

## Annexure 1

### Standard Operating Procedures (SOP) for entities to Register as Qualified Jewellers

The following revision is proposed as per point A (Process for notification of Qualified Jeweller) of the circular no. 329/IFSCA/DPM/TS/QJ/2022-23/2 dated August 05, 2022 issued by International Financial Services Centres Authority (IFSCA),

- a. At present, a Qualified Jeweller can either participate as a client of a Bullion Trading Member or as a Limited Purpose Trading Member (LPTM). A Qualified Jeweller seeking to participate as a LPTM on IIBX shall either be a Body Corporate incorporated under the Companies Act, 2013 or a Limited Liability Partnership (LLP).
- b. An entity (the Applicant) seeking Qualified Jeweller status shall be required to submit duly filled application to IIBX in the specified form along with the supporting documents and applicable fees. The required formats for the same and the fees to be remitted can be referenced from IIBX website [www.iibx.co.in](http://www.iibx.co.in) under Membership tab.
- c. The applicant seeking registration shall provide the option in the form either as a 'LPTM' or as a 'Client'. Once LPTM is opted
  - i. A Qualified Jeweller participating as a Client (QJ-C) may approach a Bullion Trading Member for opening a client account for the purpose of buying BDR for importing gold. The QJ-C shall open a demat account with India International Depository IFSC Limited (IIDIL).
  - ii. A Qualified Jeweller participating as LPTM (QJ-LPTM) shall be treated as a client that is permitted to directly access the IIBX trading system. A LPTM shall not be considered as a Trading Member or intermediary on IIBX. The entity seeking LPTM membership will have to submit additional set of documents as prescribed by IIBX. This set of LPTM documents can be obtained by sending an email to [membership@iibx.co.in](mailto:membership@iibx.co.in) LPTM shall have to associate itself with a clearing member for clearing of its purchase transactions. QJ-LPTM shall open a demat account with India International Depository IFSC Limited (IIDIL). QJ-LPTM shall comply with the code of conduct and any other operational guidelines that may be issued by IIBX from time to time.

#### Onboarding Process of Qualified Jewellers:

- d. The request for registration by applicant shall be on the entity's letterhead (as per format specified– Annexure 1A).
- e. Entity to clearly indicate in the request letter that they are engaged in the business of goods falling under ITS(HS) codes 7108, 7113, 7114 and 7118 under Chapter 71 of ITC(HS).

- f. It is mandatory for the entity to have filed due GST returns up to the preceding month prior to making an application to the IIBX. This shall be duly certified by a practicing chartered accountant.
- g. The following annexures / declarations are mandatory along with the request letter:
- Certificate from a practicing chartered accountant (Annexure 1B) stating that 90% of the average annual turnover in the last 3 financial years are through dealing in goods under ITS(HS) codes 7108, 7113, 7114 and 7118 under Chapter 71 of ITC(HS).
  - Net worth of ₹ 25 crore as per its latest audited financial statement (as per the format specified – Annexure 1B). Entity to provide audited financial statements of last three financial years. Entity should provide an undertaking on the entity's letterhead to always maintain Net worth of ₹ 25 crore.
  - Entity should provide an undertaking in the given format (Annexure 1C) on their letterhead to confirm compliance with Fit and Proper guidelines as per Chapter XIV of IFSCA (Bullion Exchange) Regulations, 2020.
  - Self-attested PAN card copies (National ID / TAX ID document in case of Foreign individual) of Entity/Directors/Partners.
  - Self-attested GST certificate across all states whereby the entity is registered.
  - In case of clients of Members, KYC norms as specified by the Exchange vide its circular no. 20220110-2 dated January 10, 2022 needs to be submitted to the respective Member.
- h. Based on the documents provided by the applicant, IIBX will scrutinise the application to verify the fulfillment of the eligibility criteria of the applicant. IIBX may seek additional documents wherever considered necessary, including clarifications from the applicant.
- i. Upon verification, IIBX will forward the application and the related documents to IFSCA with its recommendations. IFSCA, upon its satisfaction, shall notify the entity as Qualified Jeweller by issuing a letter to the entity, under intimation to IIBX. IFSCA shall also publish the duly updated list of the notified Qualified Jewellers on its website ([www.ifsc.gov.in](http://www.ifsc.gov.in))
- j. Net worth certificate for clients and members should be submitted on a half-yearly basis viz. September & March, within 3 months of completion of half year.
- k. It may further be noted that net worth of ₹ 25 crore as per its latest audited financial statement shall be maintained by "Qualified Jewellers" at all times and it shall be the responsibility of "Qualified Jewellers" to report immediately to the Exchange of any shortfall/ non-compliance of minimum net worth requirements. IIBX will suspend the participation of a Qualified Jeweller from transacting on IIBX in the event the net worth falls below ₹ 25 crores. The notification of the entity as Qualified Jeweller may also be revoked by IFSCA, based on the recommendation by IIBX.
- l. The notification of the entities as Qualified Jewellers shall be valid unless revoked, subject to the adherence to the conditions mentioned in the January circular of IFSCA.
- m. The KYC/AML guidelines specified by IFSCA from time to time shall be applicable on Qualified Jewellers.