

IFSCA BULLETIN



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Highlights of the Quarter

INFINITY FORUM 2.0

To explore the future of financial services in GIFT IFSC, the 2nd edition of InFinity Forum, IFSCA's flagship thought leadership initiative, was jointly hosted by IFSCA and GIFT City, under the aegis of Government of India. Inaugurated by Hon'ble Prime Minister, Shri Narendra Modi, it was centred on the theme 'GIFT IFSC - Nerve Centre for New Age Global Financial Services'. The Forum brought together policy makers, global financial experts, and industry leaders to shape the future of international financial services that would support Viksit-Bharat@2047.

It witnessed participation by 300+ CXOs and audience from various countries, featuring insightful keynote addresses and panel discussions, charting the course of contemporary global financial services.



Image: Shri Narendra Modi, Hon'ble Prime Minister of India inaugurating InFinity Forum 2.0

“GIFT IFSC has the potential to become the gateway to the global fintech world & a fintech laboratory and its vision is in alignment with the India's strength in fintech.”

- Shri Narendra Modi
Hon'ble Prime Minister of India
during the inauguration of InFinity Forum 2.0

InFinity Forum 2.0 featured three distinct tracks, each focusing on critical aspects of financial technology and services in the contemporary global context:

- 1. Plenary Track:** Focused on evolving new age international finance centers for specialized and emerging financial services like sustainable and longevity finance.
- 2. Green Track:** Aimed at developing GIFT IFSC as a global hub for sustainable finance by building a “Green Stack” to address carbon markets and transition finance.
- 3. Silver Track:** Concentrated on creating a Longevity Finance Hub at GIFT IFSC, integrating age-tech with financial services for the ageing population.

Additionally, various side-bar events and programs were conducted/launched to foster deeper discussions and initiatives in key areas:

- 1. Green-Track Cohort** - IFSCA, in partnership with Ahmedabad University Support Foundation's Venture Studio, had launched a Green FinTech Cohort to establish GIFT IFSC as a global sustainable finance hub. This initiative was focused on nurturing green FinTech startups from diverse subcategories like Green and sustainable financing, green investments, impact traceability, Disaster and climate risk management & Green Transition. The winners of Green Cohort program were announced alongside the InFinity Forum 2.0.
- 2. Round Table with FICCI** - FICCI organized a round table for Consul Generals from various countries to promote InFinity Forum 2.0 and explore opportunities in GIFT IFSC. The event featured presentations by senior IFSCA officials and aimed to enhance global visibility through embassy networks, with invitations extended to 43 Consulate Generals.
- 3. Roundtable with Invest India** – A virtual round-table with startups on the Longevity Economy was held on December 6, 2023, as a precursor to the Longevity Economy Cohort at the InFinity Forum 2.0. The event, facilitated by IFSCA and Invest India, aimed to initiate dialogue and spread awareness among startups in this emerging field.
- 4. Longevity Economy Cohort** - The Forum also witnessed the launch of Longevity Economy Cohort which will focus on

‘Integrating Age-Tech’ with financial services and will be mentored by renowned experts from India and across the globe.

- 5. Investors Meet** - As a precursor, IFSCA hosted an investor task force meet on December 8, 2023, with 10 investors and 14 FinTechs to lay the groundwork for fruitful collaboration with GIFT IFSC. This first of its kind event showcased the emerging ‘Investor Eco-system’ within GIFT IFSC that will act as a growth catalyst for domestic and global FinTechs. Further, MoUs were exchanged by IFSCA with Ahmedabad University and Software Technology Parks of India (STPI) for mutual collaboration.



Image: Shri Bhupendra Patel, Hon'ble Chief Minister of Gujarat addressing the participants during InFINITY Forum 2.0

“When countries around the world want to collaborate with India, Gujarat and GIFT City have become the best destinations for investments.”

- Shri Bhupendra Patel
Hon'ble Chief Minister of Gujarat
during InFINITY Forum 2.0



Image: Shri Piyush Goyal, Hon'ble Union Minister of Commerce and Industry, Consumer Affairs, Food & Public Distribution and Textiles during InFINITY Forum 2.0



Image: Shri Ashwini Vaishnaw, Hon'ble Minister for Railways, Communications, Electronics & Information Technology during InFINITY Forum 2.0

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Winners of the Green FinTech Cohort program was announced in the Investors Meet. The Cohort was launched by IFSCA in collaboration with Ahmedabad University Support Foundation (“Venture Studio”). The program was aimed at supporting green FinTech Startups from diverse subcategories such as Green and Sustainable Financing, Green Investments, Impact Traceability, Disaster and Climate Risk Management, Green Transition, etc.

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It was launched on December 9, 2023, in IFSCA's Flagship event InFINITY Forum 2.0 on the Theme, “Longevity Economy” in collaboration with IIM Ahmedabad, FinTech 4 Longevity Academy (F4L, Israel), APIX (Singapore), American Council of Life Insurers (ACLI) and Federal Bank IBU.

SINGAPORE FINTECH FESTIVAL (SFF) 2023

IFSCA set up a booth in SFF 2023 and was part of a panel discussion on “Creating inclusive policy frameworks” and a Roundtable on “Bridging the Gap: AI Governance in Banking- From Principle to Practice”. Chairperson, IFSCA interacted with Monetary Authority of Singapore (MAS) and other financial sector entities. Additionally, IFSCA conducted a Regulatory Masterclass to disseminate information about GIFT IFSC.

CELEBRATION OF THE IOSCO WORLD INVESTOR WEEK (“WIW”) 2023 AT GIFT IFSC

As a member of International Organization of Securities Commissions (IOSCO), IFSCA celebrated the WIW 2023 on theme of sustainable and investor resilience during the week starting October 9, 2023. WIW is a week-long global campaign promoted by IOSCO to raise awareness about the importance of investor education and

protection and highlight the various initiatives of securities regulators.

