

**SECURITIES AND EXCHANGE BOARD OF INDIA**  
**(INTERNATIONAL FINANCIAL SERVICES CENTRES)**  
**GUIDELINES, 2015**

**SECURITIES AND EXCHANGE BOARD OF INDIA  
(INTERNATIONAL FINANCIAL SERVICES CENTRES)  
GUIDELINES, 2015**

Dated: March 27th, 2015.

In exercise of the powers conferred by section 11(1) of the Securities and Exchange Board of India Act, 1992 and sections 4 and 8A of the Securities Contracts (Regulation) Act, 1956 read with Section 18(2) of the Special Economic Zones Act, 2005, the Securities and Exchange Board of India hereby makes the following guidelines to facilitate and regulate financial services relating to securities market in an International Financial Services Centre set up under Section 18(1) of Special Economic Zones Act, 2005 and matters connected therewith or incidental thereto, namely:—

**CHAPTER I  
PRELIMINARY**

**Short title and commencement**

1. 1) These guidelines may be called the Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015.
- 2) They shall come into force on April 01, 2015.

**Definitions**

2. 1) In these guidelines, unless the context otherwise requires, the terms defined herein shall bear the meanings assigned to them below, and their cognate expressions shall be construed accordingly,—
  - a) "Act" means the Securities and Exchange Board of India Act 1992;
  - b) "Board" means the Securities and Exchange Board of India established under the provisions of section 3 of the Securities and Exchange Board of India Act, 1992 (15 of 1992);
  - c) "domestic company" means a company and includes a body corporate or corporation established under a Central or State legislation for the time being in force;
  - d) "financial institution" shall include:
    - i) a company;
    - ii) a firm;
    - iii) an association of persons or a body of individuals, whether incorporated or not; or
    - iv) any artificial juridical person, not falling within any of the preceding categories engaged in rendering financial services in securities market or dealing in securities market in any manner.

Explanation.- For the purpose of this clause and without prejudice to the generality of the foregoing, the expression financial institution shall include stock brokers and sub-brokers, merchant banks, mutual funds, alternative investment funds, stock exchanges, clearing corporations, investment advisers, portfolio managers, or any other entity that may be specified by the Board.

- e) "financial services" shall mean activities a financial institution is allowed to carry out as specified in the respective Act of the Parliament or by the Government of India or by any regulatory authority empowered to regulate the concerned financial institution;
- f) "foreign jurisdiction" means a country, other than India, whose securities market regulator is a signatory to International Organization of Securities Commission's Multilateral Memorandum of Understanding (IOSCO's MMOU) (Appendix A signatories) or a signatory to bilateral Memorandum of Understanding with the Board, and which is not identified in the public statement of Financial Action Task Force as:
  - i) a jurisdiction having a strategic Anti-Money Laundering or Combating the Financing of Terrorism deficiencies to which counter measures apply; or
  - ii) a jurisdiction that has not made sufficient progress in addressing the deficiencies or has not committed to an action plan developed with the Financial Action Task Force to address the deficiencies;
- g) "intermediary" means and includes a stock broker, a merchant banker, a banker to an issue, a trustee of trust deed, a registrars to an issue, a share transfer agent, an underwriter, an investment adviser, a portfolio manager, a depository participant, a custodian of securities, a foreign portfolio investor, a credit rating agency, or any other intermediary or any person associated with the securities market, as may be specified by the Board from time to time;
- h) "International Financial Services Centre" or "IFSC" shall have the same meaning as assigned to it in clause (q) of section 2 of the Special Economic Zones Act, 2005;
- i) "issuer" shall mean a company incorporated in India seeking to raise capital in foreign currency other than Indian rupee which has obtained requisite approval under Foreign Exchange Management Act, 1999 (FEMA) or exchange control regulations as may be applicable, or a company incorporated in a foreign jurisdiction;
- j) "recognised entity" means any intermediary which is registered with the Board or registered or recognised with a regulator of a foreign jurisdiction: Provided that such entities shall comply with fit and proper norms specified by the Board;
- k) "securities laws" means the Act, the Securities Contracts (Regulation)

- Act, 1956 (42 of 1956), the Depositories Act, 1996 (22 of 1996), provisions of Companies Act, 2013 administered by the Board and the rules, regulations, circulars, clarifications issued thereunder;
- 2) Words and expressions used and not defined in these guidelines but defined in the Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996, Companies Act, 2013, the Special Economic Zones Act, 2005 or any rules or regulations made thereunder shall have the same meanings respectively assigned to them in those Acts, rules or regulations or any statutory modification or re-enactment thereto, as the case may be.

