



International Financial Services Centres Authority

F.No.110/IFSCA/Banking Regulation/2021-22/9

November 12 , 2021

To,

All IFSC Banking Units

Dear Sir/Madam,

Amendments and additions to IFSCA Banking Handbook and other issues

IFSC Banking units (IBUs) may refer to circular F.No.110/IFSCA/Banking Regulation/2021-22/ 6 dated August 13, 2021 on the issuance of IFSCA Banking Handbook.

2. Based on the feedback received from IBUs certain amendments/additions have been carried out to the contents of the Handbook. The list of such amendments/additions is enclosed in the annexure to this circular.

3. The following new modules have been added to the Handbook:

- a. FX Prime Brokerage – inserted as a Module of the Conduct of Business Handbook
- b. Undertaking Business in Foreign Currency - inserted as Module of the Conduct of Business Handbook.

4. IBUs may note that the provisions of the circulars issued by the Reserve Bank of India (RBI) and adopted by IFSCA vide its circular F.No.110/IFSCA/Banking Regulation/2020-21/1 dated December 4, 2020 shall cease to be applicable to the operations of the IBUs from the date of coming into effect of the directions in the Handbook i.e., January 1, 2022. A circular formally withdrawing the RBI circulars adopted by IFSCA shall be issued on December 31, 2021.

5. Further, provisions of the circulars pertaining to IBUs issued by the Authority has been duly incorporated in the Handbook and these circulars shall cease to be applicable from the date of coming into effect of the directions in the Handbook i.e., January 1,2022. A

circular formally withdrawing the circulars issued by IFSCA shall be issued on December 31, 2021.

6. IBUs are directed to ensure compliance to the directions this circular.

Yours faithfully,

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Annexure

List of amendments/additions to provisions under the IFSCA Banking Handbook

GENERAL DIRECTIONS				
S.N.	Module No.	Module Name	Section	Amendment/addition
1.	1	LIBU	1 (iii)	Requirement of license – for setting up Representative Offices (ROs)
2.	1	LIBU	4	Transitional Provisions
3.	2	GOV	2 (c)	Definition of the Governing Body
4.	2	GOV	8	Staffing
5.	3	CODF	3 (i) (a) (i), 3 (c), 4 (i) (a) (i)	Insertion of the term – ‘ Head-IBU’
6.	3	CODF	footnote no. 7 & 8	Application fee for approved individual
7.	3	CODF	Annex	Application for Approved Individual Status in an IBU to exercise controlled functions.
8.	5	SYSCO	3 (ii)	Outsourcing
9.	5.	SYSCO	5 (ii) (b)	Record Keeping
10.	6	SUP	2 (iv) & (v)	Powers of Supervision over IBUs and Banking business in IFSC
CONDUCT OF BUSINESS DIRECTIONS				
S.N.	Module No.	Module Name	Section	Amendment/addition
1.	1	ACBU	2 (iii)	Definition of ‘Client’
2.	1	ACBU	Footnote no. 1	Permitted activities

3.	1	ACBU	4 (xi)	Acting as a Portfolio Manager
4.	1	ACBU	4 (xii)	Providing Investment Advisory Services
5.	1	ACBU	4 (xiv)	Bullion trading member and clearing member in GIFT IFSC
6.	1	ACBU	4 (xvii)	Acting as FX Prime Brokerage
7.	1	ACBU	4 (xviii)	Undertaking remittances
8.	1	ACBU	4 (xxvi)	Operating as an Investment Banker
9.	1	ACBU	4 (xxvii)	Undertake transfer of loan assets
10.	1	ACBU	4 (xxviii)	Undertake negotiation of letter of credit of constituents
11.	2	BIFC	New module introduced	Undertaking business in foreign currency
12.	4	COMFP	2	Definition of 'Financial Promotion'
13.	7	OEOH	4	Transaction at off-market rates
14.	11	ACDE	4 (i), (iii) & (iv)	Interest rate framework and other requirements
15.	12	REPO	6 (v)	Activities of ROs
16.	12	REPO	8 (i) (ii) (iii) (v) & (vii)	Administration
17.	13	OTDE	1 (iii) , 3 (ii) & (iii), 5 (d), 18 (ii) & Annex 2- section 4	OTC derivatives on Indian Government Bonds (IGBs) and State Development Loans (SDLs)
18.	13	OTDE	9 (ii)	Exchange of margin
19.	13	OTDE	2, 7, 9, 16	The currency for expression of various limits changed from USD

				to Euro – in line with the guidelines of BIS and FSB
20.	14	FXPB	New module introduced	FX Prime brokerage
21.	16	PRCR	3 (iv)	General condition on providing credit

PRUDENTIAL DIRECTIONS

S.N.	Module No.	Module Name	Page No.	Amendment/addition
1	1	GENPRU	7.	Guidance note on stress testing at IBU level
2	3	PRDS	14	Guidance note on public disclosure of IBU's financial statement.