



INTERNATIONAL FINANCIAL SERVICES CENTRES AUTHORITY

IFSCA-FMPP0BR/1/2021-Banking-Part(1)

January 22, 2026

Public Consultation – Draft circular on “Participation of IFSC Banking Units (IBUs) in remote booking arrangements (RBA)”

I. Objective:

The objective of this public consultation is to seek comments/views/suggestions from the public on the proposed directions of the Authority on the “remote booking” arrangements of banks licensed by the Authority to set up an IBU and participation of IBUs in the remote booking arrangements (RBA) of its parent bank.

II. Background:

1. Remote booking refers to the practice of booking transactions through an entity (branch or subsidiary) based in a different location from where the business is being conducted. In practice, remote booking is undertaken in a variety of models across organisations / locations varying by business area / asset class.
2. While the practice of remote booking has advantages of optimisation of financial resources and enhancement of operational efficiency through centralisation, it introduces additional risks over and above those in the home location, including the need to satisfy the requirements of both the home and host regulator, lack of physical proximity and differing time zones affecting reporting lines etc. In addition, there is an expectation that the remote booking model chosen must support operational resilience, including an orderly wind-down and/or resolution should this become necessary.
3. The Authority proposes to issue a circular laying down its directions on remote booking arrangements of a Bank of which its IBU is a part. The draft directions annexed to this document emphasise the need for clear, transparent and coherent remote booking models, with logical business rationales for inclusion of the IBU in such arrangement and the control framework put in place for such transactions under

RBA and its actual effectiveness in practice and provision of necessary information to the Authority on such booking arrangements and changes thereto.

4. While preparing the draft directions, guidance on remote booking issued by regulators in other jurisdictions including the Prudential Regulation Authority (UK)¹, European Central Bank² and the Federal Reserve, USA³ have been reviewed. While the guidance of the abovementioned regulators differs in certain aspects, they are aligned in the context of the principles for putting in place booking arrangements, monitoring such booking arrangements and prior intimation to the regulator of changes to the booking arrangements. The draft directions clearly lay down the principles that Banks whose IBUs are part of their remote booking arrangements must follow.
5. General public and stakeholders are requested to forward their comments/ suggestions on the draft directions through e-mail to Ms. Riddhi Bhandari at riddhi.bhandari@ifsca.gov.in and Mr. T. P. Samuel Wesly at wesly.samuel@ifsca.gov.in **on or before February 13, 2026** in the attached format. The comments may be provided in **MS Word or MS Excel** format only.

Format for providing comments / suggestions

Name, Designation of the Person				
Contact No.				
Name of Organisation				
Page No of Public Consultati on of the circular	Para No.	Sub-Para No.	Comments/Suggestions/ Suggested Modifications	Rationale

¹ Supervisory Statement SS5/21 International banks: The PRA's approach to branch and subsidiary supervision (May 2025)

² Supervisory expectations on booking models, ECB, August 2018.

³ Final guidance for resolution plan submissions (2019). Federal Reserve. Section VIII. Derivatives and trading activities

Annexure

Draft circular on “Remote booking arrangements involving IFSC Banking Units (IBUs)”

1. Purpose

This circular lays down the directions on remote booking arrangement (RBA) of banks that have been issued a license to set up an IBU and where the IBU is a part of such booking arrangement/s.

2. Definitions

- i. **‘Banking Book’** shall have the meaning as used in the chapter on “Boundary between the banking book and the trading book (RBC25)” under the standard on “Risk-based capital requirements (RBC)” under the Basel Framework issued by the Basel Committee on Banking Supervision (BCBS).
- ii. **‘Booking’** means the recording of a financial transaction in the financial records of a legal entity or branch.
- iii. **‘Booking arrangements’**, also referred to as “booking model” or ‘booking framework’, means the sequence of steps (including transaction capture, risk transfer, operational events including settlement and all associated controls) involved in recording a financial transaction that ensures that the financial transaction is directed to the correct entity or branch in a manner laid down by the policies of the Bank undertaking the financial transaction.
- iv. **‘Centralised booking arrangement (CBA)’** means a booking arrangement in which the risk arising to the Bank from a financial transaction undertaken by its subsidiary or branch is managed from a central location/hub by the means of risk transfer transaction (also called “back to back” transaction) between the said subsidiary or branch and the central location/hub.
- v. **‘Remote booking arrangement (RBA)’** means a booking arrangement under which a designated employee of a bank, who is not attached to a subsidiary or branch of the said bank or is not directly controlled by the subsidiary or branch of the said bank, is permitted to undertake transactions for such subsidiary or branch
- vi. **‘Trading Book’** shall have the meaning as used in the chapter on “Boundary

