



## CIRCULAR

F. No. 172/IFSCA/Finance Company Regulations/2022-23/003

April 26, 2023

To,  
All Finance Company / Finance Unit registered in the International Financial Services Centres Authority (IFSCs)

**Subject: Amendment to IFSCA Circular titled 'Framework for Aircraft Lease' dated May 18, 2022.**

Reference is drawn to the Circular No. 172/IFSCA/Finance Company Regulations/2022-23/001 dated May 18, 2022 (hereinafter referred to as "the Framework"), issued by the International Financial Services Centres Authority (hereinafter referred to as "Authority"), *inter-alia* specifying 'permissible activities' under Part I on Aircraft Operating lease and 'permissible activities under financial lease' in clause 5.E. and 5.H. respectively of the said Framework.

2. Post issuance of the Framework, the Authority has received several representations from stakeholders requesting to enable lease of Aviation training simulation devices as permissible activity under the Framework as it forms an integral part of the aviation ecosystem. Pursuant to the above, the Authority vide Notification No. IFSCA/2022-23/GN/037, dated April 11, 2023, has specified operating lease, including an hybrid of operating and financial lease, in respect of '*Aviation training simulation devices*', as a financial product.
3. In view of the above, it has been decided to make the following inclusions in the said Framework:
  - (i) To expand the scope of lessor as defined in clause 5.B.(ii) of the Framework so as to include the business of leasing of aviation training simulation device.
  - (ii) To include the '*operating lease for an aviation training simulation device*' and '*financial lease or any hybrid of financial and operating lease for an aviation training simulation device*', to the list of permissible activities under clause 5.E. and 5.H. respectively, of the said Framework.
  - (iii) To expand the scope of Asset Management Support Services (AMSS) as specified in clause 5.E.(iii) of the said Framework to include AMSS for assets owned or leased out



by any of the group entities of the Lessor set up in the IFSCs in India.

4. Accordingly, the following clauses of the said Framework shall stand revised as follows:

(i) Clause 5.B.(ii) on definition of lessor:

“Lessor” shall mean an entity registered with IFSCA as a Finance Company or a Finance Unit in accordance with Finance Company Regulations and -

a. engaged in the business of providing aircraft or helicopter and engines of aircraft or helicopter or any other part thereof and/or aircraft ground support equipment and/or aviation training simulation device under an operating lease, financial lease and/or a hybrid of financial and operating lease;

b. any other related activity as may be specified by the Authority from time to time.”

(ii) Clause 5.E. on ‘Permissible Activities’ under Part I on Aircraft operating lease:

“A Lessor shall be permitted to undertake all or any of the following activities:

(i) Operating lease for an aircraft lease arrangement;

(ii) Operating lease for an aircraft ground support equipment;

(iii) Operating lease for an aviation training simulation device;

(iv) Asset Management Support Services for assets owned or leased out by the lessor or by any of its Group Entities set up in IFSCs in India;

Here the term ‘Group Entities’, shall mean an arrangement involving two or more entities related to each other through any of the following relationships, viz. Subsidiary – parent (defined in terms of AS 21), Joint venture (defined in terms of AS 27), Associate (defined in terms of AS 23), a related party (defined in terms of AS 18), Common brand name and investment in equity shares (of 20% and above).

(v) Sale and lease back, purchase, novation, transfer, assignment, and such other similar transactions in relation to permitted activities specified in (i) to (iii) above, and;

(vi) any other related activity with the prior approval of the IFSCA.”



(iii) Clause 5.H. on 'Permissible Activities under financial lease' under Part II on Aircraft financial lease:

“A Lessor shall be permitted to undertake all or any of the following activities:

- (i) Financial lease or a hybrid of financial and operating lease for an aircraft lease arrangement;
- (ii) Financial lease or any hybrid of financial and operating lease for an aircraft ground support equipment;
- (iii) Financial lease or any hybrid of financial and operating lease for an aircraft training simulation device;
- (iv) Sale and lease back, purchase, novation, transfer, assignment, and such other similar transactions in relation to permitted activities specified in (i) to (iii) above;
- (v) Permitted activities as stated above at clause 5 (E) of this framework, and;
- (vi) any other related activity with the prior approval of the IFSCA.”

4. This circular is issued in exercise of powers conferred by section 12 of the IFSCA Act to develop and regulate the financial products, financial services and financial institutions in the IFSCs.
5. A copy of the revised framework shall be updated shortly on the website of the IFSCA.

Yours faithfully,

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