### **Applicability and scope.**

3. 1) Any entity desirous of organising or assisting in organising any stock exchange or clearing corporation or depository, or desirous of undertaking any other financial services relating to securities market, shall be a recognised entity and such an entity shall seek permission of the Board in accordance with the norms specified herein or as may be specified by the Board, from time to time.
- 2) Any entity desirous of operating in an IFSC for rendering financial services relating to securities market, shall comply with the provisions relating to registration or recognition, as the case may be, of applicable regulations of the Board: Provided that certain entities shall be permitted to operate in IFSC subject to these guidelines.
- 3) Save as otherwise provided in these Guidelines or as specified by the Board from time to time, all provisions of securities laws shall apply to a financial institution operating in an IFSC.
- 4) These Guidelines shall be subject to the guidelines of Government of India on foreign investment.

## **CHAPTER II**

### **STOCK EXCHANGES, CLEARING CORPORATIONS AND DEPOSITORIES**

### **Eligibility and shareholding.**

4. 1) **Eligibility and shareholding limit for stock exchanges desirous of operating in IFSC :** Any Indian recognised stock exchange or any stock exchange of a foreign jurisdiction may form a subsidiary to provide the services of stock exchange in IFSC where atleast fifty one per cent. of paid up equity share capital is held by such exchange and remaining shares may be offered to any other recognised stock exchange, whether Indian or of foreign jurisdiction.
- 2) **Eligibility and shareholding limit for clearing corporations desirous of operating in IFSC :** Any Indian recognised stock exchange or clearing corporation, or any recognised stock exchange or clearing corporation of

a foreign jurisdiction may form a subsidiary to provide the services of clearing corporation in IFSC where atleast fifty one per cent. of paid up equity share capital is held by such stock exchange or clearing corporation, and remaining shares may be held by any other recognised stock exchange or clearing corporation, whether Indian or of foreign jurisdiction.

- 3) Eligibility and shareholding limit for depositories desirous of operating in IFSC :** Any Indian registered depository or any regulated depository of a foreign jurisdiction may form a subsidiary to provide the depository services in IFSC where atleast fifty one per cent. of paid up equity share capital is held by such depository and remaining shares may be offered to any other registered depository or recognised stock exchange or clearing corporation, whether Indian or of foreign jurisdiction.
- 4) Every person who acquires equity shares of a recognised stock exchange or recognised clearing corporation or registered depository in IFSC shall inform the Board within fifteen days of such acquisition.

**Net worth requirement of a permitted stock exchange, clearing corporation and depository.**

5. 1) Every permitted stock exchange shall have a minimum network equivalent of twenty five crore rupees initially and it shall enhance its network to a minimum equivalent of one hundred crore rupees over the period of three years from the date of approval.
- 2) Every permitted clearing corporation shall have a minimum network equivalent of fifty crore rupees initially and it shall enhance its network to a minimum equivalent of three hundred crore rupees over the period of three years from the date of approval.
- 3) Every permitted depository shall have a minimum network of twenty five crore rupees and it shall enhance its network to a minimum equivalent of one hundred crore rupees over the period of three years from the date of approval.

**Certain provisions not to apply.**

6. 1) The provision of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 that every recognised stock exchange shall credit twenty five per cent. of its profits every year to the Fund, of the recognised clearing corporation(s) which clears and settles trades executed on that stock exchange shall not be applicable to the stock exchanges operating in IFSC.
- 2) The provision of Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 that every depository shall credit twenty five per cent. of profits every year to the investor protection fund shall not be applicable to the depositories operating in IFSC.
- 3) All the transitory provisions or relaxations that were provided to the stock ex-

changes and clearing corporations to comply with Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 shall not be applicable to stock exchanges and clearing corporations operating in IFSC.

- 4) Provisions of Chapter IIA of Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 and Chapter V of Securities Contracts (Regulation) (Stock Exchanges And Clearing Corporations) Regulations 2012 shall not apply to depositories, stock exchanges, clearing corporations in IFSC, as the case may be:

Provided that depositories, stock exchanges, clearing corporations operating in IFSC shall adopt the broader principles of governance prescribed by International Organization of Securities Commissions (IOSCO) and principles for Financial Market Infrastructures (FMI) and such other governance norms as may be specified by the Board, from time to time.

