



CIRCULAR

IFSCA/CMD-DMIIT/NBE-DI/2024-25/001

May 02, 2024

To,

Registered non-bank entities in the International Financial Services Centre (IFSC)

Madam/Sir,

Sub: Issuance of Derivative Instruments against Indian securities by non-bank entities in GIFT-IFSC

1. The Hon'ble Union Minister of Finance and Corporate Affairs of India had announced in the Budget Speech of 2023-24 that Offshore Derivative Instruments (ODIs) issued in GIFT-IFSC, would be recognized as valid contracts. Subsequently, Section 18A of the Securities Contracts (Regulation) Act, 1956 was amended to recognize contracts in derivatives, regulated by IFSCA and issued in IFSC by FPIs, as legal and valid.
2. Consequently, as a first phase, the Authority had permitted IFSC Banking Units, registered with SEBI as FPIs, to issue Derivative Instruments with Indian securities as underlying, in GIFT-IFSC.
3. As a second phase, it has now been decided to permit IFSCA registered non-bank entities, registered with SEBI as FPIs, to issue Derivative Instruments with Indian securities as underlying, in GIFT-IFSC.

Responsibilities of the issuer entity

4. The entity issuing such Derivative Instruments in GIFT-IFSC shall ensure compliance with the requirements on issuance of ODIs, issued by SEBI and IFSCA, from time to time.



5. The entity shall furnish requisite information to the Clearing Corporations in GIFT-IFSC in the format as may be prescribed, latest by the tenth day of every month.

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.

A copy of this circular is available on the website of the International Financial Services Centres Authority at www.ifsc.gov.in.

Yours faithfully,

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