



Presentation for

Participation of Indian Banks on

India International Bullion Exchange IFSC Limited (IIBX)



India's first International Financial Services Center (IFSC) is set up under Special Economic Zone Act, 2005 ("SEZ Act 2005") in GIFT City, Gandhinagar, Gujarat, India



Government of India operationalized International Financial Services Center (IFSC) at GIFT Multi Services SEZ in April 2015



GIFT is conceptualized as a global Financial and IT Services hub, a first of its kind in India, designed to be at or above par with globally benchmarked financial centers



International Financial Services Centres Authority

➤ Role of IFSCA

- ❑ The IFSCA is a unified authority for the development and regulation of financial products, financial services and financial institutions in the International Financial Services Centres (IFSC) in India. The IFSCA has been established as a unified regulator under the International Financial Services Centre Authority Act passed by the Indian Parliament in 2019 with a holistic vision in order to promote ease of doing business in IFSC and provide world class regulatory environment.

➤ Purpose of IFSCA

- ❑ The main objective of the IFSCA is to develop a strong global connect and focus on the needs of the Indian economy as well as to serve as an international financial platform for the entire region and the global economy as a whole.
- ❑ Prior to the establishment of IFSCA, the domestic financial regulators, namely, RBI, SEBI, PFRDA and IRDAI regulated the business in IFSC.

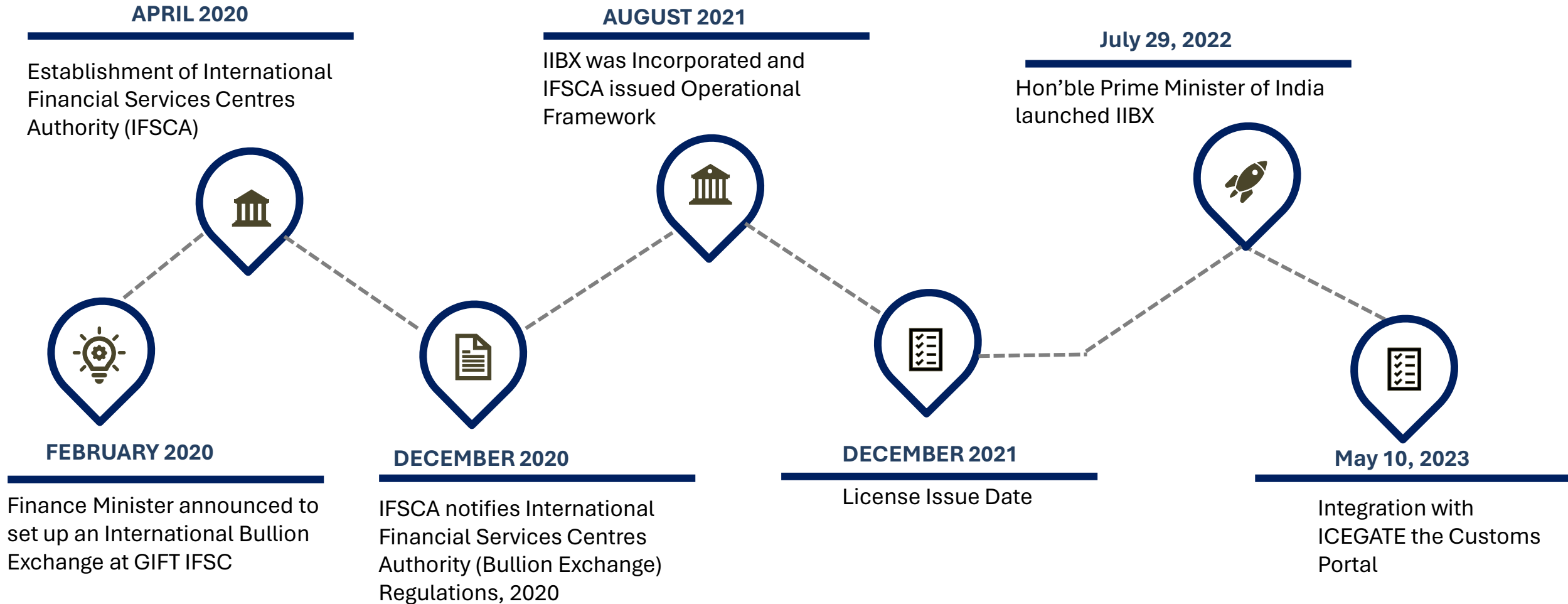
Promoters of India International Bullion Exchange IFSC Ltd.