### **Permissible securities.**

7. The stock exchanges operating in IFSC may permit dealing in following types of securities and products in such securities in any currency other than Indian rupee, with a specified trading lot size on their trading platform subject to prior approval of the Board:

- i) Equity shares of a company incorporated outside India;
- ii) Depository receipt(s);
- iii) Debt securities issued by eligible issuers;
- iv) Currency and interest rate derivatives;
- v) Index based derivatives;
- vi) Such other securities as may be specified by the Board.

## **CHAPTER III INTERMEDIARIES**

### **Approval.**

8. Any recognised entity or entities desirous of operating in IFSC as an intermediary, may form a company to provide such financial services relating to securities market, as permitted by the Board.

### **Nature of clients.**

9. 1) Any intermediary permitted by the Board for operating within the IFSC shall provide financial services to the following categories of clients:
- i) a person not resident in India;
  - ii) a non-resident Indian;
  - iii) a financial institution resident in India who is eligible under FEMA to invest funds offshore, to the extent of outward investment permitted;

- iv) a person resident in India who is eligible under FEMA, to invest funds offshore, to the extent allowed under the Liberalized Remittance Scheme of Reserve Bank of India, subject to a minimum investment as specified by the Board from time to time:  
Provided that clients referred to in clauses (ii) to (iv) may be provided services, subject to guidelines of Reserve Bank of India.
- 2) Any intermediary permitted by the Board for operating within the IFSC shall, for the purpose of enforcing compliance with regulatory requirements, appoint a senior management person as “Designated Officer”.
- 3) In order to avail investment advisory or portfolio management services in IFSC, the client shall be:
  - i) a person resident outside India;
  - ii) a non-resident Indian;
  - iii) a financial institution resident in India who is eligible under FEMA to invest funds offshore, to the extent of outward investment permitted;
  - iv) a person resident in India having a net worth of at least US Dollar one million during the preceding financial year who is eligible under FEMA to invest funds offshore, to the extent allowed in the Liberalized Remittance Scheme of Reserve Bank of India:  
Provided that clients referred to in clauses (ii) to (iv) may be provided services, subject to guidelines of Reserve Bank of India.
- 4) A portfolio manager operating in IFSC shall be permitted to invest in the following:
  - a) Securities which are listed in IFSC;
  - b) Securities issued by companies incorporated in IFSC;
  - c) Securities issued by companies belonging to foreign jurisdiction.

## **CHAPTER IV**

### **ISSUE OF CAPITAL**

#### **Raising capital**

- 10. 1) Domestic companies intending to raise capital, in a currency other than Indian Rupee, in an IFSC shall comply with the provisions of Foreign Currency Depository Receipts Scheme, 2014 notified vide F. No. 9/1/2013-ECB by Government of India on October 21, 2014.
- 2) Companies of foreign jurisdiction, intending to raise capital, in a currency other than Indian Rupee, in an IFSC shall comply with the provisions of the Companies Act, 2013 and relevant provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as if the securities are being issued under Chapter X and XA of the said regulations, as may be applicable.

**Listing and trading.**

11. Companies, domestic or of foreign jurisdiction, may list and trade their securities as per norms specified by the Board.

## **CHAPTER V**

### **ISSUE OF DEBT SECURITIES**

**Eligible issuers**

12. 1) No issuer shall be eligible to issue debt securities, unless the following criteria are complied with:
- a) The issuer is eligible to issue debt securities as per its constitution;
  - b) The issuer should not have been debarred by any regulatory authority in its home jurisdiction or any other jurisdiction, where it is operating or has raised any capital;
  - c) The issuer or its directors should not be convicted of any economic offence in its home jurisdiction or any other jurisdiction where it is operating or has raised any capital;
  - d) Any other criteria as may be specified by the Board.

**Minimum subscription in case of private placement**

13. The minimum subscription amount in case of private placement per investor shall not be less than US Dollar hundred thousand or equivalent or such amount as may be specified by Board from time to time. Mandatory listing.
14. An issuer desirous of issuing debt securities shall make an application for listing of such debt securities to one or more stock exchanges set up in IFSC.

**General requirements**

15. The requirements such as appointment of trustee, creation of debenture redemption reserve etc. shall be as specified by the Board from time to time.

**Advertisement for public issue.**

16. Advertisement for debt issues within IFSC may be made in any print media.

**Credit rating requirement**

17. For debt issues within IFSC, the credit rating may be obtained either from a recognized credit rating agency registered with the Board or from any other credit rating agency registered in a foreign jurisdiction.