The two stock exchanges at GIFT IFSC actively participated in the WIW in co-ordination with IFSCA. A series of events and activities were organized as part of WIW that included a statement by Chairperson, IFSCA, various webinars /roundtable discussions, interaction with students, and outreach to brokers and investors.

Shri. K. Rajaraman, Chairperson, IFSCA in his statement emphasised the importance and significance of sustainable finance. He highlighted the various initiatives taken to emerge as global hub for green and sustainable finance and investment opportunities at GIFT City.



Image: Shri Praveen Trivedi, Executive Director, IFSCA, ringing the closing bell of the IOSCO WIW 2023

During the closing bell ringing ceremony, Shri Praveen Trivedi, ED, IFSCA stressed the importance of protecting the interests of investors in the development of the international financial ecosystem at GIFT IFSC.

SUBMISSION OF THE REPORT OF THE WORKING GROUP ON “DIRECT LISTING OF LISTED INDIAN COMPANIES ON IFSC EXCHANGES”

The Working Group on “Direct Listing of Listed Indian Companies on IFSC Exchanges” submitted its report to Chairperson, IFSCA on December 20, 2023. This Working Group was constituted pursuant to the announcement by the Hon’ble Union Minister of Finance and Corporate Affairs of India on July 28, 2023, to allow direct listing of equity shares of listed Indian Companies on IFSC Exchanges (“Direct Listing”).



Image: Report of the Working Group on “Direct Listing of Listed Indian Companies on IFSC Exchanges” being submitted to Shri K. Rajaraman, Chairperson, IFSCA

The Working Group was chaired by Shri Praveen Trivedi, Executive Director, IFSCA with members from Ministry of Corporate Affairs, Department of Economic Affairs, Securities and Exchange Board of India, and market participants.

The Working Group has made several other recommendations with respect to regulatory and operational aspects of dual listed companies, cooperation between institutions and authorities in both jurisdictions, and necessary changes required in various legal frameworks to implement the proposed Direct Listing on the stock exchanges in IFSC.

IFSCA believes that the recommendations made in this report will contribute towards the implementation of the vision of the Government of India to facilitate raising of foreign capital into India through GIFT IFSC. The report of the working group is available at <https://ifsc.gov.in/ReportPublication/index/aadg9ruDI%20M=>

ROUND TABLE CONSULTATION ON REITS AND INVITS AT IFSC

A Round Table Consultation on "REITs and InvITs: Opportunities at GIFT IFSC" was organized by IFSCA on December 20, 2023, for seeking suggestions from the market participants to develop the REITs and InvITs ecosystem at GIFT IFSC.

During the event, Chairperson, IFSCA shed light on the infrastructure financing requirements of India, particularly in the context of the National Infrastructure Pipeline.

Market participants provided their inputs with respect to enablers required in the Income Tax Act, Guidelines of External Commercial Borrowings, SEBI framework, etc.



Image: Chairperson, IFSCA interacting with various stakeholders and market participants during Round Table Consultation on REITs and InvITs at IFSC

ROUND TABLE DISCUSSIONS IN SINGAPORE

An IFSCA delegation led by Chairperson, IFSCA had visited Singapore in November 2023. During the visit, Round Table discussions were organized on:

- i. Capital Markets in IFSC
- ii. Fund management/ Wealth management in IFSC
- iii. Ship Leasing in IFSC

These discussions were attended by the representatives of various prominent entities in Singapore. The ecosystem and various advantages for financial services activities in GIFT IFSC were explained to entities.



Image: IFSCA delegation at the round table discussion on ship leasing in Singapore

INTERNATIONAL CONFERENCE ON THE ROLE OF IFSC IN EXPORT CREDIT AND EXPORT CREDIT INSURANCE

The Ministry of Commerce and Industry, Government of India and IFSCA jointly organised an International Conference on the 'Role of IFSC in Export Credit and Export Credit Insurance' on December 19, 2023, at GIFT City, Gandhinagar, Gujarat. The conference was addressed by Shri K Rajaraman, Chairman, IFSCA, Shri Vivek Joshi, Secretary, Department of Financial Services, Ministry of Finance and Shri Paresh Kantilal

Mehta, Regional Chairman, Federation of Indian Exporter Organisation (WR).

The conference served as a forum for deliberating and cross fertilisation of ideas on the dynamic shifts within Export Credit and Export Credit Insurance, highlighting the role of IFSC in fostering growth within this sector. At the conference, experts actively participated in dynamic roundtable discussions encompassing the following subjects:

1. Demand for export credit and export credit insurance
2. Trade finance funding gap: Global and Indian perspective
3. Innovation in export credit and export credit insurance
4. Role of IFSC in bridging the trade finance funding gap
5. Closing the trade finance gap: Policy options



Image: Chairperson, IFSCA delivering the keynote address during the International Conference on the 'Role of IFSC in Export Credit and Export Credit Insurance'

While inaugurating the conference, Chairperson, IFSCA highlighted the Hon'ble Prime Minister's vision for Viksit Bharat 2047 and about the Government's target of reaching a \$2 trillion export goal by 2030. He emphasised the importance of transformative and disruptive thinking to achieve these goals, innovative approaches to business to explore the potential for new-age financial services, and collaboration with international trade finance platforms to support exporters and importers.

Shri Vivek Joshi, Secretary, Department of Financial Services acknowledged the forum as a platform for policymakers to convert optimism about robust export performance into certainty. He emphasized the importance of ease of doing business, reduced transaction costs, reduced documentation and e-initiatives in foreign trade policy, and proposed solutions, including leveraging digitalization, alternative data sources, and rule-based workflow engines to streamline

processes and reduce turnaround times. He also recognised the pivotal role of IFSCA as a unified financial regulator in supporting the foundation of providing easy access to export finance and insurance.



