



CIRCULAR

F. No. 113/IFSCA/CMD-TMCM/2020-21

December 11, 2020

To,

All Stock Exchanges in the International Financial Services Centre (IFSC)

All Clearing Corporations in the International Financial Services Centre (IFSC)

Dear Sir/Madam,

Sub: Membership of stock exchanges and clearing corporations in IFSC by foreign entities

1. IFSCA has received representations from Stock Exchanges, Clearing Corporations and market participants based in IFSC and in various other jurisdictions on enhancing the participation of regulated entities from foreign jurisdictions in the stock exchanges and clearing corporations in the IFSC. Accordingly, it has now been decided to permit eligible foreign entities to set up a branch office in IFSC and operate as stock brokers and clearing members subject to approval by the Authority.

Membership as a Stock Broker

2. Any entity from a foreign jurisdiction (hereinafter referred to as "The entity") desirous of operating in IFSC as a stock broker of a Stock Exchange in IFSC, may set up a branch office in IFSC to provide stock broking services, subject to the following conditions:
 - a) The entity is from a Financial Action Task Force (FATF) compliant jurisdiction
 - b) The entity is a stock broker regulated by a securities market regulator in its home jurisdiction
 - c) The entity has adequately ring fenced the operational, technology and financial aspects of its branch in IFSC from its overseas operations
3. The entity is required to obtain a certificate of registration from the Authority prior to commencement of operations of its branch office.
4. All the other fees applicable to a stock broker in IFSC shall be applicable to such a branch office of the entity, from time to time.



5. The branch office shall be governed by:
 - a) the Rules, Bye-Laws and Regulations of the Stock Exchange at IFSC with which it is registered as a stock broker
 - and
 - b) by all the applicable regulations and guidelines prescribed by the Authority from time to time
6. The trading servers of the entity shall be located within the IFSC.
7. The branch office of the entity located in IFSC is required to have a Designated Director/Compliance Officer for ensuring timely execution of compliance and regulatory reporting functions.
8. The branch of the entity shall comply, at all times, with:
 - a) The net worth and capital requirement as prescribed by the Authority/Stock Exchange from time to time
 - b) The periodic reporting requirements as prescribed by the Authority/Stock Exchange from time to time
9. The entity shall pay a registration fee of USD 1,000 for grant of certificate of registration.

Membership as a Clearing Member

10. Any entity from a foreign jurisdiction (hereinafter referred to as “The entity”) desirous of operating in IFSC as a clearing member of the Clearing Corporation, may set up a branch office in IFSC to provide such services, subject to the following conditions:
 - a) The entity is from a FATF compliant jurisdiction
 - b) The entity is a clearing member regulated by a securities market regulator in its home jurisdiction
 - c) The entity has adequately ring fenced the operational, technology and financial aspects of its branch office in IFSC from its overseas operations



11. The entity shall comply with all the necessary rules, bye-laws and guidelines prescribed by the Clearing Corporation with which it is registered as a clearing member and the Authority from time to time.
12. The entity is required to obtain a certificate of registration from the Authority prior to commencement of operations of its branch office.
13. All the other fees applicable to a clearing member in IFSC shall be applicable to such a branch office of the entity.
14. The branch office of the entity located in IFSC is required to have a Designated Director/Compliance Officer for ensuring timely execution of compliance and regulatory reporting functions.
15. The branch office of the entity shall, at all times, comply with:
 - a) The net worth and capital requirement as prescribed by the Authority/ Clearing Corporation from time to time
 - b) The periodic reporting requirements as prescribed by the Authority/ Clearing Corporation from time to time
16. The entity shall pay a registration fee of USD 1,000 for grant of certificate of registration. It is clarified that no separate registration is required for a stock broker registered with the Authority to act as a clearing member in a Clearing Corporation in IFSC.

Net Worth and Deposit Requirements

17. The Net Worth and interest free Base Minimum Capital (BMC) deposit requirements for such stock brokers and clearing members dealing in securities shall be as follows:

Table 17a

Stock Broker (in USD)		Clearing Member (in USD)		Self Clearing Member (in USD)	
Net worth	BMC Deposit	Net worth	BMC Deposit	Net worth	BMC Deposit
1,35,000	Refer table 17b	13,50,000	75,000	6,75,000	75,000



Table 17b

Type	BMC deposit (in USD)
Only Proprietary trading without Algorithmic trading (Algo)	15,000
Trading only on behalf of Client (without proprietary trading) and without Algo	25,000
Proprietary trading and trading on behalf of Client without Algo	40,000
All Trading Members/Brokers with Algo	75,000

18. All the eligible foreign entities desirous of dealing in securities in IFSC as a stock broker/clearing member shall be required to comply with the above as applicable and obtain a membership of the respective Stock Exchange / Clearing Corporation.
19. The Stock Exchange/Clearing Corporation shall be required to forward the application of admitted members to the Authority for obtaining a certificate of registration. No entity shall deal in securities without obtaining a certificate of registration from the Authority.
20. The Stock Exchanges and Clearing Corporations shall put in place appropriate integrated systems to facilitate seamless online registration applications.
21. This circular is issued in exercise of powers conferred by section 12 of the International Financial Services Centres Authority Act, 2019 to develop and regulate the financial products, financial services and financial institutions in the International Financial Services Centres.
22. A copy of this circular is available on the website of the International Financial Services Centres Authority at www.ifsca.gov.in

Yours faithfully,

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