

INTERNATIONAL FINANCIAL SERVICES CENTRES AUTHORITY

Twentieth Authority Meeting held on 27.06.2024

Gist of Agenda item: Draft International Financial Services Centres Authority (Banking)(Amendment) Regulations, 2024

1. Sec 20 of the IFSCA Act, 2019 provides that “every transaction of financial services in an IFSC shall be in such foreign currency as may be specified by regulations in consultation with the Central Government.”
2. Currently 11 currencies have been specified in the first schedule of the IFSCA Banking Regulations, 2020. The existing list of specified foreign currencies is in the first schedule of the IFSCA(Banking) Regulations,2020 (as amended up to July 14, 2023) (“Banking Regulations”).
3. Representation was received from an IBU seeking the addition of following currencies viz. Swedish Krone (SEK), Danish Krone (DKK), Norway Krone (NOK), New Zealand Dollar (NZD) and Offshore Renminbi (CNH) to the list of specified currencies in first schedule to the IFSCA Banking Regulations. Based on this representation, opinion was sought from all the IBUs on inclusion of the above currencies to the list of specified foreign currencies along with the supporting business case if any. IFSCA has received business cases for these five currencies from three IBUs. They have proposed to offer Spot & Derivative products in these four currencies to AD-Category 1 Banks in India as well as other IBUs.Cumulative business volume estimates, for all the five currencies combined, is expected to be around \$8.2 billion per year.
4. SEK, NOK, DKK, NZD and CNH are freely floating currencies. Further all these currencies rank in top 20¹ in terms of usage in international payments by value. A communication was sent to DEA, including the above facts, and requesting addition of these five currencies to the list of specified foreign currencies.
5. Subsequent to the above communication with the DEA, an Office Memorandum (OM) dated June 6, 2024, has been issued by DEA stating concurrence of DEA to specify 4 out of 5 currencies proposed viz. Swedish Krone (SEK), Danish Krone (DKK), Norway Krone (NOK) and New Zealand Dollar (NZD) under Sec 20 of the IFSCA Act, 2019 for undertaking business in IFSC
6. Addition of the 4 currencies specified in above para to the abovementioned schedule requires amendment to the IFSCA (Banking) Regulations, 2020.
7. **Approval of the Authority is sought for notifying the draft International Financial Services Centres Authority (Banking) (First Amendment) Regulations, 2024 in the**

¹ Source :SWIFT RMB tracker

Official Gazette, after carrying out changes, if any, of drafting and consequential nature. The Authority is further requested to authorise the Chairperson to make such necessary, consequential, and incidental steps to operationalise the said Regulation.