Image: Dignitaries at the panel discussion on “Closing the trade finance gap: Policy options”

The panelists included distinguished officials from the Government of India, thought leaders/ senior management personnel from Banking, Insurance & Fintech entities, Export and MSME associations, researchers from the Asian Development Bank and IIT Kharagpur.

ROUND-TABLE CONFERENCE ON "INTERNATIONAL CARBON MARKET: MAKING GIFT IFSC A GATEWAY FOR GLOBAL CLIMATE FINANCE"

IFSCA conducted a round table conference on "International Carbon Market: Making GIFT IFSC a Gateway for Global Climate Finance" in partnership with the Federation of Indian Chambers of Commerce & Industry (FICCI) and the National Stock Exchange (NSE) on December 13, 2023 at GIFT City, Gandhinagar. The conference was attended by dignitaries from the Ministry of Power, Ministry of Finance, corporate leaders, academic institutions, carbon exchanges, registries, and numerous other relevant stakeholders from the carbon market.

The conference provided a platform for discussing the evolving landscape of international voluntary carbon markets. During the conference, the experts engaged in dynamic round table consultations about the following topics:

1. Building the Foundation for a Vibrant Carbon Market: Integrity, Infrastructure, and Innovation.

2. Enabling International Carbon Market at GIFT IFSC: Forging the Perfect Ecosystem.

The purpose of the roundtable consultations was to identify key elements necessary for a transparent and robust carbon market and to determine the steps needed to position GIFT IFSC as a preferred destination for international carbon finance.



Image: Chairperson, IFSCA delivering the inaugural address at the Conference on International Carbon Market

In his inaugural address, Chairperson, IFSCA highlighted various initiatives undertaken by IFSCA across the financial markets including sustainable finance. He said, “Hon’ble Prime Minister while talking at IFSCA InFinity Forum 2.0 had stated that India will need at least 10 trillion dollars to achieve the net zero target by 2070.” In his statement, he stated, “The government of India is working on an aggressive plan to transform India into a developed country by 2047. This would provide an opportunity for green growth and would require a lot of disruptive and transformative work on policy, regulations, and markets. This round table conference will help IFSCA create an enabling environment for mobilizing capital flows through climate finance and carbon market mechanisms.”



Image: Participants of the Conference on International Carbon Market

FICCI ESG SUMMIT 2023

Chairperson, IFSCA delivered the inaugural address virtually at the FICCI ESG Summit in October 2023. He highlighted the significance of sustainable and climate finance against the backdrop of emergence of climate risks.

He mentioned about the changing regulatory landscape on sustainable finance globally and shared insights on the various initiatives taken by IFSCA such as regulatory framework for listing of GSS+ bonds, sustainability lending by IFSC Banking Units, sustainability reporting by fund management entities, and setting up of ESG funds at GIFT IFSC.

He emphasized that the regulations drafted by IFSCA are globally aligned and attuned to the needs of developing countries like India. He said that these regulations are playing an important role to mobilize foreign capital into green and sustainable projects in India.

He also mentioned about the ongoing initiatives by IFSCA to develop 'Voluntary Carbon Market' and 'Transition Finance' instruments to support the financing of corporates in India and the Global South.

EXPERT COMMITTEE ON TRANSITION FINANCE

With the objective to mobilize global capital to achieve the net zero target of India and other emerging countries, IFSCA constituted an Expert Committee on Transition Finance in December 2023 under the Chairmanship of Mr. Dhruva Purkayastha (India Director, CPI) with following Terms of Reference:

1. To assess the trends in transition finance across the world, identify best practices and assess requirement of transition finance in India by 2047.
2. To recommend a regulatory framework for transition finance instruments utilizing the IFSCA draft framework as a starting point.
3. To recommend policy measures by Government of India in order to promote transition finance from GIFT IFSC, including legal, taxation, regulatory, etc.
4. To advise IFSCA on the approach to developing a reliable and cost-effective ecosystem for transition finance meeting needs of Indian industry.
5. To provide a roadmap and timelines for IFSCA to develop transition finance ecosystem and instruments at GIFT IFSC.

6. Any other matters relevant to transition finance as deemed fit by the committee.

Despite the significant global growth in instruments for financing environmentally friendly activities, in the past few years, the mobilization of funds has been more inclined to certain sectors of the economy, whose activities are related to near-zero carbon emissions. The need of the hour is to fund the transition journey of all sectors, especially hard-to-abate sectors, in order to achieve Paris Agreement goals and SDGs. In this context, transition finance instruments such as transition bonds, transition loans, etc., have emerged as an alternative to address the financing gap needed to achieve Paris Agreement goals and which is inclusive of sectors and geographies across industries.

INDIA INTERNATIONAL BULLION EXCHANGE (IIBX)

October 2023 witnessed gold imports of 1.20 tonnes, crossing the 1-tonne monthly mark for the second consecutive month.

The Qualified Jewellers notified by IFSCA have been permitted to import silver through IIBX. Consequently, IIBX launched trading in silver contracts on December 13, 2023. On the first day, 3 tonnes of silver were traded. Total silver imported through IIBX in December 2023 crossed 21 tonnes.

The TRQ holders under India-UAE CEPA, as notified by IFSCA, have been permitted to import gold through IIBX against the TRQ and take physical delivery of the same through IFSCA-registered vaults located in SEZs as per the guidelines prescribed by the IFSCA.

ROUND TABLE CONSULTATION ON

'DEVELOPMENTAL ASPECTS OF THE ITFS

PLATFORMS IN IFSC'

The conference was held on December 12, 2023. The participants for this conference included three ITFS platform entities, 22 IFSC Banking Units (IBUs), strategic heads from the Head Offices of IBUs, three general insurance entities registered with IFSC, and two prospective insurance entities.