**Agreement with depository or custodian**

18. 1) An issuer of debt securities shall enter into an agreement with a depository or custodian eligible to operate in IFSC for issue of the debt securities, for the pur-



pose of holding and safekeeping of such securities and also to facilitate transfer, redemption and other corporate actions in respect of such debt securities.

- 2) Necessary disclosure regarding appointment of depository or custodian shall be made in the information memorandum:

Provided, where the issuer has a registered office or branch office in IFSC, it may service investors from such office and need not appoint depository or custodian.

### **Reporting of financial statements**

19. The issuer of debt securities in IFSC shall prepare its statement of accounts in accordance with Companies Act, 2013 as applicable in IFSC.

### **Relaxation from listing agreement**

20. The issuer shall comply with the continuous listing requirements including corporate governance and such other conditions as specified in the listing agreement, entered into between the issuer and the stock exchange where such debt securities are sought to be listed:

Provided, where the securities of the issuer are already listed on another stock exchange whether foreign or domestic, and it complies with listing agreement in respect of such securities, the Board may modify or relax certain conditions or requirements with regard to listing agreement in respect of debt securities issued under these Guidelines.

### **Trading of debt securities**

21. The debt securities listed in stock exchanges shall be traded on the platform of the stock exchange and such trades shall be cleared and settled through clearing corporation set up in IFSC as specified.

## **CHAPTER VI FUNDS**

### **Conditions on investment**

22. 1) In order to make an investment in an alternative investment fund or a mutual fund operating in IFSC, the investor shall be:

- i) a person resident outside India;
- ii) a non-resident Indian;
- iii) institutional investor resident in India who is eligible under FEMA to invest funds offshore, to the extent of outward investment permitted;
- iv) person resident in India having a net worth of at least US Dollar one million during the preceding financial year who is eligible under FEMA to invest funds offshore, to the extent allowed in the Liberalized Remittance Scheme of Reserve Bank of India:

Provided that investors referred to in clauses (ii) to (iv) may make an

- investment in an alternative investment fund or a mutual fund operating in IFSC, subject to guidelines of Reserve Bank of India.
- 2) Any alternative investment fund or mutual fund operating in IFSC shall accept money from eligible investors only in foreign currency.
  - 3) Any alternative investment fund or mutual fund operating in IFSC shall be permitted to invest in the following:
    - a) Securities which are listed in IFSC;
    - b) Securities issued by companies incorporated in IFSC;
    - c) Securities issued by companies belonging to foreign jurisdiction.
  - 4) An asset management company of a mutual fund operating in IFSC shall have a net worth of not less than USD two million which shall be increased to USD ten million within three years of commencement of business in IFSC.
  - 5) The requirements such as appointment of trustee, custodian, manager, etc., shall be as specified by the Board.
  - 6) The requirements regarding raising of funds in foreign currency such as minimum investment amount, minimum corpus of fund, disclosures, investment conditions, valuations, types of schemes, professional qualifications, etc., shall be as specified by the Board.

## **CHAPTER VII MISCELLANEOUS**

### **Maintenance of books, records and documents**

23. Every issuer, domestic company or a company of foreign jurisdiction or financial institution or intermediary, as the case may be, to whom these guidelines apply, shall maintain the books, records and documents as per the applicable regulations notified by the Board.

### **Sanction for violations**

24. Any contravention of these guidelines shall be dealt with by the Board in accordance with the securities laws.

### **Power to specify procedures, etc. and issue clarifications**

25. For the purposes of implementation of these guidelines and matters incidental thereto, or in order to facilitate and regulate financial services relating to securities market in an IFSC, the Board may specify norms, procedures, processes, manners or provide relaxations, by way of guidance notes or circulars.