Promoted by the following Market Infrastructure Institutions through Holding Company



- Shareholding pattern in India International Bullion Holding IFSC Ltd. is shown above.
- BSE is the promoter of India INX and India ICC.

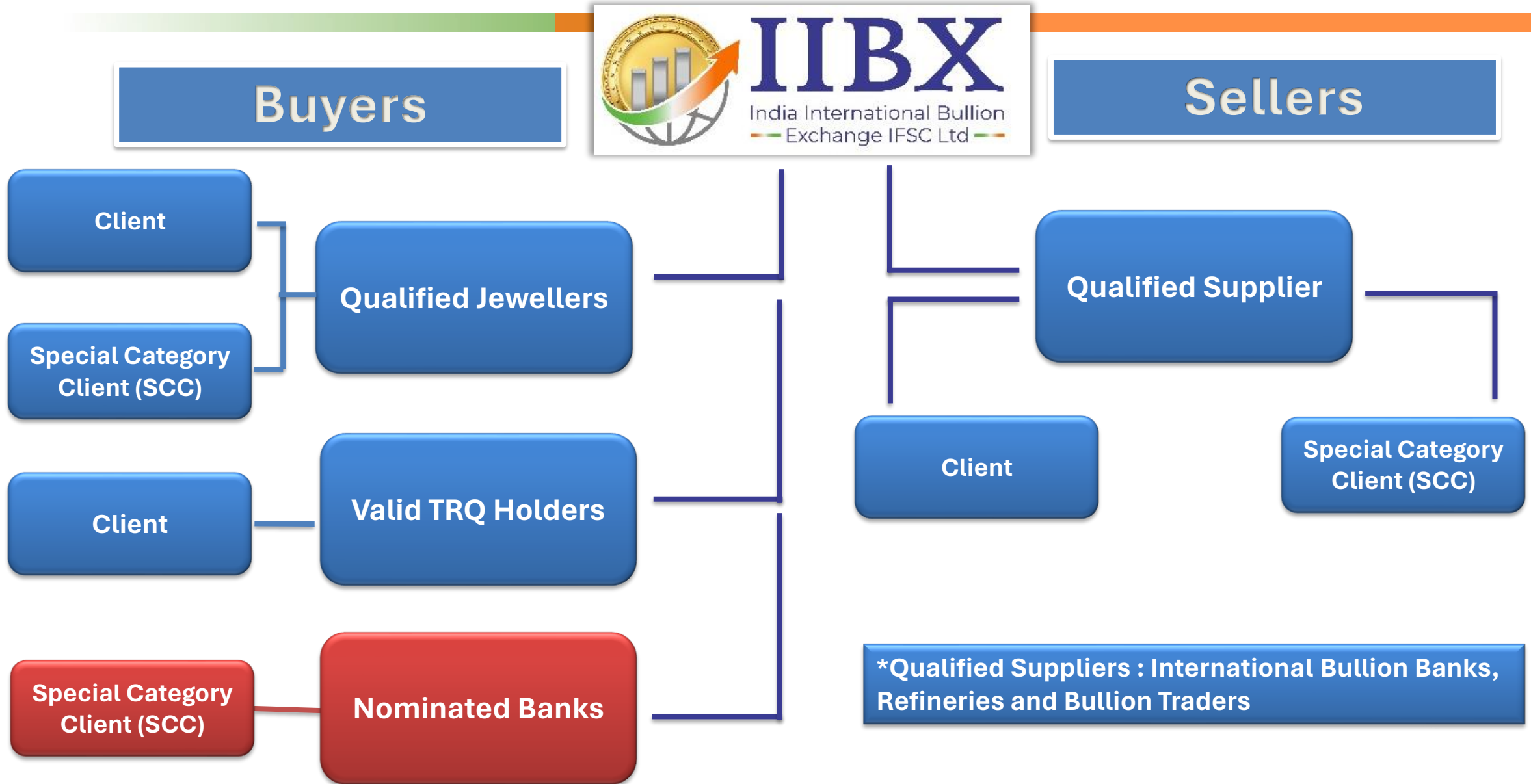
Evolution of IIBX



IIBX Ecosystem



Bullion Buyers and Sellers



Products, Market Hours and Settlement Type

Products Launched by IIBX



GOLD 995 T+0



GOLD MINI 999 T+0

LBMA Good Delivery Bars



UAEGD GOLD 995 T+0
UAEGD GOLD 999 100 Grams T+0
UAEGDTRQ GOLD 995 T+0
UAEGDTRQ GOLD 999 100 Grams T+0

UAE Good Delivery Bars

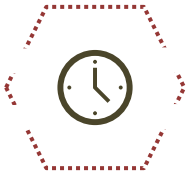


SILVER GRAINS T+0 (LBMA)
UAEGD SILVER GRAINS T+0
UAEGDCEPA SILVER GRAINS T+0

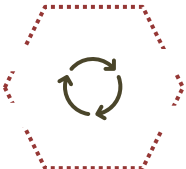


SILVER BARS T+0 (LBMA)
UAEGD SILVER BARS T+0

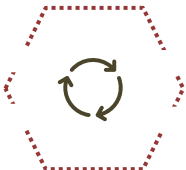
LBMA / UAE Good Delivery Bars



Market Hours 9:00 Hrs. to 17:30 Hrs. (IST)



BDR Settlement at Every 30 Minutes



Fund Settlement at 12:15 ,15:15 and 18:00 (IST)

- T+0 Settlement Contracts
- 100% Early Pay-in of Funds & Securities
- Delivery - Compulsory in Bullion Depository Receipts

Global First : Every 30 minutes Bullion Depository Receipt (BDR) settlement

- IIBX is first Exchange globally to introduce ‘Every 30 minutes Settlement of BDRs’.
- Direct Pay-out to Buyers have been introduced wherein BDRs are directly credited to the Buyer’s Demat account without the intervention of the intermediate Clearing and Trading Members.
