



**International Financial Services Centre (IFSC)
in Special Economic Zones (SEZs)**

REGULATIONS & GUIDELINES



Gujarat International Finance Tec-City (GIFT)
A Global Financial Hub

IFSC

International Financial Services Centre (IFSC)
in Special Economic Zones (SEZs)

REGULATIONS & GUIDELINES

Table of Contents

Ministry of Commerce and Industry Notification dated 08-04-2015	05
Ministry of Commerce & Industry Instruction dated 08-04-2015	06
Ministry of Finance Notification S.O. 870 (E) dated 27-03-2015	12
Ministry of Finance Notification G.S.R. 229 (E) dated 27-03-2015	13
Insurance Regulatory and Development Authority of India (International Financial Service Centre) Guidelines, 2015 [Dated 6th April, 2015]	16
Foreign Exchange Management (International Financial Services Centre) Regulations, 2015 [G.S.R 218(E) dated 2nd March, 2015]	22
Scheme for setting up of IFSC Banking Units (IBU) by Indian Banks [Dated April 1, 2015]	24
Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015 [Dated 27th March, 2015]	31

[To be published in the Gazette of India,
Extraordinary, Part-II, Section 3, Sub-Section (ii)]

Government of India
Ministry of Commerce and Industry
(Department of Commerce)

NOTIFICATION

New Delhi, the 8th April, 2015

S.O. ____ (E) :- In exercise of the powers conferred by sub-section (2) of section 18 of the Special Economic Zones Act, 2005 (28 of 2005), the Central Government hereby notifies that Units in an International Financial Services Centre in Special Economic Zones may be set up and approved in accordance with the Special Economic Zones Rules, 2006, read with Notification S.O 870(E) dated 27th March, 2015, and Insurance Regulatory and Development Authority of India (Regulation of Insurance Business in Special Economic Zone) Rules, 2015, as amended from time to time, subject to the guidelines or regulations framed and notified in this regard by the Reserve Bank of India, the Securities and Exchange Board of India and the Insurance Regulatory and Development Authority of India, namely:-

- i. Insurance Regulatory and Development Authority of India (International Financial Service Centre) Guidelines, 2015 [Dated 6th April, 2015].
 - ii. Foreign Exchange Management (International Financial Services Centre) Regulations, 2015 [G.S.R 218(E) dated 2nd March, 2015]
 - iii. Scheme for setting up of IFSC Banking Units (IBU) by Indian Banks [Dated April 1, 2015]
 - iv. Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015 [Dated 27th March, 2015]
2. The units in International Financial Services Centre shall conform to the provisions of the Special Economic Zones Act, 2005 and the Special Economic Zones Rules, 2006 and the regulations made thereunder.

[F.No. D.12/25/2009-SEZ]

Sd/-
(Bhupinder S. Bhalla)
Joint Secretary to the Government of India

No. D.12/25/2009-SEZ
Government of India
Ministry of Commerce & Industry
Department of Commerce
(SEZ Division)

Udyog Bhawan, New Delhi
Dated: 8th April, 2015

To:
All Development Commissioners
Special Economic Zones

Subject: Procedure for Setting up an International Finance Service Centre (IFSC) unit in SEZs- regarding.

Sir/Madam.

Please refer to the Notification issued vide S.O.....(E) dated 8th April, 2015 under Section 18(2) of the Special Economic Zones Act, 2005, which may be viewed at <http://sezindia.nic.in/latest-updates.asp> [SEZ Gazette Notification, 2015 Gazette copy]. In order to facilitate setting up of an International Financial Services Centre Unit in SEZ, entrepreneurs are required to submit application to the concerned Development Commissioner in Form-F (prescribed under Rule 17) in the modified format as enclosed.

2. Any difficulty or suggestion in this regard may be brought to the notice of the Director, SEZ Division, Department of Commerce, Udyog Bhawan, New Delhi. You are requested to bring this to the notice of all concerned stakeholders.

Encl. As above.

Yours faithfully,
Sd/-
(Sanjeet Singh)
Director
Tel. 2306 2109
E-mail: sanjeet@nic.in

Copy to :

1. Department of Revenue (CBDT/CBEC), Govt. of India
2. DG, EPCES

FORM-F

Consolidated Application Form For Setting Up Services Unit in Special Economic Zone

[Refer rule 17]

1. Setting up of units in Special Economic Zone;
2. Annual permission for sub-contracting;
3. Allotment of Importer Exporter Code Number;
4. Allotment of land/industrial sheds in the Special Economic Zone;
5. Water Connection;
6. Registration-cum-Membership Certificate;
7. Small Scale Industries Registration;
8. Registration with Central Pollution Control Board;
9. Power connection;
10. Building approval plan;
11. Sales Tax registration;
12. Approval from Inspectorate of factories;
13. Pollution control clearance, wherever required;
14. Any other approval as may be required from the State Government.

The application should be submitted to the Development Commissioner of the concerned Special Economic Zone in 5 copies alongwith a crossed Demand Draft of rupees five thousand drawn in favour of The Pay & Accounts Officer of the concerned Special Economic Zone together with a project report giving details of activities proposed.

For Official Use only

Application No.

Date :

Details of Bank Draft

Amount Rs.

Draft No.

Draft date

Drawn on

(Name of the Bank)

Payable at

PART-I

- I. Name and full address of
applicant firm/company
(in block letters)
Registered Office in case of limited company and
.....
Head Office for others)
Pin Code
Tel. No.
Fax No.
Permanent E-Mail Address
Web-Site, if any
Passport No., if any
Name of Bank with Address & Account No.
.....
Digital Signature
Income Tax PAN (attach copy)

- II. Constitution of the applicant firm: Public Ltd. Company
[Tick () the appropriate entry]: Private Limited Company
 Partnership
 Proprietorship
 Others (please specify)

(Attach copy of Certificate of Incorporation alongwith Articles of Association and Memorandum of Association in case of companies and partnership deed in case of partnership firms).

- III. Name and complete address of each of the Directors/Partners/ Proprietor, as the case may be, with Telephone numbers

IV. ITEM(S) OF SERVICE ACTIVITY:

(If necessary, additional sheets may be attached)

Item(s) Description

- (i)
- (ii)
- (iii)

V. INVESTMENT:

(RS. IN LAKHS)

- a) Capital Investment
- Indigenous
- Import CIF value
- Total (i) + (ii)
- b) Details of source(s) of finance

VI. Import and indigenous requirement of materials and other inputs:

(Value in Rupees)

- Import
- a) Capital Goods
- b) Other inputs

.....

TOTAL:

VII. INFRASTRUCTURE REQUIREMENTS

- 1. Requirement of land:— Area in sq. mtrs.)
 - i) Work space & offices
 - ii) Storage
 - iii) Others, specify
- 2. Requirement of built-up area
- 3. Requirement of Water (in Kilo Liters)
- 4. Effluent Treatment
 Specify whether own Effluent Treatment Plant (ETP) will be created
 (please indicate ETP capacity)
- 5. Requirement of Power (in KVA)

VIII. EMPLOYMENT

Men	Women
.....

IX. WHETHER FOREIGN COLLABORATION AGREEMENT IS ENVISAGED

(Tick () the appropriate entry)

Yes..... No.....

- i) Name and Full Address of foreign collaborator
- ii) Nature of Collaboration
 1. Equity Participation including Foreign Investment
- i) (\$ in thousand)(Rs. in lakhs)
 - a) Authorised
 - b) Subscribed
 - c) Paid-up Capital

Note : If it is an existing company, give the break up of existing and proposed capital structure

- ii) Pattern of share holding in the paid-up capital (Amount in Rupees)
(Rs. in lakhs) (US \$ Thousand)
 - a) Foreign holding
 - b) Non Resident Indian company/Individual holding
 - i) Repatriable
 - ii) Non-repatriable
 - c) Resident holding
 - d) Total Equity
 - e) External Commercial
Borrowing (give details)
2. Marketing collaboration (furnish details in project report)

X. Foreign Exchange Balance sheet

		Total	Total
1st	2nd	3rd	4th 5th(5 yrs)
Rs. In lakhs/\$ in thousand			

1. FOB value of exports in first five years
2. Foreign Exchange outgo on for the first five years
3. Net Foreign Exchange earnings for the first five years (1)-(2)

XI. OTHER INFORMATION

- i) Whether the applicant has been issued any LOI/LOA under EOU/SEZ/STP/EHTP scheme. If so, give full particulars, namely reference number, date of issue and progress of implementation of each project etc.
- ii) Whether the applicant or any of the partner/Director who are also partners/Directors of another company or firms its associate concerns are being proceeded against or have been debarred from getting any Licence/Letter of Intent/Letter of Permission under Foreign Trade (Development and Regulation) Act, 1992 or Foreign Exchange Management Act, 1999 or Customs Act, 1962 or Central Excise Act, 1944.

Place: Signature of the Applicant
Date: Name in Block Letters
Designation
Official Seal/Stamp
Tel. No.
E-mail
Web-Site, if any
Full Residential Address

UNDERTAKING

I/We hereby declare that the above statements are true and correct to the best of my/our knowledge and belief. I/We shall abide by any other condition, which may be stipulated by the Development Commissioner. I/We fully understand that any Permission Letter/Approval granted to me/us on the basis of the statement furnished is liable to cancellation or any other action that may be taken having regard to the circumstances of the case if it is found that any of the statements or facts therein are incorrect or false. An affidavit duly sworn in support of the above information is enclosed.

Place: Signature of the Applicant
Date: Name in Block Letters
Designation
Official Seal/Stamp
Tel. No.
E-mail
Web-Site, if any
Full Residential Address

Note : Formats of application not given herein may be obtained from the Development Commissioner.

(TO BE PUBLISHED IN PART II, SECTION 3, SUB-SECTION (ii) OF THE
GAZETTE OF INDIA, EXTRAORDINARY)

Government of India
Ministry of Finance
Department of Financial Services

Notification

New Delhi, the 27th March, 2015

S. O. 870 (E).- In exercise of the powers conferred by section 2CA of the Insurance Act, 1938 (4 of 1938), the Central Government hereby directs that-

- a) the provisions contained in sections 29, 32B, 32C, 32D, 64C, 64D, 64E, 64F, 64G, 64H, 64J, 64K, 64L, 64M, 64N, 64-O, 64R, sub-section (2) of section 64 ULA, sections 101A, 101B, 105B, 110F, 118 and section 120 of the said Act shall not apply to an insurer, being an Indian Insurance Company, insurance co-operative society or a body corporate referred to in clause (c) of sub-section (1) of section 2C;
- b) all sections other than those mentioned in clause (a) shall apply to an insurer, being an Indian Insurance Company, insurance co-operative society or a body corporate referred to in clause (c) of sub-section (1) of section 2C,

carrying on the business of insurance in any Special Economic Zone as defined in clause (za) of section 2 of the Special Economic Zones Act, 2005 (28 of 2005).

