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

November 2024
FEDAI NEWSLETTER

Reporting of Foreign Exchange Transactions to Trade Repository Click here

Authorised Dealers currently are reporting all OTC foreign exchange derivative contracts and foreign currency interest rate derivative contracts, undertaken by them directly or through their overseas entities, to the Trade Repository (TR) of CCIL to ensure completeness of transaction data in TR for all foreign exchange instruments, RBI has decided to expand the reporting requirement to include Fx spot (including value cash and value tom) deals in a phased manner. Money changing transactions are not in the scope of these Directions.

Amendment - Know Your Customer (KYC) Direction, 2016 Click Here

No transaction or account-based relationship is undertaken without following the CDD procedure. RBI issued clarification/ amendment that REs shall apply the CDD procedure at the UCIC level. Thus, if an existing KYC compliant customer of a RE desires to open another account or avail any other product or service from the same RE, there shall be no need for a fresh CDD exercise as far as identification of the customer is concerned.

Operational framework for reclassification of FPI to FDI Click here

In terms of Para 1(a)(iii) of Schedule II of the NDI Rules, any FPI investing in breach of the prescribed limit shall have the option of divesting their holdings or reclassifying such holdings as FDI subject to the conditions specified by the RBI and SEBI within 5 trading days from the date of settlement of the trades causing the breach. In this regard, RBI has now provided an operational framework for such reclassification of foreign portfolio investment by FPI to FDI. AD I banks may accordingly facilitate the reporting of such transactions as per this framework.

RBI and MMA sign an MOU for use of local currencies in internationals trade

The Reserve Bank of India (RBI) and the Maldives Monetary Authority (MMA) signed a Memorandum of Understanding (MoU) for establishing a framework to promote the use of local currencies viz., the Indian Rupee (INR) and the Maldivian Rufiyaa (MVR) for cross-border transactions. The MoU encourages the use of INR and MVR in current account transactions, permissible capital account transactions and any other economic and financial transactions as agreed upon by both countries. This framework would enable exporters and importers to invoice and settle in their respective domestic currencies. Use of local currencies would optimise costs and settlement time for transactions.

Updates from IFSCA

- The IFSCA has notified International Financial Services Centres Authority (Registration of Factors and Registration of Assignment of Receivables) Regulations, 2024. The International Trade Financing Services platforms (ITFS) are electronic platforms for facilitating the trade finance requirements of exporters or importers, through multiple financiers. These guidelines supersede the Registration of Assignment of Receivables (Reserve Bank) Regulations, 2022, and Registration of Factors (Reserve Bank) Regulations, 2022 and the circular titled 'Guidelines on Factoring and Forfaiting of Receivables" dated August 17, 2021, issued by the Authority, for transactions undertaken in International Financial Service Centres.

Amendment in FEMA 10 (R)/2015-RB: FEM (Foreign currency accounts by a person resident in India) Regulations, 2015

With reference to Accounts of Startups, explanation provided on startup is revised to read: 'startup' will mean an entity recognised by the Department for Promotion of Industry and Internal Trade pursuant to notification number G.S.R. 127(E) dated February 19, 2019, subject to amendments.

Updates from DGFT

- The RoDTEP scheme is extended for exports made from DTA Units till 30.09.2025 and AA/EOU/SEZ Units till 31.12.2024 vide Notification No.32 dated 30.09.2024.
- DGFT has issued updated draft Schedule 2 to FTP 2023 vide Trade Notice No. 22/2024-25 dated 14.11.24.
- As per the Para 4.71 of HBP 2023, exports under schemes of gold/ silver/platinum jewellery and articles thereof are allowed through specified stations by airfreight and Foreign Post Office. Amritsar Airport is now added to the list of select ports for ease of doing business.

ICC News

- ICC Banking Commission issued TA Briefing N°12 on 'Sub-article 14 (d) in UCP 600 on interpretation of data in a document, when read in context with the credit, the document itself and international standard banking practice'.
- ICC Banking Commission released final opinion on case reference 470/TA947 & 470/TA948.

FEDAI Workshop

04th December 2024: Online Workshop on "Understanding Regulations and Market Practices for Trade Transactions between SEZ and DTA Units

19th to 20th December 2024: 2 Days' Workshop on "Treasury and Foreign Exchange Market" at FEDAI Conference Room, Mumbai.

Upcoming Market Events

➢ RBI MPC Meeting	➢ – 04th to 06th December 2024
➢ ECB Monetary	➢ – 12th December 2024
➢ Policy Meeting FOMC Meeting	➢ – 17th to 18th December 2024

Market News

- Shri K. Sanjay Murthy is appointed the Comptroller and Auditor General of India
- Financial Services Institutions Bureau (FSIB) recommended Shri Rahul Bhave, Dy. MD, IFCI Ltd. for the position of MD & CEO in IFCI Ltd.
- SBI, HDFC and ICICI Bank continue to be identified as Domestic Systemically Important Banks.
- All companies registered under the Companies Act, 2013 with a turnover of more than Rs. 250 cr. and all Central PSE are required to get themselves onboarded on **TReDS** by 31.03.2025
- The Cabinet Committee on Economic Affairs has approved the PAN 2.0 Project. This project shall enable technology driven transformation of taxpayers' registration services facilitating ease of access, speedy service delivery, improved quality, single consistent source of data and various.
- As part of commemoration of the Reserve Bank of India's 90th year since its establishment (RBI@90), a "**High-Level Policy Conference of Central Banks from the Global South**" was organised during November 21st to 22nd, 2024 in Mumbai. The theme of the conference was "Building Synergies" across the central banking fraternity of the Global South and was attended by delegates from 18 countries.
- FBIL will publish Reference Rate (USD/INR, GBP/INR, EUR/INR & JPY/INR) on all Mumbai Business Days at around 01:00 P.M. IST in place current publication time 1:30 P.M. with effect from January 6, 2025 (Monday),

Contents

Reporting of Fx Trade Repository
Amendment - KYC Direction
Operational framework: Reclassification - FPI to FDI
MoU signed between RBI and MMA
Updates from IFSCA
Amendment in FEMA 10 (R)
FEDAI Workshop
Market Events
Market News

ICC - UCPDC 600
Commentary on Art. 20

Continued from previous month...

Requirement for Original Document:
As per sub – article 20 (a) (iv), the bill of lading, however, named, must appear to be the sole original bill of lading or, if issued in more than one original, be the full set as indicated on it. Bank only accepts original bills of lading, a measure that reinforces the security of the letter of credit.

Contract of Carriage and no indication to Charter Party:
As per sub – article 20 (a) (v), the bill of lading, however, named, must appear to contain the terms and conditions of contract of carriage or it must make a reference to another source containing the terms and conditions of carriage, such has a short form or blank back bill of lading. However, banks will not examine the contents of terms and conditions of carriage.

As per sub – article 20 (a) (vi), the bill of lading, however, named, must not contain any indication that it is subject to a charter party.

Transshipment:
Sub-article 20 (b) of UCP 600, provides the meaning of Transshipment. Transshipment means unloading of goods from one vessel and reloading the goods to another vessel during the carriage from the port of loading to the port of discharge as stated in the letter of credit.

Sub-article 20 (c) states:

i. A bill of lading may indicate that the goods will or may be transshipped provided that the entire carriage is covered by one and the same bill of lading.
ii. A bill of lading indicating that transshipment will or may take place is acceptable, even if the credit prohibits transshipment if the goods have been shipped in a container, trailer or LASH barge as evidenced by the bill of lading.

As per sub-article 20 (d) clauses in a bill of lading stating that the carrier reserves the right to transship will be disregarded.

To be continued ...

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