Foreign Exchange Dealers' Association of India
(Registered under section 25 of the companies Act, 1956)

March 2024
FEDAI NEWS LETTER

Omnibus Framework for recognising Self-Regulatory Organisations

https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12636&Mode=0

RBI acknowledging the role of SROs in enhancing the effectiveness of regulations opined that self-regulation shall complement the regulatory/ statutory framework for better compliance. An SRO is expected to operate with credibility, objectivity and responsibility under the oversight of the regulator, to improve regulatory compliance for healthy and sustainable development of the sector to which it caters. The existing SROs already recognized by the Reserve Bank shall continue to be governed by the terms and conditions under which they were recognized, unless this framework is specifically extended to such SROs.

Variation in Fx Reserves during Apr.-Dec.'23 & India's Intl Investment Position as on Dec.'23

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=57569
https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=57593

As per latest RBI data vide Press Release dated 24 March'24, Fx reserves increased by USD 44 billion during Apr. to Dec. 2023 against depletion of USD 44.6 billion during the same period in 2022. Net outflow of USD 31.1 billion on current account in this period was compensated by surplus of USD 64 billion on capital account. The valuation gain, reflecting the depreciation of the USD against major currencies, lower bond yields and higher price of gold, amounted to USD 11.1 billion thus change in Foreign Exchange Reserves on BoP basis (Excluding Valuation Effects) was USD 32.9 billion. The IIP Position at the end of Q3 FY2023-24 reveals higher rise in Indian residents' overseas financial assets (USD 40.7 billion) as compared to the increase in foreign-owned assets in India (USD 28.5 billion) resulting in decline in net claims of non-residents on India by USD 12.2 billion. Reserve assets (63.9%) continue to account largest component of India's international financial assets.

FEDAI's 18th Annual Conference

The 18th FEDAI Annual Conference was held at London from 8th to 10th March 2024. The theme for the conference was "Indian Economy – From Gridlocks to Goldilocks". Beside the Keynote address by Sh. T Rabi Sankar, Dy. Governor, RBI, Sh C S Setty, MD SBI delivered the presidential address. There was a Panel discussion on "Can Service Sector exceed manufacturing in the USD 2 trillion export target?" moderated by Sh Samiran Chakraborty, MD & Chief Economist, India Citigroup. Sh. Surath Sengupta, Head of Innovation & Transformation, Llyod's Banking Group addressed the participants on "Global Developments on Digitization of International Trade".

FEDAI members were invited and participated in the iconic countdown and market closing ceremony, symbolizing the end of trading at the London Stock Exchange on 8th March'2024.

FEDAI Circular letter on Revised Hedging guidelines

Post revision of Fx Hedging Guidelines by RBI Directions vide A. P. (Dir Series) Circular No. 13 dated January 5, 2024 FEDAI issued revised FAQ and guidance note on the topic on 22 March 2024.

Updates from DGFT

https://www.dgft.gov.in/CP/

- Refer to update on Interest Equalization Scheme provided in FEDAI Newsletter for Feb.'24, DGFT has further notified by Trade Notice No. 40/2023-2024 dated 20 March'24 that a cap of Rs.2.50 Cr per IE Code would apply till 30.06.2024 for the quarter starting from 01.04.2024.
- Refer to update on AD Bank authorized for import of Gold/Silver provided in FEDAI Newsletter for August 2023, the DGFT has now notified the revised list of banks vide Public Notice No. 54/2023 dated 28 March 2024 for FY 2024-25. As per the latest authorization, there are 11 banks authorized to import both Gold & Silver and 3 banks are authorised to import only Gold.

Amendment in Non Debt Instrument Rules 2019

https://egazette.gov.in

Clarification is offered with reference to the term 'Unit' i.e. a beneficial interest of an investor held in an investment vehicle. For the purposes of this clause, unit even if partly paid up which is permitted under the regulations framed by the Securities and Exchange Board of India, in consultation with Government of India, shall be included. This is twelfth amendment in the rules since notified on 17th October 2019.

ICC News

- ICC Global Trade & Investment Policy Commission will hold its next meeting on 23 May 2024 providing an opportunity for interactive in-depth discussions on recent developments and emerging trends in international trade. Remote participation via Microsoft Teams is available.
- ICC updated on WTO's 13th Ministerial Conference's agreement to maintain the current practice of not imposing customs duties on eCommerce until the 14th Session of the Ministerial Conference or 31st March 2026, whichever is earlier. The full set of ministerial documents is available here

Upcoming Market Events

- RBI MPC Meeting– 03rd to 05th April 2024.
  RBI has also released the schedule for MPC meetings for the financial year 2024-25.
- ECB Monetary Policy Meeting – 11th April 2024
- FOMC Meeting – 30th April to 01st May 2024

Market News

- Hon'ble President of India appointed Sh. AS Rajeev, a career banker with over 38 years of banking experience as Vigilance Commissioner in the Central Vigilance Commission. Sh. Rajeev during his career worked in Syndicate Bank, Indian Bank, Vijaya Bank & Bank of Maharashtra.
- Sh. Nidhu Saxena joined the Bank of Maharashtra as MD & CEO, he was Executive Director at Union Bank of India prior to his current appointment.
- Sh M.V. Rao, MD & CEO of Central Bank of India is new chairman of the IBA
- RBI sanctioned the Scheme of Amalgamation of Fincare Small Finance Bank Ltd. with AU Small Finance Bank Ltd. w.e.f. April 01, 2024.
- Morgan Stanley India Primary Dealer Private Limited has been admitted as member of the Foreign Exchange Dealers' Association of India (FEDAI)
- RBI & Bank Indonesia signed a MoU for establishing a framework to promote the use of local currencies viz., INR and IDR for cross-border transactions which will eventually contribute to promoting trade as well as deepen financial integration and strengthen the relations between India and Indonesia.
- RBI directed the card issuers not to enter into any arrangement or agreement with card networks that restrain them from availing the services of other card networks, option should be available to customers to choose from multiple card networks at the time of issue.

Contents

ICC - UCPDC 600
Commentary on Art. 17

A) The presentation of documents must have at least one original of each of the documents stipulated in the letter of credit.

B) Any document that bears an apparently original signature, mark, stamp, or label of the issuer of the document shall be treated as original by a bank, unless the document itself indicates that it is not original.

C) A document of the following nature will also be accepted as original by a bank, unless the document itself indicates otherwise:

i. the document appears to be written, typed, perforated, or stamped by the document issuer's hand; or
ii. it appears to be on the document issuer's original stationery; or
iii. it state that it is original, unless the statement appears not to apply to the document presented.

An example to understand C (iii) above: a document is issued and is stamped or marked "Original". For one reason or another, Original is not presented but a photocopy of that document is presented. The photocopy will not only convey the data contained in that document but also the stamp or mark "Original". That stamp or mark does not apply to the status of the photocopy but to the "Original" document that was photocopied. For the photocopy to be treated as an original, it would need to comply with the requirements of sub-article 17 (b).

D) If a letter of credit requires presentation of copies of documents, presentation of either originals or copies is permitted. There is no restriction for presenting originals.

E) If a letter of credit requires presentation of multiple documents by using terms such as "in duplicate", "in two fold" or "in two copies", this will be satisfied by the presentation of at least one original and the remaining number in copies, except when the document itself indicate otherwise.

In light of the above, it is very important that the LC should be precise on the requirement of documents in its original or copy format or specified combination thereof.

ISBP provides further guidance on this article on Originals and Copies that will be published in our next month edition.

To be continued ...