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FAQs for Legal Entity Identifier Number

Reserve Bank of India has issued FAQs for obtaining Legal Entity Identifier Number pursuant to its guidelines issued by RBI vide A.P. (DIR Series) Circular No. 20 dated December 10, 2021.

The FAQs are as under:

1. Should an AD bank obtain a valid LEI for transactions less than INR 50 crore even if the customer has not done any transaction of INR 50 crore or above on or after October 1, 2022?

Ans. An AD bank must record valid LEI for cross border transactions of INR 50 crore and more undertaken through it on or after October 01, 2022. Post this, the AD bank must report the valid LEI for all cross border transactions, irrespective of the value of the transactions. However, if the AD bank already has a valid LEI of the entity, it must report it for all transactions irrespective of whether the entity has undertaken a transaction of INR 50 crore or above through it.

2. Is it mandatory to obtain and validate the LEI of the non-resident counterparty as well? Does the stipulation of reporting LEI for all transactions of an entity, irrespective of transaction size, once the entity has obtained an LEI number apply for non-residents as well?

Ans. As regards the non-resident counterparty/ overseas entities, AD bank may be guided by the instructions contained in paragraph 2 of the circular.

3. Is it mandatory to obtain LEI in case of transactions to and from a non-resident's account with an AD bank in India?

Ans. Any debit from or credit to a non-resident's account in India as a result of a transaction with a resident will attract the provisions of Foreign Exchange Management Act, 1999 (FEMA) and hence, the provisions contained in the circular shall apply.

4. Does the responsibility to obtain LEI lie with an AD bank acting in the capacity of a correspondent bank?

Ans. The correspondent bank shall be responsible for the LEI of the non-resident counterpart. However, in this regard it may be guided by the instructions contained in paragraph 2 of the circular.

5. Is there any specific field in the SWIFT message where LEI needs to be captured?

Ans. The circular does not prescribe any instructions with respect to SWIFT message formats.

6. For transactions involving three parties (e.g., merchanting trade transactions), the AD bank has to obtain LEI for which party/parties?

Ans. Each leg of remittance would have only two parties and hence, the AD bank should obtain the LEI accordingly as per the circular.

7. In case of non-fund facilities such as Letter of Credit, guarantee, etc., should the LEI validation be done at the issuance stage itself?

Ans. In case of non-fund facilities, the AD banks need to ensure compliance with LEI requirements at the issuance stage itself.

1. RBI NOTIFICATION NO. RBI/2022-23/169 FMRD.FMID.No.07/14.01.006/2022-23 DATED January 23, 2023

'Fully Accessible Route' for Investment by Non-residents in Government Securities – Inclusion of Sovereign Green Bonds

- A reference is invited to the Press Release on Issuance Calendar for Marketable Sovereign Green Bonds: FY 2022-23 dated January 06, 2023, issued by the Reserve Bank, notifying the issuance calendar for Sovereign Green Bonds for the fiscal year 2022-23. Attention is also invited to the Fully Accessible Route (FAR) introduced by the Reserve Bank, vide A.P. (DIR Series) Circular No. 25 dated March 30, 2020, wherein certain specified categories of Central Government securities were opened fully for non-resident investors without any restrictions, apart from being available to domestic investors as well.

- The Government Securities that were eligible for investment under the FAR ('specified securities') were notified by the Bank, vide circular no. FMRD.FMSD.No.25/14.01.006/2019-20 dated March 30, 2020 and circular no. FMRD.FMID.No.04/14.01.006/2022-23 dated July 07, 2022.
- It has now been decided to also designate all Sovereign Green Bonds issued by the Government in the fiscal year 2022-23 as 'specified securities' under the FAR.
- The Directions contained in this circular have been issued under Section 45W of Chapter IIID of the Reserve Bank of India Act, 1934 and are without prejudice to permissions/ approvals, if any, required under any other law.
- These Directions shall be applicable with immediate effect.

2. **RBI NOTIFICATION NO. RBI/2022-23/173 REF.No.MPD.BC.397/07.01.279/2022-23 DATED February 08, 2023**

Standing Liquidity Facility for Primary Dealers

- As announced in the Monetary Policy Statement 2022-23 today, it has been decided by the Monetary Policy Committee (MPC) to increase the policy repo rate under the Liquidity Adjustment Facility (LAF) by 25 basis points from 6.25 per cent to 6.50 per cent with immediate effect.
- Accordingly, the Standing Liquidity Facility provided to Primary Dealers (PDs) (collateralised liquidity support) from the Reserve Bank would be available at the revised repo rate of 6.50 per cent with immediate effect.