- These innovative solutions have paved the way for same day delivery of Bullion through IIBX ecosystem for the Qualified Jewellers.

Global First : 3 times Fund Settlements Cycle

- IIBX is first Exchange globally to introduce '3 times Fund Settlement Cycles'.
- Fund settlement cycle is now activated 3 times a day at every 12:15, 15:15, 18:00 IST.
- Multiple Fund settlement Cycles reduces TAT of overall trade process, encouraging Qualified Suppliers to offer best rates and manage Bullion shipment cycles and Cash flow of funds more efficiently.

RBI Circulars Relevant to IIBX

- **Import of Gold :** RBI has authorized Advance Remittances from Authorized Dealer (AD) Banks in India for gold imports via IIBX, as per RBI Circular No. RBI/2022-2023/57 A.P. (DIR Series) Circular No.04, dated May 25, 2022.
- **Import of Silver :** RBI has permitted Advance Remittance from AD Banks in India for import of Silver through IIBX vide RBI Circular No. RBI/2023-2024/83 A.P. (DIR Series) Circular No. 07, dated November 10, 2023.
- **IBU Bank as PCM :** RBI has permitted Scheduled Commercial Indian Banks operating in GIFT-IFSC to act as Professional Clearing Members of the IIBX vide RBI Circular No. RBI/2022-23/62 DoR.AUT.REC.41/24.01.001/2022-23, dated June 07, 2022).
- **IBU Bank as TCM :** RBI has permitted Scheduled Commercial Indian Banks operating in GIFT-IFSC to act as Trading and Clearing Members of the IIBX vide RBI Circular No. (RBI/2023-24/120 DoR.AUT.REC.74/24.01.041/2023-24 dated February 09, 2024)

