



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA



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RBI/2022-23/62

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June 07, 2022

All Scheduled Commercial Banks

Madam/Dear Sir

**Branches of Indian Banks operating in GIFT-IFSC – acting as Professional Clearing Member (PCM) of India International Bullion Exchange IFSC Limited (IIBX)**

On a review, it has been decided to allow the branches of Indian banks operating in GIFT-IFSC to act as PCM of IIBX.

2. Accordingly, in exercise of the powers conferred on the Reserve Bank of India under Section 35A of the Banking Regulation Act, 1949, the Reserve Bank, being satisfied that it is necessary and expedient in the public interest so to do, hereby, issues the instructions hereinafter specified.

**3. Applicability**

The instructions are applicable to domestic scheduled commercial banks (including foreign banks operating through a Wholly Owned Subsidiary incorporated in India), which are authorised to deal in foreign exchange and have a branch in GIFT-IFSC.

**4. Procedure for Application**

The parent bank ('bank') shall seek a No Objection Certificate (NoC) from the Reserve Bank of India prior to its branch in GIFT-IFSC seeking professional clearing membership of IIBX, subject to fulfilment of the prudential requirements as set out in Para 21 of the [Master Direction/DBR.FSD.No.101/24.01.041/2015-16 dated May 26, 2016](#). An eligible bank shall, with prior approval of its Board, make an application to the Department of Regulation, Reserve Bank of India with details of its proposed business plan as a PCM along with particulars of the risk management architecture instituted at its branch in GIFT-IFSC.

विनियमन विभाग, केंद्रीय कार्यालय, केंद्रीय कार्यालय भवन, 12वीं/ 13वीं मंजिल, शहीद भगत सिंह मार्ग, फोर्ट, मुंबई - 400001

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हिंदी आसान है, इसका प्रयोग बढ़ाइए

## **5. Terms and Conditions**

While operating as a PCM of IIBX, the bank shall ensure strict compliance on a continuing basis with the following conditions:

a) The bank shall ensure adherence to extant RBI guidelines on capital requirements for their exposures (including but not limited to default fund contributions, posted collateral, exposure to clients, trade exposure to CCP) arising from its branch in GIFT-IFSC functioning as PCM on IIBX. The bank shall comply with the regulatory capital requirement of the host or home regulator, whichever is more stringent.

b) The bank shall ensure adherence to extant RBI guidelines on management of liquidity risk (including those arising from its functioning as a PCM of IIBX) as issued from time to time.

c) The bank shall ensure adherence to the extant RBI guidelines on large exposure framework as issued from time to time, including all exposures taken by its branch in GIFT-IFSC.

d) In line with the extant prudential regulations applicable to the bank, its branch in GIFT-IFSC shall, with the approval of the bank's Board, put in place an effective risk management framework including the prudential limits in respect of each of its trading clients, taking into account their net worth, business turnover, and other relevant parameters as per the bank's assessment. The risk control measures prescribed under the framework shall be in compliance with the guidelines/directions issued by the host or home regulator, whichever is more stringent.

e) The branch of the bank in GIFT-IFSC may, as a PCM of IIBX, clear and settle trades executed by its clients as trading members of the exchanges subject to the condition that the total exposure which the branch would take on its clients should be determined by the Board in relation to the Tier 1 capital of the bank as well as the capital of its branch in GIFT-IFSC and shall be monitored on an ongoing basis. However, the bank shall ensure that its branch in GIFT-IFSC, in its role as a PCM, does not undertake any transaction/activity on IIBX other than what is required as a professional clearing member.

f) The bank shall ensure strict compliance with various margin requirements as may be prescribed by its Board.

g) The bank shall comply with all the conditions, if any, stipulated by other regulatory bodies that may be relevant for its role as a PCM.

h) In the event of non-compliance with extant guidelines, or if the Reserve Bank of India is satisfied that it is necessary and expedient in the public interest so to do, it may issue further necessary directions (including revocation of approval) and/or impose additional conditions, as it deems fit.

Yours faithfully

(Scenta Joy)  
Chief General Manager