

Public Comments on Draft IFSCA (Book-keeping, Accounting, Taxation and Financial Crime Compliance Services) Regulations, 2024

The consultation paper seeking comments/suggestions from the public on the draft IFSCA (Book-keeping, Accounting, Taxation and Financial Crime Compliance Services) Regulations, 2024 was issued by IFSCA on March 26, 2024. The following comments/suggestions were received:

S.No.	Page No.	Reg. No.	Comments/Suggestions	Detailed rationale provided for the comments/suggestions
1	3		International Financial Services Centres <u>Regulation and Development Authority</u> (Book-keeping, Accounting, Taxation and Financial Crime Compliance Services) Regulations, 2024.	Regulation and Development of IFSC
2	3	2	These regulations aim to put in place the regulatory framework relating to registration and operations and Development of Book-keeping, Accounting, Taxation and Financial Crime Compliance Services from International Financial Services Centres.	The inclusion of words Development will convey a message that the government aims to develop the Financial Services Sector apart from only regulating it.
3	3	3(1) a	Act to include Income Tax Act 1961, Information Technology Act 2000, FEMA 1999, Prevention of Money Laundering Act 2022, DPDP Act 2023	These are required as entities provide services of tax, forensic and even store data of customers in system/cloud, share data through mails
4	3	3(1) b	Point (i), (iii) & (v) & Explanation point needs to be amended.	Services like Reviewing of FS is to be done by auditor and similarly preparation of Business tax returns & Tax preparation services is compiled by Tax Auditor and these services in any scenario doesn't not fall under the category of Accounting services.
5	3	3(1) b	b) "accounting services" includes: (i) reviewing annual and interim financial statements or other accounting information; (ii) compilation of financial statements from information provided by the client, without giving any assurances	Many international organisations hire CMAs to conduct Inclusion of Cost and/or Management Accounting Services. Management Accounting is a new approach to accounting. The term Management Accounting is composed of two words — Management and Accounting. It refers to Accounting for the Management. Management accounting deals with providing information including financial accounting information to

			<p>regarding the accuracy of the resulting statements;</p> <p>(iii) preparation of business tax returns, along with preparation of financial statements;</p> <p>(iv) compilation of income statements, balance sheets or other financial information;</p> <p>(v) analysis of financial statements;</p> <p>(vi) Cost and/or Management Accounting Services</p> <p>vii) other related accounting support services in relation to the above including valuation support services.</p>	<p>managers for their use in planning, decision making, performance evaluation, control, management of costs and cost determination for financial reporting. Managerial accounting contains reports prepared to fulfil the needs of managements</p> <p>Specific Inclusion of Words Management Accounting will help in avoiding any type of issue later by way of difference in types of services.</p> <p>Also many organisations outside India seek consultancy on installation of costing systems, cost accounting, performance Analysis, Operation Performance monitoring etc., so the word cost accounting also needs to be included specifically.</p>
6	3	3(1) b	<p>Clarify whether internal control review for financial statements get covered under the definition of ‘Accounting services’</p>	<p>Internal controls are a critical component when it comes to preparation of financial statements. The internal controls i.e., the processes and procedures that are put in place helps ensure the integrity, completeness, and accuracy of financial statements,</p> <p>For e.g.:</p> <p>A. In many modern ERP accounting systems – Oracle, SAP etc., depreciation is calculated automatically to reduce the likelihood of human error. In this scenario, it is crucial to review how the system computes depreciation to ensure it is as per the applicable accounting standards. To validate this, it is important to review:</p> <ol style="list-style-type: none"> 1) The input manual controls over method of depreciation used, the depreciation rates and the useful lives of assets. 2) The completeness and accuracy of the depreciation computations done in the system as well as automatic accounting entries posted by the system. <p>B. The review of access rights is another aspect of internal control which is important for financial reporting. It involves examining</p>

				<p>who has the authority to approve financial transactions and whether those individuals have the appropriate level of access to the financial systems. For instance: Cash Manager's Approvals: If a cash manager is responsible for approving cash expenses, it is important to ensure that their access rights are commensurate with their role and responsibilities. The review would check for segregation of duties, where the person who approves transactions is different from the person who records them.</p> <p>Review of financial statements include the review of internal controls both automated controls (within the financial systems) and manual controls (outside the financial systems).</p> <p>Accordingly, please clarify whether internal controls review for financial statements gets covered under the accounting services definition.</p>
7	3	3(1) b	By including bookkeeping and accounting function is the eligible service of IFSC - Government has paved way for making India an accounting hub, where ICAI will take the lead.	No rationale provided.
8	3	3(1) b	Regulation 3(1)(b) outlines the scope of "accounting services" under the proposed IFSCA regulations. While the definition captures various crucial aspects of accounting support, it could benefit from some refinement to ensure clarity and comprehensiveness.	No rationale provided.
9	3	3(1) b	Clarify that the definition of "accounting services" includes audit support services	There are many entities outside India that may require Audit support services such as preparing reconciliations, checking accounting entries with underlying documentation such as invoices, checking of agreements, checking policy and procedures, checking adherence applicable accounting standard, etc.

				<p>These services are outsourced to service providers that provide BATF services as their skill sets can support the said services. Thus, these services are natural extension of accounting and book-keeping services.</p> <p>As of now, there are several outsourcing firms in India who currently provide such audit support services alongwith accounting and book-keeping services to non-residents. There are no restrictions in India to provide such audit support services to non-residents.</p> <p>Such service does not include any form of audit or certification. The BATF service provider is also not required to hold any form of a professional degree or subject to any questioning by the professional bodies in overseas jurisdiction as that would be a primary responsibility of the local professional entity that undertakes the audit / certification work. The BATF service provider is also not subject to any professional liability. Such audit support service is merely a support function.</p> <p>Thus, it is recommended that a clarity be provided that “accounting services” provided by BATF service provider includes “audit support services”.</p>
10	4	3(1) b	(vi) Cost and/or Management Accounting Services	<p>The term Management Accounting is composed of two words — Management and Accounting. It refers to Accounting for the Management. Management accounting deals with providing information including financial accounting information to managers for their use in planning, decision making, performance evaluation, control, management of costs and cost determination for financial reporting. Managerial accounting contains reports prepared to fulfil the needs of managements</p>

				<p>Specific Inclusion of Words Management Accounting will help in avoiding any type of issue later by way of difference in types of services.</p> <p>Also many organisations outside India seek consultancy on installation of costing systems, cost accounting, performance Analysis, Operation Performance monitoring etc., so the word cost accounting also needs to be included specifically.</p>
11	4	3(1) b	vii) Natural capital accounting services needs to be added to the list as that is one of the emerging areas of accounting needing urgent attention	No rationale provided.
12	4	3(1) b	"Compilation of any other financial data in specified formats" should be included	No rationale provided.
13	4	3(1) b	<p>Above definition is perfect but we can define accounting services as:</p> <p>Accounting services means the process of measurement, recording and communication of financial information about entities including, but not limited to:</p> <ol style="list-style-type: none"> 1. Reporting financial results (because accounting word derives from the word accountability which means responsibilities in reporting) 2. summarizing a company's operations 3. compilation of financial statements from information provided by the client, without giving any assurances regarding the accuracy of the resulting statements; 4. compilation of income statements, balance sheets or other financial information; 	No rationale provided.

			<p>5. analysis of financial statements;</p> <p>6. other related accounting support services in relation to the above including valuation support services</p>	
14	4	3(1) b	<p>Change in explanation required</p> <p>There is an apparent contradiction in the inclusive definition of accounting services and the explanation thereof- since clause (III) states as under:</p> <p>"(iii) preparation of business tax returns, along with preparation of financial statements;"</p> <p>but in the explanation under accounting services- tax preparation services are said to be excluded.</p> <p>Kindly revisit the said definition and explanation thereof- kindly rephrase accordingly to avoid confusion.</p> <p>Clause III – to be reworded</p> <p>Additionally- clarification is also required on clause (iii) - “(iii) preparation of business tax returns, along with preparation of financial statements.”</p> <p>Whose drafting suggest that both the services are to be performed that of preparation of tax return as well as preparation of financial statement them to qualify for the definition of accounting services , in other words in case only one such service of either of them is provided the same will not be accounting services in terms of clause (iii).</p>	<p>a. Change in explanation – for reasons stated – to avoid confusion on tax preparation services being considered or not in accounting services definition</p> <p>b. Clause (i) – small change suggested (i) reviewing annual and/or interim financial statements or other accounting information; Reason- so that its either annual or interim review or both and not otherwise</p> <p>c. Clause (iii) - preparation of business tax returns, and/or preparation of financial statements. Reason- for reasons already stated - to not make it bundled service for qualifying as accounting services and not otherwise</p>
15	4	3(1) b	<p>Accounting services to include following.</p> <p>a) Adherence to internal control compliances framework of the customer</p>	<p>Accounting services today is maintained remotely in electronic mode. Also control adherence, IT compliances monitoring are important & critical for service organisation</p>

			<p>b) Budgeting, forecasting</p> <p>c) Support for designing and implementation of Internal control framework.</p> <p>d) Review & compliance of Information Technology general control framework</p> <p>e) Records should be prepared & maintained in Digital and electronic formats</p>	
16	4	3(1) b	"Accounting services includes preparation and analysis of income and expenses vouchers and all documents necessary to prepare accounting statements "	No rationale provided.
17	4	3(1) b	To enhance clarity, it would be beneficial to explicitly state the exclusion of financial auditing services, bookkeeping services, and tax preparation services from accounting services. This clarification ensures a clear understanding of the scope of accounting services, preventing confusion and ensuring regulatory compliance. The definition of "accounting services" in Regulation 3(1)(b) is clear and covers essential 5 financial tasks. To improve, explicitly stating the exclusion of financial auditing, bookkeeping, and tax preparation services would enhance clarity for stakeholders. This clarification ensures a precise understanding of the scope of accounting services, avoiding confusion and ensuring compliance with regulatory frameworks.	Rationale provided in the suggestion.
18	4	3(1) b	<p>Comments and Rationale</p> <p>1. Inclusion of Reviewing Services:</p>	Comment: The inclusion of "reviewing annual and interim financial statements" as an accounting service is appropriate as it recognizes the importance of these activities in the overall financial reporting process.

		<p>2. Compilation Services Without Assurances:</p> <p>3. Tax Return Preparation Alongside Financial Statements:</p> <p>4. Analysis and Compilation Services:</p> <p>5. Exclusion of Financial Auditing, Book-keeping, and Tax Preparation Services:</p> <p>6. Valuation Support Services:</p>	<p>Comment: The regulation rightly includes the compilation of financial statements without assurances regarding accuracy. This recognizes the role of accounting professionals in assisting entities with financial statement preparation based on information provided by the client.</p> <p>Comment: Including the preparation of business tax returns along with financial statements under accounting services is apt, considering the intertwined nature of taxation and accounting in business operations.</p> <p>Comment: The inclusion of analysis of financial statements and compilation of other financial information under accounting services covers a broad spectrum of accounting activities essential for businesses. It may be beneficial to clarify that these services can include forward-looking financial analyses and projections.</p> <p>Comment: The exclusion of financial auditing, book-keeping, and tax preparation services from the definition of accounting services is crucial for clarity. However, given that preparation of business tax returns is included, the term "tax preparation services" could be further clarified to distinguish it from tax return preparation.</p> <p>Comment: The mention of valuation support services as a related accounting support service is a positive inclusion, recognizing the increasing importance of valuation in financial reporting and business decision-making.</p>
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19	4	3(1) b	I do not agree with the exception in the Explanation. Why should bookkeeping not be included in "accounting services"? This forms the basis of any accounting.	No rationale provided.
20	4	3(1) b	Exception: In Small to Medium Enterprises (SMEs) it's common for bookkeeping, accounting & tax functions to be performed by a single qualified Accountant. I think a general exception specifically encompassing SMEs would lead to better regulation	No rationale provided.
21	4	3(1) b	Bookkeeping services may be part of accounting services.	No rationale provided.
22	4	3(1) b	Reviewing annual and interim financial statements or other accounting information; The proposed regulation includes the review of annual and interim financial statements which is otherwise part of assurance function. Explanation: Accounting services do not include financial auditing services, book-keeping services or tax preparation services; Suggestion: tax preparation services shall not be excluded from the definition of accounting services.	If we read subsequent sub regulations, the authority intends to cover the non-attest /non assurance services under Accounting Services. Including review of annual or interim financial statements under definition would be incorrect. The sub-regulation (iii) covers the preparation of business tax returns as part of the definition of accounting services. However, explanation tries to exclude the same which is contracting with the definition.
23	4	3(1) b	Yes, financial auditing services , bookeeping and tax preparation are independent and separate services.	No rationale provided.
24	4	3(1) b	Suggestion – It is recommended that the line ‘without giving any assurances’ is clarified by substituting ‘without certifying or attesting as per the requirements of any standard / law.’	The accountant’s role may not be limited to presenting the information in a structured manner or format but the accountant is expected to provide some level of assurance on the accuracy and efficiency in the work assigned including compilation of financial statements. We understand the intention of regulations drafted by IFSCA for not including any auditing or assurance services from certification or attestation perspective. Hence, we have proposed change in the wording of the definition.
25	4	3(1) b	Point (iii) refers to preparation of business tax returns but that should be covered under tax and not accounting.	Not Provided

