



CIRCULAR

SEBI/HO/CIR/P/2017/85

July 27, 2017

To,

1. All Recognised Stock Exchanges/Clearing Corporations in International Financial Services Centre (IFSC)
2. All Recognised Stock Exchanges, Clearing Corporations and Depositories
3. All Registered Intermediaries

Dear Sir / Madam,

**Subject: Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015 – Amendments**

1. Kindly refer to SEBI (IFSC) Guidelines, 2015 notified by SEBI on March 27, 2015.
2. In order to further streamline the operations at IFSC, based on the internal discussions and consultations held with the stakeholders, it has been decided to amend provisions of the aforesaid guidelines, which are as follows:

**2.1. Eligibility and Shareholding in Stock Exchanges, Clearing Corporations and Depositories**

Clauses 4 (1), (2) and (3) of SEBI (IFSC) Guidelines, 2015 which specify the eligibility and shareholding limit for stock exchanges, clearing corporations and depositories desirous of operating in IFSC are being replaced as follows:

***“4. (1) Eligibility and shareholding limit for stock exchanges desirous of operating in IFSC: Any Indian recognised stock exchange or any recognised stock exchange of a foreign jurisdiction shall form a subsidiary to provide the services of stock exchange in IFSC wherein at least fifty one per cent. of paid up equity share capital shall be held by such stock exchange and the remaining share capital shall be held by the following:***

- i) any other stock exchange,
- ii) a depository,
- iii) a banking company,
- iv) an insurance company,
- v) commodity derivatives exchange,

*whether Indian or of foreign jurisdiction and*

*vi) a public financial institution of Indian jurisdiction, provided that any one of the aforesaid entities may acquire or hold, either directly or indirectly, either individually or together with persons acting in*

concert, upto fifteen per cent of the paid up equity share capital of such stock exchange.

**(2) Eligibility and shareholding limit for clearing corporations desirous of operating in IFSC:** Any Indian recognised stock exchange or clearing corporation, or, any recognized stock exchange or clearing corporation of a foreign jurisdiction shall form a subsidiary to provide the services of clearing corporation in IFSC wherein at least fifty one per cent of paid up equity share capital shall be held by such stock exchange or clearing corporation, and the remaining share capital shall be held by the following:

i) any other stock exchange,

ii) a clearing corporation,

iii) a depository,

iv) a banking company,

v) an insurance company,

whether Indian or of foreign jurisdiction and

vi) a public financial institution of Indian jurisdiction,

provided that any one of the aforesaid entities may acquire or hold, either directly or indirectly, either individually or together with persons acting in concert, upto fifteen per cent. of the paid up equity share capital of such clearing corporation.

**(3) (a) Eligibility and shareholding limit for foreign depositories desirous of operating in IFSC:** Any regulated depository of a foreign jurisdiction shall 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.

**(b) Setting up of IFSC Depositories Services by Indian registered depositories:** Any Indian registered depository may set up a branch – IFSC Depository Services (IDS) at IFSC. The interested depositories shall be required to obtain prior approval of the Board for setting up an IDS. Such Indian depository shall be required to ring fence its domestic operations, financially, operationally and technologically, from its operations at IFSC.”

## **2.2. Governance of Stock Exchanges**

As per Clause 6 (4) of SEBI (IFSC) Guidelines which stipulates the governance structure of depositories, stock exchanges and clearing corporations is hereby amended to read as follows:

“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 (PFMIs) and such other governance norms as may be specified by the Board, from time to time. Further, the parent depository/stock exchange/clearing corporation shall be responsible for the governance of such depository, stock exchange and clearing corporation in IFSC at all times.”*

### **2.3. Intermediaries in IFSC**

Clause 8 of SEBI IFSC Guidelines which specifies that 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 has been amended as follows:

*“8. (1) Any SEBI-registered intermediary (except trading member or clearing member) or its international associates in collaboration with such SEBI-registered intermediary may provide financial services relating to securities market, in IFSC, without forming a separate company, subject to the prior approval of the Board.*

*(2) Trading members and clearing members desirous of operating in IFSC as an intermediary, shall form a company to provide such financial services relating to securities market, as permitted by the Board.”*

3. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of and to regulate the securities market.

Yours faithfully,

**Bithin Mahanta**  
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**Market Regulation Department**  
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