



May 2021 FEDAI NEWS LETTER

Contribution to an AIF set up in Overseas jurisdiction, including IFSCs

https://www.rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?Id=12092

RBI decided to allow sponsor contribution from resident Indian Party (IP) to an Alternative Investment Fund set up in an overseas jurisdiction, including International Financial Services Centres (IFSCs) in India, as per the laws of the host jurisdiction under ODI. Accordingly, IP can set up AIF in overseas jurisdictions, including IFSCs, under the automatic route w.e.f. May 12th, 2021 provided it complies with Notification FEMA 120/2004-RB.

Periodic Updation of KYC and Video based Customer Identification

https://www.rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?Id=12083

https://www.rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?Id=12089

Keeping in view the current COVID-19 related restrictions in various parts of the country, RBI advised that in respect of the customer accounts where periodic updation of KYC is due and pending as on date, no restrictions on operations of such account shall be imposed by banks till December 31, 2021, for this reason alone. Banks are also permitted to undertake carry out Video based Customer Identification Process for individual customers, proprietor in case of proprietorship firm, authorised signatories and Beneficial Owners in case of Legal Entity customers, both for opening of account or periodic KYC updating.

Reserve Bank of India - Reports

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=51637

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=51566

RBI Annual Report 2020-21: As per data available in this report released on May 27th, 2021 Singapore followed by US, Mauritius and UAE were the top 4 countries for FDI flows into India during 2020-21. In terms of sectors Computer Services, Transport, Manufacturing, Retail and Wholesale Trade were the top 4 sectors for the FDI receipts during the year.

Report also said that even as daily new COVID infections have started dropping recently, it still "remains high for comfort" and the macro-economic costs of this wave are likely to spill over into July.

RBI HY Report on Management of Foreign Exchange Reserves, October-March 2020-2021: While safety and liquidity constitute the twin objectives of reserve management in India, return optimization is kept in view within framework. During the half-year period under review, reserves increased from USD 544.69 billion from September 2020 to USD 576.98 billion as on March 2021. As at end-March 2021, the Reserve Bank held 695.31 metric tonnes of gold of which 403.01 metric tonnes is held overseas in safe custody with the Bank of England and the Bank of International Settlements and balance 292.30 tonnes in India.

Group of Advisors to Regulations Review Authority 2.0

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=51544

An Advisory Group, under the Chairmanship of Sh. S. Janakiraman, Managing Director, State Bank of India has been constituted to support the RRA 2.0. The Group will assist the RRA by identifying areas/ regulations/ guidelines/ returns which can be rationalized and submit reports periodically to RRA containing the recommendations/ suggestions.

UK Law Commission market consultation for eBL

UK Law Commission has announced a consultation on proposals to allow for the legal recognition of electronic versions of documents such as bills of lading and bills of exchange. If implemented, the reforms could revolutionise global trade.

International trade is worth more than £18 trillion but due to legal requirements, trade still relies on the use of billions of paper documents which is costly, inefficient and a risk during global crises such as the coronavirus pandemic.

The Law Commission's proposals, that are now being consulted on, highlight three criteria that electronic trade documents would need to meet so that they can be possessed in the eyes of the law and therefore used for global trade as an alternative to paper versions.

ICC News - URDTT

After completing five rounds of discussion & deliberation over the draft URDTT, ICC has now shared final draft of Uniform Rules for Digital Trade Transactions (**URDTTV-1.0**) with National Committees asking for their vote of approval.

FEDAI workshops & training activities

- **Forthcoming 16-17 June 2021** - 2 Day Online Workshop on "Documentary Credit Operations & Related Rules"
- **18th June 2021** - FEDAI as part of its Monthly Discussion Forum is organising in collaboration with ICC India, a webinar on 'ICC Digital Rules & Practices - Current State & Way Forward'
The webinar will cover the following topics:
 - ICC Digitalization Working Group, - eUCP: key operational aspects
 - URDTT: status and highlights - ICC Digital Roadmap: Next steps and Q&A
 To discuss this and more, we will have **Mr. David Meynell, Senior Technical Advisor, ICC Banking Commission and founder, TradeLC Advisory, in conversation with Ashwani Sindhvani, Chief Executive, FEDAI & Member, ICC India Banking & Finance working group.**
- **18th May 2021** - 1 Day Online Workshop held on "Export Finance"
- **25th May 2021** - 1 Day Online Workshop held on "Miscellaneous Remittances and LRS"

Upcoming Market Events

- RBI MPC Meeting 02-04th June 2021
- FOMC Meeting 15-16th June 2021
- ECB Monetary Policy Meeting 10th June 2021

Market News

- Banks Board Bureau has recommended name of Shri Shanti Lal Jain, ED Bank of Baroda for the position of MD & CEO in Indian Bank.
- RBI has appointed Shri Jose J. Kattoor as Executive Director (ED) with effect from May 04, 2021.
- National Asset Reconstruction Company Ltd. was a proposed bad bank for taking over stressed assets of lenders and was announced by Finance Minister Nirmala Sitharaman in the budget for 2021-22. Sh. Padmakumar M Nair (Presently CGM, SBI) has been appointed as the CEO of the proposed NARC Ltd.
- Credit rating agency DBRS Morningstar has downgraded India's long-term foreign and local currency rating to BBB (low) from BBB, citing severe impact of covid-19 on the economy. At the same time, Short-Term Foreign and Local Currency – Issuer Ratings has been downgraded to R-2 (middle) from R-2 (high). The trend on all ratings has been changed to Stable from Negative on expectations that the policy response will preserve the macroeconomic stability and support the recovery once the pandemic is contained.

Contents

Contribution to an AIF

KYC Guidelines

RBI - Reports

Advisors to RRA

Mkt Consultation on eBL - UK Law Commission

ICC News - URDTT

FEDAI Trainings

Market Events

Market News

UNCITRAL

<https://uncitral.un.org>



The UNCITRAL was established by the United Nations General Assembly resolution no. 2205 (XXI) of 17 December 1966. It plays an important role in developing framework in pursuance of its mandate to further the progressive harmonization and modernization of the law of international trade by preparing and promoting the use and adoption of legislative and non-legislative instruments in a number of key areas of commercial law

UNCITRAL 60 members are elected by the United Nations General Assembly for a term of six years from States Members of the United Nations and represent different legal traditions and levels of economic development. Representation comprises 14 from Africa, 14 from Asia, 8 from East European States, 10 from Latin America & Caribbean States and 14 Western European and other States.

UNCITRAL has published Model laws on electronics transferable records (MLETR) besides model laws on Public procurement and infrastructure development, International payments and Insolvency.

The UNCITRAL Secretariat has established a system for collecting and disseminating information on court decisions and arbitral awards relating to the Conventions and Model Laws that have emanated from the work of the Commission

ICC Paris draft & draws various rules in tandem with UNCITRAL's model laws; URDTT is latest example.

- :Stay healthy and stay safe: -