IFSCA-IRDAI GIFT IFSC GLOBAL REINSURANCE

SUMMIT HELD ON NOVEMBER 30, 2023, AT

HOTEL TAJ LAND ENDS, MUMBAI

IFSCA, IRDAI and GIFT City with the support of the Department of Financial Services, Ministry of

Finance held the "IFSCA-IRDAI GIFT-IFSC Global Reinsurance Summit, 2023, on November 30, 2023, at Taj Lands End, Mumbai. During a review meeting on status and progress of GIFT IFSC was held on August 19, 2023, Hon'ble Union Minister of Finance and Corporate Affairs had suggested IFSCA and IRDAI to jointly hold an event on the topic of Reinsurance with the aim to interact with the global reinsurers and develop GIFT IFSC as the Global Hub for Reinsurance.



Image: Dignitaries during the inaugural session "Vision Track" at GIFT-IFSC Global Reinsurance Summit, 2023

The objective of the Summit was inter-alia to bring all stakeholders to a common platform and share the opportunities available in the GIFT IFSC and to find ways to make it a reinsurance hub. The Summit was also intended to create awareness of the principle-based regulatory system adopted by IFSCA and to facilitate and handhold setting up of (Re) Insurance businesses in the GIFT IFSC.



Image: Panel Discussion on "To develop India as Re-insurance Hub"



Image: Panel Discussion on "IFSC - The Gateway to Life Insurance for Indian Diaspora"

The Summit was attended by business leaders from the insurance and reinsurance sectors, consultants, brokers, lawyers, academic institutions, Associations, and other relevant stakeholders.

VISIT OF IFSCA DELEGATION TO TOKYO, JAPAN

IFSCA Delegation led by Shri K. Rajaraman, Chairperson, IFSCA visited Tokyo, Japan in the second week of November 2023. During the visit, in addition to attending International Association of Insurance Supervisors (IAIS) Annual General Meeting and Conference, and signing of Multilateral Memorandum of Understanding (MMoU) with IAIS, the delegation had meetings with Japanese Financial Services Authority (FSA Japan), Trade Bodies, Financial Institutions, etc.

Meeting with FSA, Japan

Mr. Miyoshi, Vice Commissioner, FSA Japan welcomed the IFSCA delegation. Chairperson, IFSCA briefly mentioned the vision behind IFSC at GIFT City and various financial services businesses enabled at GIFT IFSC. Further, the matter of entering into a bilateral MoU between IFSCA and JFSA was discussed.

Participation during Roadshow on Insurance organised by IRDAI

During delegation's visit to Tokyo, the IRDAI organised Roadshow for the Japanese insurers at Vivekananda Cultural Centre, Embassy of India at Tokyo, Japan. In the roadshow, presentations were made by the Chairperson, IFSCA, and Chairman IRDAI on the opportunities provided by GIFT IFSC and the Insurance business in India for the Japanese investors, and collaboration with Indian Insurance business.



Image: Chairperson, IFSCA, during Insurance Roadshow at Tokyo, Japan

Interaction with participants from Various Industries

The delegation had roundtable consultations with fund management entities. The delegation also had bilateral meetings with Shipping Companies, Banks, and Insurers in Tokyo, Japan.

Regulatory Updates

BANKING

Allocation of Indian Financial System Code (IFSC code) to IBUs (November 28, 2023)

A circular was issued to facilitate inward remittances from overseas jurisdictions through cross border payment systems that require IFSC code of the destination branch of the Indian bank as a compulsory requirement. The circular contains the procedure to be followed by IBUs for obtaining the IFSC code.

INSURANCE

Consolidated IFSCA (Investment by IIO) Regulations, 2022 (December 9, 2023)

Considering the significance of investment income for insurers and reinsurers, IFSCA in accordance with Section 27 of the Insurance Act, 1938, had notified IFSCA (Investments by IIO) Regulations, 2022 on January 12, 2023. Subsequently, IRDAI on August 22, 2023, had notified amendment to its Re-insurance Regulations, 2018. These regulations place IFSC Insurance Office at par with Foreign Reinsurer Branch in Category 2 of Order of Preference subject to certain conditions on investments to be made in Domestic Tariff Area (DTA) in India. Based on the above amendment by the IRDAI, IFSCA has carried out suitable modifications to IFSCA (Investment by IIO) Regulations, 2022 and a consolidated version of the updated amended regulations is made available on the website of the Authority.

FINANCE COMPANY

IFSCA issued Certificate of Registration to four aircraft leasing entities and three ship leasing entities during the quarter.

Framework for Aircraft Lease (November 15, 2023)

IFSCA issued a consolidated circular on "Framework for Aircraft Lease" on November 15, 2023, which consolidates all the relevant regulations w.r.t. aircraft leasing in IFSC to make it convenient for entities set up/ intending to set up in IFSC as aircraft lessors.

AML & CFT

Modifications under the IFSCA (AML/CFT/KYC) Guidelines, 2022 for specifying additional AML/CFT/KYC measures and clarifications (October 12, 2023)

The circular has been issued to modify the IFSCA (AML/CFT/KYC) Guidelines, 2022 by specifying additional AML/CFT/KYC measures and clarifications.

Procedure for implementation of Section 12A of "The Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005 (October 20, 2023)

The circular has been issued to bring to the attention of the Regulated Entities the Order dated September 1, 2023, issued by Ministry of Finance, Department of Revenue vide F.No. P-12011/14/2022-ES Cell-DOR on procedure for implementation of Section 12A of the Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005 is applicable to the Regulator, International Financial Services Authority ('IFSCA') and all regulated entities in International Financial Services Centre, GIFT City ('IFSC') and all Regulated Entities of IFSCA shall adhere to the said Order.

Modifications under the IFSCA (AML/CFT/KYC) Guidelines, 2022 (October 23, 2023)

In view of amendments to the Prevention of Money-laundering (Maintenance of Records) Rules, 2005 vide Gazette notification dated G.S.R. 745(E) dated 17th October 2023, the modifications under IFSCA (AML/KYC/CFT) Guidelines, 2022 were issued through this circular.