### **Power to remove difficulties**

26. In order to remove any difficulties in the interpretation or application of the provisions of these guidelines, or in order to facilitate and regulate financial services relating to securities market in an IFSC, the Board shall have the power to issue clarifications through guidance notes or circulars. ■

**Additional Circulars**  
**By**  
**Securities and Exchange Board of India**  
**(SEBI)**



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भारतीय प्रतिभूति और विनियम बोर्ड  
Securities and Exchange Board of India

**CIRCULAR**

CIR/MRD/DSA/41/2016

March 17, 2016

To

**All recognised Stock Exchanges/Clearing Corporations/Depositories**

Dear Sir / Madam,

**Sub: Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015 (IFSC Guidelines) - Inclusion of Commodity Derivatives**

1. SEBI (International Financial Services Centres) Guidelines, 2015 were issued on March 27, 2015.
2. Pursuant to Section 131 of the Finance Act, 2015 and Central Government notification S.O. 2362 (E) dated August 28, 2015, all recognized associations (commodity derivatives exchanges) under the Forward Contracts (Regulation) Act, 1952 ('FCRA') are deemed to be recognized stock exchanges under the Securities Contracts (Regulation) Act, 1956 ('SCRA').
3. Section 133 of the Finance Act, 2015 had amended Securities Contracts (Regulation) Act, 1956 to include "Commodity Derivatives" as securities. Further, the sub-clause (vi) of Clause 7 of IFSC Guidelines, 2015 provides that "Such other securities as may be specified by the Board". Accordingly, it is hereby specified that the "Commodity Derivatives" shall be eligible as securities for trading and the stock exchanges operating in IFSC may permit dealing in Commodity Derivatives.
4. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully,

**Bithin Mahanta**  
**Deputy General Manager**  
Email: bithinm@sebi.gov.in



भारतीय प्रतिभूति और विनिमय बोर्ड  
Securities and Exchange Board of India

**CIRCULAR**

SEBI/HO/MRD/DSA/CIR/P/2016/125

November 28, 2016

All Stock Exchanges and Clearing Corporations in International  
Financial Services Centre

Dear Sir/Madam

**Guidelines for functioning of Stock Exchanges and Clearing Corporations in  
International Financial Services Centre (IFSC)**

1. Pursuant to announcement in the Union Budget 2015-16 on Gujarat International Finance Tec-City (GIFT), SEBI (International Financial Services Centre) Guidelines, 2015 ('IFSC Guidelines') were issued on March 27, 2015 for facilitating and regulating financial services relating to securities market in an IFSC set up under section 18(1) of Special Economic Zones Act, 2005.

2. Based on representations received from the market participants on the proposed market structure and risk management framework and subsequent to deliberations in Secondary Market Advisory Committee (SMAC) and Risk Management Review Committee (RMRC), it has been decided to put in place the broad framework for functioning of stock exchanges and clearing corporations in IFSC as under:

**2.1. Market Structure:** There shall be a single market structure to achieve synergies in terms of various operations and to facilitate ease of doing business.

**2.2. Trading Hours and Settlement:** The trading hours for all product categories shall be as decided by the stock exchanges in IFSC based on cost-benefit analysis, but not exceeding 23 hours and 30 minutes in a day and settlement shall be done at least twice a day. The stock exchanges and clearing corporations in IFSC shall ensure that the risk management system and infrastructure are commensurate to the trading hours at all

times.

**2.3.Product Category:** All categories of exchange-traded products as available for trading in stock exchanges in FATF/IOSCO compliant jurisdictions shall be eligible for trading, subject to prior approval of SEBI. However, with respect to commodity derivatives, only non-agri commodity derivatives shall be eligible for trading.

**2.4.Position Limits:** Stock exchanges in IFSC shall evolve a detailed framework for the applicable position limits for each product to be traded.

**2.5.Trading in Rupee denominated bonds issued overseas (Masala Bonds):** Masala Bonds shall be eligible for trading in stock exchanges in IFSC, provided such bonds are listed on stock exchanges in FATF/IOSCO compliant jurisdictions.

**2.6.Risk Management Framework:** Prior to commencement of their operations, stock exchanges in IFSC shall tie-up with Clearing Corporations for clearing and settlement of their trades. The Clearing Corporations desirous of providing clearing and settlement services in IFSC shall evolve a robust risk management framework in line with the CPMI IOSCO Principles for Financial Market Infrastructures (PFMIs), in addition to adherence to the following:

**2.6.1. Margining framework:** Clearing Corporations in IFSC shall evolve a margining framework based on the best practices prevailing in the Clearing Corporations globally. However, Clearing Corporations shall be required to conduct stress tests, reverse stress tests, back testing, liquidity stress testing, etc. to ensure the robustness of risk management framework. Further, Clearing Corporations shall ensure that the margining framework is compliant with CPMI IOSCO PFMIs at all times.