[F.No. 14017/98/2014-Ins. II]

Anup Wadhawan
Joint Secretary

(TO BE PUBLISHED IN PART II, SECTION 3, SUB-SECTION (i) OF THE
GAZETTE OF INDIA, EXTRAORDINARY)

Government of India
Ministry of Finance
Department of Financial Services

Notification

New Delhi, the 27th March, 2015

G.S.R. 229 (E).- In exercise of the powers conferred by clause (c) of sub-section (2) of section 24 of the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999), the Central Government hereby makes the following rules, namely:-

1. Short title and commencement.-
 - 1) These rules may be called the Insurance Regulatory and Development Authority of India (Regulation of Insurance Business in Special Economic Zone) Rules, 2015.
 - 2) They shall come into force on the date of their publication in the Official Gazette.
2. Definitions.- In these rules, unless the context otherwise requires,-
 - a) “Act” means the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999);
 - b) “Act of 2005” means the Special Economic Zones Act, 2005 (28 of 2005);
 - c) words and expressions used herein and not defined but defined in the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999), the Insurance Act, 1938 (4 of 1938) and the Special Economic Zones Act, 2005 (28 of 2005) shall have the meanings respectively assigned to them in those Acts.
3. Provisions regarding regulation of insurance business in Special Economic Zone.- For the purposes of regulating and promoting the insurance business in Special Economic Zone, the Authority may, in consideration of the notification issued by the Central Government under section 2CA of the Insurance Act, 1938 (4 of 1938),-
 - a) permit an insurer registered, with the Authority, under section 3 of the Insurance Act, 1938 (4 of 1938) to carry on the business of insurance in a Special Economic Zone subject to the following conditions, namely:-
 - i) that an insurer shall set up its place of business in a Special Economic

- Zone with the prior approval of the Authority;
- ii) that an insurer may underwrite only such classes or sub-classes of business of life insurance, general insurance, health insurance or re-insurance as may be specified by the Authority from time to time for the Special Economic Zone:

Provided that the Authority may allow such insurer to accept re-insurance of all classes of business from within the Special Economic Zone involving cover either within the Special Economic Zone or from outside the country, subject to the provisions of Act of 2005 and rules made thereunder:

Provided further that the Domestic Tariff Area entities may be allowed by the Authority to procure services relating to re-insurance from insurers operating from the Special Economic Zone on the same terms as they may be allowed in general under the relevant law for the time being in force to procure such services from the insurers outside the country subject to the provisions of Act of 2005 and rules made thereunder:

Provided also that such insurer may be allowed by the Authority to accept insurance business from entities within the Special Economic Zone and from entities outside the country, subject to the provisions of Act of 2005 and rules made thereunder:

Provided also that the Domestic Tariff Area entities may be allowed by the Authority to procure services relating to insurance from insurers operating from the Special Economic Zone on the same terms as they may be allowed in general under the relevant law for the time being in force to procure such services from the insurers outside the country subject to the provisions of Act of 2005 and rules made thereunder;

- iii) acceptance of insurance business within the Special Economic Zone shall be in accordance with the guidelines of the Authority, referred to in sub-section (2) of section 18 of Act of 2005;
- b) permit an insurer from outside the country to set up his branch in Special Economic Zone to transact the business of re-insurance within the Special Economic Zone, in the Domestic Tariff Area and abroad, subject to the conditions mentioned in clause (a), and-
- i) any placement of re-insurance business by an Indian insurer to such insurer shall be deemed as re-insurance placed outside India;
- ii) such insurer carrying on the business of re-insurance shall not be deemed to be an Indian re-insurer within the meaning of the provisions of section 101A of the Insurance Act, 1938 (4 of 1938);
- iii) the Domestic Tariff Area entities may be permitted to procure re-insurance services from such insurers on the same terms as they may be allowed in general under the relevant law for the time being in force to

- procure such services from the insurers outside the country subject to the provisions of Act of 2005 and rules made thereunder;
- iv) acceptance of re-insurance business within the Special Economic Zone shall be in accordance with the guidelines of the Authority, referred to in sub-section (2) of section 18 of Act of 2005;
 - c) permit an insurer from outside the country to transact the insurance business from the Special Economic Zone on the conditions specified in clause (a), and-
 - i) such permission may include approval for procurement of insurance business from entities within the Special Economic Zone with cover confined to the Special Economic Zone and from entities outside India;
 - ii) the Domestic Tariff Area entities may be permitted to procure insurance services from such insurers on the same terms as they may be allowed in general under the relevant law for the time being in force to procure such services from the insurers outside the country subject to the provisions of Act of 2005 and rules made thereunder;
 - iii) acceptance of insurance business within the Special Economic Zone shall be in accordance with the guidelines of the Authority, referred to in sub-section (2) of section 18 of Act of 2005;
 - d) direct the insurers, carrying on the insurance business and re-insurance business in a Special Economic Zone, to comply with its directions, and with the relevant laws and rules and regulations framed thereunder.

(F. No. 14017/98/2014-Ins. II)

Anup Wadhawan
Joint Secretary

Insurance Regulatory and Development Authority of India (International Financial Service Centre) Guidelines, 2015

Ref: IRDA/NL/GDL/MISC/065/04/2015

Date: 6th April, 2015

In exercise of the powers conferred by Insurance Regulatory Development Authority of India (Regulation of Insurance Business in Special Economic Zone) Rules, 2015 read with Section 18 (2) of SEZ Act, 2005, the Authority hereby makes the following Guidelines:-

1. Short title and commencement

- 1) These Guidelines may be called Insurance Regulatory and Development Authority of India (International Financial Service Centre) Guidelines, 2015.
- 2) These Guidelines shall come into force with immediate effect.

2. Definitions:- In these Guidelines, unless the context otherwise requires;

- 1) **“Act”** means the Insurance Act, 1938 (4 of 1938)
- 2) **“Applicant”** means an Insurer granted certificate of registration by the Authority or any insurer registered with a foreign regulatory or supervisory Authority.
- 3) **“Authority”** means “the Insurance Regulatory and Development Authority of India” established under sub-section (1) of section 3 of the Insurance Regulatory and Development Authority, 1999;
- 4) **“Certificate”** means a certificate of registration granted by the Authority under these Guidelines;
- 5) **“DTA”** means the Domestic Tariff Area as defined under the Special Economic Zones Act, 2005.
- 6) **“IFSC Insurance Office”** (herein after referred to as ‘**IIO**’) means an office of applicant registered with the Authority under these Guidelines to transact Reinsurance business and/or specified direct insurance business;
- 7) **“Special Economic Zone”** (SEZ): means the Special Economic zone established under the Special Economic Zones Act, 2005
- 8) All words and expressions used herein and not defined in but defined in the Insurance Act, 1938 or in the Insurance Regulatory and Development Authority Act, 1999, Special Economic Zones Act, 2005, Central Government (Special Economic Zones) Rules, 2005 or Insurance Regulatory and Development Authority of India (Regulation of Insurance Business in Special Economic Zone) Rules, 2015 shall have the meanings respectively assigned to them in the those Acts and Rules;

Chapter I

Reinsurance Business

3. An applicant meeting the eligibility criteria under clause 4 of these guidelines may establish an IFSC Insurance Office (IIO) in the SEZ to carry on Reinsurance business.

4. **Eligibility Criteria**

- 1) All Indian insurers are eligible to set up IIO. Such applicants shall make an application to the Authority in Form as may be prescribed by the Authority.
- 2) An Insurer registered with a foreign Regulatory or Supervisory Authority seeking to set up IIO in a SEZ, *shall be eligible* based on the following *criteria*:
 - a. The Applicant is registered or licensed for doing Insurance or Reinsurance business in the country of incorporation;
 - b. The Applicant has been duly authorized by the Regulatory or Supervisory Authority of that country to set up such office;
 - c. The Applicant has been in continuous operation during the preceding 5 years from the year in which the application is made;
 - d. The Applicant has net owned funds as specified in the Act;
 - e. The Applicant has satisfactory track record in respect of regulatory or supervisory compliance.

Provided that the applicant whose application for registration has been rejected by the Authority, shall become eligible only after a period of two years from such date of rejection.

- f. An Applicant fulfilling the above criteria shall submit an application to the Authority in the form prescribed by the Authority;

5. **Application for registration:** Every application for registration shall be accompanied by:

- a) a certificate of approval from the appropriate authority as prescribed in SEZ Act for conducting insurance business in the SEZ;
- b) a copy of the registration certificate issued by the respective Regulatory or Supervisory Authority,
- c) copy of the document(s) establishing incorporation of the entity under the laws of the respective country or a deed of covenant or any other document which is considered as valid proof of its existence;
- d) approval from the Board of Directors of the Applicant through a resolution in support of the commitment to set up such IIO.
- e) a note on the regulatory architecture of the country where the Insurer or Re-insurer is incorporated and licensed along-with its reporting and compliance structure;
- f) the name, address and the occupation of the Directors and CEO;
- g) projected business for next 5 years;

- h) evidence of the payment of non-refundable fee of rupees Rs. 50,000/-.
- i) a certificate from a practising Chartered Accountant of India or a practising Company Secretary of India certifying that all the requirements of the Act read with notifications issued under section 2CA of the Act have been complied with by the applicant; and
- j) published annual reports for the last 5 years;

Nothing in this clause shall prevent the Authority from seeking further information as may be needed for the processing of the application for registration.

6. Consideration of application for registration:

- 1) The Authority shall take into account, for considering grant of certificate of registration, all matters relating to carrying on the business of reinsurance by the applicant.
- 2) In particular and without prejudice, the Authority shall consider the following matters for grant of certificate of registration to the applicant, namely:
 - a) the record of performance of Insurance and Re-insurance business carried on by the Applicant;
 - b) the record of performance of the directors and persons in the management of the Applicant;
 - c) the capital structure of the Applicant;
 - d) the planned infrastructure of the Applicant to effectively carry out the insurance business in SEZ;
 - e) the organisation structure of the Applicant; and
 - f) other relevant matters in consonance with the provisions of these Guidelines.
- 3) The Authority on being satisfied that:-
 - a) the application is complete in all respects and is accompanied by all documents required therein;
 - b) all information given is correct; and
 - c) the applicant
 - i. is a bona fide applicant for registration;
 - ii. the financial condition and the general character of management of the applicant are sound and;
 - iii. the applicant is eligible, and in its opinion, is likely to meet effectively its obligations imposed under the Act as well as under the SEZ Act, 2005

may accept the application subject to compliance with clause 9 of these Guidelines.
- 4) If the Authority, after, considering matters referred to in sub clause (1) and (2) above is satisfied that it is not desirable to grant a certificate of registration, it may, through an order to be communicated in writing to the applicant, reject the application after giving the applicant a reasonable opportunity of

being heard.

