



---

## CIRCULAR

F. No. 286/IFSCA/CMD-DMIIT/PM-MII/2021/1

September 20, 2021

To,

**All Stock Exchanges in the International Financial Services Centre (IFSC)**  
**All Clearing Corporations in the International Financial Services Centre (IFSC)**  
**All Depositories in the International Financial Services Centre (IFSC)**

Dear Sir/Madam,

**Sub: Application Forms for Recognition and Renewal of Market Infrastructure Institutions (MIIs)**

1. The Authority notified the IFSCA (Market Infrastructure Institutions) Regulations, 2021 on April 12, 2021. It has now been decided to issue application forms for recognition and renewal of MIIs in GIFT-IFSC.
2. New entities desirous of operating as MIIs and existing MIIs operating in GIFT-IFSC are hereby advised to submit the applications forms for recognition / renewal of recognition as per the formats provided in the Annexure.
3. This circular is issued in exercise of powers conferred by section 12 of the International Financial Services Centres Authority Act, 2019 to develop and regulate the financial products, financial services and financial institutions in the International Financial Services Centres.
4. A copy of this circular is available on the website of the International Financial Services Centres Authority at [www.ifsca.gov.in](http://www.ifsca.gov.in)

Yours faithfully,

**Praveen Kamat**  
**Deputy General Manager**  
**Division of Market Infrastructure Institutions & Technology**  
**Capital Markets Department**  
email: [praveen.kamat@ifsca.gov.in](mailto:praveen.kamat@ifsca.gov.in)  
Tel: +91-079-61809820



**Annexure**

**FORM A**

(See Regulation 5 and 12)

**Application for recognition under regulation 5/renewal of recognition of a stock exchange under regulation 12 of the International Financial Services Centres Authority (Market Infrastructure Institutions) Regulations, 2021**

To

.....  
.....

**Subject: Application for recognition of a stock exchange under regulation 5/ Application for renewal of recognition of a stock exchange under regulation 12 of the International Financial Services Centres Authority (Market Infrastructure Institutions) Regulations, 2021.**

Dear Sir,

1. Pursuant to the Notification No. ....dated ...../Certificate of recognition dated.....We/I on behalf of ..... (name and address of stock exchange) being a stock exchange as defined in section 2 of the Securities Contracts (Regulation) Act, 1956 hereby apply for recognition/renewal of recognition for the purposes of the said Act in respect of contracts in securities.
2. Enclosed with this application are:
  - a) four copies of the rules, memorandum and articles of association relating in general to the constitution and management of the stock exchange and
  - b) four copies of the bye-laws for the regulation and control contracts in securities
3. All the necessary information required in the Annexure to this Form is enclosed. Any additional information will be furnished as and when called for by the International Financial Services Centres Authority (IFSCA).
4. We/I on behalf of the said stock exchange hereby undertake to comply with the requirements of regulation 8 of the Regulations and such other conditions and terms as may be contained in the certificate of recognition or be prescribed or imposed subsequently.
5. Remittance receipt No. .... dated..... for USD .....is attached..

Yours faithfully,  
Signature of applicant



## **ANNEXURE TO FORM 'A'**

### ***Part I - General***

1. Name of the applicant stock exchange.
2. Address.
3. Date of establishment.
4. Is your exchange a joint stock company (state whether public or private) registered under the Indian Companies Act or an association for profit or otherwise? If it is organized on some other basis, please provide details thereof.
5. Please provide details of your capital structure and attach three copies of the audited balance sheets and profit and loss account of the Exchange for the preceding three years.

### ***Part II - Membership***

6. State the number of members at the time of application. Please specify the number of inactive members.
7. State whether there is any provision, resolution or convention for limiting the number of members and whether in pursuance thereof you have fixed a ceiling on the number of members that you would take.
8. Do you insist on any minimum qualifications and experience before enrolling new members? If yes, please provide details.
9. State the different classes of members, if any, the number thereof and the privileges enjoyed by each class. What is the procedure followed by your exchange for the admission of different classes of new members?
10. What are the rates of your annual subscription in respect of the different classes of members?
11. Do you collect any security deposit from your members? If yes, please provide details and state the manner in which such deposits are utilized and the rate of interest allowed, if any.
12. Do you collect any admission or entrance fees from your members or from partners of firms who are members? If yes, how much?
13. Do you insist on your members and partners of firms who are members divesting themselves of other activities either as principal or as employee?
14. Do your rules permit firms to become members? If yes, is it incumbent on members to seek the approval of the governing body before admitting new partners? State the conditions, if any, laid down in your rules for the admission of such partners.
15. In the event your rules do not permit firms from being enrolled as members, do you permit individual members to form a partnership? State the procedure followed for the recognition of such partnership.
16. Do you permit members to work in partnership with non-members? If yes, how far such non-



members subject to the control of the stock exchange?

