

# **IFSC Authority approves the International Financial Services Centres Authority (Banking) Regulations, 2020**

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A meeting of the International Financial Services Centres Authority (IFSCA) was held today. The IFSC Authority, after detailed deliberations, approved the International Financial Services Centres Authority (Banking) Regulations, 2020.

Banking constitutes one of the major focus areas of IFSC and is expected to drive and facilitate the other constituent operations in the IFSC in due course. A self-contained regulation laying down the major principles of banking operations at IFSCs is thus an important step in the IFSC reaching its desired potential.

The Authority approved the draft banking regulations at its meeting today, which paves the way for putting in place the rules for the various aspects of banking operations that would be permissible at the IFSC.

## **The salient aspects of the Banking Regulations include:**

- Laying down the requirements for setting up IFSC Banking Units (IBUs)
- Permitting persons resident outside India (having net worth not less than USD 1 Million) to open foreign currency accounts in any freely convertible currency at IFSC Banking Units (IBUs)
- Permitting persons resident in India (having net worth not less than USD 1 Million) to open foreign currency accounts in any freely convertible currency at IFSC Banking Units (IBUs) to undertake any permissible current account or capital account transaction or any combination thereof under the Liberalised Remittance Scheme (LRS) of the Reserve Bank of India.
- Laying down the permissible activities of IBUs including credit enhancement, credit insurance, and sale , purchase of portfolios, engage in factoring and forfaiting of export receivables and undertake equipment leasing, including aircraft leasing
- Permitting the Authority to determine business that a Banking Unit may be permitted to conduct in INR with person's resident in India and person's resident outside India, subject to settlement of the financial transaction in relation to such business in freely convertible foreign currency. The abovementioned regulations will be notified by the Government of India in due course.