Provided that the reasons for rejecting the application are also to be recorded therein

7. Grant of Certificate of Registration: The Authority, after being satisfied of the fulfilment of norms as stipulated in Clause 13 may register the applicant as an IFSC Insurance Office (IIO) in SEZ for the class of business for which the applicant is found suitable and grant him a certificate in form prescribed.

Nothing here shall prevent the Authority to reject such certificate of registration provided it is observed that the applicant has misrepresented the facts or failed to fulfil the requirements as stipulated in the Act, rules, regulations and guidelines and the SEZ Act, 2005

8. Scope of Operations: Such IIO granted certificate of registration under clause 7 of these guidelines are permitted to

- a) accept reinsurance business of all classes of business within the SEZ and from outside the country
- b) accept re-insurance business from the insurers operating in the DTA in accordance with the IRDAI Regulations on reinsurance.

Provided that the IIO may retrocede upto 90% of its reinsurance business. The surplus available after such retrocession arrangements shall be held in the form of Government Securities issued by Govt. of India or in deposits with Scheduled banks in India.

9. Time Limit: An applicant granted a certificate of registration under these Guidelines shall commence operations within 6 months of the date of grant of certificate of registration.

Provided, however, that if the IIO is not able to commence the insurance business within the specified period of 6 months, it can before the time limit expires, but atleast 30 days in advance, seek an extension, by a proper written application to the Authority.

Provided further that no extension of time shall be granted by the Authority beyond 12 months from the date of grant of certificate of registration under clause 7 of these guidelines.

10. Assigned Capital: The applicant on receipt of communication from the Authority under Clause 6(3) shall demonstrate an assigned capital of Rs. 10 crore. Such capital may be held in the form of Government Securities issued by the Govt of India or held as deposits with Scheduled Banks in India and shall be maintained at

all times during the subsistence and validity of its registration under these guidelines.

Provided that the requirement of such assigned capital is applicable to applicants specified in clause 4(2).

Chapter II

Direct Insurance Business in SEZ

11. 1) An applicant being an Indian Insurer may (except a statutory body) also establish an IIO to transact specified Direct Insurance Business within the SEZ. However, the same IIO granted Certificate of Registration under clause 7 may also transact specified Direct Insurance Business.
- 2) Such IIO may also underwrite specified direct insurance business of foreign jurisdictions.
- 3) The IIO shall make an application in form prescribed for underwriting direct business.
- 4) Such IIO shall not write direct insurance business in the DTA except in accordance with Section 2 CA of the Act.

Chapter III

Terms, conditions and requirements of Certificate of Registration

12. Terms and Conditions

Notwithstanding anything stated herein, the following terms and conditions shall govern the approval of the IIO operations in SEZ:

- 1) Initial and further augmentation of capital and liabilities met out of the Shareholder's funds beyond solvency margin requirement;
- 2) Compliance with Know your Customer (KYC) and Anti-Money Laundering (AML) guidelines issued by the Authority;
- 3) Compliance with Foreign Exchange Management Act, 1999 and any other law in force governing the operations of such offices;

13. Reporting requirements

- 1) Notwithstanding anything contained in the Insurance Act, 1938, the Board of the applicant shall review the reports of the IIO in the SEZ on a regular basis, specifically covering the following:
 - a) Financial reporting covering statement of account giving details of activities;
 - b) Business reporting;
- 2) The Insurer registered with a foreign Regulatory or Supervisory Authority or an Indian Insurer as the case may be shall immediately report to the Authority any regulatory or supervisory action taken by the home country reg-

ulator with full details and the penalty, any administrative action imposed and the remedial steps taken.

- 3) The IIO shall submit periodic returns in such form and such manner as the Authority may specify from time to time.

14. **Annual fee:** The IIO shall be liable to pay annual fee of Rs. 1,00,000/-. Such fees shall be remitted by 31st December of the preceding financial year.

15. **Manner of payment of Fees:** The fee shall be remitted by online banking/ RTGS/ NEFT/ or through any other recognised electronic mode / Demand draft issued by any scheduled bank in favour of the Insurance Regulatory and Development Authority of India.

16. **Further powers of the Authority**

- 1) The Authority shall have the right to call, inspect or investigate any document, record or communication of the IIO.
- 2) Closure of operation of any IFSC Insurance Office (IIO) in a SEZ shall be with the prior approval of the Authority.
- 3) Notwithstanding the above, where the Authority is of the opinion that the operations of an IIO are not in public interest, the Authority reserve the right to direct the Insurer to close the office in SEZ after giving adequate opportunity of being heard to the IIO.

Chapter IV

Miscellaneous Provisions

17. IIO shall follow the terms and conditions for underwriting the business of insurance and reinsurance within the overall scope of Insurance Regulatory and Development Authority of India (Regulation of Insurance Business in Special Economic Zone) Rules, 2015 notified by Central Government.

18. **Applicability of the provisions of Insurance Act, 1938**

- i. IIO is regulated under provisions of Insurance Act, 1938 read with notifications issued by the Central Government under Section 2CA of the Insurance Act, 1938.
- ii. All IIOs shall comply with the provisions of Insurance Act, 1938, IRDA Act 1999, SEZ Act 2005, rules, regulations, guidelines and circulars made there under save as expressly otherwise provided in the aforesaid notifications and the guidelines in this behalf.

(TS VIJAYAN)
Chairman

RESERVE BANK OF INDIA

Foreign Exchange Department

Central Office

NOTIFICATION

Mumbai, the 2nd March 2015

Foreign Exchange Management (International Financial Services Centre) Regulations, 2015

G.S.R. 218(E)—In exercise of the powers conferred by section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999), the Reserve Bank makes the following regulations relating to financial institutions set up in International Financial Services Centres, namely:-

1. Short title and commencement:-

- i) These regulations may be called the Foreign Exchange Management (International Financial Services Centre) Regulations, 2015.
- ii) They shall come into force from the date of their publication in the Official Gazette.

2. Definitions:-

In these Regulations unless the context requires otherwise , -

- a) ‘Act’ shall mean the Foreign Exchange Management Act, 1999 (42 of 1999);
- b) ‘Financial Institution’ shall include
 - i) a company, or
 - ii) a firm, or
 - iii) an association of persons or a body of individuals, whether incorporated or not, or
 - iv) any artificial juridical person, not falling within any of the preceding categories engaged in rendering financial services or carrying out financial transactions.

Explanation: For the purpose of this sub-regulation, and without any loss of generality of the above, the expression ‘financial institution’ shall include banks, non-banking financial companies, insurance companies, brokerage firms, merchant banks, investment banks, pension funds, mutual funds, trusts, exchanges, clearing houses, and any other entity that may be specified by the Government of India or a Financial Regulatory Authority.

- c) ‘Financial service’ shall mean activities a financial institution is allowed to carry out as specified in the respective Act of the Parliament or by the Government of India or by any Regulatory Authority empowered to regulate the concerned financial institution.

- d) 'Financial transaction' shall mean making any payment to, or for the credit of any person, or receiving any payment for, by order or on behalf of any person, or drawing, issuing or negotiating any bill of exchange or promissory note, or transferring any security or acknowledging any debt.
- e) 'FMC' shall mean the Forward Market Commission established under the Forward Contracts (Regulation) Act, 1952 (74 of 1952).
- f) 'International Financial Services Centre' or 'IFSC' shall have the same meaning given in Section 2 (q) of the Special Economic Zones Act, 2005 (28 of 2005).
- g) 'IRDA' shall mean the Insurance Regulatory and Development Authority established under the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999).
- h) 'PFRDA' shall mean the Pension Fund Regulatory and Development Authority established under the Pension Fund Regulatory and Development Authority Act, 2013 (23 of 2013).
- i) 'Regulatory Authority' shall include Reserve Bank of India (RBI), Securities Exchange Board of India (SEBI), Insurance Regulatory Development Authority (IRDA), Pension Fund Regulatory and Development Authority (PFRDA), Forward Market Commission (FMC) or any other statutory authority empowered to regulate a financial institution under the Indian laws.
- j) 'SEBI' shall mean the Securities and Exchange Board of India established under the Securities and Exchange Board of India Act, 1992 (15 of 1992).
- k) The words and expressions used but not specified in these Regulations shall have the same meanings respectively assigned to them in the Act.

3. Any financial institution or branch of a financial institution set up in the IFSC and permitted/recognised as such by the Government of India or a Regulatory Authority shall be treated as a person resident outside India.

4. A financial institution or branch of a financial institution shall conduct such business in such foreign currency and with such persons, whether resident or otherwise, as the concerned Regulatory Authority may determine.

5. Subject to the provisions of Section 1(3) of the Act, and save as otherwise provided in these Regulations or any other Regulations or directed by the Reserve Bank of India from time to time, nothing contained in any other regulations shall apply to a financial institution or branch of a financial institution set up in an IFSC.

(B.P. Kanungo)
Principal Chief General Manager

Published in the Official Gazette of Government of India – Extraordinary – Part-II, Section 3, Sub-Section (i) dated 23.03.2015- G.S.R.No.218(E)



RESERVE BANK OF INDIA

RBI/2014-15/533

DBR.IBD.BC. 14570/23.13.004/2014-15

April 1, 2015

All Scheduled Commercial Banks
(excluding Regional Rural Banks)

Dear Sir/Madam,

Setting up of IFSC Banking Units (IBUs)

Please refer to the Reserve Bank of India Notification No. FEMA.339/2015-RB dated March 02, 2015 (copy enclosed) under FEMA 1999 on Foreign Exchange Management (International Financial Services Centre) Regulations, 2015 setting out RBI regulations relating to financial institutions set up in International Financial Services Centres (IFSC). These regulations have been published in the Official Gazette of Government of India on March 23, 2015 vide Notification No. G.S.R. 218 (E) dated March 2, 2015.

