

Enabling Dealings by IFSC – Banking Units in Bullion Unallocated Accounts

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To facilitate development of the bullion market in India, generate interest in trading & hedging activities, and serve as a precursor to International Bullion Exchange (IBE), an enabling framework for Banking Units in IFSC to operate Unallocated Accounts has been notified.

The following activities are permitted under the International Financial Services Centres Authority (Banking) Regulations, 2020:

- a) The BUs are permitted to open Unallocated Accounts for undertaking Trading activities under Clause 13(3) of the regulations. To enable such activities, BUs may permit the opening of accounts by their customers under Clause 11 of the regulations.
- b) The BUs are permitted to participate in derivative transactions through Unallocated Accounts under Clause 13 (6) of the regulations. All BUs (IBU/FBU) are permitted to open Unallocated Accounts in Gold (XAU) and Silver (XAG) subject to the Risk Management Framework and Disclosures.

An enabling framework for Banking Units in IFSC to operate Unallocated Accounts for the purpose of trading, hedging and swapping with Physical Gold / Silver is being notified with the following objectives:

- To mitigate the risks of the prospective clients of Banking Units who may be looking to buy/ sell or take positions in gold/silver or for the purpose of trading or to hedge their exposures in bullion.
- To aid in financialization of gold as an asset class.

The aforesaid enabling framework shall encourage Trading, Hedging & Swapping with Physical Gold/Silver.