Procedure for implementation of Section 12A of "The Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005" and Section 51A of Unlawful Activities (Prevention) Act, 1967 (November 22, 2023)

The circular provides that the Regulated Entities in GIFT IFSC are advised to adhere to the Office Memorandum dated October 20, 2023, issued by Department of Revenue, Ministry of Finance, vide F.No. P-12011/14/2022-ES Cell-DOR. Wherein it has been clarified that the sanctions against any person or entity shall be imposed 'without delay' i.e.

on the same business day but not later than 24 hours in any case.

METALS AND COMMODITIES

DGFT, vide notification no. 44/2023 dated November 20, 2023, amended the import policy condition of gold under HS code 71081200 permitting the valid India-UAE TRQ holders as notified by IFSCA to import gold through IIBX against the TRQ and taking physical delivery of the same through IFSCA registered vaults located in SEZs as per the guidelines prescribed by the IFSCA.

DGFT, vide notification no. 35/2023 dated October 11, 2023, revised the import policy condition of silver permitting the Qualified Jewellers notified by IFSCA to import silver through IIBX [for the Codes 71069110 (Unwrought: Grains) and 71069290 (Other)].

Import of gold and silver by Qualified Jewellers through IIBX (December 11, 2023)

IFSCA issued a circular superseding IFSCA's earlier Circulars dated January 19, 2022, and August 05, 2022, which consolidated the provisions enabling the import of gold and silver by eligible entities through the IIBX. Further, to represent the nature of participation of Limited Purpose Trading Members (LPTMs) more accurately as clients, it was decided to rename 'LPTM' as 'Special Category' clients.

'Qualified Suppliers' for supply of bullion on India International Bullion Exchange (December 11, 2023)

With a view to represent the nature of participation of Limited Purpose Trading Members (LPTMs) more accurately, for Qualified Suppliers, it was decided to rename 'LPTM' as 'Special Category' clients in this circular.

Import of UAEGD Gold through IIBX by valid India-UAE TRQ holders (December 13, 2023)

This circular provided for operationalizing the import of gold by valid India-UAE CEPA TRQ holders directly through IIBX.

IFSCA AUTHORITY MEETING

The Seventeenth IFSCA Authority meeting was held on December 29, 2023. The Authority, inter alia, approved the IFSCA (Payment Services) Regulations 2024.

The regulations lay down the framework for entities providing the following payment services to seek authorisation from IFSCA:

1. Account issuance service (including e-money account issuance service)
2. E-money issuance service
3. Escrow service
4. Cross-border money transfer service
5. Merchant acquisition

By enabling the above services to be provided out of IFSC, the regulations allow financial institutions in IFSC to provide as well as receive a wide range of financial services that facilitate the transfer of money between individuals, businesses, and other entities. The regulations would also permit Indian fintech entities looking to offer their products globally to develop IFSC as their base from which to expand their offerings to jurisdictions across the world. The regulations would also support the process of "reverse-flipping" as many of the Indian fintechs having holding companies in foreign jurisdictions are engaged in providing one or more of the payment services enabled by the regulations.

The regulations are divided into eight chapters and seven schedules and have been benchmarked to international regulations governing payment services in jurisdictions like those in Singapore, the United Kingdom, and the European Union.

Public Consultation

INSURANCE

To facilitate the growth of insurance & reinsurance sector and to provide best in class regulatory framework, which is at par with top international jurisdictions, IFSCA has already notified relevant regulations dealing with the aspects of assets, liabilities, and solvency margin of insurance business. In December 2023, IFSCA placed following consultation papers for public consultation on its website:

- 1. Consultation paper on proposed Guidelines on IFSCA (Assets, Liabilities, and Solvency Margin of General, Health and Re-insurance business) Regulations, 2023.**
- 2. Consultation paper on proposed Guidelines on IFSCA (Assets, Liabilities, and Solvency Margin of Life insurance business) Regulations, 2023**

These guidelines provide reporting formats pertaining to requirements towards maintenance of capital and solvency margins for transacting insurance business by IIOs.

CAPITAL MARKETS

Consultation Paper on Remote Broker-Dealer

In order to enhance the participation of foreign Broker-Dealers on the Stock Exchanges, IFSCA has issued a consultation paper on permitting foreign Broker-Dealers to trade on the Stock Exchanges without having a physical presence in IFSC.

Only the regulated Broker-Dealers having the membership of certain international exchanges have been proposed to be permitted for proprietary trading under this category.

FINANCE COMPANY

Consultation paper on IFSCA (Finance Company) Regulations (as amended upto July 1, 2022)

The aim of the consultation paper is to seek public comments on the extant finance company regulations and make necessary amendments based on the input received.

FUND MANAGEMENT

In line with the announcement made by the Hon'ble Finance Minister during the Union Budget for FY 2023 – 2024, IFSCA invited suggestions from public and regulated entities for review of IFSCA (Fund Management) Regulations, 2022 through a press release dated October 10, 2023. The suggestions for review of IFSCA (Fund Management) Regulations, 2022 were to be submitted to the IFSCA till October 31, 2023.

METALS AND COMMODITIES

IFSCA sought suggestions for review of IFSCA (Bullion Exchange) Regulations, 2020 through a press release dated October 30, 2023. The suggestions for review of IFSCA (Bullion Exchange) Regulations, 2020 from public and regulated entities were to be submitted to the IFSCA till November 30, 2023.