### ***Part III - Governing Body***

17. What is the present strength of your governing body? Please provide details of the constitution, powers of management, election and tenure of office of members of the governing body, and the manner in which its business is transacted.
18. Are any trade or commercial interest represented on your governing body? If yes, please provide details of interests represented.
19. Do you associate shareholders of investors associations with the management of your exchange? If yes, please state the manner in which it is done.
20. Are there any Government representatives on your governing body? If yes, furnish their names.
21. Do your rules provide for the direct election by members of any other bodies or committees, apart from the governing body? If yes, please provide details of their constitution, tenure, powers and functions.
22. Do you have any provision for the appointment of standing or *ad hoc* sub- committees of the governing body? If yes, furnish details of the method of their appointment, terms of office, powers and functions.
23. Give the designations, powers and duties of principal office-bearers of your exchange. Are any of these office-bearers in the pay of the stock exchange? If yes, please provide details as to the mode of their appointment, tenure of office and remuneration.

### ***Part IV - Trading***

24. Do you have a trading ring? If not, how do you carry on the business? Please provide details.
25. State the different kinds of contracts in use on your exchange *e.g.*, spot, ready and forward. State the period of delivery and payment in each case.
26. Please provide details of business hours for each type of contract.
27. Please provide details of the scale of brokerage and other charges, if any, prescribed by your exchange.
28. Do you prescribe standard forms of contract for the use of your members? Attach three copies of each such contract form.
29. Do you classify your members into brokers and jobbers? If yes, specify the bye-law under which this is done.
30. Do you have a system of registration of remisiers and/or authorized clerks? If yes, please provide details as to their qualifications, obligations and rights, etc.
31. Do you have any regulations regarding dealings by members on their own account whether in the nature of *Taravani* (day-to-day) or otherwise?



32. Do you have any provisions for regulating the volume of business done by any individual member other than through a system of margins? If yes, please provide details.
33. What provisions have you made for periodical settlement of contracts and differences thereunder, the delivery of, and payment for securities and the passing of delivery orders?
34. Do you have a clearing house for the settlement of contracts? If yes, please provide details of its organization and management.
35. If you have clearing house, what returns do the members of your exchange submit regarding the transactions cleared through such clearing house? Does the exchange ask for any regular returns in respect of transactions settled outside the clearing house? Submit three copies of forms used in this connection.
36. How do you fix, alter or postpone the dates of settlement?
37. How do you determine and declare making-up prices?
38. Do you have any arrangements for making or recording of bargains?
39. Have you any arrangements for recording and publishing market rates including opening, closing, highest and lowest rates?
40. What provisions have you made for regulating—(a) the entering into contracts, their performance and rescission, including contracts: (i) between members, (ii) between a member and his constituent, and (iii) between a member and a non-member; (b) the consequences of breach, default or insolvency on the part of members whether acting as buyers, sellers or intermediaries; and (c) 'havalas' and other matters relating to conduct of business of members in the exchange?
41. Do you prescribe margin requirements? If yes, please provide details.
42. Do you prescribe maximum and minimum prices for securities? If yes, how and under what conditions.
43. Do you provide any safeguards for the prevention of 'bullsqueezes' and; 'bear- raids' and for meeting emergencies in trade? Please provide details.
44. What are the measures adopted by you to regulate or prohibit advertising or issue of circulars by your members?
45. What are the disciplinary powers with the governing body to enforce due compliance by members of the rules and bye-laws of the exchange and generally to ensure proper standard of business conduct?
46. Do you require members to supply such information or explanation and to produce such books relating to their business as your governing body may require?
47. Do you publish any statistics in regard to business done on the exchange including the transactions settled through the clearing house, if maintained? In particular, have you evolved any machinery for computing the volume of transactions in the different kinds of contracts permitted on your exchange? Please provide details.
48. Do you have any bye-laws contravention of which makes a contract void?

