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PRESS RELEASE

IFSCA FinTech Sandbox Framework

The Authority has approved the IFSCA FinTech Sandbox Framework (the 'Framework') for applicants who are desirous of seeking access to the IFSCA's Sandboxes. The Framework aims to foster innovation in financial services by providing structured innovation facilitator like Regulatory/Innovation/ Inter-Operable Regulatory Sandbox/ Oversees Regulatory Referral Mechanism(s) for FinTech/ TechFin ideas(s)/ product(s)/ solution(s) that shall be directly or indirectly linked to activities spanning across Banking, Capital Market, Insurance, Funds, Pension, Metals and Commodities , Foreign University, Financial Support Services etc.

The Framework is Informed by the experience gained from the implementation of the Framework for FinTech Entity in the International Financial Services Centres (IFSCs) issued on 27 April 2022, global fintech developments and feedback received from FinTech Entities, market participants and other relevant stakeholders. The Framework introduces the following new targeted enhancements to strengthen innovation, broaden participation, and enable effective market testing within the IFSC ecosystem: -

1. Expanded Eligibility

The Framework expands participation to include:

- i. Individuals affiliated with duly recognised academic institutions, incubators, and accelerators; and
- ii. Groups of individuals affiliated with duly recognised academic institutions, incubators, and accelerators, located in India and FATF-compliant jurisdictions.

This expansion is aimed at fostering early-stage innovation and deeper collaboration between academia, innovation hubs, and the financial ecosystem.

2. Two-Stage Digital Application Process

The applications under the Framework shall be submitted through the Single Window IT System (SWIT) and evaluated through a structured, time-bound process comprising:

- i. **Preliminary Application**, which shall be evaluated within **30 days**, followed by
- ii. **Final Application**, which shall be evaluated within **60 days**.

This phased approach ensures efficient screening while providing clarity and predictability to applicants.

3. Two-Stage Approval Mechanism

The approval process shall consist of:

- i. **In-Principle Approval (IPA)**: Granted with prescribed terms and conditions, which may include the requirement to onboard a testing partner, where necessary; and
- ii. **Limited Use Authorisation (LUA)**: Issued upon fulfilment of the conditions specified under the IPA.

4. Market Exploration for Developed Products within IFSC

The Framework enables applicants to undertake market exploration for developed products within the financial services market in IFSC.

5. Expanded Testing Scope

The scope of eligible testing is broadened to cover all financial services, financial products, and financial institutions that are regulated, or proposed to be regulated, by IFSCA.

Gandhinagar

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