Collaboration and Partnerships

INSURANCE

Multilateral Memorandum of Understanding (MMoU) with International Association of Insurance Supervisors (IAIS)

IFSCA signed a MMoU with IAIS on November 10, 2022. With the signing of this MMoU, IFSCA has become part of the group of MMoU signatories, which will facilitate exchange of information and cooperation with most of the global insurance regulatory or supervisory authorities. The MMoU was signed by Chairperson, IFSCA during the IAIS Annual General Meeting and Annual Conference held at Tokyo Japan. The IAIS MMoU provides a global framework of compliance and confidentiality to allow open cooperation and exchange between insurance supervisors. To become a signatory to the MMoU, applicants undergo a rigorous assessment of their professional secrecy regimes, conducted by an independent team of IAIS members. Through membership in the MMoU, supervisors can exchange relevant information and assist other signatories, thereby promoting the financial stability and sound supervision of cross-border insurance operations for the benefit and protection of consumers.



Image: Chairperson, IFSCA and Secretary General, IAIS exchanging MMoU

FINTECH

MoU with Software Technology Parks of India (STPI)

The MoU aims to put in place a framework for cooperation between IFSCA and STPI which will enable collaboration on diverse initiatives regarding FinTech. FinTechs registered with STPI may be facilitated to access IFSCA's Regulatory and Innovation Sandbox and apply to the IFSCA (FinTech Incentive) Scheme, 2022.

MoU with Ahmedabad University (AU)

The MoU aims at cooperation and collaboration to strengthen active participation in conducting evidence-based policy research to aid policy formulation and encourage research in emerging financial areas. Under the MoU, both institutions will explore opportunities for research, consultancy, and capacity building for policy analysis and development in areas of finance and convergence of technology.

ANCILLARY SERVICES

MoU with The Institute of Chartered Accountants of India (ICAI)

IFSCA signed and exchanged MoU with ICAI at Global Professional Accountants Convention for the development of GIFT IFSC as a "Global Finance and Accounting Hub" of the world.

MOU with the Institute of Company Secretaries of India (ICSI)

IFSCA entered into an MoU with the Institute of Company Secretaries of India for co-operation in the various initiatives including working together for the development of GIFT IFSC as a Global Compliance Services Export Hub and to facilitate development of advanced corporate governance practices, compliance audit in IFSCs and promote export of Legal, Compliance and Secretarial Services.

Current Statistics

BANKING

Table 1: Number of IBUs

Particulars	As on Sep 30, 2023	As on Dec 31, 2023
No. of IBUs	23	23

Table 2: Assets of IBUs

Month ended	Oct 2023	Nov 2023	Dec 2023
Particulars	USD Mn		
Investments			
Sovereign securities	1035.53	1040.41	1040.85
Other investments	1074.33	1114.42	1169.23
Trade Finance	9750.24	10408.95	11177.92
Commercial Loans	20159.73	20417.30	22913.00
Retail loans	82.01	82.18	81.98
Other loans	812.01	797.39	725.00
Interbank/Interbranch placements	11465.87	11574.68	12507.04
Others	2933.02	2685.79	2369.73
Total	47312.74	48121.12	51984.75

Table 3: Liabilities of IBUs

Month ended	Oct 2023	Nov 2023	Dec 2023
Particulars	USD Mn		
Demand deposits	440.71	483.59	567.28
Time deposits	2630.69	2640.13	2662.25
Interbank/Interbranch borrowings	32300.48	33111.60	36571.50
Bilateral Borrowings	5282.50	5430.63	5933.10
Multilateral Borrowings	35.59	35.61	35.50
Medium Term Notes	1191.04	1197.41	1199.93
Others	5431.73	5222.15	5015.19
Total	47312.74	48121.12	51984.75

Table 4: Industry wise credit exposure of IBUs

Month ended		Oct 2023	Nov 2023	Dec 2023
Sector	Industries	Amount Outstanding (USD Mn)		
Manufacturing	Auto Components	163.84	170.94	148.36
	Automobile	709.28	665.61	760.37
	Capital Goods	149.79	160.43	184.43
	Cement and Cement Products	42.69	43.18	44.89
	Electronic Systems	434.55	205.00	175.51
	Food Processing	242.20	366.07	420.87
	Glass and Glassware	6.70	6.70	6.87
	Iron & Steel	235.30	272.80	291.74
	Laminates/ Plywood/ Boards	11.26	11.12	10.62
	Leather and Leather Products	3.02	3.02	2.82
	Medical and Medical Equipment	234.81	238.07	232.21
	Metals	1596.82	1698.31	1781.28
	Paper and Packaging	48.29	59.53	64.65
	Petrochemicals	2876.53	2840.87	3008.81
	Plastic and Plastic Products	53.29	45.33	52.01
	Textiles and Apparels	80.89	62.72	62.16
Vehicles, Vehicle Parts, and Transport Equipment	35.05	20.85	20.95	
Services	Agri Services	18.50	17.84	0.00
	Banking and Finance	12948.28	14114.52	15584.60
	Clearing Corporation	246.42	237.67	252.76
	Education	160.37	161.14	168.79
	Exchange House	15.00	15.00	0.00
	Financial Services	39.57	39.57	39.57
	Global Hospitality	15.86	16.37	0.00
	Healthcare	61.44	62.11	259.89
	IT and Software Industry	417.04	423.15	437.85
	Logistics	42.02	20.13	47.24
	NBFC	754.93	759.57	850.83
	Professional Services	21.69	21.39	22.39
	Retail and e-commerce	165.48	161.77	174.64
	Telecommunication	841.80	849.21	863.59
	Tourism & Hospitality	330.67	331.54	423.72
Trade/Distributor	16.14	20.91	18.80	
Infrastructure	Construction	542.75	515.49	549.25
	Mining	376.43	285.63	211.21
	Oil and Gas	1407.79	1364.40	1223.68
	Ports and Shipping	1068.37	1057.25	1140.71
	Power Sector	993.21	1023.80	1196.21
	Renewable Energy	175.22	199.62	136.41

	Roads and Highways	21.55	122.06	67.16
Agriculture and Forestry		145.73	150.95	142.48
Aviation		178.42	207.39	220.53
Chemicals		1332.88	1584.18	1717.77
Jewelry		289.78	301.60	360.26
Paints		27.50	2.50	1.88
Pharmaceuticals		639.21	665.30	594.86
Other Sectors		2762.27	2219.33	3135.16
Total		32980.63	33821.94	37110.79

