

INTERNATIONAL FINANCIAL SERVICES CENTRES AUTHORITY

6th Meeting of the Authority held on 15th March, 2021

Gist of Agenda Item: Draft amendment to the International financial Services Centres Authority (Banking) Regulations, 2020- widening the definition of ‘permissible activities’.

Draft amendment to the International financial Services Centres Authority (Banking) Regulations, 2020 have been circulated for the consideration and approval of the Authority at the sixth Authority meeting scheduled on 15th March 2021. The draft regulations are based on the following broad principles:

- i. Consequent to RBI’s decision to permit remittances under the Liberalised Remittance Scheme (LRS) to IFSC for investment in securities, portfolio management and investment advisory services are likely to emerge as an important service provided by BUs to resident and non-resident high net worth individuals.
- ii. Banking Units (BUs) have expressed their interest in offering ‘portfolio management’ and ‘investment advisory’ services at IFSC.
- iii. These activities are permitted as ‘Banking business’ in benchmark jurisdictions like Singapore, Hong Kong, Dubai etc.
- iv. The above activities fall within the definition of “financial services” that “financial institutions” may provide out of IFSC under section 3(1)(e)(v)¹ and section 3(1)(e)(xiii)² respectively, of the IFSCA Act, 2019.

2. Approval of the Authority is sought for notifying the draft International Financial Services Centres Authority (Banking) (Amendment) Regulations, 2021 in the Official Gazette, after carrying out changes, if any, of drafting and consequential nature. The Authority is further requested to authorize the Chairperson to make such necessary, consequential and incidental steps to operationalize the (Banking) (Amendment) Regulations.

¹ offering, managing, or agreeing to manage assets consisting of financial products belonging to another person

² rendering or agreeing to render advice on or soliciting for the purposes of— (A) buying, selling, or subscribing to, a financial product; or (B) availing any of the services in sub-clauses (i) to (xi); or (C) exercising any right associated with a financial product or any of the services in clauses (i) to (xi)