			<p>Instead Tax accounting e.g., report similar to a tax audit report preparation, or other report preparation that is filed alongwith the annual accounts could be covered.</p> <p>Whether to include the following: (1)Preparation of monthly / annually or periodic reports for Analysis and forecasting / financial projections, cash flow statements (2) Investor reporting (3) management accounting, Internal MIS reporting, (4) cost accounting (5) internal audit (6) internal financial controls (7)preparation of all reportings attached to annual accounts, directors report, CSR report, ESG reporting, etc.</p>	
26	4	3(1) b	<p>(iii) preparation of business tax returns, when provided as a package along with preparation of financial statements for a single fee;</p> <p>Explanation: Accounting services do not include financial auditing services, book keeping services or tax preparation services, when provided as separate services;</p>	<p>The phrases highlighted in bold should be included in clause (iii) and Explanation.</p> <p>According to clause (iii)of the clause, "preparation of business tax returns, along with preparation of financial statements" which are bundled services falls under the scope of accounting services. However, it contradicts the explanation of the same clause which states that "Accounting services do not include financial auditing services, bookkeeping services or tax preparation services"</p> <p>Thus, the definition of accounting services under clause (iii) should be amendedto clarify that preparation of business tax returns is included only where it is provided as a bundled service. Similar modification should be done in the Explanation to avoid</p>

				any ambiguity. This is in line with Para 2.1.3 on Compilation of financial statements services in the Framework for enabling Ancillary services at International Financial Services Centres F.No. 06/IFSCA/Anc.Aux/2020-21 dated 10th February, 2021 and also classification of accounting services as per CPC 2.1 (entire Product Classification (CPC) Version 2.1 published in 2015: chromeextension://efaidnbmnnnibpcajpcglclefindmkaj/https://unstats.un.org/unsd/classifications/unsdclassifications/cpcv21.pdf).
27	4	3(1) b	Preparation of business tax return should be clubbed with in Taxation in BATF and not here.	No rationale provided.
28	4	3(1) b	(iii) mentioning "preparation of business tax returns" seems contradictory with explanation accounting services do not include tax preparation services.	No rationale provided.
29	4	3(1) b	<p>Change in explanation required. There is an apparent contradiction in the inclusive definition of accounting services and the explanation thereof- since clause (III) states as under:</p> <p>"(iii) preparation of business tax returns, along with preparation of financial statements;" 6 but in the explanation under accounting services- tax preparation services are said to be excluded. Kindly revisit the said definition and explanation thereof- kindly rephrase accordingly to avoid confusion.</p> <p>Clause III – to be reworded Additionally- clarification is also required on clause (iii) - "(iii) preparation of business tax returns, along with preparation of financial statements."</p> <p>Whose drafting suggest that both the services are to be performed that of preparation of tax return as well as preparation of financial statement them to qualify for the definition of accounting services , in other words in case</p>	Reason- so that its either annual or interim review or both and not otherwise for reasons already stated - to not make it bundled service for qualifying as accounting services and no otherwise

			<p>only one such service of either of them is provided the same will not be accounting services in terms of clause (iii)</p> <p>Suggested alternative wordings</p> <p>a. rephrase the explanation or clause iii – for reasons stated – to avoid confusion on tax preparation services being considered or not in accounting services definition</p> <p>b. Clause (i) – small change suggested (i) reviewing annual and/or interim financial statements or other accounting information;</p> <p>c. Clause (iii) - preparation of business tax returns, and/or preparation of financial statements</p>	
30	4	3(1) b	Preparing tax returns should not be accounting service	No rationale provided.
31	4	3(1) b	Services like Reviewing of FS is to be done by auditor and similarly preparation of Business tax returns & Tax preparation services is compiled by Tax Auditor and these services in any scenario doesn't not fall under the category of accounting services.	No rationale provided.
32	4	3(1) b	Suggestion – It is recommended to specify 'Other accounting support services' includes Financial Due Diligence ('FDD') services with any assurance or certification function.	Ancillary Services Provider regulations includes advisory and Facilitation Services to entities in IFSC/outside India in relation to their capital raising activities outside India. Financial due diligence is integral part of the services in capital raising services, hence, it is proposed to clarify that the services of accounting supporting services may include FDD services.
33	4	3(1) b	Seeking Clarification –To clarify the scope of 'Other accounting support services' as it includes broad range of supplementary tasks like Uploading vendor payments information on the bank portal for the client's review and approval, creating tax payment receipt on the revenue department portal etc.	Account outsourcing services in the global terms includes vendor payment assistance and reminders, supporting in payment of taxes and duties payment on time, vendor query resolving and outstanding payment follow-up etc. Supporting services are ancillary to the main services of accounts outsourcing services. Enabling such services provisions will assist in providing complete outsourcing solutions.

34	4	3(1) b	Sr. No. (vi) should not include Valuation Support Service - valuation and related support service should be different from accounting services.	No rationale provided.
35	4	3(1) b	1.We can add Account receivable and Account payable services, MIS reporting services. 2. Point iii and explanation given below is conflicting for tax preparation.	No rationale provided.
36	4	3(1) d	book-keeping services” includes: classifying, preparation, recording and maintaining business transactions, support documentation for the transactions, payroll ledgers, reconciliations, in terms of money or any other unit of measurement in the books of account and other related documents. Explanation: book-keeping services do not include payroll and tax returns	Further it says means and includes which could restrict the definition. The word “means” be deleted. Would this definition cover preparation and posting of business transactions and whether it covers preparation of support documentation for transactions, reconciliation,
37	4	3(1)(d)	definition should either state book keeping services means or either state book keeping services includes- but not both of then together - which can be very absurd Suggested to reword/rephrase the same as book-keeping services” includes - Reason- so that the definition is inclusive and not exhaustive - giving a scope for more liberal interpretation thereof- if so required	“book-keeping services” includes: classifying and recording business transactions including payroll ledgers in terms of money or any other unit of measurement in the books of account and other related documents. Explanation: book-keeping services do not include payroll and tax returns services;
38	4	3(1)(d)	The explanation says that the book-keeping services do not include payroll services, but payroll services have not been defined separately elsewhere. Payroll services are a big component of book-keeping services and the same should be either defined elsewhere or should be removed from explanation	The rationale behind these suggestions is to enable a Chartered Accountant to widen his scope of services from traditional domestic clients to global clients.
39	4	3(1)(d)	Bookkeeping service should include Payroll and Tax return filing	Today Companies normally outsource return filing works like GST, TDS, PF, ESI returns and workings of the same to be

				prepared by service organisation, reviewed by the Company before filing the return.
40	4	3(1)(d)	<p>“book-keeping services” means and includes: classifying and recording business transactions including payroll ledgers in terms of money or any other unit of measurement in the books of account and other related documents.</p> <p>Explanation: book-keeping services do not include payroll and tax returns services.</p> <p>Suggestion: Since, payroll services are forming part of book-keeping services, it shall be excluded from the explanation.</p>	<p>The explanation to the subregulation provided excludes payroll services.</p> <p>However, the same is included in the above regulation resulting into contraction between subregulation and its explanation.</p>
41	4	3(1)(d)	"Bookkeeping includes safeguarding, proper filing of all primary documents on the basis which books are maintained "	No rationale provided.
42	4	3(1)(d)	We can add this word - 'data entry',	No rationale provided.
43	4	3(1)(d)	the term "business transactions" should be replaced with simply "transactions" because for CSOs and non-business organisations, transactions are not of a business or commercial nature.	No rationale provided.
44	4	3(1)(d)	Book-keeping services means process of recording your entity's financial transactions and classify into organized accounts, it includes managing financial data for companies, preparation of reconciliation and providing information to make general strategic decisions and a benchmark for its revenue and income goals.	No rationale provided.
45	4	3(1)(d)	Need change of financial transactions instead of business transactions as non-business transactions such as drawings is also entered by a bookkeeper.	No rationale provided.

46	4	3(1)(d)	The definition of "bookkeeping services" aptly captures the essence of bookkeeping by emphasizing the classification and recording of business transactions, including payroll ledgers. However, given that payroll ledgers are included but payroll services are excluded, a clearer delineation on what aspects of payroll are considered under bookkeeping versus what constitutes excluded payroll services could enhance understanding and compliance. Such clarification would help prevent ambiguity, ensuring that entities engaging in these services can accurately delineate between bookkeeping activities and those payroll activities that are considered beyond the scope of book-keeping as per the regulations.	Rationale provided in the suggestion.
47	4	3(1)(d)	Payroll should be included in bookkeeping as it is primary payable for business.	No rationale provided.
48	4	3(1)(d)	Payroll is part of bookkeeping. Tax services is independent	No rationale provided.
49	4	3(1)(e)	“financial crime compliance services” includes services rendered in relation to preparation of internal policies, procedures, manuals and systems to detect, monitor, analyse, or prevent financial crimes and fraud; and compliances / reporting/ filing of returns/forms/certifications/ under the Acts for Financial Intelligence/ Anti-Money Laundering (AML) / Countering the Financing of Terrorism (CFT) / Corruption/ sanctions. KYC, suspicious transactions, suspicious activity, fraud, customer due diligence, remediation process; proliferation financing; and compliance with Financial Action Task Force (FATF) recommendations and similar Act or recommendations of regulators and other related activity.	It should not be service just for compliance but also for regular monitoring and prevention of illicit transactions. It should cover other countries and not only FATF compliances. It should be for preparing process, manuals, policies etc for implementing – whether these would be covered under “compliances of” Financial crime compliance also includes transaction monitoring, suspicious transaction, suspicious activity, reporting, KYC, sanctions monitoring, prevention of frauds or fraud management, red flags, customer due diligence (CDD), remediation process; proliferation financing, etc.

50	4	3(1)(e)	Services in relations to GAAR consultancy if thought fit may also be considered- and also coverage related to FEMA/FERA or other international foreign regulation aspect on the same lines.	Not Provided
51	4	3(1)(e)	It has still wide scope to be included	No rationale provided.
52	4	3(1)(e)	Definition to include equivalent regulations in those countries	<p>Currently the definition of “financial crime compliance services” includes services rendered in relation to compliances of Anti-Money Laundering (“AML”) / Countering the Financing of Terrorism (“CFT”) measures and Financial Action Task Force (“FATF”) recommendations, and other related activities.</p> <p>There may be a possibility that different countries have other equivalent regulations and hence, it will be prudent to include the words “or equivalent regulations in those countries”, to cover services in relation to those regulations.</p>
53	4	3(1)(e)	<p>At present, “financial crime compliance services” have been defined to include services rendered in relation to compliances of Anti-Money Laundering (AML)/Countering the Financing of Terrorism (CFT) measures and Financial Action Task Force (FATF) recommendations, and other related activities.</p> <p>For better clarity around the AML/CFT compliance activities, the definition must cover the following activities:</p> <ul style="list-style-type: none"> - Assistance in assessing the ML/FT risk, - Assistance in designing and implementation of the AML/CFT policy and procedures, - Imparting AML/CFT training, - Assistance in identifying and implementing the necessary technology solutions for AML/CFT compliance, - Managing the Know Your Customer and Customer Due 	The financial crime compliance service provider offers a wide range of services. Thus, a detailed definition of “financial crime compliance services” would help regulated entities determine the scope of services covered under the respective category and avoid ambiguity in the future.

			<p>Diligence activities under outsourcing arrangement,</p> <ul style="list-style-type: none"> - Regulatory registration and reporting support, - Providing AML/CFT consultancy support, - Review of the other regulated entities' AML/CFT compliance program and records maintained, - Independent audit of AML/CFT compliance program and records. 	
54	4	3(1)(e)	<p>Financial crime compliance services should however not include:</p> <ul style="list-style-type: none"> a) Providing legal advice or representation to clients who are accused or suspected of financial crimes, as this could create a conflict of interest or undermine the credibility of the compliance function. b) Engaging in any transactions or relationships that could facilitate or conceal financial crimes, such as accepting or making payments in cash, using shell companies or offshore accounts, or participating in tax evasion schemes. These are important to ensure effectiveness of compliance function and if not included legal risk, litigations can increase c) Sharing confidential or sensitive information about clients, transactions, or investigations with unauthorized parties, such as competitors, media, or criminals, as this could compromise the security and integrity of the financial system and expose the institution to legal or reputational risks. d) Failing to report or escalate any suspicious or unusual activities or transactions to the relevant authorities or internal units, such as the anti-money laundering (AML) or fraud teams, as this could hinder the detection and prevention of financial crimes and expose the institution to 	<p>These are important to ensure effectiveness of compliance function and if not included legal risk, litigations can increase</p>

			regulatory sanctions or penalties. e) Ignoring or violating the applicable laws, regulations, standards, or codes of conduct that govern financial crime compliance as this could undermine the legitimacy and effectiveness of the compliance function and expose the institution to legal or reputational risks	
55	4	3(1)(e)	It should also include support service related to Forensic Audit	No rationale provided.
56	4	3(1)(e)	"Financial crime compliance services includes education to curb financials crimes to the all-stake holders, and also identifying the newest type of financial crime in real time, immediately identify the stooping tools and education mechanism to be introduced at national level in real time"	No rationale provided.
57	4	3(1)(e)	One potential improvement for Regulation 3(1)(e) could involve incorporating detailed guidelines within the 21 regulation outlining specific procedures, methodologies, and reporting requirements for financial crime compliance services. This could include clear protocols for conducting Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT) risk assessments, implementing robust customer due diligence measures, reporting suspicious transactions, and conducting regular audits or reviews. Additionally, providing clarity on the roles and responsibilities of different stakeholders, leveraging innovative technologies like blockchain analytics and artificial intelligence for enhanced detection and prevention of financial crimes, and staying updated with evolving international standards could further strengthen the regulatory framework's effectiveness and relevance.	Rationale provided in the suggestion.

58	4	3(1)(e)	<p>The definition of "financial crime compliance services" in the regulations comprehensively covers essential areas critical for the integrity of the financial system, including Anti-Money Laundering (AML), Countering the Financing of Terrorism (CFT), and adherence to Financial Action Task Force (FATF) recommendations. This inclusion underscores the importance of robust frameworks to prevent financial crimes within the IFSC. However, expanding on "other related activities" with examples or specific categories could further clarify the scope of services encompassed, enhancing the regulatory guidance for entities engaged in ensuring financial crime compliance.</p>	Rationale provided in the suggestion.
59	4	3(1)(e)	<p>This restricts the definition of Financial Crime Compliance services. Countering any services that prevents financial fraud must come under its definition. System Evaluation, Forensic audit etc. What about whistle blower and where its role can be recognise may be looked into. Promotion and protection of whistle blower may be included.</p>	No rationale provided.
60	4	3(1)(e)	<p>While the inclusion of "financial crime compliance services" within the ambit of the regulations is commendable, it would be beneficial to provide a more comprehensive definition that explicitly encompasses emerging financial crimes and regulatory developments beyond AML/CFT measures and FATF recommendations. Given the evolving nature of financial crimes, the regulations should allow for flexibility to address new threats and regulatory requirements effectively. Therefore, I suggest expanding the definition to encompass a broader range of financial crimes and regulatory frameworks, ensuring that the regulations remain relevant and adaptable</p>	Rationale provided in the suggestion.

			to the evolving landscape of financial crime compliance. This would enhance the effectiveness of the regulations in safeguarding the integrity of the financial system within the IFSCA jurisdiction.	
61	4	3(1)(f) or (v) investment in equity shares of 10 per cent and above;	The investment ratio needs to be lowered so that the company do not avail undue benefits and the ultimate purpose of the regulations. It is normal practice to use the resources of Group entities to get the benefits of Government Schemes rather than creation of new entities.
62	4	3(1)(f)	Group entities should cover networking entities, common partners, common control, directly or indirectly associated, relative entities, etc.	The definition of group entities should be comprehensive to include various forms of associations and relationships that may impact the operation and regulation of entities in the IFSC.
63	4	3(1)(f)	If thought fit- to add in explanations- duly incorporating in group entity definition the aspect of step down subsidiaries and step down associate/joint ventures. Including ultimate parent company.	No rationale provided.
64	4	3(1)(f)	Definition of group entities shall include all network firms of all the network whether or not registered with ICAI, PCAOB (US), FRC (UK) or any other such accounting or auditing regulator of a particular jurisdiction. This is because regulation already permits that CPA and any other equivalent foreign qualifications in finance, law, accountancy, business management, commerce, economics, taxation from an equivalent authority in foreign jurisdiction. If such foreign professionals are not regulated, it may be difficult to make responsible those entities who will be mainly directly or indirectly owned by foreign citizens holding such degrees who kept their employment based in India by complying with the rule relating to Principal	Network Entities are regulated by ICAI, which is another form of practice allowed to professional accountants of ICAI as well as across the Globe. The definition of group entities does not include network entities for example all multination accounting firms have their Indian representative Indian CA Firms registered with ICAI who provide various services and more often they use common brand names like KPMG, EY etc. There are emerging such Indian Network Entities as well for example G R A M P Network like ours as well as others. Only domestic network of Indian CA Firms is expected to be registered with ICAI whereas foreign networks prefer to remain unregistered with ICAI or even with NFRA and thereby they enjoy an edge in terms of level playing field. Such network will also

			Officer and Compliance Officer, where, either one or both of them may also be foreign citizen.	enjoy an edge through IFSCA (BATF) unless the regulation that define group entities
65	4	3(1)(f) or (v) investment in equity shares of 10 per cent and above;	The investment ratio needs to be lowered so that the company do not avail undue benefits and the ultimate purpose of the regulations. It is normal practice to use the resources of Group entities to get the benefits of Government Schemes rather than creation of new entities.
66	4	3(1)(f)	Clarity on "Group Entities": The definition of "group entities" could be more specific to avoid any ambiguity in its application.	Definition could be more detailed
67	4	3(1)(f)	Suggestion: the subregulation should also cover the investment in respect of LLP also.	By including only investment in equity shares of 20% and above, we feel only Companies are intended to be covered. Further clarity is required for LLPs.
68	4	3(1)(f)	(iv) Investment in Equity Shares of 26% and above should be considered as Group Entities and Private Equity Investors holding 20 % or 26% should be excluded from the deification of 'group entities"	No rationale provided.
69	4	3(1)(f)	Additionally, offering guidance on accounting treatment and consolidation requirements for group entities under various accounting standards (Ind-AS 110/AS 21, Ind-AS 28/AS 27, Ind-AS 28/AS 23) within the regulation would enhance compliance clarity and consistency. Moreover, including provisions for addressing related-party transactions and conflict of interest scenarios within group entities could strengthen governance and transparency standards.	No rationale provided.
70	4	3(1)(f)	Having common stakeholder should also be classified as group entities	No rationale provided.
71	4	3(1)(f)	Common brand name in a franchisee model is not a group entity	No rationale provided.

72	4	3(1)(f)	The definition of "group entities" in Chapter I Regulation 3(1)(f) provides a clear and comprehensive framework for identifying relationships that constitute group affiliations, including through parent-subsidiary, joint ventures, associates, common branding, and significant equity investments. This delineation is crucial for transparency and governance within financial services.	No rationale provided.
73	4	3(1)(f)	Ancillary unit supplying mainly or substantially to its parent company is influenced by parent company and must be included in group entity coverage, I feel.	No rationale provided.
74	4	3(1)(f)	Regulation 3(1)(f) defines "group entities" based on specific relationships, including parent-subsidiary, joint venture, associate, common brand name, or significant equity ownership. To enhance clarity and effectiveness, it would be beneficial to incorporate additional clarity on the threshold for significant equity ownership. This could include specifying whether the 20% threshold applies to voting rights, economic interests, or both. Moreover, providing illustrative examples could assist in understanding the application of this criterion in diverse scenarios. Furthermore, considering the evolving nature of corporate structures, it may be valuable to include provisions for periodic review and potential adjustments to the criteria to ensure alignment with industry practices and regulatory developments. Such measures would enhance the robustness and adaptability of the regulation, promoting consistency and effectiveness in the oversight of group entities within the IFSCA jurisdiction.	Rationale provided in the suggestion.
75	5	3(1)(g)	Regulatory framework relating to registration and operations of Book-keeping, Accounting, <u>Financial Reporting</u> , Sustainability Reporting, Portfolio Management,	Additional Services to be Included for IFSC Regulations and Development

			<u>Investment Management, Risk Management, Capital Market Management</u> , Taxation and Financial Crime Compliance Services	
76	5	3(1)(i)	Regulation 3(i): Why will units in IFSC be treated as non resident? Does this mean that a resident opening a unit in IFSC will become a nonresident? Concern: In the age of technology, with most financial services provided online, many units are expected to open small units in IFSC. There seems to be no mechanism to monitor these units to prevent the use of IFSC as a tax haven.	Rationale: Clarification is needed on the residency status of units in IFSC, as this has implications for taxation and regulatory compliance. Rationale: Effective monitoring mechanisms are needed to ensure that units in IFSC comply with regulations and do not exploit the zone for tax evasion or other malpractices.
77	5	3(1)(l)	Taxation services could also include representation before tax authorities Taxation should cover reporting requirements, e.g., under automatic exchange of information (FATCA/ CRS) and due diligence process and also remediation process for identification and reporting.	It was there in the ancillary services framework
78	5	3(1)(l)	“Taxation Services” includes tax consulting, preparation services and planning services which includes providing advice and guidance concerning taxes as well as preparing and filing of tax returns of all kinds and Appearance before Tax Authorities, if permitted as per the laws of respective country.	Whenever Taxation service comes into mind, the service of appearance before authorities is also there. The persons handling taxes are much aware about the relevant matter in case any notice is issued by any tax authority so the BATD Service Provider should be allowed to appear before the tax authorities of respective jurisdiction .
79	5	3(1)(l)	Suggestion – It is proposed to widen the scope of ‘Taxation services’, and include tax representations services before the revenue or concerned authorities. Representation services must be provided only in cases where there is not specific requirement regarding the qualification or experiences prevailing the law restricting the representation.	Representation services are integral part of any taxation advisory, taxation structuring. It can enhance the comprehensiveness and value of taxation services provided by any service provider to its client, as it equips clients with the skills and expertise to address taxation queries raised by revenue or concerned authorities. Such representation services don’t require any specific qualification or possessing any certification under the law of that

				jurisdiction then it must allowed be provided along-with the whole taxation advisory or structuring services.
80	5	3(1)(l)	Seeking clarification –Whether payments made or assistance provided to client in making periodic tax payment in lieu of tax advisory or compliance services provided is included in the definition of ‘Taxation Services’.	Most of the client seek assistance in making payment of taxes on the governmental portal. It is like an ancillary part of the total services provided. Where during the periodic taxation advisory or compliance services, working/computation of taxes are prepared, then assistance in discharging of liability. This services may include preparing of tax challans, making payment on behalf of the client and said payment are sent to the services providers accounts in advance (before the payment) or immediately on payment. The reimbursement are on cost-to-cost basis and purely as an assistance to the client for ease of compliances.
81	5	3(1)(l)	Framing of sentence which includes “Filing of tax” needs to be amended & be removed from this regulation.	In India taxation filing is done by either professionals or registered tax preparer with Income tax department. This professional service do have regularity control over their services & as such should not be permitted in IFSC unit.
82	5	3(1)(l)	With the ambit of e assessment also being implemented in several countries, if thought fit - to also incorporate the aspect of representation matter for taxation related aspects- subject to the regulatory framework of the respective countries.	Will act as a means of further professional opportunity
83	5	3(1)(l)	“Taxation Services” includes tax consulting, preparation services and planning services which includes providing advice and guidance concerning taxes as well as preparing and filing of tax returns of all kinds, representation and other related support services	The phrases highlighted in bold should be included in the definition. Taxation Services should specifically include Representation services and other support services in relation to taxation. This is in line with Para 2.3.2 on Business Tax Preparation and Review Services in the Framework for enabling Ancillary services at International Financial Services Centres F.No. 06/IFSCA/Anc.Aux/2020-21 dated 10th February, 2021 which specifically includes representation services

84	5	3(1)(l)	“Taxation Services” includes tax consulting, preparation services and planning services which includes providing advice and guidance concerning taxes as well as preparing and filing of tax returns of all kinds and Appearance before Tax Authorities, if permitted as per the respective laws	Whenever Taxation service comes into mind, the service of appearance before authorities is also there. The persons handling taxes are much aware about the relevant matter in case any notice is issued by any tax authority so the BATD Service Provider should be allowed to appear before the tax authorities of respective jurisdiction.
85	5	3(1)(l)	It is suggested that the definition may be aligned with the detailed scope of tax services in the Point 2.3 of the Ancillary Framework.	While the proposed definition of taxation services is ‘inclusive’ and therefore ought to cover entire gamut of services like representing before tax authorities, appeal, etc which are termed as review service under the Ancillary Framework, the same may be clarified by aligning the list of services to Point 2.3 of the Ancillary Framework. The intent of moving these services under a new regulation and removing them from ancillary framework was primarily to have a separate framework to render these services. Therefore, the scope of tax services under the old Ancillary Framework should be continued under the new regulations.
86	5	3(1)(l)	Clarify whether taxation services also cover tax technology services that licenses software and digital platforms to facilitate or automate tax-related processes or functions.	Tax technology services are a subset of taxation services that use software or digital platforms to facilitate or automate tax-related processes or functions, such as tax compliance, reporting, planning, or advisory. Tax technology services are an important part of taxation services, as they can enhance the efficiency, accuracy, and transparency of tax operations and outcomes for both service providers and clients. Service providers provide these softwares and digital platforms to end clients to facilitate client’s tax compliances. These services should also be part of taxation services
87	5	3(1)(l)	“Taxation Services” includes tax consulting, preparation services and planning services which includes providing	Accounting Services under regulation 3(1)(b)(iii) includes the tax preparation services, reason for including the same here to be

			advice and guidance concerning taxes as well as preparing and filing of tax returns of all kinds.	clarified. Alternatively, the said services may be removed from the definition of the accounting services.
88	5	3(1)(l)	"Taxation services shall not include any tax evasion methods which seems lawful but if lifted the veil lawfulness of the tools it is explicitly tax evasion."	No rationale provided.
89	5	3(1)(l)	Incorporating provisions for specialized tax services such as transfer pricing, international taxation, and tax dispute resolution would reflect the diverse needs of clients. Furthermore, clarifying the scope of "Taxes" to include all direct and indirect taxes, cess, duties, and levies would ensure a comprehensive understanding and application of taxation services within regulatory frameworks.	No rationale provided.
90	5	3(1)(l)	"Taxation services" includes tax consulting services, tax preparation services (making computations of income and computing advance instalments), tax planning services which includes providing guidance and advices on investments, litigation services (dealing with authorities on the behalf of client)	No rationale provided.
91	5	3(1)(l)	Representation services not included	No rationale provided.
92	5	3(1)(l)	The definition of "Taxation Services" in Chapter I Regulation 3(1)(l) effectively encompasses a broad range of tax-related activities, from consulting to the preparation and filing of tax returns, which is essential for comprehensive tax management. The inclusion of all forms of taxes, including direct, indirect, cess, duties, and levies, ensures a thorough coverage of taxation realms, enhancing clarity for service providers and clients alike. However, a further elaboration on "planning services" might enrich the understanding of the scope, particularly in strategic tax planning contexts	No rationale provided.

93	5	3(1)(l)	Tax portal providing software to Taxation professional or Taxpayer directly may be included in the ambit of Taxation services though providing services at back end.	No rationale provided.
94	5	3(1)(l)	In India, taxation filing is done by either professionals or registered tax preparer with Income tax department. This professional service do have regularity control over their services & as such should not be permitted in IFSC unit.	No rationale provided.
95	5	3(1)(l)	I feel that even tax representation and litigation services should be included in the definition	No rationale provided.
96	5	3(1)(l)	Taxation services definition should be divided in to two sub definitions- Direct taxation services and Indirect taxation services as these broad concepts	No rationale provided.
97	5	3(1)(l)	While the inclusion of tax consulting, preparation, and planning services under "Taxation Services" in Regulation 3(1)(l) is comprehensive, it would be beneficial to explicitly specify the scope of tax planning services to avoid ambiguity. Additionally, providing examples of tax planning services could aid in better understanding the breadth of activities covered. Moreover, considering the dynamic nature of tax laws, it might be prudent to include a provision for updates or amendments to the definition to accommodate future changes in tax regulations. This would ensure the regulations remain relevant and adaptable to evolving tax landscapes.	Rationale provided in the suggestion.
98	6	4	Existing ancillary units are required to obtain additional approval for additional services activity to be rendered. Entities should obtain SOC 2 compliances mandatorily and get service organisation audited under internal control framework. Following scenarios to be added a) Branch office b) Existing Client with a New Service	To avoid rendering of services without proper approval Soc 2 compliances will ensure organisations are globally competitive in quality. This would ease out confusions on these scenarios To avoid rendering of services without proper approval Soc 2 compliances will ensure organisations are globally competitive in quality. This would ease out confusions on these scenarios

			c) New Client with Same or Similar Service as Provided from DTA d) Existing Client with Same or Similar Service e) End of Contract and Reappointment Considerations	
99	6	5(1)	Time limit for applicant to apply for registration after or before start of providing such services is required	No rationale provided.
100	6	5(2)	The application under sub-regulation (1) shall be accompanied by a non refundable application fee as may be specified by the Authority not exceeding.....	The limit on the fee must be mentioned in the regulations itself as is the case in various regulations under Insolvency and Bankruptcy Code, Acts governing CMAs, CA & CS.
101	6	5(2)	The application under sub-regulation (1) shall be accompanied by a non-refundable application fee as may be specified by the Authority not exceeding.....	The limit on the fee must be mentioned in the regulations itself as is the case in various regulations under Insolvency and Bankruptcy Code, Acts governing CMAs, CA & CS.
102	6	5(4)	Branch of an Indian entity may be allowed	In all other regulations of IFSC, branch of an Indian entity is allowed to be set-up in IFSC, then even in this case a branch of an Indian entity should be allowed
103	6	5(4)	The applicant desirous of providing BATF Services shall be required to be set up in IFSC either in the form of a Company or Limited Liability Partnership, Partnership registered under Acts governing CA/CMA/CS or in any other form, as may be specified by the Authority.	The specific mention of partnerships of CMA CS & CA Institutes will encourage the partnership firms to become BATF service provider.
104	6	5(4)	To allow branch for professional firms regulated by regulatory bodies like ICAI, ICSI, ICMAI	As Firms are established in Mainland and running through Brand across the Globe, Branch model should be allowed for BATF with strict 'ring fencing' regulations
105	6	5(4)	All the Indian CA Firms are partnership firms or proprietorship firms and therefore, Reg. 5(4) may need to be redrafted to permit Indian CA Firms to give them level playing field.	Indian CA Firms serve their global clients already from their respective locations across India or even from abroad and this change, will be a win win change for them to also explore their presence in IFSCA (BATF) in Gift for their future strategic growth as well as that of the IFSCA.
106	6	5(4)	Definition of group entities shall include all network firms of all the network whether or not registered with ICAI,	Network Entities are regulated by ICAI, which is another form of practice allowed to professional accountants of ICAI as well as

			<p>PCAOB (US), FRC (UK) or any other such accounting or auditing regulator of a particular jurisdiction.</p> <p>This is because regulation already permits that CPA and any other equivalent foreign qualifications in finance, law, accountancy, business management, commerce, economics, taxation from an equivalent authority in foreign jurisdiction. If such foreign professionals are not regulated, it may be difficult to make responsible those entities who will be mainly directly or indirectly owned by foreign citizens holding such degrees who kept their employment based in India by complying with the rule relating to Principal Officer and Compliance Officer, where, either one or both of them may also be foreign citizen</p>	<p>across the Globe. The definition of group entities does not include network entities for example all multination accounting firms have their Indian representative Indian CA Firms registered with ICAI who provide various services and more often they use common brand names like KPMG, EY etc. There are emerging such Indian Network Entities as well for example G R A M P Network like ours as well as others.</p> <p>Only domestic network of Indian CA Firms is expected to be registered with ICAI whereas foreign networks prefer to remain unregistered with ICAI or even with NFRA and thereby they enjoy an edge in terms of level playing field. Such network will also enjoy an edge through IFSCA (BATF) unless the regulation that define group entities</p>
107	6	5(4)	Entity form of applicant can be any legal entity	Not provided
108	6	5(4)	Rights/benefits for members can be written to encourage compliance from all	No rationale provided.
109	6	5(4)	The applicant desirous of providing BATF Services shall be required to be set up in IFSC either in the form of a Company or Limited Liability Partnership, <u>Firms, Chartered Accountants Firm, Cost Accountants Firm, Company Secretaries Firm</u> or in any other form, as may be specified by the Authority	BATF Services to include Firms, Chartered Accountants Firm, Cost Accountants Firm, Company Secretaries Firm and others
110	6	5(4)	Setting up a separate legal entity in the form of Company or LLP instead of branch is advisable considering potential misuse of the branch model, particularly in relation to migration of India business into GIFT IFSC. However, Part I of First Schedule of The Chartered Accountants Act, 1949 prohibits a practicing Chartered Accountant to enter into partnership with any person other than a Chartered Accountant in practice. This would result in practical issues for CA firms to set up separate firm in IFSC where only	Setting up a separate legal entity in the form of Company or LLP instead of branch is advisable considering potential misuse of the branch model, particularly in relation to migration of India business into GIFT IFSC. However, Part I of First Schedule of The Chartered Accountants Act, 1949 prohibits a practicing Chartered Accountant to enter into partnership with any person other than a Chartered Accountant in practice. This would result in practical issues for CA firms to set up separate firm in IFSC where only BATF services are provided without any attestation/audit

			BATF services are provided without any attestation/audit services. Thus, representation should be made by GIFT IFSC to the The Institute of Chartered Accountants of India to permit Chartered Accountant to enter into partnership with any other person for LLPs registered under BATF Framework	services. Thus, representation should be made by GIFT IFSC to the The Institute of Chartered Accountants of India to permit Chartered Accountant to enter into partnership with any other person for LLPs registered under BATF Framework
111	6	5(4)	<p>As per SEZ Rules, 2006, Work from Home is not permitted to people engaged in providing services other than IT and ITES Services.</p> <p>Work from Home should be permitted by GIFT IFSC entity providing BATF Services for certain percentage of total employees say 25% of total employees. This is required since the services are provided to non resident situated in different timezones which can result in late night working hours in India. This is essential for encouraging women employment and giving them flexibility as well as addressing security concerns.</p>	<p>As most of the Indian professional firms (like CA, CS, Lawyers, etc.) are registered in Indian in the form of LLP, etc. and their presence is allowed in multiple parts of the country / India in the form of branch presence.</p> <p>The cost of setting-up / administration of an independent entity (like Company or LLP) is high as compared to branch and the same has no added advantage in any way such firms and their activities are also regulated by respective professional bodies.</p> <p>Also, there is no separate capital requirements, etc. for professional firms and therefore mandating separate entity form of presence in IFSC (otherthan branch) would entail mere additional administrative burden without any rationale especially for professional firms.</p>
112	6	5(4)	The applicant desirous of providing BATF Services shall be required to be set up in IFSC either in the form of a Company or Limited Liability Partnership, Partnership registered under Acts governing CA/CMA/CS or in any other form, as may be specified by the Authority.	The specific mention of partnerships of CMA CS & CA Institutes will encourage the partnership firms to become BATF service provider.
113	6	5(4)	To allow “Branch” structure as a legal form for all BATF Service providers	IFSCA has issued several frameworks for units to be set-up in GIFT IFSC, where “Branch” structure has been permitted. Instances include Banks, Insurance / Reinsurance, Fund Management Entity, Global Treasury Centre, etc.

				<p>IFSCA Regulations are principle based to ensure the regulatory framework is simple. As mentioned in the Expert Committee Report, “operating as a branch allows such firms to leverage its existing reputation and client relationships. This can be particularly important for BATF services sector, where trust and credibility are paramount.”</p> <p>A branch structure is easy to set up as it does not require separate incorporation or governance structure. Additionally, it has relatively lower compliance burden and cost, hence applicants in number of instances may prefer this legal form of operation.</p> <p>Accordingly, it is recommended that “branch” should be allowed as a legal form for a BATF service provider. The apprehension mentioned in the Expert Committee regarding the potential misuse of the branch model, particularly in relation to migration of India business into GIFT IFSC can be mitigated by the fact that:</p> <ul style="list-style-type: none"> (a) the BATF service provider would under the regulatory supervision of IFSCA; (b) the BATF service provider would be required to have segmental financials for the business activities carried out by the unit in GIFT IFSC; and (c) the BATF Regulations prescribe Safeguard Conditions under First Schedule to ensure compliance with Regulation 9 of the BATF Regulations. <p>Accordingly, BATF Service provider should be permitted to operate under “branch” model, under the regulatory guidance of IFSCA and subject to ring fencing and safeguard conditions laid down by IFSCA in the BATF Regulations.</p>
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114	6	5(4)	To enhance flexibility and inclusivity, the regulation could consider allowing other recognized legal forms suitable for offering professional services, such as sole proprietorships or partnerships with adequate safeguards. This would encourage a wider range of service providers while maintaining regulatory oversight and quality standards within the IFSC ecosystem.	No rationale provided.
115	6	5(4)	This should include Registered Partnership Firm as permitted in Ancillary services framework as well (same issued by the IFSCA).	No rationale provided.
116	6	5(4)	Option to set up ROBO Remote Office/ Branch Office should be allowed as these services are majorly provided remotely- therefore there can be a contact ROBO at IFSC but expertise can mobilised nationally	No rationale provided.
117	6	5(4)	It should include "new branch office of an existing entity".	No rationale provided.
118	6	5(4)	Regulation 5(4) thoughtfully mandates that BATF service providers be established within IFSC in specified legal forms, promoting a structured and regulated environment conducive to transparency and accountability in financial services.	No rationale provided.
119	6	5(4)	This would not be practical for CAs. An existing firm should be allowed to set up a branch in IFSC. Why is there a need to set up a new entity? For CAs, setting up new entities (i.e. new CA firms) is a very cumbersome process and it would also create issues for the firm in terms of empanelment etc.	No rationale provided.
120	6	5(4)	Partnership firm without limited corporate tag are regulated by partnership act must be specifically covered and not to be excluded.	No rationale provided.

121	6	5(4)	Branches of existing firms regulated by ICAI/ICSI/ICMAI should be allowed to set up in IFSCA.	<p>Currently, members of ICAI/ICSI/ICMAI are allowed to operate in India and can expand their work through branches. Restricting them from setting up branches in IFSCA would hinder their ability to serve clients effectively and compete with international firms. Allowing branches of ICAI/ICSI/ICMAI regulated firms would benefit IFSCA by:</p> <p>Promoting Ease of Doing Business: It would streamline the process for existing Indian Regulated firms to establish a presence in IFSCA.</p> <p>Enhancing Expertise: Regulated branches would bring established expertise and experience to the IFSCA ecosystem.</p> <p>Ensuring Regulatory Compliance: Branches would be subject to the oversight of their respective regulatory bodies (ICAI/ICSI/ICMAI), ensuring adherence to high professional standards. We urge the authorities to consider allowing branches of ICAI/ICSI/ICMAI regulated firms to operate in IFSCA. This would promote a more inclusive and competitive financial environment.</p>
122	6	5(4)	There should be co-ordinated efforts by the ICAI and the IFSCA towards allowing subsidiary firms of CA Firms to practice as accountants in the IFSC because having a CA firm with common partners in IFSC would hamper the success in the empanelment of said firms in the C&AG and RBI empanelment for audit and other assignments. We have certain concerns pertaining to the form in which setting up accounting practice has been permitted. For mid-size firms like ours, setting up in the IFSCA is a costly endeavour and a big risk especially when the intention is to grow our clientele in the BFSI sector which may or may not entail success. In such a case, setting up a Registered Partnership Firm makes more sense since the partnership firm law	Enclosed the representation made with the IFSC Authorities in this regard as Annexure 1

			allows for a merger of firms whereas LLP law does not. Request you to consider this representation.	
123	6	5(4)	In Regulation 5 (4) concerning the eligibility criteria for providing BATF Services within the IFSC, it's imperative to ensure inclusivity and flexibility to accommodate various business structures. While specifying the acceptable forms such as a Company or Limited Liability Partnership is reasonable, it's advisable to incorporate a broader provision allowing for other recognized legal entities. This would foster a conducive environment for diverse market participants and promote innovation within the IFSC ecosystem. Additionally, clarity on the criteria for determining the suitability of alternative forms would enhance transparency and facilitate smoother regulatory compliance. Hence, I propose an amendment to include a clause allowing the Authority to approve other forms based on predefined criteria, thereby promoting adaptability and competitiveness within the IFSC framework.	Rationale provided in the suggestion.
124	6	5(4)	All the Indian CA Firms are partnership firms or proprietorship firms and therefore, Reg. 5(4) may need to be redrafted to permit Indian CA Firms to give them level playing field.	Indian CA Firms serve their global clients already from their respective locations across India or even from abroad and this change, will be a win win change for them to also explore their presence in IFSCA (BATF) in Gift for their future strategic growth as well as that of the IFSCA.
125	6	5(4)	Permit branch structure for entities regulated by ICAI	The branch model holds significant importance for members of the Institute of Chartered Accountants of India (ICAI) and related bodies for several reasons. Firstly, the branch model allows for a more direct and controlled management structure which is particularly beneficial for professional services like those offered by Chartered Accountants (CAs). This structure ensures that the quality of service is maintained across different locations as the parent entity has direct oversight over the branch's operations.

				<p>The branch model aligns well with this regulation as it allows for the expansion of services without the need for CAs to partner in different entities, thus maintaining compliance with the ICAI's regulations.</p> <p>From a peer review perspective, the branch model is advantageous as it simplifies the review process. Since the branches are part of the same entity, the peer review can be conducted in a more streamlined manner, ensuring consistency and compliance with professional standards across all locations.</p> <p>Challenges in Transitioning to Company or LLP Structure for existing Ancillary services providers</p> <p>Entities currently registered under the branch model would face significant challenges if required to transition to a company or Limited Liability Partnership (LLP) structure, particularly under the Foreign Exchange Management Act (FEMA) and Overseas Direct Investment (ODI) regulations. The transition process involves:</p> <p>Compliance with ODI Regulations:</p> <p>Entities would need to navigate the complex ODI framework, which includes obtaining approvals, ensuring compliance with reporting requirements, and adhering to investment ceilings and other restrictions. This would impose additional administrative burdens and could potentially delay business operations.</p> <p>Tax Implications:</p> <p>Transitioning to a new legal entity structure could trigger various tax consequences. Transfer of assets may pose high tax and capital gains costs. Accurate valuation of the assets being transferred is crucial and can be complex. This includes determining the fair market value of Indian assets, which is essential for tax and regulatory purposes. Note that the new LLP will be a subject to 9% AMT and new Company will result in dividend tax at 25.17%</p>
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				<p>in hands of India entity This will materially alter the financial positions of these entities and will dilute the benefits of setting up in IFSC.</p> <p>Employee Benefits Continuity Issues: For employees, the shift from a branch to a company or LLP could disrupt the continuity of service, affecting their gratuity and other longterm benefits. This not only impacts employee morale but also poses a legal challenge in ensuring that employees' rights are protected during the transition.</p> <p>Administrative and Financial Burden: The process of setting up a new company or LLP involves considerable administrative work, including drafting new articles of association, obtaining necessary licenses including a separate FIU, and registering with various authorities. Additionally, there are financial costs associated with legal fees, registration charges, and the potential need for additional capital investment.</p> <p>Lastly, there may be legal hurdles in the form of contracts, leases, and other agreements that are specific to the IFSC branch and may not be easily transferable to an IFSC entity.</p> <p>Given these complexities, it is evident that transitioning from a branch model to a company or LLP structure is not a straightforward process. It involves navigating a labyrinth of regulatory, tax, and administrative challenges that could disrupt the smooth functioning of the entities involved. Therefore, it is recommended that the branch structure be permitted, particularly for regulated entities and those already registered with the IFSCA as Ancillary Service providers. This would ensure continuity of operations, minimize compliance burdens, and uphold the interests of all stakeholders involved.</p>
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126	6	5(5)	Promoter means a person who, directly or indirectly, has the control over affairs of the entity either as a shareholder, partner, director or otherwise or a person in accordance with whose advice, directions or instruction the board of directors of the company or partners of limited liability partnership are accustomed to act.	Definition of Promoters should be included by way of Explanation. Promoters of the applicant (service provider) referred to in Regulation 5(5) has not been defined.
127	7	6(3)	Material change should be defined or explained	This will avoid ambiguity of whether a particular change is material or not
128	8	8(2)	Provide further details on what is deemed fit and proper	ECB Guide to fit and proper assessments https://www.bankingsupervision.europa.eu/ecb/pub/pdf/ssm.fit_and_proper_guide_update202112~d66f230eca.en.pdf https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fwww.eba.europa.eu%2Fsites%2Fdefault%2Ffiles%2Fdocument_library%2FPublications%2FGuidelines%2F2021%2FEBA-GL-2021-06%2520Joint%2520GLs%2520on%2520the%2520assessment%2520of%2520suitability%2520%2528fit%2526propoeer%2529%2F1022403%2FEBA%2520GL%25202021%252006%2520-%2520Joint%2520ESMA%2520and%2520EBA%2520Guidelines%2520on%2520the%2520assessment%2520of%2520the%2520suitability%2520of%2520members.xlsx&wdOrigin=BROWSELINK
129	8	8(2)	The regulations do not specify how a person shall be certified as fit and proper and who is the Authority for the same.	The rationale behind these suggestions is to enable a Chartered Accountant to widen his scope of services from traditional domestic clients to global clients
130	8	8(2)	For the purpose of sub-regulation (1), a person shall be deemed to be a fit and proper person if such a person has a record of fairness and integrity, including but not limited to a) financial integrity; b) good reputation and character; c) honesty	Fit and Proper Requirements may include the following:- <u>Financial Responsibility</u> <u>Financial Accountability</u> <u>Financial Transparency</u> <u>Financial Behaviour etc.</u>

			<p><u>(d) Financial Responsibility</u></p> <p><u>(e) Financial Accountability</u></p> <p><u>(f) Financial Transparency</u></p> <p><u>(g) Financial Behaviour</u></p>	
131	8	8(2)	<p>The question is how to determine whether these conditions are fulfilled or not. Request you to kindly clarify as to how would one satisfy the conditions described.</p> <p>Will there be a need for some sort of selfcertification</p>	No rationale provided.
132	9	9	<p>These requirements should not apply to CA's, CS's & CMA's etc offering their service through LLP or Partnership firm.</p>	<p>Regulators of these entities do not allow opening of Pvt. Ltd. Companies & opening of fresh entity, which will make these ineligible for many assignments being carried by them in mainland.</p>
133	9	9	<p>The provision on the splitting of existing businesses is unclear. It is likely that existing businesses will open units in IFSC under the same name. Clarification is needed on how this will not be treated as splitting or reorganizing</p>	<p>Rationale: Clear guidelines are needed to prevent the misuse of IFSC regulations through the splitting or reorganising of existing businesses.</p>
134	9	9	<p>It is suggested that the opening of Branch Office/ Liaison Office may not be permitted in IFSCA.</p> <p>The suggested text to be inserted after Regulation 9 (3) is as follows:</p> <p>(4) Opening up of Branch Office/ Liaison Office for business already in existence in India or outside India.</p>	<p>Here, the intent of the regulator is not to set up any existing business in IFSCA. Further, Branch Office/ Liaison office is not regulated by MCA, therefore, there can be Governance issues due to this. So, to ensure good governance, it is reiterated that the opening up of Branch Office/ Liaising Office should not be permitted.</p>
135	9	9	<p>The applicant shall ensure that their business in IFSC is not set up either by –</p> <p>(1) splitting up of business already in existence in India;</p> <p>(2) reconstructing of business already in existence in India;</p> <p>or</p>	<p>Allowing the regulated CMA/CS/CA firms will certainly serve the purpose of regulations.</p> <p>Creation of new entities will create more burden on the organisations. Alternatively, these regulated firms can be asked to obtain new GST registrations and keep all the data separately at GSTIN level to fulfil the requirement of regulations.</p>

			<p>(3) reorganising of a business already in existence in India.</p> <p>Explanation: For the purpose of determination of splitting up, reconstruction and reorganization of any business already in existence in India, the applicant shall adhere to the requirements specified in PART-A of First schedule.</p> <p>Provided that if the applicant is partnership firm registered under the relevant Acts regulating CMA/CA/CS, having separate GSTIN registration number based out of IFSC, the provisions under 9(1) to 9(3) above shall not be applicable.</p>	
136	9	9	<p>Text to be inserted after explanation</p> <p>Provided that if the applicant is partnership firm registered under the relevant Acts regulating CMA/CA/CS, having separate GSTIN registration number based out of IFSC, the provisions under 9(1) to 9(3) above shall not be applicable</p>	<p>Allowing the regulated CMA/CS/CA firms will certainly serve the purpose of regulations.</p> <p>Creation of new entities will create more burden on the organisations. Alternatively, these regulated firms can be asked to obtain new GST registrations and keep all the data separately at GSTIN level to fulfil the requirement of regulations.</p>
137	9	9	<p>The applicant shall ensure that their business in IFSC is not set up either by – (1) splitting up of business already in existence in India; (2) reconstructing of business already in existence in India; or (3) reorganising of a business already in existence in India. Explanation: For the purpose of determination of splitting up, reconstruction and reorganization of any business already in existence in India, the applicant shall adhere to the requirements specified in PART-A of First schedule.</p>	<p>Suggestion: Clarity may be provided in respect of setting up of a business in IFSC by way of Branch Office by the Company or LLP.</p>
138	9	11	<p>Service Recipient definition shall be widened by including subsidiary / entity incorporated outside india eventhough controlled by person resident in India.</p>	<p>Our primary client base comprises small-scale enterprises with an average weekly revenue of Just \$500/-. However, direct fund transfers face a significant hurdle due to hefty internation wire transfer fees amounting to \$35 oer transaction, making it impractical for funds to reach our Indian company directly.</p>

				<p>Moreover, our clients face additional compliance obligations when transferring payments to overseas entities. This not only complicates the process but also jeopardizes our contractual agreements, potentially leading to lost contracts.</p> <p>Additionally, US individuals are hesitant to contract directly with Indian entities due to concerns regarding audit, security, confidentiality, etc. Therefore, invoicing and collection from subsidiaries or other entities outside India should be incorporated under the services recipient to address these concerns effectively.</p>
139	9	11	Use of word “Non – Resident” need to be defined in details and should include Individual, LLP, Corporate, trust, Association of Person, Government Authorities outside India.	No rationale provided.
140	9	11	Use of word “Non – Resident” need to be defined in details and should include Individual, LLP, Corporate, trust, Association of Person, Government Authorities outside India.	Non Resident i.e. Individual, LLP, Corporate, trust, Association of Person, Government Authorities .
141	9	11	The scope of service recipient may be aligned to cover the scope of recipient in the Point E(iii) of the Ancillary Framework	<p>The service recipient does not include an Indian entity which proposes to set-up or carry out operations in IFSC or foreign jurisdiction</p> <p>Hence, it may be clarified that service (with respect to tax related advisory services) can be provided by BAFT Service Provider to a recipient who is an Indian entity which proposes to set-up or carry out operations in IFSC or foreign jurisdiction, provided such services are only in connection with proposed set-up of IFSC unit. Alternatively, it should be explicitly provided under the BATF Framework.</p>
142	10	12(1)	It has been provided that: (1) The BATF Service Provider shall designate a principal	The role assigned to the compliance officer under BATF regulations contradicts the provisions of the IFSCA (AML, CTF

			<p>officer who shall be responsible for the overall activities of the entity in IFSC.</p> <p>(2) The BATF Service Provider shall also designate a compliance officer who shall be responsible for reporting to the board of directors or head of the organisation, as the case maybe, for compliance of policies, procedures, maintenance of records and the implementation of the requirements as specified under these regulations.</p> <p>These clauses seem to contradict the provisions of the IFSCA (AML, CTF and KYC) Guidelines, 2022.</p> <p>In the IFSCA (AML, CTF, and KYC) Guidelines, 2022, under Rule 8.2(d)(vii) and (viii), it has been provided that principal officer shall be responsible for reporting to Senior Management on the outcome of reviews of the Regulated Entity’s compliance with this IFSCA (AML, CTF, and KYC) Guidelines & risk assessment procedures; and also regularly reporting on key AML/CFT risk management and control issues, and any necessary remedial actions arising from audit, inspection & compliance reviews to the Regulated Entity’s Senior Management.</p>	<p>and KYC) Guidelines, where the same function has been entrusted to the principal officer.</p> <p>More clarity must be provided under BATF Regulations, distinguishing the responsibility of the principal officer and the compliance officer, which aligns with the primary provisions of the IFSCA (AML, CTF, and KYC) Guidelines.</p>
143	10	12(2)	<p>For entities registered under Ancillary Services, the requirement of Compliance Officer should be waived.</p>	<p>Both the Principal Officer and Compliance Officer roles for the Ancillary Service Units would not necessitate full-time engagement. With compliance tasks being outsourced to consultants registered in GIFT IFSCA under Ancillary Services, the workload for the Compliance Officer would be minimal. Thus, maintaining a dedicated Compliance Officer would result in unnecessary costs for the company. Considering practical</p>

				requirements, it is advisable to waive the necessity of a Compliance Officer.
144	10	12(2)	<p>It is suggested that Compliance Officer shall be a company Secretary</p> <p>The suggested text of Regulations 12(2) is as under:</p> <p>“The BATF Service Provider shall also designate a compliance officer who shall be a Company Secretary and who shall be responsible for reporting to the board of directors or head of the organization, as the case maybe, for compliance of policies, procedures, maintenance of records and the implementation of the requirements as specified under these regulations.”</p>	<p>The Company Secretary is the professional who is widely acclaimed for his understanding of contractual law, corporate law, constitutional law, principles of natural justice, equity, common and customary laws, securities law, industrial law inter alia not only from a legal perspective but also from a management and technical perspective.</p> <p>A Company Secretary acts as an interface between an entity, its stakeholders and regulators.</p> <p>In terms of Regulation 6 of SEBI LODR Regulations, 2015 a Company Secretary has been mandated to be appointed as the Compliance Officer in listed entities.</p> <p>Company Secretaries are also recognized to be appointed as whole-time KMP in every listed company or every other company having a paid-up share capital of 10 crore rupees or more as per the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.</p> <p>Therefore, to cater the interest of the Regulator and the stakeholders, it is suggested that the appointment of Company Secretary be mandated</p>
145	10	12(3)	<p>Comments: Upon reviewing the draft regulation, it is made to understand that BATF Service Provider needs to appoint Principal Officer and Compliance Officer separately.</p> <p>Suggestion: Consolidating both positions into a single role would ease the process. It can be named as ‘Principal Officer cum Compliance Officer’.</p>	<p>This requirement appears unique compared to IFSCA regulations for other activities in Gift City. Reason for having separate positions for BATF services are not being mentioned in the draft regulations.</p> <p>As per the draft regulations, Principal Officer is made responsible for overall activities of the entity in IFSC and Compliance Officer</p>

				is responsible for reporting to the Head of the organization. Both the above desired activities can be easily carried out by 1 person only who can be named as ‘Principal Officer cum Compliance Officer’.
146	10	12(3)	Semi Qualified Chartered Accountant should be allowed to be appointed as Principal Officer.	In the Accounting Industry, a substantial portion of professionals consists of Semi-Qualified Chartered Accountants. Having undergone rigorous three-and-a-half-year training programs, they possess qualifications equivalent to those required for the position of Principal Officer. Therefore, Semi-Qualified Chartered Accountants will be eligible for appointment as Principal Officer.
147	10	12(3)	Provided that for financial crimes compliance services, the principal officer is also required to hold relevant qualification from a reputed foreign or domestic institution in financial crimes compliances or Diploma in Forensic Audit by Institute of Cost Accountants of India(ICMAI)	No rationale provided.
148	10	12(3)	It is suggested that each of the positions should be whole time position i.e the same person should not hold both the positions.	Regulation 12 prescribes the responsibility of the Compliance Officer and Principal Officer separately Further, Regulation 12(3)(b) prescribe the requisite experience for both the Officers separately. Hence, it is suggested to segregate both the positions for effectively discharging their duties
149	10	12(3)(a)	The minimum experience for the Principal Officer and for the Compliance Officer should be considered to be increased.	Considering the complexity and importance of financial crimes services, it would be advisable to increase the minimum years of experience requirements and provide more details on the relevant profiles.
150	10	12(3)(a)	The regulations require a “practicing” Chartered Accountant as a principal officer / compliance officer. But a practicing Chartered Accountant cannot indulge in any other business as per the ICAI guidelines. He will have to give up his COP if he wants to be a part of a new company providing BATF services. This will also hamper the rationale of IFSC as	The rationale behind these suggestions is to enable a Chartered Accountant to widen his scope of services from traditional domestic clients to global clients.

			Chartered Accountants are the most important pillars of the financial and accounting services in the country and only, they can provide the necessary quality services to the target service recipients. The IFSCA should discuss with ICAI to exempt directorship of companies' setup in IFSC from the restricted services a Chartered Accountant can provide	
151	10	12(3)(a)	This should include Indian institutes. Additionally, clarification is needed on whether professionals like CA, CS, CMA, CFA, CPA, etc., from Indian and foreign institutions, can collaborate and form a company to work as BATF, as this is not currently permitted in India and internationally.	Inclusion of Indian institutes and clarification on professional collaboration will ensure that the regulations are comprehensive and in line with international standards.
152	10	12(3)(a)	The BATF Regulations provide that for financial crimes compliance services, the principal officer is also required to hold relevant qualifications from a reputed foreign or domestic institution in financial crimes compliance. The requirement to have the relevant qualification is restricted to the principal officer. It is recommended that this qualification requirement be extended to senior management/board of directors of the financial crime service provider.	The minimum qualification requirement for management will ensure that only such service providers register with IFSCA who have strong management and adequate knowledge and experience to provide FCC compliance support.
153	10	12(3)(a)	Provided that for financial crimes compliance services, the principal officer is also required to hold relevant qualification from a reputed foreign or domestic institutionin financial crimes compliances or Diploma in Forensic Audit (DFA) by Institute of Cost Accountants of India(ICMAI)	Inclusion of specific qualification to detect and curb financial crimes will help the service receivers to recongise the course conducted by Indian Statutory Institutes like Institute of Cost Accountants of India. The Brochure of DFA is attached herewith for reference.
154	10	12(3)(a)	The Institute of Company Secretaries of India regularly conduct certified/ crash courses on Prevention of Money Laundering Act and Anti-Money Laundering (AML) for the	No rationale provided.

			capacity building of its members and thus Company Secretaries too are competent to provide the various services covered under financial crime compliance services.	
155	10	12(3)(a)	Requirement of “relevant qualification” and experience in “relevant field” to be achieved cumulatively for Principal Officer and Compliance Officer of BATF Service Provider	The scope of BATF activities is very wide. The requirement of Principal Officer and Compliance Officer having “relevant qualification” and experience in “relevant filed” would be challenging to be cumulatively satisfied for a BATF Service provider.
156	10	12(3)(b)	<p>1) The terms ‘relevant field’ for Principal Officer and ‘relevant experience’ for Compliance Officer please be clarified.</p> <p>2) It may please be clarified whether the same person with relevant qualification and experiences can be designated both as a Principal Officer and Compliance Officer</p> <p>3) Whether Designated Director appointed under IFSCA AML/CFT/KYC Guidelines can be designated as Principal/Compliance Officer under BATF Regulation.</p> <p>4) What is the difference between Designated Director (in AML Guidelines) and Compliance Officer (in BATF Regulations). Will an existing IFSC unit be required to then have 3 different positions i.e., Principal Officer, Compliance Officer, and Designated Director – Clarification required from IFSCA.</p> <p>5) Period of appointing Principal Officer and Compliance Officer for existing entity be increased from 6 months to 2 years.</p>	<p>Clarification on same will ease the process of appointment of Principal Officer and Compliance Officer. The relevant experience and relevant field be widely defined to cover the selection objectively.</p> <p>Further as the list of qualifications for Principal Officer and Compliance officer is same as per Regulation 12(3) of the proposed regulations, one may look at appointing a single person fulfilling the qualification and with relevant experiences, to fulfil both the requirements.</p> <p>As a further enabler, one may also consider the request if the principal officer appointed under AML guidelines can be the same person under the proposed BATF regulations.</p> <p>The scale of operations of the BTAF Service Provider, especially during initial periods, may not support appointment of Senior Professionals as Principal Officer and Compliance Officer on an immediate basis. The 6 months period as</p>

				defined in point 4 of Second Schedule may be less and it is recommended to increase to 2 years
157	10	12(3)(b)	b) It is difficult to get experience or fresh professionals at GIFT City, so experience criteria for Principal Officer should be 3 years and Compliance officer it should be 2 years.	No rationale provided.
158	10	12(3)(b)	"BATF service provider along with relative ,shall be required to give an affidavit of not involvement in any moral turpitude case or not detained in any court of of law guilty or violation of any law in the country , a cross check mechanism of such affidavit should be evolved, and definition of relative is to be set, this affidavit is to be taken every year, a central registration is compulsory who so ever wish to become such officer, with its membership and rules "	No rationale provided.
159	10	12(3)(b)	To further strengthen this regulation, considerations could be given to specific certifications or training programs in financial crime compliance for the principal officer involved in financial crimes compliance services. Additionally, specifying the nature of relevant experience, such as industry-specific exposure or regulatory compliance experience, would provide clarity and enhance the effectiveness of the qualification criteria for both roles.	Rationale provided in the suggestion.
160	10	12(3)(b)	Add qualification of FAFD and DISA	No rationale provided.
161	10	12(3)(b)	if thought fit for financial crime compliance related qualification - incorporate the FAFD certification from ICAI as one of the acceptable qualification or for the matter other specific certification courses of similar nature or purpose as may be required being provide by ICAI or ICSI or ICMAI and likewise	Reason- In India there is a dearth of financial crime compliances related certification and qualification – hence on initial basis such kind of courses officed by ICAI which invariably will be required for financial crime compliances to be made as one such eligible qualification for financial crime compliances. Further certain minimum compulsory training and compulsory passing of few