3. **RBI NOTIFICATION NO. RBI/2022-23/174 DOR.RET.REC.101/12.01.001/2022-23 DATED February 08, 2023**

Change in Bank Rate

- Please refer to our circular DOR.RET.REC.88/12.01.001/2022-23 dated December 07, 2022 on the captioned subject.
- As announced in the Monetary Policy Statement 2022-23 dated February 08, 2023, the Bank Rate is revised upwards by 25 basis points from 6.50 per cent to 6.75 per cent with immediate effect.
- All penal interest rates on shortfall in reserve requirements, which are specifically linked to the Bank Rate, also stand revised as indicated in the Annex.
- This circular is applicable to all the banks.

Annex

Penal Interest Rates which are linked to the Bank Rate

Item	Existing Rate	Revised Rate (With immediate effect)
Penal interest rates on shortfalls in reserve requirements (depending on duration of shortfalls).	Bank Rate plus 3.0 percentage points (9.50 per cent) or Bank Rate plus 5.0 percentage points (11.50 per cent).	Bank Rate plus 3.0 percentage points (9.75 per cent) or Bank Rate plus 5.0 percentage points (11.75 per cent).

4. **RBI NOTIFICATION NO. RBI/2022-23/175 FMOD.MAOG.No.149/01.01.001/2022-23 DATED February 08, 2023**

Liquidity Adjustment Facility - Change in rates

- As announced in the Monetary Policy Statement dated February 08, 2023, it has been decided by the Monetary Policy Committee (MPC) to increase the policy repo rate under the Liquidity Adjustment Facility (LAF) by 25 basis points from 6.25 per cent to 6.50 per cent with immediate effect.
- Consequently, the standing deposit facility (SDF) rate and marginal standing facility (MSF) rate stand adjusted to 6.25 per cent and 6.75 per cent respectively, with immediate effect.

- All other terms and conditions of the extant LAF Scheme will remain unchanged.

5. RBI NOTIFICATION NO. RBI/2022-23/176 CO.DPSS.POLC.No.S-1907/02.14.006/2022-23 DATED February 10, 2023

Issuance of PPIs to Foreign Nationals / Non-Resident Indians (NRIs) visiting India

- As announced in the Statement on Developmental and Regulatory Policies dated February 08, 2023, it has been decided to allow access to Unified Payments Interface (UPI) to foreign nationals and NRIs visiting India. To start with, this facility will be extended to travellers from the G-20 countries at select international airports for their merchant payments (P2M) while they are in the country. Going forward, this will be enabled across all entry points in the country. The Master Directions on Prepaid Payment Instruments (PPIs) dated August 27, 2021 (updated as on November 12, 2021) has been updated by inserting paragraph 10.3 therein.
- These instructions shall come into effect immediately.
- This circular is issued under Section 10 (2) read with Section 18 of the Payment and Settlement Systems Act, 2007 (Act 51 of 2007).

6. RBI NOTIFICATION NO. RBI/2022-23/178 CO.DPSS.RPPD.No.S1931/04-03-001/2022-23 DATED February 16, 2023

Introduction of Foreign Contribution (Regulation) Act (FCRA) related transaction code in NEFT and RTGS Systems

- Under the FCRA, 2010 (amended as on September 28, 2020), foreign contributions must be received only in the "FCRA account" of State Bank of India (SBI), New Delhi Main Branch (NDMB). The contributions to the FCRA account are received directly from foreign banks through SWIFT and from Indian intermediary banks through NEFT and RTGS systems.
- In terms of extant requirements of Ministry of Home Affairs (MHA), Government of India, the donor details such as name, address, country of origin, amount, currency, and purpose of remittance are required to be captured in such transactions and SBI is required to report the same to MHA on daily basis.
- Keeping in view the above, necessary changes have been introduced in NEFT and RTGS systems, technical details of which are provided in Annex. Member banks are advised to incorporate necessary changes in their core banking / middleware solutions to capture the requisite details while forwarding the foreign donations through NEFT and RTGS systems to SBI. The instructions will be effective from March 15, 2023.
- These instructions are issued under Section 10 (2) read with Section 18 of Payment and Settlement Systems Act, 2007 (Act 51 of 2007).