**Part V – Miscellaneous**



49. Do you have any machinery for arbitration of disputes between members and/or between members and their constituents? Please provide details.
50. What are the conditions subject to which securities are listed for dealings on your exchange?
51. What are your requirements for admitting securities to forward-trading?
52. Do you have the right to prohibit, withdraw or suspend dealings in a listed security? If yes, under what circumstances is this right exercised?
53. What provisions have you made for the levy and recovery of fees, fines and penalties?



**FORM B**

**[See regulations 5 and 12]**

**Application for recognition of clearing corporation under regulation 5/renewal of recognition of clearing corporation under regulation 12 of the International Financial Services Centres Authority (Market Infrastructure Institutions) Regulations, 2021.**

To

.....  
.....

**Subject: Application for recognition of clearing corporation under regulation 5/ Application for renewal of recognition of clearing corporation under regulation 12 of the International Financial Services Centres Authority (Market Infrastructure Institutions) Regulations, 2021.**

Sir,

1. We/I on behalf of .....(name and address of clearing corporation) being a clearing corporation, hereby apply for recognition/renewal of recognition for the purposes of the International Financial Services Centres Authority (Market Infrastructure Institutions) Regulations, 2021 (“the Regulations”).
2. Enclosed with this application are:
  - a) Two copies of the rules, memorandum and articles of association relating in general to the constitution and management of the clearing corporation and
  - b) two copies of the bye-laws for the clearing and settlement of contracts in securities
3. All the necessary information required in the Annexure to this Form is enclosed. Any additional information will be furnished as and when called for by the Authority.
4. We/I, on behalf of the said clearing corporation, hereby undertake to comply with the requirements of regulation 8(3) of the Regulations and such other conditions and terms as may be contained in the certificate of recognition or be provided or imposed subsequently.
5. Remittance receipt No. .... dated..... for USD .....is attached.

Yours faithfully,

Authorized signatory



**ANNEXURE TO FORM 'B'**  
**Part I — General**

1. Name of the applicant clearing corporation.
2. Address.
3. Date of establishment or incorporation of a clearing corporation.
4. Is your clearing corporation a joint stock company (state whether public or private) registered under the Companies Act?
5. Please provide details of your capital structure and attach three copies of the audited balance sheets and profit and loss account of the clearing corporation for the preceding three years.
6. Please provide details of shareholding pattern of the clearing corporation.
7. Has your business viability plan been appraised by a reputed agency having expertise in securities market for its viability? Give a copy of the appraisal report.
8. Have you entered into an agreement with recognized stock exchange(s) for clearing and settling its trades? Give the name of such stock exchange(s) and details of its organization and management.

**Part II — Clearing membership of clearing corporation.**

9. State the number of clearing members at the time of application. Also specify how many are inactive.
10. State whether there is any provision, resolution, or convention for limiting the number of clearing members and whether in pursuance thereof you have fixed a ceiling on the number of clearing members that you would admit.
11. Do you insist on any minimum qualifications and experience before enrolling new clearing members? If yes, please provide details.
12. State the different classes of clearing members, if any, the number thereof and the privileges enjoyed by each class. What is the procedure followed by your clearing corporation for the admission of different classes of new clearing members?
13. What are the rates of your annual subscription in respect of the different classes of clearing members?
14. Do you collect any security deposit from your clearing members? If yes, please provide details and also state the manner in which such deposits are utilized and the rate of interest allowed, if any.
15. Do you collect any admission or entrance fees from your clearing members? If yes, how much?
16. Do you insist on your clearing members divesting themselves of other activities either as principal or as employee?
17. Please provide details of the scale of brokerage and other charges, if any, specified by your clearing corporation.





18. Do you prescribe standard form of agreement to be entered with the trading member for engaging the services of your clearing member? Attach two copies of such agreement.

19. What are the measures adopted by you to regulate or prohibit advertising or issuing circulars by your clearing members?

20. Do you require clearing members to supply such information or explanation and to produce such books relating to their business as your governing board may require?

21. Do you undertake periodic inspection of your clearing members? Please provide details including the number of annual inspections and manpower available for conducting inspection.

### **Part III — Governing Board**

22. What is the present strength of your governing board? Please provide details of the constitution, powers of management, election and tenure of office of members of the governing board, and the manner in which its business is transacted.

23. Are any trade or commercial interest represented on your governing board? If yes, please provide details of interests represented.

