



January 2023 FEDAI NEWS LETTER

Union Budget 2023: Financial Markets

<https://pib.gov.in/PressReleasePage.aspx?PRID=1895315>

National Financial Information Registry to be set up to serve as the central repository of financial and ancillary information for facilitating efficient flow of credit, financial inclusion & stability. A new legislative framework to be designed in consultation with RBI to govern this credit public infrastructure. Financial sector regulators to carry out a comprehensive review of existing regulations in consultation with public and regulated entities.

Specific measures to enhance business activities in GIFT IFSC -

- Delegating powers under the SEZ Act to IFSCA to avoid dual regulation.
- Single window IT system for registration & approval from IFSCA, SEZ authorities, GSTN, RBI, SEBI and IRDAI.
- Permitting acquisition financing by IFSC Banking Units of foreign bank.
- Amending IFSCA Act for statutory provisions for arbitration, ancillary services & avoiding dual regulation under SEZ Act
- Establishing a subsidiary of EXIM Bank in Gift City for trade re-financing.
- Recognizing offshore derivative instrument as valid financial contract.
- To amend BR Act, Banking Companies Act and the RBI Act to improve governance & enhance investors' protection.
- Countries looking for digital continuity solutions would be facilitated for setting up of their Data Embassies in GIFT IFSC.

FDI - Rationalisation of reporting in Single Master Form (SMF)

https://www.rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?id=12433

RBI advised following significant changes w. r. t. the reporting of FDI in SMF on FIRMS portal: The forms submitted with the requisite documents on the portal will be auto-acknowledged. For delayed reporting, up to 3 years the AD banks shall advise to applicant the Late Submission Fee (LSF), which will be computed by the system itself. For delay greater than 3 years, the applicant needs to approach RBI for compounding of contravention, after the form is approved by the AD Bank.

Specified security under Fully Accessible Route (FAR)

<https://www.rbi.org.in/scripts/NotificationUser.aspx?id=12444&Mode=0>

Since certain specified categories of Central Government securities were opened for non-resident investors under FAR w. e. f. 01 April' 2020. It has now been decided to also designate all Sovereign Green Bonds issued by the GoI in the fiscal year 2022-23 as 'Specified Securities' under the FAR.

Basel III Capital Regulations - Eligible Credit Rating Agencies

https://www.rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?id=12435

Banks are advised by RBI to use the ratings of the following domestic credit rating agencies for risk weighting their claims for capital adequacy purposes:

1. Acuite Ratings & Research Ltd.
2. Credit Analysis and Research Ltd.
3. CRISIL Ratings Ltd.
4. ICRA Ltd.
5. India Ratings and Research Private Ltd.
6. INFOMERICS Valuation and Rating Pvt Ltd.

FEDAI Circulars

FEDAI advised vide Circular SPL-01/NRO/2023 dated 13th January 2023 that total amount that can be repatriated from an NRO which is jointly held by two NRIs or Persons of Indian Origin, without obtaining specific permission from RBI is USD one million per financial year.

FEDAI regularly disseminates information on instances of Trade Based Money Laundering as when such instances come to our notice. FEDAI issued 2 such cautionary circulars on 03rd & 18th Jan. 2023.

UPI Payment Through International Mobile Numbers

<https://www.npci.org.in/PDF/npci/lupi/circular/2023/UPI-OC-161-Extension-to-UPI-Circular-No-60-Crediting-Debiting-Non-Resident-accounts-in-UPI.pdf>

NPCI vide their circular dated 10th January 2023 advised member of UPI eco-system that international mobile number shall be allowed to get boarded/transact in UPI, subject to certain conditions. To begin with NPCI, is enabling transactions from mobile numbers of ten countries: Australia, Canada, Hong Kong, Oman, Qatar, Saudi Arabia, Singapore, UAE, UK and USA.

ICC News

- ICC Court is celebrating 100 years looking to next century of dispute resolution leadership. To mark 100 years of the International Court of Arbitration, ICC has issued a declaration setting out a vision to lead dispute resolution for the next century.
- ICC Banking Commission reached out to FEDAI regarding their call for interest to find trade finance experts to become members of a joint DSI – Banking Commission focusing on validating the data sets as prescribed by DSI's trade documents working group.