**2.6.2. Ring-fencing:** Any Indian recognized stock exchange or clearing corporation forming a clearing corporation in IFSC shall take into consideration the following:

- a) Clearing Corporations at IFSC shall be ring fenced down to the lowest level and their functions shall be limited only to clearing and settlement, and risk management.
- b) The capital of clearing corporations in IFSC shall not form part of the net worth of their holding companies. Additionally, holding companies shall not be allowed to extend any financial help to Clearing Corporations operating in IFSC, if such Clearing Corporations become financially distressed.

2.6.3. **Eligible collateral:** Clearing corporations in IFSC shall be permitted to accept cash and cash equivalents (which shall include major foreign currencies as may be decided by the clearing corporation from time to time and term deposit receipts issued by bank branches located in IFSC), Indian securities held with foreign depositories, foreign securities including units of liquid mutual funds and gold, as eligible collateral for trades in all product categories. However, cash and cash equivalents shall form at least 50% of the total liquid assets at all times.

2.6.4. **Fund to guarantee settlement of trades:** Clearing corporations in IFSC shall establish and maintain a Fund to guarantee the settlement of trades executed in the stock exchanges in IFSC. To begin with, such Fund shall have a corpus equivalent to at least 10% of the net worth of the clearing corporation. Clearing corporations shall evolve a detailed framework for the Fund, subject to approval of SEBI.

2.7. **Dispute Resolution Mechanism:** Market participants shall avail the arbitration, mediation and other dispute resolution mechanisms offered by International Arbitration Centre in IFSC to resolve securities market-related disputes.

2.8. **Business Continuity Plan (BCP) and Disaster Recovery (DR):** The Disaster Recovery Site (DRS) shall be set up sufficiently away, i.e. in a different seismic zone, from Primary Data Centre (PDC) to ensure that both DRS and PDC are not affected by the same disasters. Stock exchanges and clearing corporations in IFSC shall take adequate steps in a time-bound manner to comply with all the other provisions of SEBI

circulars on Business Continuity Plan (BCP) and Disaster Recovery (DR) viz. SEBI circular no. CIR/MRD/DMS/12/2012 dated April 13, 2012 and circular no. CIR/MRD/DMS/17/2012 dated June 22, 2012.

3. The stock exchanges and clearing corporations in IFSC shall abide by all the Rules/Regulations/Circulars/Guidelines issued by SEBI from time to time.

4. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully

Bithin Mahanta  
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# भारतीय प्रतिभूति और विनियम बोर्ड Securities and Exchange Board of India

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## CIRCULAR

IMD/HO/FPIC/CIR/P/ 2017/ 003  
January 04, 2017

To,

1. All Stock Exchanges and Clearing Corporations in International Financial Services Centre (IFSC)
2. All Foreign Portfolio Investors ("FPIs") through their Designated Depository Participants ("DDPs")/ Custodian of Securities ("Custodians").
3. All DDPs/ Custodian of Securities.
4. The Depositories (NSDL and CDSL)

Sir/ Madam,

**SUBJECT: Guidelines for participation/functioning of Eligible Foreign Investors (EFIs) and FPIs in International Financial Services Centre (IFSC).**

- 1) Pursuant to announcement made in the Union Budget 2015-16 on Gujarat International Finance Tec-City (GIFT), SEBI, in consultation with stakeholders, is in process of laying down requisite regulatory framework for facilitating and regulating financial services relating to securities market in an International Financial Services Centre (IFSC). Accordingly, SEBI issued IFSC Guidelines, 2015 on March 27, 2015 and also issued further guidelines for functioning of Stock Exchanges and Clearing Corporations in IFSC on November 28, 2016.
- 2) Based on consultations held with the stakeholders on the proposed regulatory framework on participation of Eligible Foreign Investors (EFIs), in partial modification to SEBI (IFSC) Guidelines, 2015, it has been decided as follows:
  - a. SEBI registered FPIs ("FPIs"), proposing to operate in IFSC, shall be permitted, without undergoing any additional documentation and/or prior approval process.
  - b. In case of participation of FPIs in IFSC, a trading member of the recognized stock exchange in IFSC, may rely upon the due diligence process already carried out by a SEBI registered intermediary during the course of registration and account opening process in India.