24. Do you associate members of investors associations with the management of your clearing corporation? If yes, state the manner in which it is done.

25. Are there any Government or the Board representatives on your governing board? If yes, furnish their names.

26. How many public interest directors are there on the governing board? Furnish their names, qualifications and experience.

27. Do your rules provide for the direct election by clearing members on the Advisory Committee of the governing board? If yes, please provide details of its constitution, tenure, powers and functions.

28. Do you have any provision for the appointment of standing or ad hoc subcommittees of the governing board? If yes, furnish details of their composition, appointment, term of office, powers and functions.

29. Give the designations, powers and duties of key management personnel of your clearing corporation. Please provide details as to the mode of their appointment, tenure of office and remuneration.

30. What are the disciplinary powers with the governing board to enforce due compliance by clearing members of the rules and bye-laws of the clearing corporation and generally to ensure proper standard of business conduct?

31. What provisions have you made for the levy and recovery of fees, fines and penalties?

### **Part IV — Clearing and Settlement**

32. Describe the clearing and settlement system of the clearing corporation.



- 33.State the different kinds of products being cleared and settled or proposed to be cleared and settled in your clearing corporation (e.g., equity, equity derivative, currency derivatives, interest rate derivatives, debt instruments, etc.). State the period of delivery, payment and the settlement mechanism in each case.
- 34.What are the conditions subject to which trades are settled and cleared on your clearing corporation?
- 35.What are your requirements for admitting derivative transactions for clearing and settlement?
- 36.Do you have the right to prohibit, withdraw or suspend clearing and settlement of dealings admitted for clearing and settlement? If yes, under what circumstances is this right exercised?
- 37.Please provide details of the clearing and settlement charges and other charges, if any, levied by your clearing corporation.
- 38.What provisions have you made for periodical settlement of contracts and differences thereunder, the delivery of, and payment for securities and the passing of delivery orders?
39. How do you fix, alter or postpone the dates of settlement?
40. Do you provide any safeguards for the prevention of market manipulation, especially in the case of physical delivery of shares in the derivative markets and for meeting emergencies in settlement? Please provide details.
41. Provide a detailed assessment of the measures adopted to address the various risks faced by the clearing corporation in terms of the BIS-IOSCO paper on 'Principles for Financial Market Infrastructures.'
42. Do you publish any statistics in regard to business done on the clearing corporation including the value of Settlement Guarantee Fund and transactions settled through the clearing corporation, if maintained? In particular, have you evolved any machinery for computing the gross and net exposure of the clearing corporation and the value of clearing and settling of different kinds of contracts permitted on your clearing corporation? Please provide details.
43. (a) Do you have any bye-laws, contravention of which makes a contract void?
- (b) Do you have necessary infrastructure, margin mechanism and adequate risk management mechanism to ensure market safety and integrity? Please provide details
- (c) Do you undertake any other activity other than clearing and settling? Please provide details.
- (d) What is your net worth? Please provide details.
- (e) Please provide details of business hours.
- (f) What are the conditions subject to which dealings are admitted for clearing and settlement?
44. Do you maintain Settlement Guarantee Fund? Please provide details of the corpus of the settlement guarantee fund, its contribution, circumstances for utilization, priority of utilization, etc
45. How do you ensure the adequacy of the Settlement Guarantee Fund? Do you perform stress tests on a periodic basis. Please provide details and results of the latest stress test.
46. What is the netting procedure adopted by the clearing corporation for determining the obligations of the clearing member?



47. What is your policy in respect of settling trades of shareholder stock exchange and non-shareholder stock exchange?

48. Do you have any provisions for regulating the volume of business and exposure taken by any individual clearing member other than through a system of margins? If yes, please provide details.

49. What provisions have you made for regulating— (a) entering into contracts, their performance and rescission (b) the consequences of breach, default or insolvency on the part of trading or clearing members whether acting as buyers, sellers or intermediaries?

### **Part V — Infrastructure**

50. Do you have any machinery for arbitration of disputes between clearing members and/or between clearing members and their constituents and trading member and clearing member? Please provide details.

51. Have you established connectivity with the depositories, clearing banks, stock exchange and clearing members? Please provide details.

52. What is the average load that is being handled by your systems? What is the peak load that can be handled and the extent of scalability of the systems in times of stress?

