



International Financial Services Centres Authority

110/IFSCA/Banking Regulation/2024-25/1

April 5, 2024

To,

All Banking Units

Dear Sir/Madam,

Amendments and additions/deletions to the IFSCA Banking Handbook

1. Based on the feedback received from IBUs and to give effect to amendments to various laws, certain further amendments/additions have been carried out to the contents of the Handbook. The list of such amendments/additions is enclosed in the annexure to this circular.
2. The abovementioned amendments/additions shall be effective from the date of this circular.
3. With effect from the date of this circular the applicable Banking Handbooks are:
 - i. General (GEN) directions v 5.0
 - ii. Conduct of Business (COB) directions v 6.0
 - iii. Prudential Directions (PRU) directions v 5.0
4. The circulars, F.No.110/IFSCA/Banking Regulation/2023-24/2 dated August 30, 2023 and F.No.110/IFSCA/Banking Regulation/2023-24/3 dated November 2, 2023, shall be withdrawn from the date of issuance of this circular.
5. IBUs are directed to ensure compliance to the directions of this circular.

Yours faithfully

(Supriyo Bhattacharjee)
Chief General Manager
Department of Banking

General Directions				
Sr. No.	Module no.	Module Name	Section	Amendments/additions /deletions
1	1	LICENSING OF BANKING UNITS (LIBU)	3.i.b.(iv)	<p>i.The phrase '<i>any anticipated and actual</i>' is removed.</p> <p>ii.The word '<i>any</i>' before prudential requirements is removed and the prudential requirements have been specified by adding the phrase '<i>relating to Capital to Risk Weighted Asset Ratio (CRAR), Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR) and Leverage Ratio (s)</i>' after the term prudential requirements.</p> <p>iii.The word '<i>any</i>' before relevant documents is removed.</p>
Conduct of Business Directions				
2	2	UNDERTAKING BUSINESS IN FOREIGN CURRENCY (BIFC)	6.a.ii	<p>The paragraph '<i>An IBU may open an INR account, in the form of a Special Non-Resident Rupee Account (SNRRA), with an AD Bank in India (but not with the AD bank of which the IBU is a branch) to defray its administrative expenses</i>'</p> <p>is replaced with -</p>

				<i>'An IBU may open an INR account, in the form of a Special Non-Resident Rupee Account (SNRRA), with an AD Bank in India to defray its administrative expenses in compliance with the directions of the Reserve Bank of India in this regard'</i>
3	5	USE OF ELECTRONIC TRADING PLATFORMS AND VOICE BROKERS (TPVB)	3.v	Section is deleted
4	12	REPRESENTATIVE OFFICE (REPO)	3.iii	<p>The below mentioned condition for opening a RO</p> <p><i>'The applicant is from a Financial Action Task Force (FATF) compliant jurisdiction. For this purpose, a FATF compliant jurisdiction would be one whose name does not appear in the following publications of FATF as on the date of submission of application for opening a RO to the Authority:</i></p> <p><i>a. High-Risk Jurisdictions subject to a Call for Action</i></p> <p><i>b. Jurisdictions under Increased Monitoring'</i></p> <p>is replaced with –</p> <p><i>'The Banking company's track record in complying with Anti-Money</i></p>

				<i>Laundering/Combating the Financing of Terrorism (AML/CFT) guidelines in its home jurisdiction'</i>
5	13	OTC DERIVATIVES (OTDE)	1) 1	1) A sub paragraph is included under para 1 clarifying Offshore Derivative Instruments (ODIs) are 'Qualified Financial Contracts' under Bilateral Netting of Qualified Financial Contracts Act, 2020.
6	16	PROVIDING CREDIT (PRCR)	1) 4.i 2) 4.ii.c	1) The sub paragraph <u>'Restrictions under the Banking Regulation Act, 1949</u> <i>a. Restrictions on the activity of lending/providing credit under the Banking Regulation Act, 1949 shall apply to IBUs of Indian banks as, being a branch, they form part of their parent bank.</i> <i>b. Restrictions on the activity of lending/providing credit under the Banking Regulation Act, 1949 shall not apply to the IBUs of foreign banks.'</i> is replaced with <u>'Restrictions under the Banking Regulation Act, 1949</u> <i>a. The restriction on holding shares, as mentioned in sub-section 2 of section 19 of the</i>

				<p><i>Banking Regulation Act, 1949, shall not be applicable to the IBU of a Foreign bank, in case of the following circumstances:</i></p> <p><i>(i) where a transaction entered in the ordinary course of business in respect of a company where the shareholding is held by way of security, whether as a pledge, mortgage or by any other similar mode; or'</i></p> <p><i>(ii) the shareholding or interest acquired or held in the course of satisfaction of debts due to it, is disposed of at the earliest but not later than five years.</i></p> <p><i>b. Restrictions on the activity of lending/providing credit under section 20(1) of the Banking Regulation Act, 1949 shall not apply to the IBU of a foreign bank.'</i></p> <p>2) The section is omitted</p>
7	17	GLOBAL ADMINISTRATIVE OFFICE (GAO)	4.vii	<p>The below mentioned condition for opening a GAO</p> <p><i>'The applicant is from a Financial Action Task Force (FATF) compliant jurisdiction. For this purpose, a FATF compliant jurisdiction would be one whose name does not</i></p>

				<p><i>appear in the following publications of FATF as on the date of submission of application for opening a GAO to the Authority:</i></p> <p><i>a. High-Risk Jurisdictions subject to a Call for Action</i></p> <p><i>b. Jurisdictions under Increased Monitoring'</i></p> <p>is replaced with –</p> <p><i>'The applicant is, in the assessment of the Authority, duly regulated in its home jurisdiction according to internationally accepted standards. The Banking company's track record in complying with Anti-Money laundering/Combating the financing of terrorism (AML/CFT) guidelines in its home jurisdiction'</i></p>
Prudential Directions				
8	3	PRUDENTIAL REPORTING, DISCLOSURE AND SUPERVISION (PRDS)	1.v.(a)	<p>The paragraph has been bifurcated into two parts, one for the Banking Company and one for the IBU.</p> <p>The phrase 'it becomes aware, or has reasonable grounds to believe' has been removed.</p> <p>The prudential requirements for the banking company, the breach of which needs to be notified by the IBU to the Authority, be specified</p>

				by adding the phrase <i>'relating to Capital to Risk Weighted Asset Ratio (CRAR), Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR) and Leverage Ratio (s)'</i> after the term prudential requirements.
9	3	PRUDENTIAL REPORTING, DISCLOSURE AND SUPERVISION (PRDS)	Guidance for para 1.v.(a)(b)(c)	The guidance is removed.