RBI Circular on Hedging of Gold Price Risk

- **Hedging through Gold Futures:** Residents other than individuals having exposure to Price Risk of Gold are allowed to hedge such exposure on IIBX vide RBI Circular No. Ref RBI A.P. (DIR Series) Circular No. 20, dated December 12, 2022, as updated on April 15, 2024.
- Launch of Gold Future at IIBX is expected soon
 - Residents other than individuals will approach AD Bank in Domestic Area to send initial margin money and subsequent margin calls to IIBX via a special account opened for this purpose
 - IIBX will launch Future Contracts having maturity upto 13 months (8 contracts running)
 - This will open further business opportunity for all the AD Banks.



Nominated Banks authorized to Import Gold and Silver as Special Category Client (SCC)

Pre-Requisite for becoming SCC at IIBX

- **Eligibility** - Bank Authorised to Import Gold / Silver as per RBI Notification are allowed to become SCC.(11 for Gold/Silver, 3 for Gold)
- **Buy side Trades** - SCC shall execute only buy side trades on behalf of clients.
- **SCC to appoint IBUs as Clearing Member** - SCC will appoint one of the IFSC Banking Units (IBUs) to act as their Clearing Member.
- **No RBI approval Required** – No additional RBI Approval is required to become SCC at IIBX

Risk Management for SCC at IIBX

- **110% advance pay-in of funds** : All client trades placed on the exchange shall be against 110% advance pay-in of funds (buy order) of the expected value of bullion (quantity & quality specification) intended to be purchased and securities (sell order) in the account of the bank, as is applicable.
- **Net Open Overnight Position Limit** : With reference to the Net Open Overnight Position Limit (NOOPL) for a Bank as prescribed in Master Direction - Risk Management and Inter-Bank Dealings dated July 05, 2016 (as updated from time to time), the Board may determine a global sublimit for net overnight open position in gold/silver, which shall not exceed one tonne of gold equivalent.
- **Risk Free Settlement** : As the IIBX are T+0 contracts and are 100% pre-funded from both buyer and seller side, there is no risk of Settlement Default.
- **Insurance** : The Vault Manager maintains comprehensive insurance coverage for the value of physical Bullion stored in its vaults, protecting against all relevant risks such as fire and allied perils including flood, cyclone, earthquake and spontaneous combustion, burglary and theft and special perils covering riots, strikes, terrorism for which insurance is necessary and available, to the satisfaction of India International Depository IFSC Ltd (IIDIL).

Refer to Annexure G of Bye Laws of IIDIL <https://iidi.co.in/documents/iidi-byelaws.zip>

Benefits of importing Bullion through IIBX

Market access	IIBX grants SCC direct access to import Bullion, catering to a all volume and size of customers
Minimum lot size for Pricing Bullion	Option available to bid as low as 100 Grams Gold,20 Kg Silver (under Silver Grains) Contract
Freeing of the Counter party limit	Freeing of the Counter party limit from Foreign Bullion Bank
Every 30 minutes Settlement of BDRs	Direct Pay-out to Buyers streamlines Bullion delivery by crediting BDRs directly to the Buyer's Demat account, enabling same-day delivery for Qualified Jewellers within the IIBX ecosystem.

Process Flow.....1

Sellers (QS)

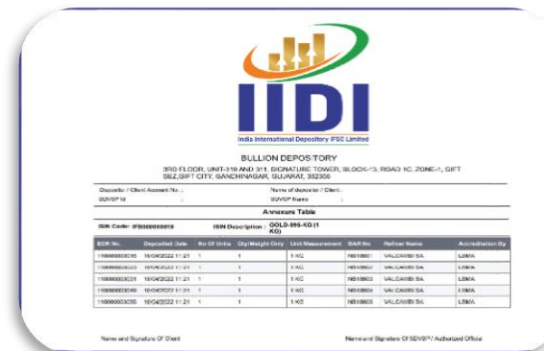
Bullion Dealers/Banks



Deposit Bullion at IFSC Vaults and Demat process



Generation of Bullion Depository Receipt (BDR)