2. Pursuant to the above Notification, Reserve Bank has formulated a scheme for the setting up of IFSC Banking Units (IBUs) by banks in IFSCs. The broad contours of the scheme for Indian banks and foreign banks already having presence in India are detailed in Annex I and Annex II, respectively. You may be aware that Government of India has already announced setting up of an IFSC in Gujarat namely Gujarat International Finance Tec-City (GIFT) in Gandhinagar, Gujarat. The guidelines contained in this circular will be applicable to IBUs set up in GIFT as well as in other IFSCs which may be set up in India.

3. Eligible banks intending to set up IBU may approach this department with an application under Section 23 of the Banking Regulation Act, 1949.

Yours faithfully

(Rajinder Kumar)
Chief General Manager

Scheme for setting up of IFSC Banking Units (IBU) by Indian Banks

The Reserve Bank has issued a notification under FEMA vide Notification No. FEMA.339/2015-RB dated March 02, 2015 setting out RBI regulations relating to financial institutions set up in International Financial Services Centres (IFSC). The regulatory and supervisory framework governing IBUs set up in IFSCs by Indian banks is detailed below.

2. The scheme

2.1 Eligibility criteria

Indian banks viz. banks in the public sector and the private sector authorised to deal in foreign exchange will be eligible to set up IBUs. Each of the eligible banks would be permitted to establish only one IBU in each IFSC.

2.2 Licensing

Eligible banks interested in setting up IBUs will be required to obtain prior permission of the Reserve Bank for opening an IBU under Section 23 (1)(a) of the Banking Regulation Act, 1949 (BR Act). For most regulatory purposes, an IBU will be treated on par with a foreign branch of an Indian bank.

2.3 Capital

With a view to enabling IBUs to start their operations, the parent bank will be required to provide a minimum capital of US\$ 20 million or equivalent in any foreign currency to its IBU. The IBU should maintain the minimum prescribed regulatory capital on an on-going basis as per regulations amended from time to time.

2.4 Reserve requirements

The liabilities of the IBU are exempt from both CRR and SLR requirements of Reserve Bank of India.

2.5 Resources and deployment

The sources for raising funds, including borrowing in foreign currency, will be persons not resident in India and deployment of the funds can be with both persons resident in India as well as persons not resident in India. However, the deployment of funds with persons resident in India shall be subject to the provisions of FEMA, 1999.

2.6 Permissible activities of IBUs

The IBUs will be permitted to engage in the form of business mentioned in Section

6(1) of the BR Act as given below, subject to the conditions, if any, of the licence issued to them.

- i) IBUs can undertake transactions with non-resident entities other than individual / retail customers / HNIs.
- ii) All transactions of IBUs shall be in currency other than INR.
- iii) IBUs can deal with the Wholly Owned Subsidiaries / Joint Ventures of Indian companies registered abroad.
- iv) IBUs are allowed to have liabilities including borrowing in foreign currency only with original maturity period greater than one year. They can however raise short term liabilities from banks subject to limits as may be prescribed by the Reserve Bank.
- v) IBUs are not allowed to open any current or savings accounts. They cannot issue bearer instruments or cheques. All payment transactions must be undertaken via bank transfers.
- vi) IBUs are permitted to undertake factoring / forfaiting of export receivables.
- vii) IBUs are permitted to undertake transactions in all types of derivatives and structured products with the prior approval of their Board of Directors. IBUs dealing with such products should have adequate knowledge, understanding, and risk management capability for handling such products.

2.7 Prudential regulations

All prudential norms applicable to overseas branches of Indian banks would apply to IBUs. Specifically, these units would be required to follow the 90 days' payment delinquency norm for income recognition, asset classification and provisioning as applicable to Indian banks. The bank's board may set out appropriate credit risk management policy and exposure limits for their IBUs consistent with the regulatory prescriptions of the RBI.

The IBUs would be required to adopt liquidity and interest rate risk management policies prescribed by the Reserve Bank in respect of overseas branches of Indian banks and function within the overall risk management and ALM framework of the bank subject to monitoring by the board at prescribed intervals.

The bank's board would be required to set comprehensive overnight limits for each currency for these Units, which would be separate from the open position limit of the parent bank.

2.8 Anti-Money Laundering measures

The IBUs will be required to scrupulously follow "Know Your Customer (KYC)", Combating of Financing of Terrorism (CFT) and other anti-money laundering in-

structions issued by the Reserve Bank from time to time. IBUs are prohibited from undertaking cash transactions.

2.9 Regulation and Supervision

The IBUs will be regulated and supervised by the Reserve Bank of India.

2.10 Reporting requirements

The IBUs will be required to furnish information relating to their operations as prescribed by the Reserve Bank from time to time. These may take the form of offsite reporting, audited financial statements for IBUs, etc.

2.11 Ring fencing the activities of IFSC Banking Units

The IBUs would operate and maintain balance sheet only in foreign currency and will not be allowed to deal in Indian Rupees except for having a Special Rupee account out of convertible fund to defray their administrative and statutory expenses. Such operations/transactions of these units in INR would be through the Authorised Dealers (distinct from IBU) which would be subject to the extant Foreign Exchange regulations. IBUs are not allowed to participate in the domestic call, notice, term, forex, money and other onshore markets and domestic payment systems.

The IBUs will be required to maintain separate nostro accounts with correspondent banks which would be distinct from nostro accounts maintained by other branches of the same bank.

2.12 Priority sector lending

The loans and advances of IBUs would not be reckoned as part of the Net Bank Credit of the parent bank for computing priority sector lending obligations.

2.13 Deposit insurance

Deposits of IBUs will not be covered by deposit insurance.

2.14 Lender of Last Resort (LOLR)

No liquidity support or LOLR support will be available to IBUs from the Reserve Bank of India.

Scheme for setting up of IFSC Banking Units (IBU) by foreign banks already having a presence in India

The Reserve Bank has issued a notification under FEMA vide Notification No. FEMA.339/2015/RB dated March 02, 2015 setting out RBI regulations relating to financial institutions set up in International Financial Services Centres (IFSC). The regulatory and supervisory framework governing the IFSC Banking Units (IBU) set up by foreign banks is detailed below.

2. The scheme

2.1 Eligibility criteria

Only foreign banks already having presence in India will be eligible to set up IBUs. This shall not be treated as a normal branch expansion plan in India and therefore, specific permission from the home country regulator for setting up of an IBU will be required. Each of the eligible banks will be permitted to establish only one IBU in each IFSC.

2.2 Licensing

The banks will be required to obtain prior permission of the Reserve Bank for opening an IBU under Section 23 (1) (a) of the Banking Regulation Act, 1949 (BR Act). The applications of foreign banks will be considered on the basis of extant guidelines for setting up branches in India subject to the additional requirement of the home country regulator/s confirmation in writing of their regulatory comfort for the bank's presence in the IFSC, having regard among other things, to the provisions of paragraphs 2.3 and 2.14 below.

2.3 Capital

With a view to enabling IBUs to start their operations, the parent bank would be required to provide a minimum capital of US\$ 20 million or equivalent in any currency, other than INR, to the IBU. The IBUs should maintain the minimum prescribed regulatory capital on an on-going basis as per regulations amended from time to time. The parent bank will be required to provide a Letter of Comfort for extending financial assistance, as and when required, in the form of capital / liquidity support to IBU.

2.4 Reserve requirements

The liabilities of the IBU are exempt from both CRR and SLR requirements of Reserve Bank of India.

2.5 Resources and deployment

The sources for raising funds, including borrowing in foreign currency, will be persons not resident in India and deployment of the funds can be with both persons resident in India as well as persons not resident in India. However, the deployment of funds with persons resident in India shall be subject to the provisions of FEMA, 1999.

2.6 Permissible activities of IBUs

The IBUs will be permitted to engage in the form of business mentioned in Section 6(1) of the BR Act as given below, subject to the conditions, if any, of the licence issued to them.

- i) IBUs can undertake transactions with non-resident entities other than individual / retail customers / HNIs.
- ii) All transactions of IBUs shall be in currency other than INR.
- iii) IBUs can deal with the Wholly Owned Subsidiaries / Joint Ventures of Indian companies registered abroad.
- iv) IBUs are allowed to have liabilities including borrowing in foreign currency only with original maturity period greater than one year. They can however raise short term liabilities from banks subject to limits as may be prescribed by the Reserve Bank.
- v) IBUs are not allowed to open any current or savings accounts. They cannot issue bearer instruments or cheques. All payment transactions must be undertaken via bank transfers.
- vi) IBUs are permitted to undertake factoring/forfeiting of export receivables.
- vii) IBUs are permitted to undertake transactions in all types of derivatives and structured products with the prior approval of their Board of Directors. IBU dealing with such products should have adequate knowledge, understanding, and risk management capability for handling such products.

2.7 Prudential regulations

An IBU shall adopt prudential norms as prescribed by Reserve Bank of India. The bank's board may set out appropriate credit risk management policy and exposure limits for their IBUs consistent with the regulatory prescriptions of the Reserve Bank of India.

The IBUs will be required to adopt liquidity and interest rate risk management policies prescribed by the Reserve Bank and function within the overall risk management and ALM framework of the bank subject to monitoring by the board at prescribed intervals.

The bank's board would be required to set comprehensive overnight limits for each

currency for these Units, which would be separate from the open position limit of the other branch/es of the foreign bank having a presence in India.

2.8 Anti-Money Laundering measures

The IBUs will be required to scrupulously follow "Know Your Customer (KYC)", Combating of Financing of Terrorism (CFT) and other anti-money laundering instructions issued by RBI from time to time, including the reporting thereof, as prescribed by the Reserve Bank / other agencies in India. IBUs are prohibited from undertaking cash transactions.

2.9 Regulation and supervision

The IBUs of foreign banks will be regulated and supervised by the Reserve Bank of India.

2.10 Reporting requirements

The IBUs will be required to furnish information relating to their operations as prescribed from time to time by the Reserve Bank. These may take the form of offsite reporting, audited financial statements for the IBU, etc.

2.11 Ring fencing the activities of IFSC Banking Units

The IBUs would operate and maintain balance sheet only in foreign currency and would not be allowed to deal in Indian Rupees except for having a Special Rupee account out of convertible fund to defray their administrative and statutory expenses. Such operations/transactions of these units in INR would be through the Authorised Dealers (distinct from IBU) which would be subject to the extant Foreign Exchange regulations. IBUs are not allowed to participate in the domestic call, notice, term, forex, money and other onshore markets and domestic payment systems.

The IBUs will be required to maintain separate nostro accounts with correspondent banks which would be distinct from nostro accounts maintained by other branches of that foreign bank in India.

2.12 Priority sector lending

The loans and advances of IBUs will not be reckoned as part of the Net Bank Credit for computing priority sector lending obligations of the foreign bank in India.

