



PRESS RELEASE

IFSCA Authority Meeting

A meeting of the International Financial Services Centres Authority (IFSCA) was held today.

The Board, after detailed deliberations, approved the following regulations:

a) International Financial Services Centres Authority (Bullion Exchange) Regulations, 2020

The Government of India, on the recommendation of IFSCA, notified the bullion spot delivery contract and bullion depository receipt (with bullion as underlying) as Financial Products and related services as Financial Services under the IFSCA Act, 2019 on August 31, 2020.

IFSCA has been tasked with the responsibility of operationalization of this bullion Exchange. For the first time in India a single regulator will be regulating both the bullion spot and derivative contracts that would be traded on the Exchange.

The Authority approved the draft bullion regulations in its meeting today, which paves the way for setting up the entire ecosystem for bullion trading, namely, bullion exchange, depository, clearing house and vaults.

The salient aspects of the Bullion Exchange Regulations include:

- Functions and general obligations of a bullion exchange and clearing corporation
- Ownership and governance structure of a bullion exchange and clearing corporation
- Rights and Obligations of Bullion Depositories, Participants and Beneficial Owners
- The grant of registration to a vault manager by the Authority



- The role of bullion depositories
- Other operational aspects of the bullion exchange

The Bullion Exchange Regulations envisage to provide an integrated platform for all the market intermediaries including trading members/ clearing members, bullion depositories, vault managers, etc. so as to facilitate transparency and traceability in the bullion market and standardisation of bullion contracts.

b) International Financial Services Centres Authority (Global In-House Centres) Regulations, 2020

On October 16, 2020, Government of India, on the recommendation of IFSCA, had notified Global In-House Centres (GIC) as financial service to provide services relating to financial products and financial services.

Some of the salient features of the regulations approved by the Authority are as follows:

- A GIC may conduct its business in any mode permitted by the Authority, including branch mode
- The applicant entity shall exclusively cater to its financial services group wherein the entities served must be located in a Financial Action Task Force (FATF) compliant jurisdiction
- A financial services group is defined as any entity which is regulated by a financial services regulator or any other competent body regulating financial services activities in its home jurisdiction and include its holding, subsidiary or associate companies, branch, or subsidiary of a holding company to which it is also a subsidiary
- The support services provided by the applicant entity to its financial services group should be for the purpose of carrying out a financial service in respect of a financial product
- A GIC set up within the IFSC shall be entitled to avail itself of all concessions including tax holiday applicable to IFSC units



In recent years, GICs in India have been contributing to development of highly skilled talent pool in the country. India is emerging as world's leading centre of digitization, with one of largest pool of digital talents. These GIC regulations issued by IFSCA has the potential to put GIFT-IFSC in the leagues of leading FinTech cities, generating significant employment opportunities.

The abovementioned regulations will be notified by the Government of India in due course.

Gandhinagar

October 27, 2020