Place Sell Order on IIBX Trading System



Buyers(SCC)

Customer Approach SCC for import of Bullion



SCC blocks 110% Funds



SCC send USD Funds to Clearing Member



Place Buy Order on IIBX Trading System



Process Flow.....2

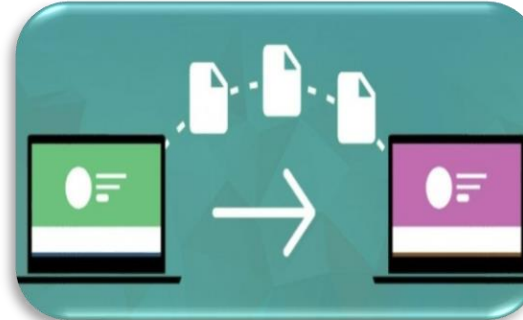
Buy and Sell Order Matches



IIBX - Clearing



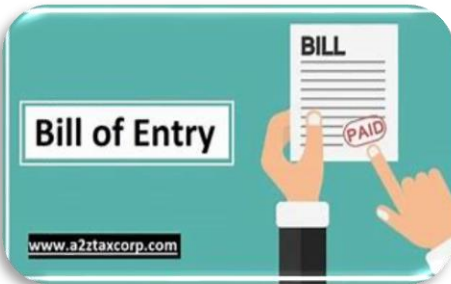
Transfer of BDR to Buyer Demat Account by IIDI



Extinguishment of Bullion Depository Receipts

[illegible]

Filing of Bill of Entry



Customs Clearance



Extinguishment of BDR into Physical Gold at Vault



Door Delivery across India



IBUs (Branches of Indian Banks operating in GIFT-IFSC)

Branch/Subsidiary/Joint venture of an Indian Bank in GIFT-IFSC

as TM/TCM

Pre-Requisite for becoming TM / TCM at IIBX

- Necessary Internal approval from the Board of the Bank with Business Plan and along with particulars of the Risk Management Architecture
- Approval from Reserve Bank of India for the Bank to become TM/TCM at IIBX
- TM/TCM Membership application to be made to IIBX (Details given <https://www.iibx.co.in>)
- Approval from IFSCA
- Option for Banks to convert existing PCM membership of IIBX to TCM basis one time authorization subject to approval from IFSCA
- Once approved by IFSCA, open Demat account with IIDI and complete IIBX documentation process
- Start onboarding the QJ – Client, QJ – SCC, QS – Client, QS – SCC, India-UAE TRQ Holder and Other Nominated Bank as SCC and Other Foreign Banks as SCC.

Roles and Responsibilities of TM / TCM at IIBX

- **Trades on behalf of Clients :** The TM/TCM shall execute trades only on behalf of clients (without proprietary trading).
- **Adherence to RBI Circular:** The bank in its role as TM/TCM shall ensure adherence to the terms and conditions as outlined in para 5 of the circular on Branches of Indian Banks operating in GIFTIFSC – acting as PCM of IIBX dated June 07, 2022. The bank shall ensure adherence to extant RBI instructions as contained in the Master Circular – Loans and Advances – Statutory and Other Restrictions dated July 01, 2015 (as updated from time to time).
- **Any other Regulatory requirement -** The bank shall comply with the conditions, if any, stipulated by other regulatory bodies that may be relevant for its role.

Risk Management for TM / TCM at IIBX

- **No Proprietary Positions** : As IBUs may not be allowed to have Proprietary Positions in Bullion, if need be, IIBX can restrict them from Trading in their Proprietary account.
- **Not Exposed to Position or Price Risk** : As IBUs will have trades only in Client Accounts (for QJ, QS, other clients), they will not be exposed to any kind of Position and Price Risk.
- **No Settlement Risk** : The Settlement Risk is covered by IIBX through 100% pre-funded T+0 contract from both Buyers & Sellers.

