



## Press Release

### IFSCA Issues the Framework for FinTech Entity in the International Financial Services Centers (IFSCs)

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The International Financial Services Centres Authority (IFSCA), in furtherance of its mandate to develop and regulate financial products, financial services and financial institutions in the International Financial Services Centres (IFSC) and to encourage **promotion of financial technologies** ('FinTech') across the spectrum of banking, insurance, securities, and fund management in IFSC has issued a detailed "**Framework for FinTech Entity in the IFSCs**".

2. The "Framework for FinTech Entity in the IFSCs" is aimed at giving boost to the establishment of a world class FinTech Hub at GIFT IFSC comparable with other International Financial Centers (IFCs). The framework proposes to cover (i) financial technology (**FinTech**) solutions resulting in new business models, applications, process or products in areas/activities linked to financial services regulated by IFSCA and (ii) advanced/innovative technological solutions which aid and assist activities in relation to financial products, financial services and financial institutions (**TechFin**).

3. The framework provides for a dedicated Regulatory Sandbox for FinTech products or solutions namely **IFSCA FinTech Regulatory Sandbox** and empowers IFSCA to grant **Limited Use Authorization** within FinTech Regulatory Sandbox to the eligible financial technology entities in IFSC. This would enable them to apply and avail Grants under the **IFSCA FinTech Incentive Scheme 2022**.

4. Further, it also enables some class/categories of technology companies having (i) a deployable advanced/innovative technology solution which aids and assists activities in relation to financial products, financial services, financial institutions and, (ii) credible track record including financial performance, to obtain **Direct Entry (Authorization by IFSCA)** by IFSCA without entering into the Regulatory Sandbox.

5. The framework also incorporates the **Inter Operable Regulatory Sandbox (IoRS)** mechanism. IoRS is a proposed mechanism to facilitate testing of innovative hybrid financial products / services falling within the regulatory ambit of more than one financial sector regulators. IFSCA will facilitate Indian FinTech's seeking access to foreign markets and foreign FinTech's seeking entry into India.

6. The framework proposes a **Regulatory Referral mechanism** which shall be governed as per the provisions of the Memorandum of Understanding (MoU) or collaboration or special arrangement between IFSCA and corresponding overseas Regulator(s)

7. IFSCA endeavors to support FinTech firms for proof of concept (PoC), minimum viable product (MVP), prototype development, product trials, commercialization, and global market access etc.

8. The GIFT-IFSC offers the unique advantage of being a separate financial jurisdiction within India which is treated like an offshore jurisdiction from FEMA angle with no restriction on currency convertibility. The framework issued by IFSCA, a unified regulator for Banking, Capital Markets, Insurance and Funds Management in IFSC, would enable FinTech firms having innovative ideas or solutions across the banking, capital or insurance sector to have seamless interaction with a single regulator.

9. The detailed framework may be accessed at <https://ifsc.gov.in/Viewer/Index/292>

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Gandhinagar

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