# भारतीय प्रतिभूति और विनियम बोर्ड Securities and Exchange Board of India

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- c. In case of participation of an EFI, not registered with SEBI as an FPI, but desirous of operating in IFSC, a trading member of the recognized stock exchange in IFSC, may rely upon the due diligence carried out by a bank, which is permitted by RBI to operate in IFSC, during the account opening process of EFI.
  - d. FPIs, who presently operate in Indian securities market and propose to operate in IFSC also, shall be required to ensure clear segregation of funds and securities. Custodians shall, in turn, monitor compliance of this provision for their respective FPI clients. Such FPIs shall keep their respective custodians informed about their participation in IFSC.
  - e. Recognised stock exchange in IFSC shall maintain, at all times, the necessary details of EFIs, which may be called upon by SEBI/RBI or any other authority of law.
  - f. EFIs shall abide by all the applicable Indian laws viz. Rules/Regulations/Circulars/Guidelines etc. in IFSC issued by the Government of India/RBI/SEBI or any other authority of law, from time to time.
  - g. It has now been decided to delete the words “a foreign portfolio investor,” in the definition of the term “intermediary” in clause (g) of Guideline 2 (1) of the SEBI (IFSC) Guidelines. Accordingly, the Guidelines stand amended.
- 3) This circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
- 4) A copy of this circular is available at the links “Legal Framework→Circulars” and “Info for →F.P.I” on our website [www.sebi.gov.in](http://www.sebi.gov.in). The DDPs/Custodians are requested to bring the contents of this circular to the notice of their FPI clients.

Yours faithfully,

**ACHAL SINGH,**  
**Deputy General Manager**  
**Tel No.: 022-26449619**  
**Email: [achals@sebi.gov.in](mailto:achals@sebi.gov.in)**



**CIRCULAR**

SEBI/HO/MRD/DRMNP/CIR/P/2017/31

April 13, 2017

All recognized Stock Exchanges and Clearing Corporations in  
International Financial Services Centres

Dear Sir/Madam

**Inclusion of “Derivatives on Equity shares” - IFSC**

Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015 were notified by SEBI on March 27, 2015, which came into force on April 01, 2015.

2. Clause 7 of SEBI (IFSC) Guidelines, 2015 specifies the types of securities in which dealing may be permitted by stock exchanges operating in IFSC. Based on the recommendations of the Risk Management Review Committee of SEBI, it has been decided to specify “Derivatives on equity shares of a company incorporated in India” (hereinafter referred to as ‘Derivatives on equity shares’) as permissible security under sub-clause (vi) of Clause 7 of SEBI (IFSC) Guidelines, 2015. Accordingly, the recognized stock exchanges operating in IFSC may permit dealing in ‘Derivatives on equity shares’, subject to prior approval of SEBI.

3. SEBI registered Foreign Portfolio Investors (FPIs), operating in IFSC, in terms of SEBI Circular IMD/HO/FPIC/CIR/P/2017/003 dated January 04, 2017, and eligible entities which are incorporated and operating in IFSC shall be eligible to trade in ‘derivatives on equity shares’.

4. The applicable position limits for eligible participants shall be as stipulated vide SEBI circulars SMDRP/DC/CIR-10/01 dated November 02, 2001, DNPDCir-30-2006 dated January 20, 2006 and SEBI/HO/MRD/DP/CIR/P/2016/143 dated December 27, 2016.

5. The Market Wide Position Limit (MWPL) for ‘derivatives on equity shares’ shall be equal to ten percent of the number of shares held by non-promoters in the relevant underlying security (i.e. free-float holding). Further, the MWPL for ‘derivatives on equity shares’ in recognized stock exchanges in IFSC shall be reckoned separately from that in recognized stock exchanges in domestic market and the MWPL (in value terms), in no circumstances, shall exceed the fifty percent of the MWPL (in value terms) in recognized stock exchanges in domestic market.



6. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully

(Sanjay Purao)  
Deputy General Manager  
Division of Risk Management and New Products  
Market Regulation Department  
**Email:** sanjayp@sebi.gov.in



**भारतीय प्रतिभूति और विनिमय बोर्ड**  
**Securities and Exchange Board of India**

**CIRCULAR**

SEBI/HO/MRD/DSA/CIR/P/2017/ 34

April 27, 2017

1. All Stock Exchanges and Clearing Corporations in International Financial Services Centre (IFSC)
2. All IFSC Banking Units (IBUs) in International Financial Services Centre

Dear Sir / Madam

**Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015 - IFSC Banking Units (IBUs) acting as Trading Member or Professional Clearing Member on stock exchanges/clearing corporations in IFSC**

Please refer to SEBI (International Financial Services Centres) Guidelines, 2015 which were notified by SEBI on March 27, 2015.