For details on Annex, please refer the link;
<https://www.rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=12454&Mode=0>

7. RBI NOTIFICATION NO. RBI/2022-2023/179 A.P. (DIR Series) Circular No. 23 DATED February 16, 2023

Exim Bank's GOI-supported Line of Credit (LOC) for USD 100 million to the Government of the Republic of Maldives (GO-MDV), for financing new developmental projects and to meet spill over costs from developmental projects in Maldives already included under Lines of credit extended to GO-MDV by Exim Bank

- Export-Import Bank of India (Exim Bank) has entered into an agreement dated October 02, 2022 with the Government of the Republic of Maldives, for making available to the latter, Government of India supported Line of Credit (LoC) of USD 100 million (USD Hundred Million Only) for financing new developmental projects and to meet spill over costs from developmental projects in Maldives already included under Lines of credit extended to GO-MDV by Exim Bank. The export of eligible goods and services from India for the purpose of financing new developmental projects and to meet spill over costs from developmental projects in Maldives already included under Lines of credit extended to GO-MDV by Exim Bank, as defined under the agreement, would be allowed subject to their eligibility under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by the Exim Bank under this agreement. Out of the total credit by Exim Bank under the agreement, goods, works and services of the value of at least 75 per cent of the contract price shall be supplied by the seller from India, and the remaining 25 per cent of goods and services may be procured by the seller for the purpose of the eligible contract from outside India.
- The Agreement under the LoC is effective from January 19, 2023. Under the LoC, the terminal utilization period is 48 months from the scheduled completion date of the project.
- Shipments under the LoC shall be declared in Export Declaration Form/Shipping Bill as per instructions issued by the Reserve Bank from time to time.

- No agency commission is payable for export under the above LoC. However, if required, the exporter may use his own resources or utilize balances in his Exchange Earners' Foreign Currency Account for payment of commission in free foreign exchange. Authorised Dealer (AD) Category- I banks may allow such remittance after realization of full eligible value of export subject to compliance with the extant instructions for payment of agency commission.
- AD Category – I banks may bring the contents of this circular to the notice of their exporter constituents and advise them to obtain complete details of the LoC from the Exim Bank's office at Centre One, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005 or from their website www.eximbankindia.in
- The directions contained in this circular have been issued under section 10(4) and 11(1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999) and are without prejudice to permissions/ approvals, if any, required under any other law.

8. RBI NOTIFICATION NO. RBI/2022-23/180 DOR.MRG.REC.102/00-00-009/2022-23 DATED February 17, 2023

Governance, measurement and management of Interest Rate Risk in Banking Book

- Interest Rate Risk in Banking Book (IRRBB) refers to the current or prospective risk to banks' capital and earnings arising from adverse movements in interest rates that affect its banking book positions. Excessive IRRBB can pose a significant risk to banks' current capital base and/or future earnings. These guidelines, accordingly, require banks to measure, monitor, and disclose their exposure to IRRBB.
- The final guidelines on Interest Rate Risk in Banking Book (IRRBB), in alignment with the revised framework issued by the Basel Committee on Banking Supervision (BCBS), are enclosed in Annex.
- Commencement
 - The date for implementation will be communicated in due course. Banks are advised to be in preparedness for measuring, monitoring, and disclosing their exposure to interest rate risk in the banking book in terms of this circular
 - Ahead of the implementation, banks shall submit the disclosures stipulated in Table B of Appendix-3 to the Department of Regulation, Reserve Bank of India (by e-mail: cgmicdor@rbi.org.in) within two months from the end of the respective quarter, as per following schedule:

Entities	Frequency	Return to be submitted from the quarter ended
D-SIBs	Quarterly	March 2023
Other Banks	Quarterly	June 2023

- It may be noted that the extant instructions on interest rate risk management issued vide circular DBOD.No.BP.BC.8/21.04.098/99 dated February 10, 1999 on 'Asset Liability Management (ALM) system' which require banks to undertake Traditional Gap Analysis and circular DBOD.No.BP.BC.59/21.04.098/2010-11 dated November 04, 2010 on 'Guidelines on Banks' Asset Liability Management Framework - Interest Rate Risk' which require banks to undertake Duration Gap Analysis, shall be phased out post implementation of these guidelines, the details of which shall be advised in due course.
- This circular is applicable to all commercial banks (other than Regional Rural Banks, Small Finance Banks, Payments Banks and Local Area Banks).