Table 5: Country wise exposure of IBUs

Oct 2023		Nov 2023		Dec 2023	
Country Name	%age of total exposure	Country Name	%age of total exposure	Country Name	%age of total exposure
India	69.75	India	70.49	India	70.69
USA	5.06	USA	5.35	UK	4.42
Singapore	4.84	Singapore	4.29	USA	4.29
UK	4.41	UK	4.08	Singapore	4.20
Mauritius	4.28	Mauritius	3.93	UAE	4.12
UAE	4.18	UAE	3.81	Mauritius	3.65
Netherlands	2.41	Netherlands	2.60	Netherlands	3.06
Hong Kong	1.00	Hong Kong	1.18	Hongkong	1.05
Bahrain	0.54	Bahrain	0.53	Bahrain	0.89
Bangladesh	0.47	Bangladesh	0.44	Bangladesh	0.45
Others	3.06	Others	3.30	Others	3.17

Table 6: Derivative Outstanding of IBUs (USD Mn) (Notional)

Month ended	Oct 2023	Nov 2023	Dec 2023
FCY-INR Derivatives (to be settled in FCY)	26733.84	26736.18	21904.03
FCY-FCY Derivatives (to be settled in FCY)	5396.85	6044.21	5723.91
INR Interest rate swap (IRS) (including overnight indexed swaps (OIS))	27341.04	26946.30	28002.48
FCY Interest rate swap (IRS) (including overnight indexed swaps (OIS))	85551.06	89405.91	92452.36
Total	145022.79	149132.60	148082.78

CAPITAL MARKET

Table 7: IFSC Stock Exchanges Turnover (Traded Value in USD Mn)

Month	Oct 2023		Nov 2023		Dec 2023		Total	
	No. of contracts	Traded Value	No. of contracts	Traded Value	No. of contracts	Traded Value	No. of contracts	Traded Value
Commodity Futures	84	5.42	1735	110.52	1519	99.68	3338	215.62
Currency Futures	26	0.62	14	0.34	2	0.05	42	1.01
Index Futures	1648239	63702.34	1603027	62741.91	1579762	66626.10	4831028	193070.35
Index Options	33155	9.76	157314	19.72	118029	9.16	308498	38.64
Total	1681504	63718.14	1762090	62872.49	1699312	66734.99	5142906	193325.62

Table 8: Aggregate Open Interest (OI) of all derivatives contracts on IFSC Stock Exchanges

Month Ended	Open Interest (no. of contracts)	Value (USD Mn)
Oct 2023	2,70,098	10,338.00
Nov 2023	2,46,970	9,982.48
Dec 2023	2,45,484	10,709.64

Table 9: India INX Global Access

Particulars	Oct-Dec 2023 (Accounts Opened)	As on Dec 31, 2023
Total no. of accounts	126	3665

Table 10a: Trading in Global Exchanges through India INX Global Access (USD Mn)

Entity Type	Particulars	Oct-Dec 2023	Till Dec 31, 2023
LRS (Residents)	Equity, ETFs, Funds, Bonds, and other products	1.76	12.01
	Derivatives Products	580.03	28,301.12
IFSC Entities	Equity, ETFs, Funds, and other products	7.80	466.08
	Derivatives Products	0.90	168.66
Non-residents outside IFSC	Equity, ETFs, Funds, and other products	1.70	9.19
	Derivatives Products	0.90	168.66
Total		592.19	28957.07

Table 10b: Trading in Global Exchanges through India INX Global Access (Oct-Dec 2023: USD Mn)

Exchange	Total trading value	Trading in Derivatives	Trading in non-derivatives
CME	472.15	472.15	0.00
NYMEX	34.04	34.04	0.00
COMEX	30.53	30.53	0.00
CBOT	20.53	20.53	0.00
SGX	15.77	15.77	0.00
CBOE	6.15	6.15	0.00
ARCA	4.27	0.00	4.27
NASDAQ	3.44	0.33	3.11
ASX	2.24	0.06	2.18
NYSE	1.11	0.00	1.11
Others	1.97	1.38	0.59
Total	592.19	580.94	11.25

Table 11: Capital Market Intermediaries as on Dec 31, 2023

Type of Entity	No. of entities
Broker-Dealer	72
Clearing Member	20
Custodian	5
Depository Participants	10
Investment Banker	3
Investment Advisers	6
Debenture Trustee	3
Distributors of Capital Market Products & Services	6

SUSTAINABLE FINANCE

Table 12: Listing of debt securities at IFSC Exchanges (In USD Bn)

Particulars	As on Sep 30, 2023	As on Dec 31, 2023
Cumulative debt listings	52.72	52.97
Cumulative ESG labelled debt listing	10.18	10.43

Table 13: Overall Sustainable Financing by IBUs*

Classification	During Apr-Sep 2023				Cumulative during Apr-Sep 2023 (USD Mn)
	Medium / Long Term Loans (USD Mn)	Short term Loans (USD Mn)			
		Trade Finance	Working Capital/ Supply Chain Finance	Others	
Green	86.88	57.37	-	-	144.25
Social	251.76	5.42	-	-	257.18
Sustainable	40.00	-	-	-	40.00
Sustainability Linked	265.78	30.49	-	-	296.27
Others	-	-	-	-	-
Total	644.42	93.28	-	-	737.7

