

**Analysis of comments received during consultation**

No	Commentator	Regulation	Category	Draft Regulation	Proposed/ Suggested Changes	Rationale	Our Comments
1	India International Exchange IFSC Limited (India Inx) and India International Clearing Corporation (IFSC) Limited (India ICC)	2(1)(j)	Definition of “net worth”	“net worth” means the aggregate value of paid up equity share capital plus share premium account and free reserves (excluding statutory funds, benefit funds and reserves created out of revaluation) reduced by the investments in businesses, whether related or unrelated, aggregate value of accumulated losses and deferred expenditure not written off, including miscellaneous expenses not written off;	<p>Presently the methodology for calculation of networth of clearing corporation at the IFSC and domestic market is as follows:</p> <p>Net worth of a clearing corporation means the aggregate value of its ‘liquid assets’.</p> <p>Cash, investments in fixed deposits, Central Government Securities, liquid schemes of debt mutual funds to the extent permissible, other instruments as may be specified by the regulator from time to time, are considered as 'liquid assets', for the purpose of calculation of net worth of a clearing corporation.</p> <p>(As per circular no. SEBI/HO/MRD/DRMNP/CIR /P/2016/54, dated May 04, 2016)</p>		<p><b>The definition of “net worth” has been taken from the IFSCA (Bullion Exchange) Regulations, 2020</b></p> <p><b>However, it is noted that the SECC Regulations, 2018 has not defined “net worth”.</b></p> <p><b>The definition of net worth is different for Clearing Corporations (mentioned by way of circular).</b></p> <p><b>Since there are different definitions for “net worth” and not included in SECC Regulations 2018, we may also delete the definition and deal it separately by way of circular, instead of having two different definitions in the</b></p>

					<p>Further, the clearing corporation's contribution to the default fund (core settlement guarantee fund) is considered as part of the clearing corporation's net worth.</p> <p>(As per circular no. CIR/MRD/DRMNP/25/2014, dated August 27, 2014)</p> <p>The above have not been specifically mentioned in the proposed definition of net worth. Further, statutory funds have been excluded for the calculation of network.</p> <p>This would have an impact on the network of clearing corporations, if default fund is construed as a statutory fund and excluded from the network calculation.</p> <p>The above may hence be included in the determination of the network of the clearing corporation.</p>	<p><b>Regulations.</b></p>
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2	India Inx and India ICC		Definitions		<p>The following definitions may be included:</p> <p>(a) public;                  (b) public interest director                  (c) shareholder director</p>		<p><b>Words and expressions used and not defined in these regulations but defined in the SCRA, the IFSCA Act, the SEBI Act, the Depositories Act, the Companies Act, 2013, or any rules or regulations made thereunder shall have the same meanings respectively assigned to them in those Acts, rules or regulations made thereunder.</b></p> <p><b>However, considering requests from market participants, we may consider including the definition of “Public Interest Director”, “Shareholder Director”, since these definitions are relevant for governance norms of MIIs.</b></p>
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3	India Inx and India ICC	4	Application for seeking recognition	<p>(1) A stock exchange in IFSC shall be a subsidiary of any stock exchange recognised in India or in a foreign jurisdiction, on its own or through a consortium.</p> <p>(2) A clearing corporation in IFSC shall be a subsidiary of any stock exchange or clearing corporation recognised in India or in a foreign jurisdiction, on its own or through a consortium.</p> <p>(3) A depository in IFSC shall be a subsidiary of a regulated depository in India or in a foreign jurisdiction, on its own or through a consortium: Provided that a depository registered with SEBI may form a branch to operate as a depository in IFSC, subject to the depository ring fencing its operations in the IFSC.</p>	<p>As a level playing field for MIIs operating at the IFSC, it is suggested that all MIIs be permitted to operate as branch in IFSC, subject to the MIIs ring fencing their operations at IFSC.</p> <p>Clarification is sought as to whether the consortium promoting the IFSC stock exchange and clearing corporation has to comprise only of Indian or foreign stock exchange / clearing corporation or the consortium can include other entities along with the Indian or foreign stock exchange / clearing corporation. This needs to be brought out more clearly in the definition.</p>		<p><b>The Depositories will also be forming subsidiary subsequently.</b></p> <p><b>As regards consortium, there is no restriction on whether the Consortium has to be only Indian or Foreigner. Therefore, there is flexibility in this regard.</b></p> <p><b>No action may be required.</b></p>
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4	India Inx and India ICC	8(1) (b)	Requirements for grant of recognition	(1) An applicant seeking recognition as a stock exchange or clearing corporation, as the case may be, shall comply with the following conditions, namely, - ... (b) the applicant is demutualised	As per SEZ Act, 2005 all entities in GIFT IFSC are required to be Corporates and incorporated under the Companies Act hence 8 (1) (b) may not be relevant.		<b>We may agree with the suggestion</b>  <b>Clause (b) may be deleted</b>
5	India Inx and India ICC	8(2)(c)	Requirements for grant of recognition	(2) An applicant seeking recognition as a stock exchange shall, in addition to the conditions specified in sub-regulation (1), comply with the following conditions, namely, -  (c) the applicant has an online surveillance capability which monitors positions, prices and volumes in real time so as to ensure market integrity;	While stock exchange can monitor the prices and volumes, the monitoring of position limits should be undertaken by the clearing corporation, as presently being carried out in the domestic clearing corporations.  Therefore, this clause may be modified accordingly :  <i>“the applicant has an online surveillance capability which monitors prices and volumes in real time so as to ensure market integrity”</i>		<b>The surveillance system of the exchanges shall also monitor the positions in the market, which is also a requirement mentioned in IOSCO Principles.</b>  <b>No change may be required.</b>
6	India Inx and India ICC	8(2)(j)	Requirements for grant of recognition	(2) An applicant seeking recognition as a stock exchange shall, in addition to the conditions specified	While the MIIs have set up respective disaster recovery sites and mock testing is conducted regularly from the same, the issue pertaining to		<b>The issue relating to taxation has been taken up separately.</b>  <b>Further, DRs are</b>

				<p>in sub-regulation (1), comply with the following conditions, namely, -</p> <p>(j) the applicant has adequate systems' capacity supported by a business continuity plan including a disaster recovery site;</p>	<p>the tax implications of live trading conducted from the DR sites needs to be clarified to the effect that all trades executed from the DR site should be deemed to have been executed at the IFSC thereby nulling any tax implications.</p> <p>The arrangement to conduct operations under the “work from anywhere” model, particularly in the post COVID scenario, should be regarded as fulfilling the BCP requirement. The BCP and DR should be segregated.</p>		<p><b>generally a sub-set of BCPs and therefore inter related.</b></p> <p><b>No action required at this stage</b></p>
7	India Inx and India ICC	12	Renewal of application	<p>The provisions of these regulations, as applicable to the grant of recognition shall also apply in relation to an application for renewal of recognition of a stock exchange or a clearing corporation, as the case may be.</p>	<p>Depository has not been mentioned in the above clause.</p>		<p><b>We may include Depository</b></p>
8	India Inx and India ICC	14	Net Worth Requirements	<p>A recognised clearing corporation shall have net worth of at least INR 50 crores or any higher amount as may be</p>	<p>In the domestic markets, the stock exchange and the clearing corporation's networth amount after three years is similar. It</p>		<p><b>We may agree with the suggestion</b></p> <p><b>The net worth for clearing corporation</b></p>

				specified by the Authority.	is therefore, requested that in order to bring consistency in the networth requirements across all MIIs, networth for clearing corporation may also be made Rs. 25 crores.		<p><b>may be reduced to INR 25 crores</b></p> <p>We may prescribe that –</p> <p><i>If required, as a risk management measure, the Authority may prescribe higher net worth for a recognised market infrastructure institution based on the nature and scale of business of the entity.</i></p> <p><b>In most of the regulatory frameworks prescribed by IFSCA, USD currency has been used. We may convert INR into USD.</b></p>
9	India Inx and India ICC	16	Shareholding Requirements of Stock Exchanges	(1) The recognised stock exchange shall be a subsidiary of an Indian stock exchange or a stock exchange of a foreign jurisdiction, on its own or through a consortium, where at	It is suggested that the above clause is be modified as follows:  1. Parent stock exchange (even if sole promoting entity) to hold at least 26% for minimum 5 years from the		<p><b>Based on the comments received from the market participants, the shareholding norms may be revised.</b></p>

				<p>least fifty-one per cent of its paid up equity share capital shall be held by such stock exchange or consortium:</p> <p>Provided that the parent stock exchange shall be the largest shareholder with minimum twenty-six per cent of the paid-up equity share capital of the recognised stock exchange</p>	<p>date of recognition and can dilute post listing.</p> <p>OR</p> <p>2. In case of consortium, shareholding may be equal amongst consortium members totalling to at least 51% for minimum 5 years from the date of recognition and can dilute post listing.</p> <p>3. No minimum shareholding threshold for the parent stock exchange / consortium post a public issue.</p>		
10	India International Exchange	17	Shareholding Requirements of Clearing Corporations	<p>(1) A recognised clearing corporation shall be a subsidiary of a stock exchange or clearing corporation in India or a foreign jurisdiction, on its own or through a consortium, where at least fifty-one per cent of paid-up equity share capital is held by such stock exchange or clearing corporation on its own or through the consortium.</p>	<p>It is suggested that the above clause is be modified as follows:</p> <p>1. Parent stock exchange (even if sole promoting entity) to hold at least 26% for minimum 5 years from the date of recognition and can dilute post listing.</p> <p>OR</p> <p>2. In case of consortium, shareholding to be equal amongst consortium members totalling to atleast 51% for</p>		<b>We may broadly agree with the suggestions</b>



				<p>Provided that the parent stock exchange or clearing corporation, as the case may be, shall be the largest shareholder with minimum twenty-six per cent of the paid-up equity share capital of the recognised clearing corporation.</p>	<p>minimum 5 years from the date of recognition and can dilute post listing.</p> <p>3. No minimum shareholding threshold for the parent stock exchange / consortium post a public issue.</p>		
11	India Inx and India ICC	19 (2)	Shareholding	<p>(2) The market infrastructure institution shall verify the declarations/undertakings given by such persons and forward the application along with its recommendation for approval to the Authority.</p>	<p>Declarations/undertakings have not been specified.</p>		<p><b>The sub-regulations may be revised to –</b></p> <p><i>“2) The market infrastructure institution shall verify the declarations /undertakings in relation to compliance with fit and proper requirements given by such persons and forward the application along with its recommendation for approval to the Authority.”</i></p>
12	India Inx and India ICC	22	Listing of MIIs	<p>A recognised market infrastructure institution may apply for listing of its securities on any stock exchange, other</p>	<p>Self listing on the stock exchange may be permitted as allowed in international jurisdictions</p>		<p><b>We may agree with the suggestion</b></p>

				than itself and its associated stock exchange, pursuant to approval of the Authority.			
13	India Inx and India ICC	24(2)	Governance norms	<p>(2) The governing board of a recognised market infrastructure institution shall include shareholder directors, public interest directors, and managing director, subject to the following:</p>	<p>Due to exemption granted vide MCA notification dated 4th Jan, 2017 and exemption from Chapter V of SEBI SECC, 2018 regulation, the IFSC stock exchanges and clearing corporations are not required to appoint independent directors presently.</p> <p>The above exemptions were granted to IFSC Companies with the objective of providing ease of doing business at the IFSC, which is a new and evolving jurisdiction and keeping in view the various challenges that companies would face in a greenfield venture. Other companies which establish themselves at IFSC, apart from MIIs, would still be enjoying the exemptions granted by the MCA. In view of the above, the requirement of appointing Public Interest</p>		<p><b>Governance of MIIs is essential. The governance norms may be made applicable on the stock exchanges.</b></p>

					Directors (PIDs) may be done away with as at present.		
14	India Inx and India ICC	24(2)(a)	Governance norms	The chairperson shall be elected by the governing board from amongst the public interest directors;	As no independent director is insisted upon by the Companies Act for IFSC companies and also as IFSC Authority is considering minimum 26% or 51% holding by parent stock exchange/consortium as the anchor promoter shareholders, the Chairman of the Governing Board may be either from the public interest directors or promoter parent exchange or the consortium.		<b>Governance of MIIs is essential. We may continue with Chairman of the governing board from amongst the public interest directors.</b>
15	India Inx and India ICC	24(2)(e)	Governance norms	The trading members or clearing members in IFSC or their associates and agents (except persons on board of a public sector bank or a public financial institution) shall not be on the governing board of a recognised stock exchange or a recognised clearing corporation;	Persons on the Board of a private sector banks, as permitted for public sector banks, should also be allowed to be on the governing board of an MII in case they are significant shareholders of the MII. This would encourage more investments by large private banks in IFSC MIIs.  The clause (e) maybe modified as follows: <i>'The trading members or clearing members in IFSC or</i>		<b>We may consider the suggestions</b>

					<i>their associates and agents (except persons on board of a public or a private sector bank or a public financial institution) shall not be on the governing board of a recognised stock exchange or a recognised clearing corporation;'</i>	
16	India Inx and India ICC	35	Business Continuity Plan and Disaster Recovery	<p>A recognised stock exchange and a recognised clearing corporation shall set up a disaster recovery site sufficiently away in a different seismic zone from primary data centre and shall comply with the provisions relating to business continuity plan and disaster recovery as may be prescribed by the Authority, from time to time</p>	<p>While the MIIs have set up respective disaster recovery sites and mock testing is conducted regularly from the same, the issue pertaining to the tax implications of live trading conducted from the DR sites needs to be clarified to the effect that all trades executed from the DR site should be deemed to have been executed at the IFSC thereby nulling any tax implications.</p> <p>2. Clause 55 mentions about the business continuity plan and disaster recovery for depositories.</p> <p>As a level playing field it is suggested that the same clause may be adopted for stock</p>	<p><b>The issue relating to taxation has been taken up separately.</b></p> <p><b>Further, DRs are generally a sub-set of BCPs and therefore inter related.</b></p> <p><b>We may align the provisions relating to BCP and DR for all types of MIIs, on the below lines:</b></p> <p><b><i>"... shall have in place Business Continuity Plan and Disaster Recovery Site to maintain data and transaction integrity."</i></b></p>

					<p>exchange and clearing corporation by replacing clause 35 with the contents of clause 55 which is reproduced below.</p> <p><i>“A recognised depository shall have adequate business continuity plan for data and electronic records to prevent, prepare for, and recover from any disaster.”</i></p> <p>Further, the arrangement to conduct operations under the “work from anywhere” model, particularly in the post COVID scenario, should be regarded as fulfilling the BCP requirement. The BCP and DR should be segregated.</p>	
17	India Inx and India ICC	36(2)	Utilization of profits and investments	<p>The recognised stock exchange or recognised clearing corporation shall not carry on any activity whether involving deployment of funds or otherwise without prior approval of the Authority:</p> <p>Provided that prior approval of the Authority</p>	<p>1. The following may be incorporated to enable clearing corporations to diversify their investments and generate adequate returns from surplus funds:</p> <p>a. With regard to investments by clearing corporations in mutual funds, clearing corporations are permitted to</p>	<p><b>The intention of these regulations is to ensure that the SEs and CCs do not utilize funds (other than Treasury Investments), without Authority’s approval.</b></p> <p>“The recognised stock exchange or recognised clearing corporation</p>

			<p>shall not be required in case of treasury investments if such investments are as per the investment policy approved by the governing board of recognised stock exchange or recognised clearing corporation;</p> <p>Provided further, that the recognised stock exchange or recognised clearing corporation may engage in activities involving deployment of funds or otherwise that are unrelated or not incidental to its activity as a stock exchange or clearing corporation, as the case may be, through a separate legal entity and subject to approval of the Authority.</p>	<p>invest their own funds in any of the schemes of mutual funds (other than equity oriented mutual funds) and invest upto 50% of the total investible resources in mutual funds.</p> <p>(SEBI circular no. SEBI/HO/MRD2/DCAP/CIR/P/2019/145, dated November 28, 2019, permits clearing corporations to make investments in liquid and overnight funds only; provided the combined investments made by clearing corporations in liquid and overnight funds do not exceed a limit of ten percent of the total investible resources, which is restrictive in nature).</p> <p>2. Depository has not been mentioned in the above clause.</p>	<p>shall not carry on <b>any activity whether involving deployment of funds or otherwise</b> without prior approval of the Authority”</p> <p>May be replaced with</p> <p>“The recognised stock exchange or recognised clearing corporation shall not carry on <b>any activity involving deployment of funds</b> without prior approval of the Authority”</p> <p><b>As regards treasure investments in terms of approved policy, the same is already exempted in the proviso.</b></p> <p><b>No further change may be required.</b></p>
18	India Inx and India ICC	38(1)	Maintenance of books of accounts and records	<p>(1) A recognised stock exchange shall maintain and preserve the books of account and documents referred in rule 14 of the rules for a</p> <p>The minimum of period of eight years (if maintained in physical form) may be reduced to three years and perpetual electronic record keeping may be maintained as</p>	<p><b>We may require maintenance of accounts and records in electronic retrieval form only.</b></p>

				minimum period of eight years (if maintained in physical form) and twenty years in electronic form.	an initiative to promote paperless/electronic and digital record keeping		
19	India Inx and India ICC	41	Obligation of Clearing Corporation in Commodity Derivatives	The recognised clearing corporation providing clearing and settlement services for commodity derivatives which result in physical settlement shall ensure guarantee for settlement of trades including good delivery	It is suggested that only financial guarantee may be ensured by the clearing corporation		<b>We may consider the suggestions</b>
20	India Inx and India ICC	55	Business Continuity Plan and Disaster Recovery	A recognised depository shall have adequate business continuity plan for data and electronic records to prevent, prepare for, and recover from any disaster	The requirement regarding setting up a disaster recovery site sufficiently away in a different seismic zone from primary data centre, as specified in clause 35 is omitted in this clause.		<b>We may align the provisions for all types of MIIs</b>
21	India Inx and India ICC	57	Cooperation	A recognised depository shall extend all such co-operation to the beneficial owners, issuers, issuers' agents, custodians of securities, other depositories and clearing organizations as is necessary for the effective, prompt and accurate clearance and	“clearing corporation” may kindly be included in the clause after “depositories”		<b>We may consider the suggestions</b>

				settlement of securities transactions and conduct of business.			
22	India Inx and India ICC	62	Record Keeping	In addition to the requirements under other laws in force, a market infrastructure institution shall maintain and preserve all the books, registers, other documents and records relating to the issue or transfer of its securities for a period of not less than eight years (if maintained in physical form) and twenty years in electronic form.	The minimum period of eight years (if maintained in physical form) may be reduced to three years and perpetual electronic record keeping may be considered as an initiative to promote paperless/electronic and digital record keeping.		<b>We may require maintenance of accounts and records in electronic retrieval form only.</b>
23	India Inx and India ICC	71(2)	Power to relax strict enforcement of the regulations	For seeking relaxation under sub-regulation (1), an application, giving details and the grounds on which such relaxation has been sought, shall be filed with the Authority along with a non-refundable fee of USD 1500	Since the IFSC is a new and evolving jurisdiction, where new policies, developments are constantly emerging and MIIs are also faced with various challenges in the course of their business, MIIs maybe required to seek certain modifications, relaxations in the regulations from time to time. Therefore, imposing the fees of USD 1500 may kindly be reconsidered. No such fees are presently charged in domestic market.		<b>The exemption applications involve processing by the Authority. A nominal fee has been prescribed as processing fees.</b>  <b>This is in line with several Regulations prescribed by SEBI such as ICDR, LODR, Buy-backs, Delisting, Takeovers etc.</b>



24	India Inx and India ICC	73(4)	Repeal and Savings	The SEBI circular SEBI/HO/MRD/DSA/CIR/P/2016/125 dated November 28, 2016 shall stand repealed	<p>Clause 2.1 and 2.2 of the SEBI circular SEBI/HO/MRD/DSA/CIR/P/2016/125, dated November 28, 2016 mentions about the ‘Market Structure, Trading Hours and Settlement’. It is suggested that the details for market structure, trading hours, minimum numbers of settlements be incorporated in the proposed guidelines as follows for better clarity:</p> <p>1. Market Structure: There shall be a single market structure to achieve synergies in terms of various operations and to facilitate ease of doing business.</p> <p>2. Trading Hours and Settlement: The trading hours for all product categories shall be as decided by the stock exchanges in IFSC based on cost-benefit analysis, but not exceeding 23 hours and 30 minutes in a day and settlement shall be done at least once a day. The stock exchanges and clearing</p>		<p><b>These are operational aspects. May be dealt separately in the form of circulars.</b></p> <p><b>The trading hours may be included in the Regulations.</b></p>
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					corporations in IFSC shall ensure that the risk management system and infrastructure are commensurate to the trading hours at all times.		
25	CDSL	Regulation 14(3)	Net worth Requirements	(3)A recognised depository shall have net worth of at least INR 25 crores or any higher amount as may be specified by the Authority.	The Net worth for Depository is mentioned as 25 crore. It is suggested that for a Depository we may consider modifying the Minimum Net worth to 5 Cr instead of 25 Crore. The minimum Net worth could be increased in a phased manner as the business grows.		<p><b>The net worth of Rs. 5 crore for MII is very less.</b></p> <p><b>We may continue with minimum net worth of 25 crores.</b></p>
26	CDSL	Regulation 60	Audit Report by Issuers	Every issuer shall submit audit report on a quarterly basis to the concerned stock exchanges audited by a chartered accountant or a practicing Company Secretary, for the purposes of reconciliation of the total issued capital, listed capital and capital held by depositories in dematerialized form, the details of changes in share capital during the quarter and the in-	It is suggested that since an Issuer is typically required to only confirm the issued / paid up capital that is admitted with the depository, while submitted audited compliances to the Exchanges on a periodic basis, this clause may kindly be placed within the Chapter on Exchange		<p><b>This obligation is not on any MII.</b></p> <p><b>In IFSC, there could be issuers that are listed on IFSC as a secondary listing. Mandating such requirements for all issuers in the MII Regulations may not be appropriate.</b></p> <p><b>Therefore, this provision may be deleted from MII Regulations.</b></p>

				principle approval obtained by the issuer from all the stock exchanges where it is listed in respect of such further issued capital.			
27	NSE IFSC Ltd.	2 (1) (c)	Definition of Clearing Corporation	“clearing corporation” means an entity that is established to undertake the activity of clearing and settlement of trades in securities or other instruments or products that are dealt with or traded on a recognised stock exchange and includes a clearing house;	Clearing Corporation definition should include ‘permitting to clear and settle OTC trades as permitted by Authority from time to time’	Internationally, clearing corporations clear & settle OTC trades which reduces the counterparty risk in OTC trades. With the permitting of OTC trades in IFSC by Authority this shall be a requirement	<p><b>We may not change the definition of “clearing corporation”</b></p> <p><b>Clearing of OTC Trades pursuant to approval of Authority would get covered under Regulation 28 –</b></p> <p><i>A recognised stock exchange or a recognised clearing corporation, as the case may be, shall seek prior approval of the Authority before introducing or offering settlement services to any new category of</i></p>

							<i>securities.</i>
28	NSE IFSC Ltd.	8 (2) (g) & 30	Investor and Education Protection Fund	8(2)(g) the applicant has adequate investor education and protection fund;  30 . A recognised stock exchange shall establish a fund for the purpose of investor education and providing compensation to investors in the case of defaults by the trading members, in the manner as may be specified by the Authority.	This clause may be dropped	IFSC is international jurisdiction and shall primarily deal with institutional investors or HNIs. Therefore, Investor Protection Management regulations may not be relevant in IFSC. A study may be undertaken to examine relevant provisions in other IFSC jurisdictions before adopting any such provisions.	<b>We may partially agree with the suggestion.</b>  <b>Instead of keeping it mandatory, we may provide the following –</b>  <i>A recognised stock exchange shall establish such Investor Education and Protection Fund as may be specified by the Authority.</i>
29	NSE IFSC Ltd.	8 (2) (g) & 28 (2)	Arbitration Mechanism	A recognised stock exchange shall extend its arbitration mechanism for settlement of disputes or claims arising out of clearing and settlement of trades executed on such stock exchange.	Arbitration mechanism may be dropped	IFSCA authority may setup a centralised arbitration mechanism to bring uniformity and standardisation as such mechanism will be required across verticals (Banking, capital market, insurance etc.) in IFSC	<b>The disputes or claims relating to trades on stock exchange may be settled through the exchange’s arbitration mechanism.</b>  <b>No change may be required</b>

30	NSE IFSC Ltd.	11	Regulatory Fee	A recognised market infrastructure institution shall pay the regulatory fee as specified by the Authority from time to time.	Regulatory Fee may be waived off or kept at minimum in initial stages	Although the IFSC was notified in 2015 and the stock exchanges / clearing corporations have been operational since 2017, the regulatory facilitations required in IFSC have been forthcoming only since the establishment of IFSC Authority since Oct. 2020. Accordingly, given the infancy of operations, regulatory fee may be waived off or kept at minimum for next 3-5 years	<p><b>The request is regarding waiving of fees or keeping at minimum level.</b></p> <p><b>No action required at this stage.</b></p>
31	NSE IFSC Ltd.	24 (2) (a) to (h) & 26	Governance	<p>(2) The governing board of a recognised market infrastructure institution shall include shareholder directors, public interest directors, and managing director, subject to the following:</p> <p>a) The chairperson shall be elected by the governing board from amongst the public interest directors;</p> <p>b) The number of public</p>	These clauses may be dropped or should not be applicable for period of 3-5 years from the time the Regulations are adopted.	Clause 6 (4) of SEBI IFSC guidelines 2015 specified that Chapter V of SECC Regulations 2012 (relating to Governance) shall not apply to depositories, stock exchanges, clearing corporations in IFSC in case the PFMI principles are adopted since the IFSC was just being	<p><b>Governance of MIIs is essential. The governance norms may be made applicable on the stock exchanges.</b></p>

			<p>interest directors shall not be less than the number of shareholder directors;</p> <p>c) The managing director shall be included in the category of shareholder directors;</p> <p>d) Any employee of a recognised stock exchange or recognised clearing corporation may be appointed on the governing board in addition to the managing director and such director shall be deemed to be a shareholder director;</p> <p>e) The trading members or clearing members in IFSC or their associates and agents (except persons on board of a public sector bank or a public financial institution) shall not be on the governing board of a recognised stock exchange or a recognised clearing corporation;</p> <p>f) The appointment of directors of a recognised</p>		<p>established and operationalised. (Formation of Committees and segregation of Regulatory Departments is part of Chapter V of SECC regulations 2015) Although the IFSC was notified in 2015 and the stock exchanges / clearing corporations have been operational since 2017, the regulatory facilitations required in IFSC have been forthcoming only since the establishment of IFSC Authority since Oct. 2020. Accordingly, given the infancy of operations in IFSC these clauses may be dropped or should not be applicable for period of 3-5 years.</p>	
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				<p>market infrastructure institution shall be subject to the prior approval of the Authority and the fulfilment of other requirements as may be specified by the Authority.</p> <p>g) Public interest director shall be nominated for a term of three years, extendable by another term of three years subject to performance review as may be specified by the Authority;</p> <p>h) The appointment of managing director shall be for a term not exceeding five years subject to maximum age limit of 65 years. Provided that the managing director may be re-appointed subject to approval of the Authority.</p>			
32	NSE IFSC Ltd.	35	Business Continuity Plan and Disaster Recovery	A recognised stock exchange and a recognised clearing corporation shall set up a disaster recovery site	DR site of MIIs should be notified as IFSC to enable for tax benefits for trading from DR site	This shall ensure clarity of tax treatment of trades when the activities of the MIIs are operationalised	<b>The issue relating to taxation has been taken up separately. Considering the</b>

				sufficiently away in a different seismic zone from primary data centre and shall comply with the provisions relating to business continuity plan and disaster recovery as may be prescribed by the Authority, from time to time.		from the DR site	<b>requests of SEs, the provisions regarding BCP and DRs may be aligned for all types of MIIs.</b>
33	NSE IFSC Ltd.	71 (2)	Power to relax strict enforcement of the regulations	For seeking relaxation under sub-regulation (1), an application, giving details and the grounds on which such relaxation has been sought, shall be filed with the Authority along with a non-refundable fee of USD 1500.	Fees for relaxation may be waived off or kept at minimum in initial stages	Although the IFSC was notified in 2015 and the stock exchanges / clearing corporations have been operational since 2017, the regulatory facilitations required in IFSC have been forthcoming only since the establishment of IFSC Authority since Oct. 2020. Accordingly, given the infancy of operations fees for relaxation may be waived off or kept at minimum for next 3-5 years	<b>The exemption applications involve processing by the Authority. A nominal fee has been prescribed as processing fees.</b>  <b>This is in line with several Regulations prescribed by SEBI such as ICDR, LODR, Buy-backs, Delisting, Takeovers etc.</b>



34	NSE IFSC Ltd.	73 (4)	Repeal and Savings	The SEBI circular SEBI/HO/MRD/DSA/CIR/P/2016/125 dated November 28, 2016 shall stand repealed	The clauses of SEBI circular SEBI/HO/MRD/DSA/CIR/P/2016/125 dated November 28, 2016 may be appropriately adopted by IFSCA	Since these clauses are in operation at Stock Exchanges and Clearing Corporations in IFSC – the clauses may be appropriately adopted by IFSC Authority.	<p><b>These are operational aspects. May be dealt separately in the form of circulars.</b></p> <p><b>The trading hours may be included in the Regulations.</b></p>
35	NSE IFSC Clearing Corporation Ltd.	2(i)	Definitions	In these regulations, unless the context otherwise requires, the terms defined herein shall bear the meanings as assigned below, and their cognate expressions shall be construed accordingly, -	<p>Provide for definitions of:</p> <ul style="list-style-type: none"> <li>a) Control;</li> <li>b) Key Managerial Personnel;</li> <li>c) Persons;</li> <li>d) Persons acting in concert;</li> <li>e) Public Interest Director;</li> <li>f) Managing Director;</li> <li>g) Shareholder Director;</li> </ul>	The same definitions have been provided in SEBI (SECC) Regulations and the terms are used in MIII regulations as well.	<p><b>Words and expressions used and not defined in these regulations but defined in the SCRA, the IFSCA Act, the SEBI Act, the Depositories Act, the Companies Act, 2013, or any rules or regulations made thereunder shall have the same meanings respectively assigned to them in those Acts, rules or regulations made thereunder.</b></p> <p><b>However, considering requests from market participants, we may consider including the definition of “Public Interest Director”, “Shareholder</b></p>

							<b>Director”, “Key management personnel” since these definitions are relevant for governance norms of MIIs.</b>
					Definition of net worth may include statutory funds for computation of net worth	Currently Clearing Corporation refer following circular, CIR/MRD/DRMNP/25/2014 August 27, 2014 point No. 8 (a) of SEBI for computation of Networth - where CC contribution to core SGFs shall be considered as part of its net worth.	<b>Same comments as Sr. No. 1</b>
36	NSE IFSC Clearing Corporation Ltd.				Definition of Netting may be on the lines of SECC 2018		<b>We may agree with the suggestion.</b>
37	NSE IFSC Clearing Corporation Ltd.	23(2)(b)	Fit and proper requirements	Such person has not incurred any of the following disqualifications	Under this heading, one additional point may be added stating that “a recovery proceedings has been initiated against the person and are pending;	The suggested point will enable the MII to restrict the appointment of a person who has made default in the recent past.	<b>We may agree</b>

38	NSE IFSC Clearing Corporation Ltd.	24(1)	Governance Norms	A recognised market infrastructure institution shall adopt the broader principles of governance prescribed under the Principles for Financial Market Infrastructures prescribed by Committee on Payments and Market Infrastructures and International Organization of Securities Commissions and such other governance norms as may be specified by the Authority, from time to time.	Further, the following may be added “The parent MII shall be responsible for the governance of the MII at IFSC at all times”.	The suggested practice is already followed by MIIs and the same may be added in the Regulations as a governance practice.	<p><b>The parent MII is not regulated by IFSCA.</b></p> <p><b>The MII may be made responsible for governance norms.</b></p> <p><b>No change may be required</b></p>
39	NSE IFSC Clearing Corporation Ltd.	24(2)(d)	Governance Norms	Any employee of a recognised stock exchange or recognised clearing corporation may be appointed on the governing board in addition to the managing director and such director shall be deemed to be a shareholder director;	With regard to the procedure relating to appointment/tenure etc. the following may be added  “The manner of election, appointment, tenure, resignation, vacation, etc. of shareholder directors shall be governed by the Companies Act, 2013 save as otherwise specifically provided under these Regulations subject to approval of IFSC Authority.”	The appointment of shareholder director as per the procedure laid down by the Companies Act will help the MII to comply with the mandatory requirements in relation to Directors under the Companies Act, 2013. For example: Retirement by rotation of Directors as per	<p><b>The mandatory requirements under Companies Act, 2013, as applicable, are anyways required to be complied, with or without such mention in the MII Regulations.</b></p> <p><b>No change may be required in the MII Regulations.</b></p>

						Section 152 of the Companies Act, 2013.	
40	NSE IFSC Clearing Corporation Ltd.	24(2)(e)	Governance Norms	<p>The trading members or clearing members in IFSC or their associates and agents (except persons on board of a public sector bank or a public financial institution) shall not be on the governing board of a recognised stock exchange or a recognised clearing corporation;</p>	<p>An additional point after this may be added as follows:                      “For the purpose of this sub-regulation, a person who is director in an entity that itself is a trading member or clearing member or has associate(s) as trading member(s) or clearing member(s) shall be deemed to be trading member or clearing member:</p> <p>Provided a person shall not be deemed to be clearing member and / or trading member or their associate for the purpose of this sub-regulation, if he/she is on the board of a public financial institution or bank which is in public sector, or which either has no identifiable ultimate promoter, or the ultimate promoter is in public sector or has well diversified shareholding, and such Public Financial</p>	<p>The same may be added in order to give flexibility to the MIIs for appointment of Directors on their Governing Boards.</p>	<p><b>We may consider this request.</b></p> <p><b>INX has also proposed a revised draft.</b></p> <p><b>We may suitably modify this.</b></p>

					<p>Institution or Bank or its associate is a clearing member and / or trading member:</p> <p>Provided further that the independent directors of the associates of Public Financial Institution or Bank in public sector, who are clearing member and/or trading member and where the majority shareholding is that of such public Financial institution or bank in the public sector, shall not be deemed to be a clearing member and / or trading member for the purpose of this sub-regulation.</p>		
41	NSE IFSC Clearing Corporation Ltd.	24(2)(f)	Governance Norms	The appointment of directors of a recognised market infrastructure institution shall be subject to the prior approval of the Authority and the fulfilment of other requirements as may be specified by the Authority.	The Clarifications with respect to the requirements for appointment of Directors in MIIs is expected from the Authority	Details are required in order to comply with the requirements laid down in the Regulations.	<b>May be specified by IFSCA at a later stage</b>

42	NSE IFSC Clearing Corporation Ltd.	24(2)(g)	Governance Norms	Public interest director shall be nominated for a term of three years, extendable by another term of three years subject to performance review as may be specified by the Authority;	<p>2. Further, the Clarifications with respect to the following shall be provided:</p> <ul style="list-style-type: none"> <li>i. Whether Independent Directors appointed under the Companies Act will be treated as PIDs?</li> <li>ii. Criteria for appointment</li> <li>iii. Procedure for appointment /re-appointment</li> <li>iv. Approvals required for making application to Authority</li> <li>v. Timeline for making application</li> <li>vi. Documents to be submitted along with application</li> <li>vii. Payment of Sitting Fees and Commission, if any, to PIDs</li> <li>viii. Criteria for evaluation/review of performance of PIDs;</li> </ul>	The same shall be required for appointment/re-appointment for PIDs in MII	<b>May be specified by IFSCA at a later stage, if required (in the form of circular / notification)</b>

					ix. Time period considered for evaluation for re-appointment		
43	NSE IFSC Clearing Corporation Ltd.	24(2)(h)	Governance Norms	<p>The appointment of managing director shall be for a term not exceeding five years subject to maximum age limit of 65 years.</p> <p>Provided that the managing director may be re-appointed subject to approval of the Authority</p>	<p>the Clarifications with respect to the following shall be provided:</p> <ul style="list-style-type: none"> <li>a) Criteria for appointment</li> <li>b) Procedure for appointment /re-appointment</li> <li>c) Approvals required for making application to Authority</li> <li>d) Timeline for making application</li> <li>e) Documents to be submitted along with application</li> <li>f) Remuneration Criteria for MD</li> <li>g) Terms and conditions of appointment</li> <li>h) Appointment in case of Vacation of Office</li> </ul> <p>It may be suggested that the process of appointment of Managing Director shall be as per the provisions of the Companies Act, 2013 subject</p>	<p>The appointment of Managing director as per the procedure laid down by the Companies Act will help the MII to comply the requirements of the Companies Act, 2013, simultaneously, with respect to appointment of Managing Director.</p>	<p><b>May be specified by IFSCA at a later stage, if required (in the form of circular / notification)</b></p>

					to approval of IFSC Authority.		
44	NSE IFSC Clearing Corporation Ltd.	24(4)	Governance Norms	The governing board of a recognised market infrastructure institution shall review the overall performance and the performance of its individual directors regularly.	With regard to the procedure relating to evaluation of performance the following may be added “The manner of performance review of directors shall be governed by the Companies Act, 2013 save as otherwise specifically provided under these Regulations”	The review of performance of director as per the procedure laid down by the Companies Act will help the MII to comply with the requirements under the Companies Act, 2013 simultaneously.	<b>The Companies Act requirement regarding evaluation of performance of directors appears to be in respect of listed companies.</b>  <b>We may not agree with the comment.</b>  <b>No change may be required.</b>
45	NSE IFSC Clearing Corporation Ltd.	25(1)	Code of Conduct for directors and key management personnel	Every director and key management personnel of a recognised market infrastructure institution shall abide by the Code of Ethics and Code of Conduct as may be specified by the Authority.		Shall await for the Code of Ethics and Code of Conduct once it is prescribed by IFSCA.	<b>May be specified by IFSCA at a later stage (in the form of circular / notification)</b>
46	NSE IFSC Clearing Corporation Ltd.	26	Committees	A recognised market infrastructure institution, operating as a subsidiary in IFSC, shall constitute committees, as may be	Further, the Clarifications with respect to the following shall be provided: (a) Name of Committees (b) Composition	Details are required in order to comply with the requirements laid down in the Regulations.	<b>May be specified by IFSCA at a later stage (in the form of circular / notification)</b>



				specified by the Authority from time to time.	(c) Purpose (d) Meetings (e) Quorum		
47	NSE IFSC Clearing Corporation Ltd.	31 (6)	Fund to guarantee settlement of trades	A recognised clearing corporation shall evolve a detailed framework for the settlement guarantee fund, subject to approval of the Authority.	Further, may we include who all can additionally contribute to the SGF viz Exchange, Clearing Members etc.	This will involve all the stakeholders contribution in Settlement Guarantee Fund	<b>The Clearing Corporation is empowered to evolve a detailed framework.</b>  <b>No change is required in the MII Regulations.</b>
48	NSE IFSC Clearing Corporation Ltd.	39(ii)	Bye-laws and rules of stock exchanges and clearing corporation	No memorandum of association, articles of association or any other constitution document, in so far as they relate to matters specified in section 3 of the SCRA or under these regulations and bye- laws of a recognised stock exchange or a recognised clearing corporation, shall be amended except with prior approval of the Authority.	Further, the Clarifications with respect to the procedure for amendments of the constitution documents is expected from the Authority.	Details are required in order to comply with the requirements laid down in the Regulations.	<b>No change may be required</b>
49	NSE IFSC Clearing Corporation Ltd.	63(1)	Compliance Officer	A recognised market infrastructure institution shall appoint a compliance officer who shall be	Further, the phrase “IFSC authority Regulations” may be added along with the compliance of the securities laws.	The Compliance Officer may ensure compliance to the provisions of the IFSCA regulations.	<b>May be appropriately considered</b>

				responsible for monitoring the compliance of the securities laws and for redressal of investors' grievances.			
50	ICSI	5 and 8	Recognition	<p>5. An application for recognition as a market infrastructure institution in IFSC shall be submitted to the Authority in the form and manner, and shall be accompanied by the fee as may be prescribed by the Authority</p> <p>8. (1) An applicant seeking recognition as a stock exchange or clearing corporation, as the case may be, shall comply with the following conditions, namely, - (a) .....</p>	<p>The Authority may authorise a Company Secretary in Practice (PCS) to certify the Form for processing an application for registration as a market infrastructure institution. PCS will certify that an applicant seeking authorisation as a market infrastructure institution under regulations 5 &amp; 8 has complied with the conditions laid down in regulations and is eligible for setting up and operate a market infrastructure institution governed by the provisions of these regulations and any other regulations that have been formulated by the Authority. This certification in form of a</p>	<p>A Company Secretary is well versed with memorandum of association, articles of association, byelaws, and ownership and governance structure of a company and can ascertain requirements relating to company structure, shareholding, net worth, etc. required for the formation of a market infrastructure institution.</p> <p>The certification by a PCS will give necessary assurance to the Authority while giving authorisation to a market infrastructure institution as Authority will not be required to review</p>	<p><b>We may not have mandatory certification requirement from PCS</b></p>

					<p>'Certificate of Compliance' will provide assurance to the Authority about the fulfilment of conditions mentioned in the Form and will assist in faster disposal of applications for registration as a market infrastructure institution.</p>	<p>each aspect thread bare and will speed up the process of approval.</p> <p>Company Secretary is widely acclaimed for his understanding of laws not only from a legal perspective but also from a management and technical perspective.</p> <p>Company Secretary is provided with exhaustive exposure by the ICSI through coaching, examination, rigorous training and continuing professional development programmes and is governed by the Code of Conduct as prescribed in the Company Secretaries Act, 1980.</p>	
51	ICSI	15	Net worth Requirements	A recognised market infrastructure institution shall submit an audited	A Company Secretary in Practice (PCS) may be authorised to	PCS is well conversant with the technicalities of	<b>We may not dilute it. No change may be required.</b>

				net worth certificate from the <b>statutory auditor</b> on a yearly basis by the thirtieth day of September of every year for the preceding financial year, to the Authority.	issue Net Worth Certificate for every market infrastructure institution.	certifying the net worth of companies and is recognised by various authorities viz. BSE, NSE, NSDL and CDSL for issuing the same	
52	ICSI	21	Disclosure of Shareholding	A recognised market infrastructure institution shall disclose to the Authority their shareholding pattern on a quarterly basis within fifteen days from the end of each quarter, including therein the following	A recognised market infrastructure institution shall disclose to the Authority their shareholding pattern on a quarterly basis certified by a company secretary in practice within fifteen days from the end of each quarter, including therein the following	A Company Secretary is covered under the definition of an 'expert' under section 2(38) of the Companies Act, 2013, who along with other professionals under this section has the power or authority to issue a certificate in pursuance of any law for the time being in force	<b>May not be required</b>
53	ICSI	23(1)	Fit and proper requirements	A recognised market infrastructure institution shall ensure that all its directors, key management personnel and shareholders are fit and proper persons, at all times.	It is submitted that fit and proper criteria for shareholders may be <b>deleted</b> since it will be cumbersome to carry out this exercise for every shareholder.  A PCS may be authorised to certify the disqualifications as mentioned in Regulation	A PCS possess requisite technical knowledge and expertise under Companies Act, RBI Act, SEBI Act and rules and regulations made thereunder to ascertain disqualifications of directors and KMPs.	<b>It is proposed that we may insert a proviso in respect of listed MIIs.</b>  <b>In such cases, the onus on MIIs shall be in respect of shareholders with 5% or more shareholding. In other cases, the</b>

					23(2)(b) for directors, and KMP of a market infrastructure institution	A PCS is authorised to certify that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by SEBI/Ministry of Corporate Affairs or any such statutory authority under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [Schedule V, Part C of Clause (10)(i)]	<b>onus of “fit and proper” may be only on the Acquirer</b>
54	ICSI	24(2)(h)	Appointment of MD and Age limit	The appointment of managing director shall be for a term not exceeding five years subject to maximum age limit of 65 years. Provided that the managing director may be re-appointed subject to approval of the Authority	Maximum age limit may be extended to 70 years	Suggested in line with appointment of Managing Director under section 196 of the Companies Act, 2013, which provides for appointment of managing director, whole-time director or manager.	<b>We may agree with the suggestion.</b>

55	ICSI	63	Compliance Officer	<p>A recognised market infrastructure institution shall appoint a compliance officer who shall be responsible for monitoring the compliance of the securities laws and or redressal of investors' grievances. The compliance officer shall immediately and independently report to the Authority any noncompliance observed by him.</p>	<p>It is requested that Company Secretaryship qualification may be considered for appointment of Compliance Officer.</p>	<p>Regulators such as SEBI, IRDAI, Petroleum and Natural Gas Regulatory Board (PNGRB) have mandated the appointment of Company Secretary as Compliance Officer since he possess adequate skill and expertise for discharging</p>	<p><b>No such mandatory requirement has been prescribed in Bullion Exchange Regulations.</b></p> <p><b>In order to ensure consistency, no change may be required.</b></p>
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