2.13 Deposit insurance

Deposits of IBUs will not be eligible for deposit insurance in India.

2.14 Lender of Last Resort (LOLR)

No liquidity support or LOLR support will be available to IBUs from the Reserve Bank of India.

**SECURITIES AND EXCHANGE BOARD OF INDIA
(INTERNATIONAL FINANCIAL SERVICES CENTRES)
GUIDELINES, 2015**

Dated: March 27th, 2015.

In exercise of the powers conferred by section 11(1) of the Securities and Exchange Board of India Act, 1992 and sections 4 and 8A of the Securities Contracts (Regulation) Act, 1956 read with Section 18(2) of the Special Economic Zones Act, 2005, the Securities and Exchange Board of India hereby makes the following guidelines to facilitate and regulate financial services relating to securities market in an International Financial Services Centre set up under Section 18(1) of Special Economic Zones Act, 2005 and matters connected therewith or incidental thereto, namely:—

**CHAPTER I
PRELIMINARY**

Short title and commencement

1. 1) These guidelines may be called the Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015.
- 2) They shall come into force on April 01, 2015.

Definitions

2. 1) In these guidelines, unless the context otherwise requires, the terms defined herein shall bear the meanings assigned to them below, and their cognate expressions shall be construed accordingly,—
 - a) "Act" means the Securities and Exchange Board of India Act 1992;
 - b) "Board" means the Securities and Exchange Board of India established under the provisions of section 3 of the Securities and Exchange Board of India Act, 1992 (15 of 1992);
 - c) "domestic company" means a company and includes a body corporate or corporation established under a Central or State legislation for the time being in force;
 - d) "financial institution" shall include:
 - i) a company;
 - ii) a firm;
 - iii) an association of persons or a body of individuals, whether incorporated or not; or
 - iv) any artificial juridical person, not falling within any of the preceding categories engaged in rendering financial services in securities market or dealing in securities market in any manner.

Explanation.- For the purpose of this clause and without prejudice to the generality of the foregoing, the expression financial institution shall include stock brokers and sub-brokers, merchant banks, mutual funds, alternative investment funds, stock exchanges, clearing corporations, investment advisers, portfolio managers, or any other entity that may be specified by the Board.

- e) "financial services" shall mean activities a financial institution is allowed to carry out as specified in the respective Act of the Parliament or by the Government of India or by any regulatory authority empowered to regulate the concerned financial institution;
- f) "foreign jurisdiction" means a country, other than India, whose securities market regulator is a signatory to International Organization of Securities Commission's Multilateral Memorandum of Understanding (IOSCO's MMOU) (Appendix A signatories) or a signatory to bilateral Memorandum of Understanding with the Board, and which is not identified in the public statement of Financial Action Task Force as:
 - i) a jurisdiction having a strategic Anti-Money Laundering or Combating the Financing of Terrorism deficiencies to which counter measures apply; or
 - ii) a jurisdiction that has not made sufficient progress in addressing the deficiencies or has not committed to an action plan developed with the Financial Action Task Force to address the deficiencies;
- g) "intermediary" means and includes a stock broker, a merchant banker, a banker to an issue, a trustee of trust deed, a registrars to an issue, a share transfer agent, an underwriter, an investment adviser, a portfolio manager, a depository participant, a custodian of securities, a foreign portfolio investor, a credit rating agency, or any other intermediary or any person associated with the securities market, as may be specified by the Board from time to time;
- h) "International Financial Services Centre" or "IFSC" shall have the same meaning as assigned to it in clause (q) of section 2 of the Special Economic Zones Act, 2005;
- i) "issuer" shall mean a company incorporated in India seeking to raise capital in foreign currency other than Indian rupee which has obtained requisite approval under Foreign Exchange Management Act, 1999 (FEMA) or exchange control regulations as may be applicable, or a company incorporated in a foreign jurisdiction;
- j) "recognised entity" means any intermediary which is registered with the Board or registered or recognised with a regulator of a foreign jurisdiction: Provided that such entities shall comply with fit and proper norms specified by the Board;
- k) "securities laws" means the Act, the Securities Contracts (Regulation)

- Act, 1956 (42 of 1956), the Depositories Act, 1996 (22 of 1996), provisions of Companies Act, 2013 administered by the Board and the rules, regulations, circulars, clarifications issued thereunder;
- 2) Words and expressions used and not defined in these guidelines but defined in the Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996, Companies Act, 2013, the Special Economic Zones Act, 2005 or any rules or regulations made thereunder shall have the same meanings respectively assigned to them in those Acts, rules or regulations or any statutory modification or re-enactment thereto, as the case may be.

Applicability and scope.

3. 1) Any entity desirous of organising or assisting in organising any stock exchange or clearing corporation or depository, or desirous of undertaking any other financial services relating to securities market, shall be a recognised entity and such an entity shall seek permission of the Board in accordance with the norms specified herein or as may be specified by the Board, from time to time.
- 2) Any entity desirous of operating in an IFSC for rendering financial services relating to securities market, shall comply with the provisions relating to registration or recognition, as the case may be, of applicable regulations of the Board: Provided that certain entities shall be permitted to operate in IFSC subject to these guidelines.
- 3) Save as otherwise provided in these Guidelines or as specified by the Board from time to time, all provisions of securities laws shall apply to a financial institution operating in an IFSC.
- 4) These Guidelines shall be subject to the guidelines of Government of India on foreign investment.

CHAPTER II

STOCK EXCHANGES, CLEARING CORPORATIONS AND DEPOSITORIES

Eligibility and shareholding.

4. 1) **Eligibility and shareholding limit for stock exchanges desirous of operating in IFSC :** Any Indian recognised stock exchange or any stock exchange of a foreign jurisdiction may form a subsidiary to provide the services of stock exchange in IFSC where at least fifty one per cent. of paid up equity share capital is held by such exchange and remaining shares may be offered to any other recognised stock exchange, whether Indian or of foreign jurisdiction.
- 2) **Eligibility and shareholding limit for clearing corporations desirous of operating in IFSC :** Any Indian recognised stock exchange or clearing corporation, or any recognised stock exchange or clearing corporation of

a foreign jurisdiction may form a subsidiary to provide the services of clearing corporation in IFSC where atleast fifty one per cent. of paid up equity share capital is held by such stock exchange or clearing corporation, and remaining shares may be held by any other recognised stock exchange or clearing corporation, whether Indian or of foreign jurisdiction.

- 3) Eligibility and shareholding limit for depositories desirous of operating in IFSC :** Any Indian registered depository or any regulated depository of a foreign jurisdiction may form a subsidiary to provide the depository services in IFSC where atleast fifty one per cent. of paid up equity share capital is held by such depository and remaining shares may be offered to any other registered depository or recognised stock exchange or clearing corporation, whether Indian or of foreign jurisdiction.
- 4) Every person who acquires equity shares of a recognised stock exchange or recognised clearing corporation or registered depository in IFSC shall inform the Board within fifteen days of such acquisition.

Net worth requirement of a permitted stock exchange, clearing corporation and depository.

5. 1) Every permitted stock exchange shall have a minimum networkth equivalent of twenty five crore rupees initially and it shall enhance its networkth to a minimum equivalent of one hundred crore rupees over the period of three years from the date of approval.
- 2) Every permitted clearing corporation shall have a minimum networkth equivalent of fifty crore rupees initially and it shall enhance its networkth to a minimum equivalent of three hundred crore rupees over the period of three years from the date of approval.
- 3) Every permitted depository shall have a minimum networkth of twenty five crore rupees and it shall enhance its networkth to a minimum equivalent of one hundred crore rupees over the period of three years from the date of approval.

Certain provisions not to apply.

6. 1) The provision of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 that every recognised stock exchange shall credit twenty five per cent. of its profits every year to the Fund, of the recognised clearing corporation(s) which clears and settles trades executed on that stock exchange shall not be applicable to the stock exchanges operating in IFSC.
- 2) The provision of Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 that every depository shall credit twenty five per cent. of profits every year to the investor protection fund shall not be applicable to the depositories operating in IFSC.
- 3) All the transitory provisions or relaxations that were provided to the stock ex-

changes and clearing corporations to comply with Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 shall not be applicable to stock exchanges and clearing corporations operating in IFSC.

- 4) Provisions of Chapter IIA of Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 and Chapter V of Securities Contracts (Regulation) (Stock Exchanges And Clearing Corporations) Regulations 2012 shall not apply to depositories, stock exchanges, clearing corporations in IFSC, as the case may be:

Provided that depositories, stock exchanges, clearing corporations operating in IFSC shall adopt the broader principles of governance prescribed by International Organization of Securities Commissions (IOSCO) and principles for Financial Market Infrastructures (FMI) and such other governance norms as may be specified by the Board, from time to time.

Permissible securities.

7. The stock exchanges operating in IFSC may permit dealing in following types of securities and products in such securities in any currency other than Indian rupee, with a specified trading lot size on their trading platform subject to prior approval of the Board:

- i) Equity shares of a company incorporated outside India;
- ii) Depository receipt(s);
- iii) Debt securities issued by eligible issuers;
- iv) Currency and interest rate derivatives;
- v) Index based derivatives;
- vi) Such other securities as may be specified by the Board.

CHAPTER III INTERMEDIARIES

Approval.

8. Any recognised entity or entities desirous of operating in IFSC as an intermediary, may form a company to provide such financial services relating to securities market, as permitted by the Board.

Nature of clients.

9. 1) Any intermediary permitted by the Board for operating within the IFSC shall provide financial services to the following categories of clients:
- i) a person not resident in India;
 - ii) a non-resident Indian;
 - iii) a financial institution resident in India who is eligible under FEMA to invest funds offshore, to the extent of outward investment permitted;

- iv) a person resident in India who is eligible under FEMA, to invest funds offshore, to the extent allowed under the Liberalized Remittance Scheme of Reserve Bank of India, subject to a minimum investment as specified by the Board from time to time:
Provided that clients referred to in clauses (ii) to (iv) may be provided services, subject to guidelines of Reserve Bank of India.
- 2) Any intermediary permitted by the Board for operating within the IFSC shall, for the purpose of enforcing compliance with regulatory requirements, appoint a senior management person as “Designated Officer”.
- 3) In order to avail investment advisory or portfolio management services in IFSC, the client shall be:
 - i) a person resident outside India;
 - ii) a non-resident Indian;
 - iii) a financial institution resident in India who is eligible under FEMA to invest funds offshore, to the extent of outward investment permitted;
 - iv) a person resident in India having a net worth of at least US Dollar one million during the preceding financial year who is eligible under FEMA to invest funds offshore, to the extent allowed in the Liberalized Remittance Scheme of Reserve Bank of India:
Provided that clients referred to in clauses (ii) to (iv) may be provided services, subject to guidelines of Reserve Bank of India.
- 4) A portfolio manager operating in IFSC shall be permitted to invest in the following:
 - a) Securities which are listed in IFSC;
 - b) Securities issued by companies incorporated in IFSC;
 - c) Securities issued by companies belonging to foreign jurisdiction.

CHAPTER IV

ISSUE OF CAPITAL

Raising capital

- 10. 1) Domestic companies intending to raise capital, in a currency other than Indian Rupee, in an IFSC shall comply with the provisions of Foreign Currency Depository Receipts Scheme, 2014 notified vide F. No. 9/1/2013-ECB by Government of India on October 21, 2014.
- 2) Companies of foreign jurisdiction, intending to raise capital, in a currency other than Indian Rupee, in an IFSC shall comply with the provisions of the Companies Act, 2013 and relevant provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as if the securities are being issued under Chapter X and XA of the said regulations, as may be applicable.

Listing and trading.

11. Companies, domestic or of foreign jurisdiction, may list and trade their securities as per norms specified by the Board.

CHAPTER V

ISSUE OF DEBT SECURITIES

Eligible issuers

12. 1) No issuer shall be eligible to issue debt securities, unless the following criteria are complied with:
- a) The issuer is eligible to issue debt securities as per its constitution;
 - b) The issuer should not have been debarred by any regulatory authority in its home jurisdiction or any other jurisdiction, where it is operating or has raised any capital;
 - c) The issuer or its directors should not be convicted of any economic offence in its home jurisdiction or any other jurisdiction where it is operating or has raised any capital;
 - d) Any other criteria as may be specified by the Board.

Minimum subscription in case of private placement

13. The minimum subscription amount in case of private placement per investor shall not be less than US Dollar hundred thousand or equivalent or such amount as may be specified by Board from time to time. Mandatory listing.
14. An issuer desirous of issuing debt securities shall make an application for listing of such debt securities to one or more stock exchanges set up in IFSC.

General requirements

15. The requirements such as appointment of trustee, creation of debenture redemption reserve etc. shall be as specified by the Board from time to time.

Advertisement for public issue.

16. Advertisement for debt issues within IFSC may be made in any print media.

Credit rating requirement

17. For debt issues within IFSC, the credit rating may be obtained either from a recognized credit rating agency registered with the Board or from any other credit rating agency registered in a foreign jurisdiction.

Agreement with depository or custodian

18. 1) An issuer of debt securities shall enter into an agreement with a depository or custodian eligible to operate in IFSC for issue of the debt securities, for the pur-

pose of holding and safekeeping of such securities and also to facilitate transfer, redemption and other corporate actions in respect of such debt securities.

- 2) Necessary disclosure regarding appointment of depository or custodian shall be made in the information memorandum:

Provided, where the issuer has a registered office or branch office in IFSC, it may service investors from such office and need not appoint depository or custodian.

Reporting of financial statements

19. The issuer of debt securities in IFSC shall prepare its statement of accounts in accordance with Companies Act, 2013 as applicable in IFSC.

Relaxation from listing agreement

20. The issuer shall comply with the continuous listing requirements including corporate governance and such other conditions as specified in the listing agreement, entered into between the issuer and the stock exchange where such debt securities are sought to be listed:

Provided, where the securities of the issuer are already listed on another stock exchange whether foreign or domestic, and it complies with listing agreement in respect of such securities, the Board may modify or relax certain conditions or requirements with regard to listing agreement in respect of debt securities issued under these Guidelines.

Trading of debt securities

21. The debt securities listed in stock exchanges shall be traded on the platform of the stock exchange and such trades shall be cleared and settled through clearing corporation set up in IFSC as specified.

CHAPTER VI FUNDS

Conditions on investment

22. 1) In order to make an investment in an alternative investment fund or a mutual fund operating in IFSC, the investor shall be:

- i) a person resident outside India;
- ii) a non-resident Indian;
- iii) institutional investor resident in India who is eligible under FEMA to invest funds offshore, to the extent of outward investment permitted;
- iv) person resident in India having a net worth of at least US Dollar one million during the preceding financial year who is eligible under FEMA to invest funds offshore, to the extent allowed in the Liberalized Remittance Scheme of Reserve Bank of India:

Provided that investors referred to in clauses (ii) to (iv) may make an

- investment in an alternative investment fund or a mutual fund operating in IFSC, subject to guidelines of Reserve Bank of India.
- 2) Any alternative investment fund or mutual fund operating in IFSC shall accept money from eligible investors only in foreign currency.
 - 3) Any alternative investment fund or mutual fund operating in IFSC shall be permitted to invest in the following:
 - a) Securities which are listed in IFSC;
 - b) Securities issued by companies incorporated in IFSC;
 - c) Securities issued by companies belonging to foreign jurisdiction.
 - 4) An asset management company of a mutual fund operating in IFSC shall have a net worth of not less than USD two million which shall be increased to USD ten million within three years of commencement of business in IFSC.
 - 5) The requirements such as appointment of trustee, custodian, manager, etc., shall be as specified by the Board.
 - 6) The requirements regarding raising of funds in foreign currency such as minimum investment amount, minimum corpus of fund, disclosures, investment conditions, valuations, types of schemes, professional qualifications, etc., shall be as specified by the Board.

CHAPTER VII MISCELLANEOUS

Maintenance of books, records and documents

23. Every issuer, domestic company or a company of foreign jurisdiction or financial institution or intermediary, as the case may be, to whom these guidelines apply, shall maintain the books, records and documents as per the applicable regulations notified by the Board.

Sanction for violations

24. Any contravention of these guidelines shall be dealt with by the Board in accordance with the securities laws.

Power to specify procedures, etc. and issue clarifications

25. For the purposes of implementation of these guidelines and matters incidental thereto, or in order to facilitate and regulate financial services relating to securities market in an IFSC, the Board may specify norms, procedures, processes, manners or provide relaxations, by way of guidance notes or circulars.

Power to remove difficulties

26. In order to remove any difficulties in the interpretation or application of the provisions of these guidelines, or in order to facilitate and regulate financial services relating to securities market in an IFSC, the Board shall have the power to issue clarifications through guidance notes or circulars. ■

Additional Circulars
By
Reserve Bank of India



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
www.rbi.org.in

RBI/2015-16/282

DBR.IBD.BC. 8536/23.13.004/2015-16

January 07, 2016

All Scheduled Commercial Banks
(excluding Regional Rural Banks)

Dear Sir/Madam,

Setting up of IFSC Banking Units (IBUs) – Permissible activities

Please refer to our [circular DBR.IBD.BC.14570/23.13.004/2014-15 dated April 01, 2015](#) setting out RBI directions relating to financial institutions set up in the International Financial Services Centres (IFSC). Based on the feedback and requests received from various stakeholders, certain provisions of the directions have been reviewed and are modified as follows:

2. In terms of paragraph No.2.6 (v) of Annex I and II of the aforesaid directions, the IBUs are not allowed to open any current or savings accounts. It has now been decided that the IBUs can open foreign currency current accounts of units operating in IFSCs and of non-resident institutional investors to facilitate their investment transactions. It is again clarified that the IBUs cannot raise liabilities from retail customers including high net worth individuals (HNIs). Also, no cheque facility will be available for holders of current accounts in the IBUs. All transactions through these accounts must be undertaken via bank transfers.

3. In terms of paragraph No. 2.6 (iv) of Annex I and II of the above mentioned directions, the IBUs can raise short-term liabilities from banks subject to a limit prescribed by RBI. On a review, it has been decided that RBI will not prescribe any limit for raising short-term liabilities from banks. However, the IBUs must maintain LCR as applicable to Indian banks on a stand alone basis and strictly follow the liquidity risk management guidelines

issued by RBI to banks. Further, NSFR will also be applicable to the IBUs as and when it is applied to Indian banks.

4. With a view to providing greater flexibility to the IBUs in their business transactions, it has been decided that exposure ceiling for IBUs shall be 5 percent of the parent bank's Tier-I capital in case of a single borrower and 10 percent of parent bank's Tier-1 capital in the case of a borrower group.

5. All other terms and conditions contained in the aforementioned directions remain unchanged.

Yours faithfully,

(Rajinder Kumar)
Chief General Manager

Additional Circulars

By

IRDAI

FORM IRDAI/SEZ/ Application

APPLICATION BY AN INDIAN INSURER FOR GRANT OF REGISTRATION AS INTERNATIONAL FINANCIAL SERVICE CENTRE INSURANCE OFFICE (IIO)

S.No.	Particulars	Applicant's Response	Remarks
Section A : Company Profile			
1	Name of the applicant		
2	Address of its registered office		
3	Date of incorporation: [DD/MM/YYYY]		
4	Registration No. and date of first registration [DD/MM/YYYY]		Copy of the registration certificate/licence
5	Line of reinsurance business currently handled a. Lines of Reinsurance Business b. Countries of operation		
6	Amount of Authorised capital, Subscribed capital, Issued capital & Face value of shares and their numbers		
7	Board Resolution Provide a copy of the resolution by the applicant's board in support of the commitment to set up an IIO.		Annexure -
8	Name, Address and contact details of the person responsible for the affairs of the proposed IIO		Provide a certified copy of the board resolution

			appointing the person responsible for affairs of IIO
9	Regulatory approvals Provide a copies of regulatory approvals for opening of an office in SEZ for conducting insurance business in the SEZ.		Annexure -
10	Annual Reports Annual reports for the past 3 years.		Annexure -
11	Details of the Office proposed to be opened:	<p>(a) Name of the office:</p> <p>(b) office Address:</p> <p>(c) Address for Communications (state the name of the Principal Officer, telephone numbers, fax numbers, mobile number, e-mail address and such other details:</p> <p>(d) Principle Officer for IIO & Key Management Personnel and allocation of responsibilities.(Proposed):</p> <p>(e) Organizational structure.</p>	

