

<b>FEMA</b> <b>CA. Manoj Shah, CA Atal Bhanja</b>	
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## Remittances to International Financial Services Centres (IFSCs) under the Liberalised Remittance Scheme (LRS)

### A.P. (DIR Series) Circular No. 06 dated June 22, 2023

Presently, remittances to IFSCs under LRS can be made only for making investments in securities in IFSCs, other than those issued by entities/companies resident (outside IFSC) in India. Resident Individuals are also permitted to open non interest bearing Foreign Currency Account (FCA) in IFSCs, for making the above permissible investments under LRS.

Central Government in gazette dated May 23, 2023 notified courses offered in *Financial Management, FinTech, Science, Technology, Engineering and Mathematics by foreign universities or foreign institutions in the International Financial Services Centre, as financial service.*

Accordingly, vide this circular Authorised Persons are directed to facilitate remittances by resident individuals under purpose 'studies abroad' as mentioned in Schedule III of Foreign Exchange Management (Current Account Transactions) Rules, 2000 for payment of fees to foreign universities or foreign institutions in IFSCs for pursuing courses mentioned above.

### Amendment to Foreign Exchange Management (Current Account Transaction) Rules, 2000

In light of the press release dated June 28, 2023, central government in consultation with RBI (re)amended Rule 7 of the FEM (Current Account Rules) in order to restore the position with respect to the use of international credit cards while on a visit outside India.

Accordingly Rule 7 shall be inserted and shall be deemed to have been inserted with effect from the 16th day of May, 2023 namely: -

*"7. Use of International Credit Card while outside India. Nothing contained in rule 5 shall apply to the use of International Credit Card for making payment by a person towards meeting expenses while such person is on a visit outside India."*

By virtue of this amendment any amount spent by a person on a visit outside India through use of International Credit Card would be out of LRS limit.

## 1. RBI NOTIFICATION NO. RBI/2023-24/45 A.P. (DIR Series) Circular No. 06 DATED June 22, 2023

### Remittances to International Financial Services Centres (IFSCs) under the Liberalised Remittance Scheme (LRS)

- Attention of Authorised Persons is invited to A.P. (DIR Series) Circular No. 11 dated February 16, 2021 and A.P. (DIR Series) Circular No. 03 dated April 26, 2023 on "Remittances to International Financial Services Centres (IFSCs) in India under the Liberalised Remittance Scheme (LRS)".
- Presently, remittances to IFSCs under LRS can be made only for making investments in securities in terms of A.P. (DIR Series) Circular No. 11 dated February 16, 2021. In view of the gazette notification no. SO 2374(E) dated May 23, 2022 issued by the Central Government, it is directed that Authorised Persons may facilitate remittances by resident individuals under purpose 'studies abroad' as mentioned in Schedule III of Foreign Exchange Management (Current Account Transactions) Rules, 2000 for payment of fees to foreign universities or foreign institutions in IFSCs for pursuing courses mentioned in the gazette notification *ibid*.
- Authorised Persons shall bring the contents of this circular to the notice of their constituents and customers.
- The directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions/approvals, if any, required under any other law.

## 2. RBI NOTIFICATION NO. RBI/2023-24/46 FMRD.FMSD.03/03.07.25/2023-24 DATED June 23, 2023

### Status of MIFOR as a Significant Benchmark

1. Please refer to the RBI circular dated January 01, 2020 and December 01, 2022, notifying, inter-alia, the financial benchmarks administered by Financial Benchmarks India Pvt. Ltd. (FBIL) viz., Mumbai Interbank Forward Outright Rate (MIFOR) and Modified Mumbai Interbank Forward Outright Rate (MMIFOR) as 'significant benchmark'.
2. In light of the cessation of the publication/non-representativeness of US Dollar London Interbank Offered Rate (USD LIBOR) settings after June 30, 2023, FBIL has been accorded approval to cease the publication of the MIFOR after June 30, 2023, in terms of provisions

of the Financial Benchmark Administrators (Reserve Bank) Directions, 2019. Accordingly, the MIFOR administered by FBIL shall cease to be a 'significant benchmark' after June 30, 2023.

3. The updated list of 'significant benchmarks' administered by FBIL is given below:

- (i) Overnight Mumbai Interbank Outright Rate (MIBOR)
- (ii) USD/INR Reference Rate
- (iii) Treasury Bill Rates
- (iv) Valuation of Government Securities
- (v) Valuation of State Development Loans (SDL)
- (vi) Modified Mumbai Interbank Forward Outright Rate (MMIFOR)

4. The updated list of 'significant benchmarks' shall come into effect from July 01, 2023.

### **3. RBI NOTIFICATION NO. RBI/DOR/2023-24/103 DOR.ORG.REC.22/21.06.050/2023-24 DATED June 26, 2023**

#### **Reserve Bank of India – Master Direction on Minimum Capital Requirements for Operational Risk**

These Directions require a specified Commercial Bank (covered under 'Applicability') to hold sufficient regulatory capital against its exposures arising from operational risk.

#### **Part A**

##### **1. Short Title and Commencement**

These Directions shall be called the Reserve Bank of India (Minimum Capital Requirements for Operational Risk) Directions, 2023.

##### **2. Effective Date**

2.1 The effective date of implementation of these Directions shall be communicated separately.

2.2 All existing approaches viz. Basic Indicator Approach (BIA), The Standardised Approach (TSA)/ Alternative Standardised Approach (ASA) and Advanced Measurement Approach (AMA) for measuring minimum operational risk capital (ORC) requirements shall be replaced by the new Standardised Approach (hereafter referred to as the 'Basel III Standardised Approach') with coming into effect of these Directions.

2.3 Until then, the minimum operational risk regulatory capital requirements shall be computed in accordance with the instructions contained in paragraph 9 of 'Master Circular – Basel III Capital Regulations' issued vide circular DOR.CAP.REC.15/21.06.201/2023-24 dated May 12, 2023, as amended from time to time.

##### **3. Applicability**

3.1 The provisions of these Directions shall apply to all Commercial Banks (excluding Local Area Banks, Payments Banks, Regional Rural Banks, and Small Finance Banks).

3.2 The scope of application shall be in accordance with paragraph 3 of 'Master Circular – Basel III Capital Regulations' issued vide circular DOR.CAP.REC.15/21.06.201/2023-24 dated May 12, 2023, as amended from time to time.

3.3 The provisions contained in Part A of these Directions are mandatory. Banks are encouraged to comply with the guidelines listed in Part B. Part C and Part D contain Frequently Asked Questions (FAQs) and Illustrations, respectively (for general guidance of banks).

Detailed Directions can be accessed at the link <https://www.rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=12520&Mode=0>

### **4. RBI NOTIFICATION NO. RBI/DOR/2023-24/103 DOR.ORG.REC.22/21.06.050/2023-24 DATED June 26, 2023**

#### **Inclusion of "NongHyup Bank" in the Second Schedule of the Reserve Bank of India Act, 1934**

It is advised that "NongHyup Bank" has been included in the Second Schedule to the Reserve Bank of India Act, 1934 vide Notification DoR.LIC.No.S1568/23.13.164/2023-24 dated June 20, 2023 and published in the Gazette of India (Part III - Section 4) dated July 15 - July 21, 2023.