prior to onboarding the entities as 'Qualified Jeweller', which will include KYC procedures. The exchange shall devise the Standard Operating Procedures (SOP) for onboarding the entities as trading members/clients, which, inter alia, shall include KYC procedures.
9. A Qualified Jeweller onboarded by IIBX may transact on the exchange platform in the following manner:
 - a. **Client:** Pursuant to onboarding by the exchange as a Qualified Jeweller, the entity may register as a client with a registered bullion trading member in accordance with the applicable norms.
 - b. **Trading member:** A Qualified Jeweller may establish a branch or a subsidiary in IFSC and apply for becoming a trading member of IIBX in accordance with the 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.



- c. Limited purpose trading membership:** A Qualified Jeweller based in India and not having a physical presence in IFSC, may apply for a limited purpose trading membership, wherein the entity can only trade on its own account (proprietary trading). No client onboarding shall be permitted for such a trading member. The entity 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.

Periodic Reporting

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

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 Notification No.46/2015-2020 dated 5th January 2022.

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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