		Reporting relationships of the IIO to the insurer: (f) Planned infrastructure at proposed office	
12	Details of payment of fee prescribed under the IFSC guidelines		
13	Solvency margin of the Indian insurer for five years preceding the date of application		
Section C: IIO Business Strategy			
14	<i>Market Research and Analysis</i> The applicant may have undertaken some form of market analysis to ascertain the market potential. The applicant may furnish full description of the research, along with the conclusions reached		Annexure -
15	<i>Types of Reinsurance arrangements to be offered</i> The applicant may give detail of the types of reinsurance arrangements that it will offer to the Indian and other markets.		Annexure -
16	<i>Underwriting</i> This section should describe the approach used for underwriting of proposals, etc. Please also state the nature of support to be		Annexure -

	provided in underwriting and in training of underwriters and upgradation of skills of the local persons by the head office.		
17	<p>Information Technology</p> <p>Insurance industry is very much dependent on computer technology. Full description should be provided for the following:</p> <ul style="list-style-type: none"> • The different areas where computer systems will be employed. • The degree to which the systems will be used for policyholder servicing. • The degree of interconnectivity of the systems. • A description of how the I/T systems will be used to develop the required Management Information Systems. • Extent of procedures and operations which will remain manual. 		Annexure -
18	<p>Retention Limits and Reinsurance</p> <p>The nature of reinsurance arrangements should be described fully, giving the following details:</p>		Annexure -

	<ul style="list-style-type: none"> • The basis of reinsurance. • Terms of reinsurance. • Manner of reinsurance support from head office • Retention limits • Retrocession within India 		
19	<p><i>Recruitment and Training</i></p> <p>Different areas of the company require personnel with different skill sets. Some of the special technical skills would require special focus. The company may submit a detailed write-up on its plans to impart technical skills and knowledge locally.</p>		Annexure -
20	<p><i>Internal Controls</i></p> <p>The company will need to establish a set of procedures and norms for various activities. The manner in which these will be monitored should be described.</p>		Annexure -
21	<p><i>Expenses of Administration</i></p> <p>The proposed expenses as a per cent of premium.</p>		Annexure -
22	<p><i>Technical skills</i></p> <p>The technical skills of the people who will work in the branch and plan for imparting knowledge for skill upgradation at local level.</p>		Annexure -

23	<p>Financial Projections</p> <p>A description of the model used for financial projections should be provided, based on assumptions, for a period of 5 years, for each year from the start. Please provide details against each of the items listed in the next cell. (Amount should be Rs in crores)</p>	<p>(a) Amount of business.</p> <p>(b) Size of support and administrative staff.</p> <p>(c) Premium income.</p> <p>(d) Investment income.</p> <p>(e) Commissions and other sales related expenses.</p> <p>(f) Expenses of administration.</p> <p>(g) Statutory reserves.</p> <p>(h) Required solvency margins.</p> <p>(i) Profit and loss accounts and balance sheets.</p> <p>(j) First year and renewal expense ratios.</p> <p>(k) Capital needs</p> <p>(l) Break-even periods and the Return on Capital.</p> <p>(m) Retrocession with group companies</p> <p>(n) Retrocession with others</p> <p>This section should also discuss the manner in which the future capital</p>	Annexure -
----	---	---	------------

		needs will be met.	
24	Conclusion In conclusion, please discuss the viability of the operations. Any special issues or concerns should also be indicated		

Certification

I, the undersigned, solemnly declare that the facts given in this application form on behalf of the applicant company, are true and that the projections and estimations are based on reasonable assumptions.

Place

Date:

Signature of the Authorised Person
(with Designation and Seal)

FORM IRDAI/SEZ/COR

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY OF INDIA

(Seal of the Authority)

CERTIFICATE OF REGISTRATION

Registration Number. _____

This is to certify that (Name of Reinsurer/Insurer and his address)

has this day been registered in accordance with the provisions clause 7 of the Insurance Regulatory and Development Authority of India (International Financial Service Centre) Guidelines, 2015 as **IFSC Insurance Office** to transact the classes of business specified in the Schedule below.

Given under the seal of the Authority at
this _____ day of _____ two thousand and

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY OF INDIA

Schedule

Classes of business which may be transacted:--

1. _____
2. _____
3. _____

FORM IRDAI/ SEZ/DCOR

ISSUE OF DUPLICATE CERTIFICATE OF REGISTRATION.

A reinsurer shall apply in the following format with the documents specified herein:

To

Insurance Regulatory and Development Authority of India.

Hyderabad

Application for issue of duplicate certificate of registration.

We request you to issue a duplicate certificate of registration for which we give below the following details:

1. Name of Insurer:
2. Registration Number:
 1. Date of Certificate of Registration:
 2. How original certificate has been lost, destroyed or mutilated?
3. Particulars of remittance of fee.

Place

Yours truly,

Date:

Signature of the principal officer.

(Name of the principal Officer)

(Seal)

Notes: 1. Enclose the original copy of the resolution of the board for the issue of duplicate certificate, in duplicate.

2. Enclose a DD for Rupees five thousand drawn in favour of Insurance Regulatory and Development Authority of India, payable at the place of head office of the Authority.

FORM IRDAI/SEZ/ Application

APPLICATION BY A **FOREIGN REINSURER** FOR GRANT OF REGISTRATION AS INTERNATIONAL FINANCIAL SERVICE CENTRE INSURANCE OFFICE (IIO)

S.No.	Particulars	Applicant's Response	Remarks
Section A : Company Profile			
1	Name of the applicant		
2	Address of its registered office		
3	Date of incorporation as a Reinsurer: [DD/MM/YYYY]		Certificate of incorporation/Deed of Covenant/Other valid proof
4	Registration No. (issued by the regulatory Authority in the country of the applicant's domicile) and date of first registration [DD/MM/YYYY]		Copy of the registration certificate/licence
5	Current lines of reinsurance business a. Lines of Reinsurance Business b. Countries of operation		
6	Amount of Authorised capital, Subscribed capital and Issued Capital & Face value of shares and their numbers		
7	Name, Address and contact details of the person responsible for the affairs of the proposed IIO		Provide a certified copy of board resolution appointing the person responsible for affairs of IIO
8	Net Owned Funds of the		

	applicant as at close of immediately preceding financial year (Amount to be specified as Rs. In crores. Currency conversion shall be as per rate prevailing at the time of application)		
9	Credit rating for the last 3 years from internationally renowned credit rating agencies (minimum of 'BBB' or its equivalent)	Preceding year 1: Rating Agency: Preceding year 2: Rating Agency: Preceding year 3: Rating Agency:	Communication from the rating agency
10	Board Resolution Provide a copy of the resolution by the applicant's board in support of the commitment to set up an IIO.		Annexure -
11	Regulatory approvals in India a. Provide certificates of approval from the appropriate authority for opening of an office/conducting of business in the SEZ. b. Permanent Account number (if allotted by IT authorities) c. Service Tax Registration details (if allotted)		Annexure -
12	Certificate from CA Provide a certificate from a		Annexure -

	<p>practicing Chartered Accountant in India or a practising Company Secretary of India certifying that all the requirements of the Act read with Insurance Regulatory and Development Authority of India (International Financial Service Centre) Guidelines, 2015 guidelines and notifications issued under section 2CA of the Act have been complied with by the applicant</p>		
13	<p>Annual Reports</p> <p>Annual reports for the past 5 years.</p>		Annexure -
14	<p>Details of the office proposed to be opened:</p>	<p>(a) Name of the Office:</p> <p>(b) Office Address (representative address or company address if the IIO office address is not available):</p> <p>(c) Address for Communications (state the name of the Principal Officer, telephone numbers, fax numbers, mobile number, e-mail address and such</p>	

		<p>other details:</p> <p>(d) Principle Officer & Key Management Personnel and allocation of responsibilities.(Proposed):</p> <p>(e) Organizational structure. Reporting relationships of the IIO to the holding company</p> <p>(f) Planned infrastructure at the proposed office</p>	
15	Details of payment of fee prescribed under the IFSC guidelines		
16	Amount of Assigned Capital and the form in which it is maintained. Please indicate the sources of funds to meet the "Assigned Capital" requirement.		
17	Particulars of Previous Application: Has the applicant ever applied for license in India to carry out insurance business? If so, give particulars.		
18. Details of shareholders of foreign reinsurer: [Please give full name, address, percentage of holding in the paid up capital of the insurer, Occupation, Qualifications and Experience, Number of shares held and Percentage of share capital in the company]			

Please attach separate sheets if necessary. Details of persons holding more than 1% of the issued capital of the applicant and promoters are to be given in separate statements.

Full Name (first, middle, surname)/Name of the Corporate	Date of Birth/Date of incorpo- ration	Address with Telephone Nos., Fax Nos., E-mail	Qualifica- tions*	Experi- ence*	Present occupation *	No. of equity (voting rights) shares and percentage of total holding	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Mr./Ms.							

*Columns 4 to 6 may be left blank for corporate shareholders.

Section B: Regulatory Compliance in the home country

19	Name, Address and contact details of the Regulatory Authority in the country of domicile where the applicant is registered		
20	<p>Regulatory Architecture</p> <p>Provide a note on the regulatory architecture of the Regulatory or Supervisory Authority where the applicant is registered/licensed giving provisions related to</p> <ol style="list-style-type: none"> 1. Products 2. Market conduct 3. Accounting 4. Asset Valuation 5. Liability Valuation 6. Solvency 7. ERM 8. Fit & Proper criteria 9. Framework with regard to supervision of subsidiary and foreign branches established in other 		Provide an Annexure with brief of the regulatory architecture in the areas of accounting, solvency and other reporting requirements-

	jurisdictions.		
21	<i>Certificate of Authorization</i> Provide a certificate of authorization granted by the Regulatory or Supervisory Authority of the country of incorporation to set up an IIO.		Annexure -
22	Minimum Solvency Margin prescribed by the regulator in the country of domicile		
23	Solvency margin of the applicant for five years preceding the date of application		
Section C: IIO Business Strategy			
24	<i>Geographic Spread:</i> Give the addresses of the administrative office		Annexure -
25	<i>Market Research and Analysis</i> The applicant may have undertaken some form of market analysis to ascertain the market potential. The applicant may furnish full description of the research, along with the conclusions reached		Annexure -
26	<i>Types of Reinsurance arrangements to be offered</i> The applicant may give detail of the types of reinsurance arrangements that it will offer to the Indian and other markets. Also, please include a note on the lines of business proposed to		Annexure -

	be underwritten at the IIO and stamp of the parent company being used at the IIO.		
27	<p><i>Underwriting</i></p> <p>This section should describe the approach used for underwriting of proposals, etc. Please also state the nature of support to be provided in underwriting and in training of underwriters and upgradation of skills of the local persons by the head office.</p>		Annexure -
28	<p><i>Information Technology</i></p> <p>Insurance industry is very much dependent on computer technology. Full description should be provided for the following:</p> <ul style="list-style-type: none"> • The different areas where computer systems will be employed. • The degree to which the systems will be used for policyholder servicing. • The degree of interconnectivity of the systems. • A description of how the I/T systems will be used to develop the required Management Information Systems. • Extent of procedures and operations which will remain manual. 		Annexure -

29	<p><i>Retention Limits and Reinsurance</i></p> <p>The nature of reinsurance arrangements should be described fully, giving the following details:</p> <ul style="list-style-type: none"> • The basis of reinsurance. • Terms of reinsurance. • Manner of reinsurance support from head office • Retention limits – in India • Retrocession within India • Retention limits – outside India 		Annexure -
30	<p><i>Recruitment and Training</i></p> <p>Different areas of the company require personnel with different skill sets. Some of the special technical skills would require special focus. The company may submit a detailed write-up on its plans to impart technical skills and knowledge locally.</p>		Annexure -
31	<p><i>Internal Controls</i></p> <p>The company will need to establish a set of procedures and norms for various activities. The manner in which these will be monitored should be described.</p>		Annexure -
32	<p><i>Expenses of Administration</i></p> <p>The proposed expenses as a per</p>		Annexure -

	cent of premium.		
33	Technical skills The technical skills of the people who will work in the branch and plan for imparting knowledge for skill upgradation at local level.		Annexure -
34	Financial Projections A description of the model used for financial projections should be provided, based on assumptions, for a period of 5 years, for each year from the start. Please provide details against each of the items listed in the next cell. (Amount should be Rs in crores)	(a) Amount of business. (b) Size of support and administrative staff. (c) Premium income. (d) Investment income. (e) Commissions and other sales related expenses. (f) Expenses of administration. (g) Statutory reserves. (h) Required solvency margins. (i) Profit and loss accounts and balance sheets. (j) First year and renewal expense ratios. (k) Capital needs (l) Break-even periods and the Return on Capital. (m) Retrocession to group companies	Annexure -

		<p>(n) Retrocession to others</p> <p>This section should also discuss the manner in which the future capital needs will be met.</p>	
35	<p>Conclusion</p> <p>In conclusion, please discuss the viability of the operations. Any special issues or concerns should also be indicated</p>		

Certification

I, the undersigned, solemnly declare that the facts given in this application form on behalf of the Applicant Company, are true and that the projections and estimations are based on reasonable assumptions.

Place

Date: Signature of the Authorised Person (his/her designation with Seal)

FORM IRDAI/SEZ/COR

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY OF INDIA

(Seal of the Authority)

CERTIFICATE OF REGISTRATION

Registration Number. _____

This is to certify that (Name of Reinsurer/Insurer and his address)

has this day been registered in accordance with the provisions clause 7 of the Insurance Regulatory and Development Authority of India (International Financial Service Centre) Guidelines, 2015 as **IFSC Insurance Office** to transact the classes of business specified in the Schedule below.

Given under the seal of the Authority at

this _____ day of _____ two thousand and

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY OF INDIA

Schedule

Classes of business which may be transacted:--

1. _____
2. _____
3. _____

FORM IRDAI/ SEZ/DCOR

ISSUE OF DUPLICATE CERTIFICATE OF REGISTRATION.

A reinsurer shall apply in the following format with the documents specified herein:

To

Insurance Regulatory and Development Authority of India.

Hyderabad

Application for issue of duplicate certificate of registration.

We request you to issue a duplicate certificate of registration for which we give below the following details:

1. Name of Insurer:
2. Registration Number:
 1. Date of Certificate of Registration:
 2. How original certificate has been lost, destroyed or mutilated?
3. Particulars of remittance of fee.

Place

Yours truly,

Date:

Signature of the principal officer.

(Name of the principal Officer)

(Seal)

Notes: 1. Enclose the original copy of the resolution of the board for the issue of duplicate certificate, in duplicate.

2. Enclose a DD for Rupees five thousand drawn in favour of Insurance Regulatory and Development Authority of India, payable at the place of head office of the Authority.



भारतीय बीमा विनियामक और विकास प्राधिकरण
INSURANCE REGULATORY AND
DEVELOPMENT AUTHORITY OF INDIA

Ref: IRDA/NL/CIR/MISC/019/01/2016

Date: 28th January, 2016

CIRCULAR

To All the General Insurers, Reinsurers, Brokers

Re: Issues pertaining to opening of offices in IFSC, GIFT City, Gujarat.

1. Background:

The Authority had vide Circular ref: IRDA/NL/GDL/MISC/065/04/2015 dated 6th April, 2015 issued Insurance Regulatory and Development Authority of India (International Financial Service Centre) Guidelines, 2015 that enable Insurers/Reinsurers to open offices in the IFSC, GIFT City, Gujarat.

The Authority, in terms of the powers vested under Insurance Regulatory and Development Authority of India (Regulation of Insurance Business in Special Economic Zone) Rules, 2015 read with Section 18 (2) of the SEZ Act, 2005 AND Section 14 of the Insurance Regulatory and Development Authority Act, 1999 hereby issues the following clarifications:

2. Applications from Indian Insurers/Reinsurers:

Every application for registration from an Insurer/Reinsurer registered with the Authority shall include the following:

- i) an application in the prescribed format (Form: IRDAI/SEZ/Application – Indian Insurer)
- ii) certificate of approval from the appropriate authority as prescribed in SEZ Act
- iii) approval from the Board of Directors of the Applicant through a resolution in support of the commitment to set up such IIO.
- iv) projected business for next 5 years;
- v) evidence of payment of non-refundable fee of Rs. 50,000/-

3. Applications from Brokers:

In order to facilitate conduct of Insurance/Reinsurance business, Brokers registered with the Authority are permitted to open IFSC Insurance Broking Office (IIBO) in the IFSC. Every such application shall include by the following:

- i) an application in the prescribed format (Form: IRDAI/SEZ/Application – Broker)
- ii) certificate of approval from the appropriate authority as prescribed in SEZ Act
- iii) approval from the Board of Directors of the Applicant through a resolution in support of the commitment to set up such IIBO.
- iv) projected business for next 5 years;
- v) evidence of payment of non-refundable fee of Rs. 50,000/-

4. Annual fee payable by entities registered with the Authority:

The Insurers, Reinsurers and Brokers registered with the Authority and having a registered IIO, IIBO at IFSC shall be required to pay Annual Fee as stipulated in clause 14 of the guidelines mentioned above.

5. Direct DTA business from an IIO, IIBO:

While the clause 11 (1) of the guidelines mentioned above permits Indian Insurers to transact specified Direct Insurance business within the IFSC, such Insurers and Brokers shall refrain from transacting any Direct Insurance business from the Domestic Tariff Area (DTA) from an office being set up in the IFSC.


(Suresh Mathur)
Sr. Joint Director.

FORM IRDAI/SEZ/ Application

APPLICATION BY AN INDIAN BROKER FOR GRANT OF REGISTRATION AS INTERNATIONAL FINANCIAL SERVICE CENTRE INSURANCE BROKING OFFICE (IIBO)

S.No.	Particulars	Applicant's Response	Remarks
Section A : Company Profile			
1	Name of the applicant		
2	Address of its registered office		
3	Date of incorporation: [DD/MM/YYYY]		
4	Registration No. and date of first registration [DD/MM/YYYY]		Copy of the registration certificate/licence
5	Line of reinsurance business currently handled a. Life b. General c. Life and General d. Composite		
6	Amount of Authorised capital, Subscribed capital, Issued capital & Face value of shares and their numbers		
7	Board Resolution Provide a copy of the resolution by the applicant's board in support of the commitment to set		Annexure -

	up an IIBO.		
8	Name, Address and contact details of the person responsible for the affairs of the proposed IIBO		Provide a certified copy of the board resolution appointing the person responsible for affairs of IIBO
9	Regulatory approvals Provide a copy of regulatory approvals for opening of an office in SEZ for conducting insurance business in the SEZ.		Annexure -
10	Annual Reports Annual reports for the past 3 years.		Annexure -
11	Details of the Office proposed to be opened:	(a) Name of the office: (b) office Address: (c) Address for Communications (state the name of the Principal Officer, telephone numbers, fax numbers, mobile number, e-mail address and such other details: (d) Principle Officer for IIBO & Key Management Personnel and allocation of	

		responsibilities.(Proposed): (e) Organizational structure. Reporting relationships of the IIBO to the insurer: (f) Planned infrastructure at proposed office	
12	Details of payment of fee prescribed under the IFSC guidelines		
Section C: IIBO Business Strategy			
14	<i>Market Research and Analysis</i> The applicant may have undertaken some form of market analysis to ascertain the market potential. The applicant may furnish full description of the research, along with the conclusions reached		Annexure -
15	<i>Types of Reinsurance arrangements to be offered</i> The applicant may give detail of the types of reinsurance arrangements that it will offer to the Indian and other markets from the IIBO.		Annexure -
17	<i>Information Technology</i> Insurance industry is very much dependent on computer technology. Full description		Annexure -

	<p>should be provided for the following:</p> <ul style="list-style-type: none"> • The different areas where computer systems will be employed. • The degree to which the systems will be used for policyholder servicing. • The degree of interconnectivity of the systems. • A description of how the IT systems will be used to develop the required Management Information Systems. • Extent of procedures and operations which will remain manual. 		
19	<p><i>Recruitment and Training</i></p> <p>Different areas of the company require personnel with different skill sets. Some of the special technical skills would require special focus. The company may submit a detailed write-up on its plans to impart technical skills and knowledge locally.</p>		Annexure -
20	<p><i>Internal Controls</i></p> <p>The company will need to establish a set of procedures and norms for various activities. The</p>		Annexure -

	manner in which these will be monitored should be described.		
21	Expenses of Administration The proposed expenses as a per cent of commission earned.		Annexure -
22	Technical skills The technical skills of the people who will work in the branch and plan for imparting knowledge for skill upgradation at local level.		Annexure -
23	Financial Projections A description of the model used for financial projections should be provided, based on assumptions, for a period of 5 years, for each year from the start. Please provide details against each of the items listed in the next cell. (Amount should be Rs in crores)	(a) Amount of business. (b) Size of support and administrative staff. (c) Commissions (d) Sales and related expenses. (e) Expenses of administration. (f) Statutory reserves (if any). (g) Profit and loss accounts and balance sheets. (h) Capital needs (i) Break-even periods and the Return on Capital. This section should also discuss the	Annexure -

		manner in which the future capital needs will be met.	
24	Conclusion In conclusion, please discuss the viability of the operations. Any special issues or concerns should also be indicated		

Certification

I, the undersigned, solemnly declare that the facts given in this application form on behalf of the applicant company, are true and that the projections and estimations are based on reasonable assumptions.

Place

Date:

Signature of the Authorised Person

(with Designation and Seal)

