



CIRCULAR

F. No. 28/IFSCA/ALF/2020-21

February 19, 2021

Sub: Framework for Aircraft Operating Lease

1. In exercise of the powers conferred by sub-clause (vi) of clause (d) of sub-section (1) of section 3 of the International Financial Services Centres Authority Act, 2019 (hereinafter referred to as 'IFSCA Act'), the Government of India vide Gazette Notification dated October 16, 2020 has notified 'Aircraft Lease' as 'financial product'. As per the said Notification, the 'Aircraft Lease' shall include operating and financial lease and any hybrid of operating and financial lease of aircraft or helicopter and engines of aircraft or helicopter or any other part thereof.
2. International Financial Services Centres Authority (hereinafter referred to as 'IFSCA'), in order to facilitate setting up of the Aircraft Leasing business in International Financial Services Centres (hereinafter referred to as "IFSCs") in India, provides the following framework for enabling aircraft operating lease as under:

A. Applicability:

This framework shall apply to all the entities engaging in one or more of the permissible activities under this framework.

B. Definition:

For the purpose of this circular, "lessor" shall mean an entity-

- (i) engaged in the business of providing aircraft or helicopter and engines of aircraft or helicopter or any other part thereof under an operating lease, and;
- (ii) is registered with the IFSCA in accordance with this framework.



C. Permissible Activities:

A lessor in IFSCs shall be permitted to undertake the following activities:

- (i) Operating lease for an aircraft lease arrangement including sale and lease back, purchase, novation, transfer, assignment, and such other similar transactions in relation to aircraft lease;
- (ii) any other related activity with the prior approval of the IFSCA.

D. Eligibility of Applicant:

An applicant entity desirous of setting-up operations in IFSCs as a lessor and undertake permissible activities shall meet the following eligibility criteria:

- (i) The entity shall set-up operations in an IFSC in India by way of a Company or a Limited Liability Partnership or a Trust or in any other form as may be specified by the IFSCA.
- (ii) The person(s) in control of the aforesaid entity shall be located in a Financial Action Task Force compliant jurisdiction.
- (iii) The entity shall deploy resources in such IFSC commensurate with the business operations under this framework.
- (iv) The entity shall comply with capital requirement as required under this framework.

E. Capital Requirement:

- (i) A minimum capital of USD 2,00,000 or its equivalent in freely convertible foreign currency, is to be maintained at all times by the entity;
- (ii) If required, as a risk management measure, IFSCA may prescribe maintenance of additional capital, based on the nature and scale of business of the entity.

F. Registration of Lessor:

- (i) No applicant shall act as a lessor in an IFSC in India unless it has obtained a certificate of registration from the IFSCA under this framework.



- (ii) An applicant desirous to act as a lessor and eligible under this framework to undertake permissible activities shall apply to IFSCA in the application form specified at **Annexure-I**.

G. Currency for Conduct of Business:

Lessors shall transact in freely convertible foreign currency only. However, the lessors may defray their administrative expenses in INR by maintaining a separate INR account.

H. Maintenance of Books of Accounts, Records and Documents

Every lessor registered under this framework shall maintain its books of accounts, records, and documents as may be required. The books of accounts and other financial information shall be maintained in such foreign currency, as may be declared at the time of making the application.

I. Submissions of Report / Information

- (i) Every lessor registered under this framework shall furnish the following information to the IFSCA within 15 days from the finalisation of annual financial statements:
 - a. Annual financial statements.
 - b. Confirmation of compliance with the regulations, circulars, guidelines and directions issued by the IFSCA for the permissible activities in the IFSCs.
 - c. Confirmation of compliance with capital requirement and details thereof.
 - d. Details of material regulatory action, if any, against the entity or persons(s) controlling the entity.
- (ii) Every lessor registered under this framework shall submit all the financial information to the IFSCA in USD, unless otherwise specified.
- (iii) The IFSCA from time to time may call for any information, documents, or records as it may deem necessary from the lessor.



