



RESERVE BANK OF INDIA
Foreign Exchange Department
Central Office
Mumbai - 400 001

RBI/2014-15/530
A.P. (DIR Series) Circular No.92

March 31, 2015

To

All Category – I Authorised Dealer Banks

Madam/ Sir,

Operational guidelines on International Financial Services Centre (IFSC)

Attention of Authorised Dealers Category – I (AD Category - I) banks is invited to the Foreign Exchange Management (International Financial Services Centre) Regulations 2015 dated March 2, 2015, a copy of which is at [Annex](#).

2. In terms of the above Regulations, a financial institution or a branch of a financial institution set up in the IFSC and permitted / recognised as such by the Government or a Regulatory Authority shall be treated as person resident outside India. Therefore, their transaction with a person resident in India shall be treated as a transaction between a resident and non- resident and shall be subject to the provisions of Foreign Exchange Management Act, 1999 and the Rules/Regulations/Directions issued thereunder.

3. The financial transaction in this context shall mean making or receiving payment, drawing, issuing or negotiating any bills of exchange or promissory note, transferring any security or acknowledging any debt. Similarly, financial service shall mean any activity which a financial institution is permitted to carry on by the Respective Act of the Parliament or Government of India or any Regulatory Authority empowered to regulate the concerned financial institution.

4 It may be noted that subject to the provisions of Section 1 (3) of Foreign Exchange Management Act, 1999, nothing contained in any other Regulations shall apply to a financial institution or a branch of a financial institution set up in an IFSC unless there is some express and specific provision to that effect in the Foreign Exchange Management (International Financial Services Centre) Regulations 2015 or the other Regulations.

5. AD Category – I banks may bring the contents of this circular to the notice of their constituents and customers concerned.

6. Reserve Bank of India has issued the subject Notification through the Foreign Exchange Management (International Financial Services Centre) Regulations, 2015 which have been notified vide [Notification No.FEMA.339/2015-RB dated March 2, 2015](#), vide G.S.R. No. 218(E) dated March 23, 2015.

7. The directions contained in this circular have been issued under section of 47 Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(A.K.Pandey)
Chief General Manager