Opportunities for Indian Bank in GIFT-IFSC as TM/TCM

- **Opportunity to tap large Indian Bullion Market** : Large Indian Bullion Market of approximately 800 tonnes of Gold and 5000 to 7000 tonnes of Silver annual import.
- **Execution of Trades** : Trading Members will have the opportunities to execute trades on the IIBX platform on of their clients base subject to different Membership / Client Categories available.
- **Opportunity to onboard large Client Base** : Additional avenue to generate revenue by onboarding a broader array of Qualified Jewellers/ TRQ Holders / Qualified Supplier / Clients.
- **Access to multiple Products offered by IIBX**: Trading Members in future will have access to Multiple Products offered by IIBX. IIBX is gearing up to launch a range of products, including Gold Futures, Gold Leasing Products, Gold Metal Loans, Repo, Bullion based investment products, Digi Gold etc
- **Surplus US dollar funds against BDR** : Banks can park their surplus US dollar funds against BDR under soon to be launched REPO on BDR.
- **Multi city SEZ Clearance** : Multi city SEZ Vault clearance will be offered in near future to Banks clients.

India Bullion Market

Bullion	Average Annual Import (approx. figures in tonnes)
Gold	800
Silver	7000 - 8000

- RBI has permitted Domestic entities having exposure to Gold Price Risk to hedge their exposure through IFSC Exchanges. This opens up hedging opportunities in XAU/USD for domestic participants and for others trading in Gold Futures through IIBX.

QJ/TRQ Holders and QS Membership (as on 17 April 2024)

Onboarding Categories	IFSCA Notified	Applications Under Process
Qualified Jewellers	120	28
Valid India UAE TRQ Holders	81	30

Onboarding Categories	Onboarded	Applications Under Process
Qualified Suppliers	26	15

Near Future Plans of IIBX

May 2023 (Done)

Launch of 30 minutes Settlement for Bullion Depository Receipts (BDR)



Dec 2023 (Done)

Launch of Silver Contracts



FY 2024-25

Launch of Gold Futures



FY 2024-25

Launch of Gold Metal Loan



May 2023 (Done)

Provide platform for Gold import for Tariff Rate Quota (TRQ) holders as per DGFT guidelines

May 2023 (Done)

Launch of Direct Pay-out of Bullion Depository Receipt into Qualified Jewellers (Buyer) account for reducing the settlement time

Mar 2024 (Done)

Launch of Multiple Fund Settlement Cycles

FY 2024-25

Launch of Multiple Delivery Centers and Gold for Exporters

FY 2024-25

Introduction of REPO against BDR and Launch of Digi Gold investment products

Mock Trading on 20th April 2024

- Mock Trading is conducted every Month on a Saturday
- Mock Trading for Current month is scheduled on Saturday, April 20, 2024
- Link for Circular
<https://www.iibx.co.in/markets/DispNewNoticesCirculars.aspx?NoticeNo=20240415-2>

Knowledge center at IIBX website

IIBX's website now includes a knowledge center aimed at educating and spreading awareness about IIBX services



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Knowledge Center

Sr No	Subject
1	A culturally significant metal that has place in both Indian homes and hearts and inception of IIBX
2	IIBX Launch Video - IIBX Launch Event inaugurated by Honorable PM Shri Narendra Modi Ji
3	The India International Bullion Exchange IFSC Limited Ecosystem
4	Qualified Jeweller Process Flow
5	Qualified Supplier Process Flow
6	Trading Process Flow
7	BDR Creation and Extinguishment Process Flow
8	Webinar by India Gold Policy Centre (IGPC) at IIM Ahmedabad and IIBX. Title- "Understanding the recent SOPs (Circular Dated 5th August 2022) issued by the IFSCA for Qualified Jewellers importing gold through India International Bullion Exchange"
9	Webinar by India Gold Policy Centre (IGPC) at IIM Ahmedabad and IIBX. Title- "Importing Gold through IIBX. Mr. Ashok Gautam(MD & CEO) explaining the recent developments that makes IIBX a natural choice for importing bullion"
10	Process to Knock off ORM on the IDPMS Platform when advance remittance is sent from 2 different AD Banks A and B
11	IIBX to revolutionise India's Bullion Trade
12	Changes IIBX will bring

Thank You

<https://www.iibx.co.in>