J. Compliance with Other Requirements

Every lessor registered under this framework shall comply with all other applicable statutory obligations, regulatory requirements, standards, policies, directions and guidelines.

K. Action in Case of Default

If a lessor fails to fulfil the conditions subject to which the registration is granted, the IFSCA may take any action as it may deem fit, after giving an opportunity of making submissions, if any.

L. Fees

The lessor shall pay to IFSCA such fees and charges as specified from time to time.

M. Power to Remove Difficulties, Specify Procedures and Issue Clarifications

For the purpose of implementation of this framework and matters incidental thereto, or in order to facilitate and regulate the permissible activities, the IFSCA may specify the necessary norms, procedures, processes, manners and may also provide necessary relaxations.

3. 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.
4. A copy of this Circular is available on the website of the IFSCA at www.ifsca.gov.in/circular .

Yours faithfully,

Pavan Shah
Deputy General Manager
pavan.shah@ifsca.gov.in

Encl.: As above



Annexure - I

Application form under the Framework for Aircraft Operating Leases

List of required information/ documents

S.No.	Particulars	Details
1. Details of the Applicant		
1.1	Name of applicant	
1.2	Address of the office of the applicant in IFSC	
1.3	Legal form of the applicant	
1.4	Contact details of the primary coordinator (s) of the applicant: a) Name, b) Contact Number and c) E-mail	
1.5	Date of incorporation of the applicant	
1.6	Shareholding pattern of the applicant	
2. Details of the person (s) in control, if any, of the Applicant		
2.1	Name of the person(s) in control	
2.2	Date of incorporation/ establishment of the person(s) in control	



2.3	Legal form of the person(s) in control	
2.4	Address of the registered office of the person(s) in control	
2.5	Address for correspondence and principal place of business of the person(s) in control	
2.6	Contact details of the primary coordinator (s) of the person(s) in control a) Name, b) Contact number and c) E-mail	
2.7	Is/Are the person(s) in control based in a Financial Action Task Force (FATF) compliant jurisdiction?	
3. Business proposed to be undertaken by the applicant Please provide a business plan including following information. (Use additional pages, if required)		
3.1	Entity profile (in brief)	
3.2	Proposed activities to be carried out in IFSCs	



3.3	Estimated number of employees over the next 3 years in IFSCs	
3.4	Details of Associate entities in IFSCs, if any	
3.5	Details of regulatory action, if any, in last 5 years	

4. Fees:

Following fees shall be applicable for registration under this framework:

Application Fee : USD 1,000 (one time)

Registration Fee : USD 5,000 (one time)

Annual Fee : USD 3,000 (second year onwards)

Bank account details of IFSCA:

Account Name:- IFSCA FUND 2

Account Number:-39907189884

IFSC CODE:- SBIN0060228

SWIFT CODE:- SBININBB255

Bank and branch details :

State Bank of India, GIFT CITY, Gandhinagar Branch, Gandhinagar, Gujarat - 382355

5. **Documentary Requirements**

5.1	<p>a) Copy of the incorporation certification/registration document of the Applicant, person(s) in control as may be applicable.</p> <p>b) Constitutional documents (such as Memorandum and Articles of Association/ Partnership Deed, Trust Deed) of the Applicant, person(s) in control as may be applicable.</p>
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c) Last 3 years audited consolidated financial statements of the Applicant, person(s) in control, as may be applicable.

6. Declaration to be submitted by the applicant in the following format on its letter head to be signed by an Authorized signatory:

We hereby declare that the information provided in the application along with its attachments, is complete and true.

We hereby undertake that the capital as specified by the International Financial Services Centres Authority (IFSCA) shall be brought in before entering into any permissible activity as mentioned in clause 2(c) of this framework or twelve months from the date of grant of registration, whichever is earlier.

We further agree that-

- a. we shall notify the IFSCA immediately of any material change in the information provided in the application.
- b. we shall comply with and be bound by the guidelines, directions and regulations issued by the IFSCA , as amended from time to time.
- c. we shall abide by such operational instructions/directives as may be issued by the IFSCA from time to time, as a condition of registration.