53. What is your business continuity plan? Please provide details including details of the disaster recovery site.

54. What are the names, qualifications, and expertise of your key management personnel?



**FORM C**

**[See regulations 5 and 12]**

**Application for recognition of a depository under Regulation 5/ renewal of recognition of a  
Depository under Regulation 12 of the International Financial Services Centres Authority  
(Market Infrastructure Institutions) Regulations, 2021**

To

.....

.....

**Subject: Application for recognition of a depository under regulation 5/ Application for renewal  
of recognition of a depository under regulation 12 of the International Financial Services Centres  
Authority (Market Infrastructure Institutions) Regulations, 2021**

Sir,

1. We/I on behalf of ..... (name and address of the Depository), being a Depository, hereby apply for recognition/renewal of recognition for the purposes of the said regulations in respect of securities contracts.
2. Enclosed with this application are :
  - i. Two copies of the rules, memorandum and articles of association relating in general to the constitution and management of the Depository and
  - ii. Two copies of the bye-laws
3. All the necessary information required in the Annexure to this Form is enclosed. Any additional information will be furnished as and when called for by the Authority.
4. We/I on behalf of the said Depository hereby undertake to comply with the requirements of Regulation 8 (4) of the International Financial Services Centres Authority (Market Infrastructure Institutions) Regulations, 2021 and such other conditions and terms as may be contained in the certificate of recognition or be prescribed or imposed subsequently.
5. Receipt No. .... dated..... for USD .....is attached.

Yours faithfully,

Signature of applicant



### **ANNEXURE TO FORM 'C'**

1. Name of the Applicant:
2. Address of the registered office:
3. Contact coordinates of the of the Applicant:
  - a) Contact number (s) of the applicant
  - b) Email address of the applicant
4. Date of incorporation of the depository (enclose certificate of incorporation and memorandum and articles of association)
  - a) Objects (main and ancillary) of the depository.
  - b) Authorized, issued, subscribed and paid-up capital of the depository.
  - c) Proposed net worth of the depository.
  - d) Details of proposed shareholding of each applicant.
5. Three copies of the audited balance sheets and profit and loss account of the Depository for the preceding three years.
6. Details about each Director of the Depository:
  - a) Name, age, nationality.
  - b) Details of educational and other qualifications.
  - c) Details of experience.
  - d) Details of other directorships held.
  - e) Details of any litigation connected with the securities market which has an adverse bearing on the business of the depository, involving the director or principal officer, and details of any conviction of the director or principal officer for a crime involving moral turpitude or of any economic offence for which the director or principal officer has been found guilty.
7. Details of staff and organization structure that is proposed to be set- up prior to commencement of business
8. Details of infrastructure such as premises and automatic data processing, storage and back-up systems and procedures, communication systems proposed to be set-up prior to commencement of business.
9. Internal evaluation and monitoring systems including details of background and experience of personnel involved that have been set-up (enclose copies of risk management and operations manuals).



10. Details of the automatic data processing and communications systems:
  - a) Details of hardware, software and communications systems, their capability, function and location;
  - b) Details of data storage and back up procedures and sites, their capability, function and location;
  - c) Details of disaster recovery systems and procedures.
11. Details of the agreements entered into with the Depository Participant (copy of the agreement to be enclosed)
12. Arrangements for indemnification of beneficial owners that are proposed to be put in place, including details of insurance cover proposed to be taken prior to the commencement of business.
13. Indicate whether premises and automatic data processing and communications systems are owned, leased or rented (enclose copies of title lease or rental agreements).
14. Details about the key management personnel
  - a) Designations,
  - b) Duties,
  - c) Mode of appointment,
  - d) Tenure of office
  - e) Remuneration of key management personnel.
15. Declaration statement (to be given as below).

We hereby agree and declare that the information supplied in the application including the attachment sheets, is complete and true.

And we further agree that, we will notify International Financial Services Centres Authority immediately of any change in the information provided in the application.

We further agree that we shall comply with and be bound by the International Financial Services Centres Authority Act 2019 and the International Financial Services Centres Authority (Market Infrastructure Institutions) Regulations, 2021 and such other guidelines/instructions which may be announced by the International Financial Services Centres Authority from time to time.

We further agree that as a condition of registration, we shall abide by such operational instructions/directives as may be issued by the International Financial Services Centres Authority from time to time.



For and on behalf of.....

(Name of the applicant)

Authorized signatory.....

(Name)

(Signature)

Date:

Place: