

## **IFSC Authority takes decisions on various regulations, and fee structures**

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**The IFSCA Authority (Authority) met on March 15, 2021 and inter alia took the following decisions:**

### **IFSCA (Market Infrastructure Institutions) Regulations, 2021 (MII Regulations)**

The market infrastructure institutions (MIIs) viz. stock exchanges, clearing corporations and depositories are of critical importance in the growth and stability of any financial system. The Authority at its meeting held on March 15, 2021 approved the MII Regulations.

The MII Regulations, approved by the Authority, shall inter alia provide more flexibility in terms of shareholding of MIIs in IFSC (including the option of consortium of MIIs recognised in India, IFSC or FATF compliant foreign jurisdiction holding shareholding of the MIIs in IFSC), prescribe enhanced governance norms and ensure adequate risk management by MIIs, in addition to other general obligations.

The MII Regulations are also in line with the global standards, keeping in mind the twin objectives of development of MIIs with adequate safeguards to ensure stability and continuity of the MIIs in IFSC.

### **International Financial Services Centres Authority (Finance Company), Regulations, 2021**

The Authority also approved the Draft International Financial Services Centres Authority (Finance Company), Regulations, 2021, which provide opportunities to non-bank entities, both Indian as well as foreign, to set up units in the IFSC to undertake a wide range of financial services related activities (including, among others, air craft / ship leasing). The regulations are aligned with the international standards and ensure transparency.

### **The salient features of these regulations are as follows:**

The regulations enable a finance company (FC) / finance unit (FU) to be set up in the form of either a branch (to be called FU) of a regulated financial service provider in the home jurisdiction or as a separate entity incorporated in IFSC - Joint Venture or a Wholly Owned Subsidiary of a parent entity or an independent entity ;

The applicant parent entity needs to be from a FATF compliant jurisdiction and shall provide the prescribed minimum capital funds for the FC / FU and satisfy the due diligence requirement as deemed fit by the Authority;

If the parent entity is engaged in the business of a regulated financial services activity then it shall obtain prior approval of the respective home regulator to set up an FC or an FU in IFSC;

The permissible activities for FC/FU are divided in three broad categories: Specialised activities, Core activities and Non-core activities;

The applicability of prudential regulatory framework and capital adequacy ratio shall be based on the nature of activities proposed to be undertaken by the FC/FU;

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International Financial Services Centres Authority (Banking) (Amendment), Regulations, 2021

In order to widen the scope of services and development offered by the banking units operating in IFSC, the Authority approved inclusion of portfolio management services and investment advisory services in the permitted activities for banking units.

The Authority approved the fee structure for MIIIs, Market Intermediaries, IBUs operating in GIFT IFSC as recommended by the IFSCA Internal Committee.