between the banking book and the trading book (RBC25)" under the standard on "Risk-based capital requirements (RBC)" under the Basel Framework issued by the Basel Committee on Banking Supervision (BCBS).

3. Directions

- i. An IBU may be part of the RBA of its parent bank, both by undertaking transactions for a subsidiary or branch of the parent bank or having transactions undertaken on its behalf, involving transactions in the Trading Book (for both cash and derivative products) and products in the Banking Book not prohibited under (ii).
- ii. IBUs shall not be part of the RBA of its parent bank involving transactions in the Banking Book consisting of customer loans to and deposits from retail and corporate customers.
- iii. An IBU may be part of the CBA of its parent bank without any restriction.
- iv. RBA of the parent bank of the IBU and of which IBU is a part of should be transparent and the parent bank should appropriately manage the trading risks that it originates, receives and transfers out to the IBU.
- v. Governing body of the IBU shall review the RBA of which the IBU is a part of or proposes to be a part of and shall provide prior concurrence with the decision to include the IBU as part of the RBA.
- vi. The IBU shall ensure that applicable Board approved policies are amended or have provisions to ensure effective risk management in implementation of RBA.
- vii. Parent Bank of the IBU shall clearly set out the rationale for inclusion of the IBU in the RBA in a document outlining such RBA and such document should be duly approved.
- viii. Parent Bank of the IBU shall establish a control framework for the RBA and put in place systems and controls to ensure that the control framework operates in practice.
- ix. The Parent Bank of IBU that is part of the RBA shall disclose to Authority the name, designation and contact details of the official who is responsible for oversight of the RBA of which the IBU is a part.
- x. The Parent bank shall ensure that the RBA of which its IBU is a part of does not impede its recovery or resolution.
- xi. Parent Bank of an IBU that is part of the RBA shall provide complete information about the RBA to the Authority.

xii. Any change to the RBA of which the IBU is a part shall be informed to the Authority at the earliest along with the following information:

- a. Rationale for the change in the RBA in terms of geographic location of market liquidity in one or more products, location of clients or any other factor requiring change in the RBA
- b. Any change in established systems and controls in (iii) necessitated by such change in RBA
- c. Any change in the current business model of the IBU and staffing arrangements are likely to result from the change in RBA
- d. Confirmation to the effect that the proposed change in the RBA and the consequent changes at (iv) (a) and (b) have been considered by the Governing Body of the IBU and their comments, if any, on such change.

xiii. The IBU that is part of the RBA should have be adequately resourced, both in terms of infrastructure as well as manpower, to ensure that it is capable of discharging the functions designated to it under the RBA.

xiv. The IBU should have an appropriate local risk management capability to support the personnel at IBU that is part of the RBA of its parent bank.

xv. Operation of the RBA of which the IBU is a part of should be subject to independent review by compliance, operational risk management and internal audit.

xvi. The IBU which is part of the RBA should be duly compensated for transactions undertaken by the IBU.

4. The provisions of this circular shall come into force with immediate effect.

5. IBUs that have commenced operations prior to the date of this circular shall comply with the requirements of this circular within three (3) months from the date of the circular.

6. These directions are issued in exercise of the powers conferred on the Authority by Section 12 and Section 13 of the IFSCA Act, 2019 read with Section 35A of the Banking regulation Act, 1949

Yours faithfully

(Supriyo Bhattacharjee)
Chief General Manager
Department of Banking