				examinations or online test be also incorporated if thought fit for better quality and knowledge – for Principal officer and Compliance Officers or any other officer or person as the case may be providing such services
162	10	12(3)(b)	Option to be remotely based should be there- it should not be mandatory that the principal officer (PO) should be based in GIFT because that will limit the opportunities for professionals in other regions to leverage this platform	No rationale provided.
163	10	12(3)(b)	Regulation 12(3) prudently sets high standards for the qualifications and experience of principal and compliance officers in BATF services, ensuring that these key positions are filled by individuals with a robust understanding of financial regulations and practices. The specific requirement for financial crimes compliance expertise among principal officers directly aligns with the critical need for specialized knowledge in preventing financial crime, enhancing the regulatory framework's effectiveness. This approach not only fortifies the governance within IFSC but also instils confidence among stakeholders about the competence of key personnel overseeing compliance and ethical standards.	No rationale provided.
164	10	12(3)(b)	Condition (b) is not practical in today's environment where job loyalty and stability are very short lived.	No rationale provided.
165	10	12(3)(b)	All audit and account and finance based different professional have their specialisation. Their specialisation exploitation remained unexploited when common coverage of eligibility is given. There is a need to take each qualification for its depth in various fields at micro level and accordingly eligibility be differentiated rather than simple	No rationale provided.
166	10	12(3)(b)	For the qualification of compliance officer along with min. two years of experience in the relevant field, Person	Being Company Secretaries, acting as the torchbearer of good corporate governance practice and having excellence knowledge in

			required to be qualified as associate or fellow member of The Institute of Company Secretaries of India	managing the compliance of various law and as supported by the various regulators because of their keen interest in the subject matter, knowledge and expertise in the field of compliance they may act as a catalytic agent to drive best governance and compliance practices in the entities regd, with IFSCA
167	10	12(3)(b)	A need to analyse in depth and at micro level analysis is must in the initial stage so that eligibility and accountability be decided and expertise of professional may be exploited to the optimum level.	No rationale provided.
168	10	12(3)(b)	<p>In Regulation 12(3), the requirement for the principal officer and compliance officer to be based out of IFSC and possess specific qualifications is commendable. However, to further enhance the effectiveness of the regulation, I propose the following suggestions:</p> <p>1. Clarification on Financial Crimes Compliance Qualifications: The requirement for the principal officer to hold relevant qualifications in financial crimes compliance is crucial. To ensure clarity and effectiveness, the regulation should specify the specific qualifications or certifications deemed acceptable for this role. Providing a list of recognized qualifications or institutions would offer clarity to potential candidates and ensure uniformity in compliance standards.</p> <p>2. Inclusion of Continuing Professional Development (CPD) Requirements: Continuous learning and staying updated with evolving regulatory frameworks are integral for professionals in the financial services sector. Therefore, incorporating a provision for mandatory CPD requirements could be beneficial. This could entail a minimum number of hours or credits of relevant training or professional development activities annually to ensure that the principal</p>	Rationale provided in the suggestion.

		<p>and compliance officers remain abreast of industry developments and regulatory changes.</p> <p>3. Consideration of Industry Experience: While the regulation outlines minimum experience requirements, it could be valuable to consider the depth and breadth of industry experience possessed by the principal and compliance officers. Recognizing diverse experiences in areas such as regulatory compliance, risk management, and financial services operations could enhance the effectiveness of the regulatory framework.</p> <p>4. Evaluation of Overseas Qualifications: Given the global nature of the financial services industry, many professionals may hold qualifications from foreign institutions or bodies. Providing a transparent framework for the evaluation and recognition of overseas qualifications would promote inclusivity and attract talent from diverse backgrounds. This could involve establishing criteria for assessing the equivalence of foreign qualifications and ensuring they meet the standards set forth by IFSCA.</p> <p>5. Periodic Review and Update of Qualification Requirements: The regulatory landscape and industry practices evolve over time. Therefore, it would be prudent to include provisions for periodic review and potential revision of qualification requirements to ensure their continued relevance and effectiveness in meeting the objectives of IFSCA.</p> <p>By incorporating these suggestions, the regulation can strengthen its efficacy in ensuring the competence and professionalism of the 59 principal and compliance officers within IFSCA regulated entities.</p>	
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169	11	13	Though when Professional practice grows, professional Team develop his/ their office themselves so it become harsh to mention minimum built up area	Not Provided
170	11	13	Comments: The requirement of having a minimum office space area of 60 sq. ft. per employee is unique as well. I would humbly request you to provide the insights of the authority and reasons behind including such provision specifically for BATF Service Providers. Suggestion: Such criteria of minimum office space should be removed.	Currently, there is a space shortage at IFSC / Gift City and the builders are quoting exorbitantly high lease rental rates for available office space(s) in Gift City. In view of this, such criteria may result in making BATF service provider prone to exploitation by the developers.
171	11	13	Minimum employment criteria of 50 people	As employment is prime objective of GIFT CITY, there should be minimum threshold of employment so that serious players are invited with objective of maximum employment with minimum no. of Firms
172	11	13	The entity shall ensure office space in IFSC of minimum Carpet area computed at 30 sq. ft. per employee.	The concept of Built Up Area as per regulatory mechanism under Real Estate (Regulation and Development) Act, 2016 does not exist presently and the Act has defined Carpet Area only. So the Regulations must use the legal terminologies to avoid confusion. Built Up Areas has not been defined under RERA. Carpet Area means usable area practically. On average, the carpet area is around 70% of the built-up area Definition under RERA (k) "carpet area" means the net usable floor area of an apartment, excluding the area covered by the external walls, areas under services shafts, exclusive balcony or verandah area and exclusive open terrace area, but includes the area covered by the internal partition walls of the apartment. Explanation.— For the purpose of this clause, the expression "exclusive balcony or verandah area" means the area of the balcony or verandah, as the case may be, which is appurtenant to the net usable floor area of an apartment, meant for the exclusive

				use of the allottee; and "exclusive open terrace area" means the area of open terrace which is appurtenant to o the net usable floor area of an apartment, meant for the exclusive use of the allottee; and "exclusive open terrace area" means the area of open terrace which is appurtenant to the net usable floor area of an apartment, meant for the exclusive use of the allottee;
173	11	14(1)	<p>We understand that you have already implemented a broad range of guidelines, guidance and measures for AML/CFT and KYC</p> <p>If not already covered in other regulations or guidelines, we suggest to consider setting clear expectations from the entities located in IFSC to implement their own safeguards mechanisms related to non-financial risks (NFRs) such as human rights, social matters, and environmental matters.</p>	NFRs could have a detrimental impact on the reputation of IFSCA if entities where to operate locally against international standards. Local regulations, guidelines and supervisory oversights would be advisable to be in place in this regard. Assessment could be done, for example, via NFRs reporting and disclosures. We put some examples beside.
174	11	14(2)	Can an international practicing CPA from the US, UK, etc., open a unit in IFSC to provide financial services in association with practicing Indian professionals like CA, CS, or CMA, and vice versa? Currently, no such process is defined by Indian regulators.	Rationale: Clarification is needed to ensure that Indian and international professionals can collaborate effectively within the regulatory framework.
175	11	15(3)	Are unregistered international networks under a common brand name allowed to open units in IFSC, considering they should first register as a legal entity in India apart from IFSC?	Rationale: Registration requirements should be clear to prevent dominance by international networks and ensure fair competition for Indian professionals.
176	11	15(3)	With most financial services being provided online, will opening a unit in IFSC and providing services from anywhere in the world be considered for benefits?	Rationale: Clarification is needed on the geographical scope of service provision and eligibility for benefits to ensure compliance and fairness.
177	11	15(3)	Can a unit operating in IFSC provide audit services anywhere in India through online tools, considering this is not part of financial services? This could potentially	Rationale: Clear guidelines are needed to ensure that the provision of audit services aligns with international agreements and does not disproportionately benefit international networks.

			undermine FTAs and reciprocity services in accounting and audit services.	
178	11	15(3)	Currency of Operation may include <u>Indian Rupee Currency and Other Currencies</u> also.	Currency of Operation may include Indian Rupee Currency also, for Financial Transactions in the Country in Indian Currency.
179	12	18	Since the world markets are looking at de-dollarisation, considering reporting by BATF service providers in US Dollar may be relooked into.	No rationale provided.
180	12	18	BATF Service Provider shall submit a certificate, issued by independent third party practicing professional (CA, CS and CMA) other than financial or cost auditor , certifying compliance of the requirements specified in these regulations including information under regulation 15(1), regulation 9 and 10 requirements within 90 days from the closure of each financial year.	The specific mentioning of Certificate by an independent professional other than auditors of the company will ensure the concept of dual check on the activities of the organisation. Also the specific certification information under 15(1) will add reliability to the data being submitted to the Authority.
181	12	18	Format of reporting may be prescribed	Format is required to be prescribed for uniformity and consistency in reporting.
182	12	19(1)	Delete the requirement of submitting a certificate by an independent third party practicing professional.	<p>The regulation that requires BATF service providers to submit a certificate from an independent third party practicing professional (CA, CS and CMA) is onerous for several reasons.</p> <p>Firstly, it is unclear what purpose and benefit the certificate serves and how it will be verified and enforced by the IFSCA.</p> <p>Secondly, it is not clear how the certificate will address the complex and dynamic issues of migration, splitting and reconstruction of financial transactions and entities that may arise in the IFSC.</p> <p>Thirdly, it is not clear why the certificate has to be issued within 90 days from the closure of each financial year, which may not coincide with the reporting cycles and deadlines of the BATF</p>

				<p>service providers and their clients.</p> <p>We are not aware of any other financial jurisdiction that imposes such a stringent certificate requirement on their book-keeping, accounting, taxation, and financial crime compliance service providers.</p> <p>We suggest that the Authority should benchmark its regulations with other leading financial hubs that promote their hub as global accounting hub and adopt best practices and standards that are consistent and compatible with the international norms and expectations.</p> <p>We also draw your attention to the fact that similar conditions of transfer are set in GIC regulations of IFSCA, however, such regulations also do not have a requirement of issuing such a certificate.</p>
183	13	First Schedule	It is suggested that a format for such certificate be provided.	Standardization of format will help in achieving consistency and clarity on the nomenclature/language used in the certificate.
184	13	First Schedule	The Authority may initiate appropriate enforcement action under section/ Regulation in case a BATF Service Provider contravenes any of the provisions of these regulations, direction or order made thereunder.	Mentioning specific section or regulation is required to have complete information in case of default that how a default is going to hit the organisation.
185	13	First Schedule	The enforcement action is very open ended; rules should be framed to clearly lay down the nature of enforcement action which is proportionate to the nature of default. Further, the rules should clearly lay down as to against whom will such enforcement action be taken.	Appropriate rules may be specified to understand the actions that may be taken against IFSC Entity or its Board
186	13	First Schedule	IFSCA should issue a separate interim certificate to existing ancillary service providers until they formally seek registration under the new BATF regulations.	Regulation 19 removes accounting, book-keeping, and taxation services from the Ancillary Services Framework once the BATF regulation is in effect. Entities already offering these services can

				<p>continue if they meet additional conditions in the Second Schedule.Regulation 4 requires new applicants for BATF Services to register with the Authority as a Company or LLP, but existing Ancillary Services Units from February 10, 2021, don't need a new registration for BATF services.</p> <p>However, such Ancillary Services Units setup as a branch may not qualify for automatic registration under BATF regulations.</p> <p>This could cause uncertainty about their regulatory and tax status. The IFSCA should issue a separate interim certificate (subject to meeting Regulation 4 at the end of 2 years) to avoid any confusion.</p>
187	13	First Schedule	<p>Addition of the Financial Audit Services as it not considered but it is there in the clause C (ii) and Point 2 of Annexure I of the Ancillary Services Framework and the Entire clause C (ii) and Point 2 of Annexure I of the Ancillary Services Framework is repealed & Creates Ambiguity.</p>	<p>As mentioned in the Regulation 19 (1) the reference to Accounting, Book-keeping and Taxation Services in clause C (ii) and Point 2 of Annexure I of the Ancillary Services Framework shall stand omitted.</p> <p>The Above Point 2 of the Annexure I of the Ancillary Service Framework Includes Financial Auditing Services in 2.1.1 But the Definition of the Accounting under Regulation 2 and its explanation Specifically tells that Accounting does not Include the Financial Auditing Services, Book keeping or Tax Preparation Services. Other two i.e Book keeping and Tax Preparation services is given regulation 3 (d) & 3 (l) Respectively in current draft framework While there is no definition of the Financial Audit Services in the entire Regulations. Further as the enrire point is being ommitted or repealed, It is Advisable Considering on the Same Lines as per Ancilliary Service & Repealing the Point C(ii) & Point 2 of Annexxure I of the Ancillary Services Framework & It is Better to Include the Definiation of Financial Auditing Service on the Lines of Ancillary Services Framework as below.</p>

				Financial Auditing Service Means Examination of the accounting records and other supporting evidence of an organization for the purpose of expressing an opinion as to whether financial statements of the organization present its financial and operational position fairly on a given date, in accordance with generally accepted accounting principles
188	13	First Schedule	20% should be increased to 50%	CBDT circular no. 14/2014 dated 8 October 2014 in the context of section 10A/10AA
189	13	First Schedule	Suggestion –It is suggested that this provision may be substituted with at least 40% of the total employees engaged earlier in BATF Service Provider when transferred / relocation for atleast first three years from date of notification of this proposed regulations. After three years from date of regulation notified, the limit can be reduced to 20%.	GIFT IFSC has been facing some serious talent acquisition issue from last 3 years. Despite the fact that commendable efforts taken by IFSCA to make sure that adequate talent is available for absorption by IFSC units, it still persists. Introductions of Foreign universities regulations where campuses are setup in IFSCs itself or other awareness roadshows and camps on opportunities in IFSC, there are still many units which have been facing the issue. If the limit is increased to 40% for first three years from the date of notification then it will be very attractive for the young and fresh talent pool who will relocate for such career opportunities in IFSC and then gradually reducing it to 20% post end of three years tenure. This proposal is aligned with relaxation in CBDT’s recommendation for erstwhile SEZ units within range of max. 50% of the total workforce.
190	13	First Schedule	The Work Force Requirement : The number of employees transferred/ Relocated from group companies in India for the first year should be relaxed upto 50% of the total employees instead of 20%.	Considering the prevailing industry landscape and the following factors, it is advisable to temporarily ease this regulation by approximately 50% for the inaugural year of operations: 1. Scarce availability of skilled professionals. 2. Necessity to operate during US shift hours. Building Ecosystem 3. Essential time allocation for training endeavors and market exploration.

