



PRESS RELEASE

Resident individuals permitted to invest in foreign securities through Banking Units in IFSC

Resident individuals have been permitted to remit funds to IFSC, under the Liberalised Remittance Scheme (LRS) of the Reserve bank of India, for investment in securities, subject to conditions.

Accordingly, IFSCA has clarified that the BUs in IFSC may open bank accounts of resident individuals - irrespective of their net worth, for facilitating their investment in foreign securities. *A foreign security, for the purpose, shall mean any security denominated in foreign currency or expressed in foreign currency and includes securities expressed in foreign currency but where redemption or interest is payable in INR (like Masala Bonds) - except those issued by entities/companies resident (outside IFSC) in India.*

This is expected to support IFSC's efforts towards emerging as a hub for investment flows from all over the world while simultaneously providing eligible resident entities an avenue for undertaking their investment activity in diversified instruments and markets through such accounts with the BUs in IFSC.

This may attract financial institutions (such as mutual funds) in IFSC that may design and offer investment products suited for resident individuals, in due course. This is also expected to boost the issuance of Masala Bonds in IFSC by foreign / multilateral institutions like IBRD, ADB etc. looking to tap a broader set of investors.

The Circular is available at <https://ifsca.gov.in/Viewer/Index/150>.

Gandhinagar

February 22, 2021