* The data is available once in a half-year

Table 14: Sector-wise classification of Sustainable Financing by IBUs*

Sector	During Apr-Sep 2023	
	Amount (USD Mn)	Total No. of Transactions
Renewable Energy	144.25	141
Energy Efficiency	0.00	0
Pollution Prevention and Control	171.66	3
Sustainable Water and Wastewater Management	0.00	0
Clean Transportation	50.00	1
Climate Change Adoption	0.00	0
Green Buildings	0.00	0
Affordable Basic Infrastructure	7.74	1
Affordable Housing	5.96	7
Food Security and Sustainable Food Systems	4.28	5
Pharmaceuticals (Formulations)	25.00	1
Wholesale Trading (Oil/Energy/Carbon Black)	11.38	1
Health Care	36.14	15
Social Education	4.00	1
Others	277.29	260
Total	737.7	436

* The data is available once in a half-year

INSURANCE

Table 15: Written/ Transacted premium by IFSC Insurance Offices and Intermediary Offices

Particulars	2022-23		Apr-Dec 2023		Oct-Dec 2023	
	Number of Offices*	Written/ Transacted Premium	Number of Offices*	Written/ Transacted Premium	Number of Offices*	Written/ Transacted Premium
		(USD Mn)		(USD Mn)		(USD Mn)
IIOs	6	84	8	115.8	8	57.58
IIIOs	17	227	21	186.9	21	57.66

*Number of offices are as at the end of the particular period

FUND MANAGEMENT

Table 16: Number of Fund Management Entities (FMEs) and Funds

Particulars	As on Sep 30, 2023	As on Dec 31, 2023
FMEs	73	83*
Funds	68	95

*Excluding in-principle approvals

Table 17: Investments by Fund Management Schemes at GIFT IFSC as on Dec 31, 2023

Particulars	No. of Schemes Registered	USD Mn				
		Total Commitments raised	Total funds raised	Investments into India	Investments made in Foreign Jurisdiction	Total Investments made
				(A)	(B)	(A+B)*
Venture Capital Schemes (including Angel Schemes)	9	142.18	24.13	10.5	5.95	16.45
Category I and II AIFs	36	5,258.44	2,222.46	1,963.69	143.92	2,107.61
Category III AIFs	50	1,675.53	826.88	795.46	10.92	806.38
Total	95	7,076.15	3,073.47	2,769.65	160.79	2,930.45

*Excluding the exposure towards derivatives contracts. In the case of fund of fund, cash maintained, and expenses incurred by the master fund are also excluded.

FINANCE COMPANIES/ FINANCE UNITS

Table 18: Finance Companies/ Finance Units during Oct-Dec 2023

Type of Finance Company	Aircraft Lease	Ship Lease	FC (Core)	FC (Non-Core)	Total
Applications received	2	2	1	1	6
Provisional Registration Granted	2	2	1	1	6
Final CoR Granted	4	3	0	0	7
Registration till Dec 2023	19	7	3	5	34

Table 19: Assets under lease-out by AOL/ Ship Leasing Entities

Type of asset	As on Sep 30, 2023	As on Dec 31, 2023
By Aircraft Leasing entities		
Aircraft	17	17
Engines	63	55
Ground Support Equipments	56	56
Total	136	128
By Ship Leasing entities		
Ship	2	3

Table 20: Transactions financed by ITFS Platforms

Particulars	As on Sep 30, 2023	As on Dec 31, 2023
Number of Transactions financed	115	173
Value of Transactions financed (USD Mn)	5.95	8.57

METALS AND COMMODITIES

Table 21: Participants on India International Bullion Exchange (IIBX)

Participants	As on Sep 30, 2023	As on Dec 31, 2023
Qualified Jewellers	102	104
Clients	57	57
'Special category' Clients	45	47
Qualified Suppliers	19	21
Clients	18	20
'Special category' Clients	1	1

Table 22: Intermediaries on IIBX

Regulated Entities	As on Sep 30, 2023	As on Dec 31, 2023
Bullion Trading Members	4	4
Bullion Trading Cum Self Clearing Members	1	1
Bullion Trading Cum Clearing Members	5	5
Bullion Professional Clearing Members	2	2
Vault Managers	3	3

Table 23a: Product-wise summary of trades on IIBX

Product	During FY 2022-23		During Jul-Sep 2023		During Oct-Dec 2023	
	Traded Value (USD Mn)	Traded Volume (in kg)	Traded Value (USD Mn)	Traded Volume (in kg)	Traded Value (USD Mn)	Traded Volume (in kg)
LBMA 1 kg Gold 995	6.69	120	1.72	28	2.79	47
LBMA 100 gm Gold 999	2.65	50	0	0	0.00	0
UAE GD 1 kg Gold 995	13.13	241	0.06	1	0.00	0
UAE GD 100 gm Gold 999	0	0	0.44	7	0.19	3
UAEGD TRQ 1 kg Gold 995	0	0	38.54	623	47.97	774
UAEGD TRQ 100 gm Gold 999	0	0	65.12	1,051	70.68	1130
Total (Gold)	22.47	411	105.88	1,710	121.62	1954
UAEGDCEPA SILVER GRAINS*	-	-	-	-	16.81	21,060
Total (Silver)	-	-	-	-	16.81	21,060

* The trading of silver started on IIBX from December 13, 2023.

FINTECH

Table 24: FinTech Entities - Dashboard

Particulars	As on Sep 30, 2023	As on Dec 31, 2023
Number of Applications Received (under FE Regulatory Framework)	90	109
Number of FinTech Entities Registered	39	47
Number of Grant Applications Received under Incentive Scheme	12	13
Number of FinTech Entities approved under Incentive Scheme	5	10
Grants approved under Incentive Scheme (In INR Crores)	1.1	2.65

ANCILLARY SERVICES

Table 25: Activity-wise break up of ancillary services entities, including in-principal approval

S. No.	Core Activity	No. of Authorized Entities	
		As on Sep 30, 2023	As on Dec 31, 2023
1	Legal, Compliance and Secretarial	9	12
2	Professional & Management Consulting Services	20	22
3	Auditing, Accounting, Bookkeeping and Taxation Services	7	9
4	Administration, Asset Management Support Services and Trusteeship Services	18	19
	Total	54	62



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