



PRESS RELEASE

IFSCA permits Banking Units to transfer of assets through participation agreements

IFSCA today allowed Banking Units (BUs) to transfer assets to/from other financial institutions, persons resident in India and persons resident outside India through any internationally recognised standard risk participation agreement.

Transfer of assets through the risk participation agreement route is a common practice in many jurisdictions especially in the field of trade finance. Such risk participation is undertaken as a bilateral contract under a standard document called a risk participation agreement between the two institutions (buying and selling entity). One of the common standard risk participation agreement is the MRPA (Master Risk Participation Agreement) developed by the Bankers Association for Finance and Trade (BAFT).

The above dispensation is expected to encourage risk participation of foreign currency assets through BUs in IFSC instead of banks in foreign jurisdictions.

Gandhinagar

December 30, 2020