Upcoming Market Events

- RBI MPC Meeting 06th to 08th February 2023
- FOMC Meeting 01st January to 01st February 2023
- ECB Monetary Policy Meeting 02nd February 2023
- 17th FEDAI Annual Conference 04th to 07th March, 2023 at CAIRO, Egypt

https://fedai.org.in/pdf/2022-23/Misc_Circular_No4_2023_20Jan2023.pdf

FEDAI workshops & training activities

- 31st Jan - 01st Feb 2023 - Two Days Workshop (Classroom) on "Treasury and Fx Market"
- 06th to 10th February 2023 – Five Days Orientation Workshop (Classroom) on Foreign Trade & Foreign Exchange Business at Indian Bank, IMAGE Centre
- 09th February 2023 - One Day Online Workshop on "Write off of Exports Receivables -Trade Practices, EDPMS & FEMA provisions"

Market News

- The Central Government has re-appointed Dr. Michael Debabrata Patra as Deputy Governor, RBI for a further period of one year with effect from January 15, 2023, or until further orders.
- The FSI Bureau recommended name of Shri Debadatta Chand as MD & CEO in Bank of Baroda and Shri Rajneesh Karnatak as MD & CEO in Bank of India. Shri. Chand and Shri. Karnatak are presently working as Executive Director in Bank of Baroda & Union Bank of India, respectively.
- Mobile and Electronic Devices Export Promotion Council is recognized and included in the Appendix 2T of FTP 2015-20. This is 37th Export Promotion Council.
- FATF published "Consolidated Assessment Ratings" on both effective and technical compliance for all countries assessed. <https://www.fatf-gafi.org/content/fatf-gafi/en/publications/Mutualevaluations/Assessment-ratings.html>
- The Department for Promotion of Industry and Internal Trade (DPIIT) is the Nodal Department for formulation of policy of the Government on FDI. DPIIT has published annual report for FY 2021-22 on 01 January 2023. <https://dpiit.gov.in/annual-report/annual-report-year-2021-22>
- The Monetary Authority of Singapore said on 9th January 2023 that integration of India's Unified Payment Interface (UPI) and equivalent network in Singapore, known as Pay Now will begin anytime soon, which in turn will reduce the remittance cost by 10 percent.

Budget 2023

FDI - Reporting

FAR – Sovereign

Green Bond

Eligible Credit Rating Agencies

FEDAI Circular

UPI Through Intl.

Mobile Numbers

ICC News

Market Events

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ICC - UCPDC 600 Commentary on Article 4

A Credit is a separate transaction from the underlying sale or other contracts on the basis of which such Credit is issued. Bank are not concerned or bound by underlying contracts even if any reference is giving in the credit. Consequently, the undertaking of a bank to honour, to negotiate or to fulfil any other obligation under the Credit is not subject to claims or defences by the applicant resulting from his relationship with the issuing bank or the beneficiary.

An issuing bank should discourage the applicant to include the copies of the underlying contract or proforma invoice as an integral part of the credit.

A goods description should not just be 'goods as per proforma invoice number 12345' or 'goods with details as per contract 12345'. The credit should provide sufficient information to determine the type of goods being shipped and where applicable, a reference to the underlying proforma invoice or contract to which the goods refer.

Often, an applicant will give a short statement in the letter of credit application form as to the type of goods being shipped and a reference to the contract (the underlying contract) or proforma invoice agreed between them and the beneficiary. They will then request the issuing bank to forward a copy of that contract or proforma invoice to the advising bank as an integral part of the credit so that the documents will be reviewed not only against the terms and conditions of the credit but also the contents of the contract or proforma invoice. This practice is discouraged by Article 4.

A credit that states a good description followed by a reference to a contract or proforma invoice is not discouraged by this article.

The terms and conditions of a credit and any amendment thereto are independent of the underlying sale or other contract even if the credit or amendment expressly refers to that sale or other contract.