				Looking to the need of current scenarios and the initial challenges, ensure adequate staffing, and foster effective market penetration strategies, the proposed 50% workforce transferred/ reallocated from the group companies would be required to setup the proposed business in GIFT.
191	14	First Schedule	It is suggested that the cap of 20% in relation to the Transfer/Relocation of employees be increased to 50%.	<p>Providing of BATF services is a manpower intensive service. In order to provide quality and timely delivery of service, an entity will require experienced and skilled workforce that understands the existing system, protocols and service standards of the service provider. Absence of that could have an impact of quality of deliverables.</p> <p>Recruiting of new employees will pose certain challenges in the formative years of operation. Therefore, in order to accelerate the scale and quality of service, and remain competitive in such a domain, it is proposed that the number of employees transferred/ relocated from group entities in India or abroad as at the end of the financial year should not exceed 50% of the total employees actually engaged in BATF Service Provider in GIFT IFSC.</p> <p>This is also in-line with the CBDT Circular in relation to transfer of technical manpower from an existing entity to a new entity in SEZ (Circular no. NO 14/2014) referred to in the Expert Committee report.</p>
192	14	First Schedule	Workforce requirement conditions to be linked to the tax holiday period, rather than the ten consecutive financial years from the date of issuance of certificate of registration.	Considering that the unit set up in GIFT IFSC is permitted to avail 10 consecutive years of tax holiday from a block of 15 years, the workforce requirement conditions should be enforced only during the tax holiday period opted by the unit in GIFT IFSC, and not from the date of issuance of certificate of registration.
193	14	First Schedule	Workforce Requirements: The requirement to limit workforce transferred from Indian group entities to 20% for	Conditions can be relaxed over a Period Phased reduction of the limit over time. Criteria based on the nature of services offered or

			10 years might be too restrictive for some businesses. A phased reduction or alternative criteria could be considered.	the size of the entity. Considerations from the comparison document (if applicable)
194	15	Second Schedule	Workforce Requirement: The number of employees transferred/relocated from group entities in India as at the end of the financial year should not exceed 20% of the total employees actually engaged in BATF Service Provider in IFSC.	Suggestion: instead of as at the end of the financial year, it may be appropriate if the words “at any point of time during the financial year” are substituted.
195	15	Second Schedule	Transfer of assets from group entities be allowed on an arm’s length basis.	Any new unit that sets-up its business will require assets in which case the group may decide to either acquire new assets or transfer existing assets basis commercial/ business rational. Considering this is a commercial decision, it is suggested that any transfer of assets from group entity to unit in GIFT IFSC, should be allowed on an arm’s length basis. Currently, there is no bar on transfer of assets in other IFSCA regulations, a similar position should be adopted under BATF Regulations too.
196	15	Second Schedule	Generally, contracts are for specific term period, say one year and then renewed. Would such completion of contract at the end of one year with an entity in India and then renewal with the IFSC unit should not be considered as transferring of the contract. This should be clearly mentioned.	This has been recommended by the Expert Committee also - End of Contract and Re-appointment Considerations.
197	15	Second Schedule	This should include provisions for businesses with existing clients along with existing contracts, as it may happen that after a contract is over, the renewal can be done with the same client, defeating the purpose.	Including provisions for existing contracts will prevent the circumvention of regulations through contract renewals.
198	15	Second Schedule	The criteria of transferring of existing or premature terminating existing contracts requires further clarification.	Currently a number of BATF Service providers operate under Master service agreement (MSA) with overseas group entities / overseas clients. New Services are discussed and entered into

				<p>between parties and the arrangement is reflect under a new Statement of Work (SOW).</p> <p>Accordingly, as recommended by the Expert Committee, from a contract / customer base standpoint, CBDT or IFSCA may clarify that tax benefits will not be denied in the absence of a separate MSA for each SOW, and that the SOW normally prevails over the MSA in determining eligibility for tax benefits.</p> <p>For e.g., a USA firm has given a contract for Tax Services to an Indian firm. Pursuant to this single contract, the USA firm avails tax services from the Indian firm for its various USA based clients. For each USA client of the USA firm, there is no separate contract with the Indian firm but is covered in a single contract.</p> <p>Over a period, the volume of tax work/USA clients may increase and for the incremental work, the Indian firm may wish to set up a new unit in IFSC. For this IFSC unit, new employees will be hired, and new work (new USA underlying clients) will flow from USA firm.</p> <p>Under the above scenario, it should not be perceived that work is shifting to India under the existing Tax contract.</p> <p>This is a very critical clause and should be suitably clarified.</p>
199		NA	<p>Comment - 1 An Indian entity be allowed to register as Ancillary service provider within the period of three years from the date of enactment of BATF Act.</p>	<p>This would give entities to test the waters prior to setting up legal structures in IFSC.</p> <p>Further instead of setting up two entities, one entity is set-up to carry on the services of accounting and consulting etc., permitted under Ancillary services provider framework. There should be an</p>

				option provided to entities whether they wish to register under BATF or under ancillary provider registration.
200		NA	<p>Refer our suggestion at Sr. No. 2 at Regulation 5(4) above as the same would be applicable even for existing firms in IFSC.</p> <p>Alternatively / without prejudice to the above, at-least existing firms in IFSC should be provided relaxation from the above requirement of having separate entity presence in IFSC such as company or LLP, and they should be allowed to continue with their existing form of set-up for perpetuity Also, it is recommended that existing firms’ registration under Ancillary Framework should be grandfathered under these regulations, and they should be exempted from seeking fresh registration again. The requirement of ring-fencing Ancillary Services operations from BATF Service may be relaxed. Alternatively, it is necessary to clarify that it does not mean that ring fencing of operations require two different / separate entities for Ancillary Services and BATF Services</p>	<p>Refer Sr. No. 2 – Regulation 5(4) above</p> <ul style="list-style-type: none"> • As the existing firms are already registered with the Authority in recent past and hence, registration would entail additional burden / cost on them. • Alternatively, requirement of seeking fresh registration with the Authority should be made simplified such as such fresh registration to the existing firm should be granted by merely filing a declaration, etc. <p>Relaxation as to ring fence the existing ancillary operations from BATF operations will be required to ease the operations as services under both the regulations are similar in nature.</p> <ul style="list-style-type: none"> • It should be permitted to hold both the licenses i.e., Ancillary Service and BATF Service by a single entity
201		Second Schedule	<p>Alternate 1: Ringfencing condition should be deleted.</p> <p>Alternate 2: Provide clarification on the meaning and scope of ring-fencing the BATF Service operations from the existing operations in IFSC.</p> <p>Please clarify whether ringfencing will extend to sharing of resources, infrastructure, data, and systems between the different services?</p> <p>In case an entity has multiple licenses, clarify the ringfencing requirement in such cases. What is the compliance and reporting obligations for the ring-fenced operations?</p>	<p>Ring fencing of operations for an ancillary services unit providing BATF as well as other services will be virtually impossible as the same staff and resources will be used to provide these services. It is therefore suggested that this condition should be deleted.</p> <p>In the alternative, please note that the term ‘ring fence’ has not been defined and may lead to multiple interpretations.</p> <p>A clear set of guidelines to satisfy ring fencing may be issued by the IFSC Authority, so that entities are not in violation of the regulations.</p>

				<p>We request the Authority to define the scope and meaning of ring-fencing and to specify the measures and mechanisms that these entities would have to adopt to ensure effective segregation of their BATF Service operations. We also request the Authority to clarify whether ring-fencing would imply any restriction or limitation on the sharing of resources, information, infrastructure, systems, or processes between the BATF Service operations and the existing operations of these entities before migration or post migration.</p> <p>Please clarify that how an ancillary services unit providing BATF as well as other services using same staff and resources for providing BATF as well as other services will ring-fence their operations</p>
202		Second Schedule	Exemption also needs to be extended for migration of existing contracts like manpower and assets.	Grandfathering of migration of manpower and assets is provided on migration from ancillary services framework to BATF regulations. However, grandfathering on migration of existing contracts is not provided. We request the IFSCA to provide grandfathering for the existing contracts or work arrangements as well
203		NA	Clarify whether Ancillary Service provider can also provide BATF Services as part of its other service offerings	<p>An Ancillary Service provider is permitted to engage in any one or more of the following activities:</p> <ul style="list-style-type: none"> • Legal, Compliance and Secretarial; • Auditing, Accounting, Bookkeeping and Taxation Services ; • Professional & Management Consulting Services; • Administration, Assets Management Support Services and Trusteeship Services. <p>The “Auditing, Accounting, Bookkeeping and Taxation Services” are now proposed to be permitted under a separate regulatory</p>

				<p>framework. It is not clear whether an Ancillary Service provider which provides multiple services as part of a consolidated project including BATF services as part of its service offerings (e.g. Professional and Management Consulting Services provider renders accounting and / or taxation advisory services as part of its overall services offerings), will be required to obtain a separate registration / license.</p> <p>In this connection, it may be clarified whether, an Ancillary Service provider e.g. Professional and Management Consulting Service provider or Administrator or Asset Management Support Services provider can provide as any of the BATF services as part of its service offerings without obtaining a separate license / registration under the BATF Regulations.</p>
204		NA	<p>Technology Adoption: The regulations could encourage the adoption of technology solutions for efficient and secure delivery of BATF services. Skilled Workforce: Strategies to attract and retain a skilled workforce in the IFSC to meet the growing demand for these services could be explored. Collaboration with educational institutions to develop relevant programs. Offering competitive compensation packages and career growth opportunities. Considering insights from the comparison document (if applicable) on workforce development strategies. Global Best Practices: Benchmarking the regulations against global best practices for similar financial service offerings could further strengthen the framework.</p>	<p>These can be considered for additions to enhance ease of business and better competitive edge over globally</p>
205		NA	<p>IFSC should provide Data Security & Protection for client data along with Disaster Management and Recovery services.</p>	<p>No rationale provided.</p>

206		NA	Financial crimes are severe in its nature. A National intergity register is to be maintained. Financial courts separately to the rank of high court should be established. 1000 Financial police thana should be established with its SHO and sufficient power across nation A annual budget at least 2000 cr is necessary to establish financial thana ,courts and all mechanism to stop Financial crime and curb the criminals in fast-track mode.	No rationale provided.
207		NA	The regulations' emphasis on qualifications and experience for key personnel underscores a commitment to maintaining high professional standards and integrity within the IFSC's financial services ecosystem.	No rationale provided.
208		NA	New legislation must objectively assess the ultimate compliance burden on SME sector so that administration & compliance costs do not exceed projected benefits	No rationale provided.
209		NA	Addition of Definition if Above Suits Convenient to you	Financial Auditing Service Means Examination of the accounting records and other supporting evidence of an organization for the purpose of expressing an opinion as to whether financial statements of the organization present its financial and operational position fairly on a given date, in accordance with generally accepted accounting principles
210		NA	We can add CPA or consultant support services.	No rationale provided.

IFSCA Comments

During the public consultation, IFSCA received 210 comments/suggestions from various stakeholders including ICAI, ICSI and ICWAI. The comments/suggestions received have been examined and the necessary modifications have been carried out in the International Financial Services Centres Authority (Book-keeping, Accounting, Taxation and Financial Crime Compliance Services) Regulations, 2024.

In so far as the definition of book-keeping, accounting and taxation services is concerned, these regulations are aligned with global classification/definition as specified in Central Product Classification (CPC) Version 2.1 (2015) of United Nations Statistics Division (UNSD).