2. Clause 8 of SEBI (IFSC) Guidelines, 2015 provides that "Any recognised entity or entities desirous of operating in IFSC as an intermediary, may form a company to provide such financial services relating to securities market, as permitted by the Board".
3. Based on the representations received from the market participants and Reserve Bank of India (RBI) circular dated April 10, 2017, it is clarified that an IFSC Banking Unit (IBU) set up in IFSC shall be permitted to act as a Trading Member of an exchange or a Professional Clearing Member of a clearing corporation in IFSC, without forming a separate company, subject to the conditions mentioned in the aforesaid RBI circular.
4. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully,

**Bithin Mahanta**  
**Deputy General Manager**  
**Email: bithinm@sebi.gov.in**



**CIRCULAR**

SEBI/HO/MRD/DRMNP/CIR/P/2017/43

May 17, 2017

All recognized Stock Exchanges and Clearing Corporations in International Financial Services Centres

Dear Sir/Madam

**Position limits for cross-currency futures and options contracts (not involving Indian Rupee) on exchanges in International Financial Services Centres (IFSC)**

Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015 were notified on March 27, 2015, which came into force on April 01, 2015 wherein currency derivatives were specified as permissible securities in which dealing may be permitted by stock exchanges in IFSC.

2. It has been decided that for cross-currency futures and options contracts (not involving Indian Rupee), the position limits for eligible market participants, per currency pair per stock exchange, shall be as follows:

- a) **Trading Members (positions on proprietary basis as well as clients' position)** - Gross open position across all contracts not to exceed 15% of the total open interest or USD 1 billion equivalent, whichever is higher
- b) **Institutional Investors** - Gross open position across all contracts not to exceed 15% of the total open interest or USD 1 billion equivalent, whichever is higher
- c) **Eligible Foreign Investors (as referred to in SEBI Circular IMD/HO/FPIC/CIR/P/2017/003 dated January 04, 2017)** – Gross open position across all contracts not to exceed 15% of the total open interest or USD 1 billion equivalent, whichever is higher
- d) **Other Clients** – Gross open position across all contracts not to exceed 6% of the total open interest or USD 100 million equivalent, whichever is higher.

3. Stock exchanges shall impose appropriate penalties for violation of position limits by eligible market participants.

4. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully

(Sanjay Purao)  
Deputy General Manager  
Division of Risk Management and New Products  
Market Regulation Department  
**Email:** [sanjayp@sebi.gov.in](mailto:sanjayp@sebi.gov.in)



भारतीय प्रतिभूति और विनिमय बोर्ड  
Securities and Exchange Board of India

**CIRCULAR**

SEBI/HO/MRD/ DSA/CIR/P/2017/ 45

May 23, 2017

1. All Stock Exchanges in International Financial Services Centre (IFSC)
2. All Portfolio Managers operating in IFSC
3. All Mutual Funds and Alternate Investment Funds operating in IFSC

Dear Sir / Madam,

**Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015 - Permissible investments by Portfolio Managers, Alternate Investment Funds and Mutual Funds operating in IFSC**

Kindly refer to SEBI (IFSC) Guidelines, 2015 which were notified by SEBI on March 27, 2015.

2. Clause 9 (4) and Clause 22 (3) of SEBI (IFSC) Guidelines, 2015 specify the securities in which portfolio managers and alternative investment fund or mutual fund respectively, operating in IFSC are permitted to invest in. Based on the consultations held with the stakeholders, it has been decided to amend Clauses 9 (4) and 22 (3) of the Guidelines. The amended Clauses shall read as follows:

- A. Clause 9 (4) of SEBI (IFSC) Guidelines, 2015 is amended to read as follows:

"A portfolio manager operating in IFSC shall be permitted to invest in the following:

- a) Securities which are listed in IFSC;
- b) Securities issued by companies incorporated in IFSC;
- c) Securities issued by companies incorporated in India or companies belonging to foreign jurisdiction.

subject to such conditions or guidelines that may be stipulated or issued by the Reserve Bank of India and Government of India from time to time "

- B. Clause 22 (3) of SEBI (IFSC) Guidelines, 2015 is amended to read as follows:

"Any alternative investment fund or mutual fund operating in IFSC shall be permitted to invest in the following:

- a) Securities which are listed in IFSC;
- b) Securities issued by companies incorporated in IFSC;
- c) Securities issued by companies incorporated in India or companies belonging to foreign jurisdiction.

subject to such conditions or guidelines that may be stipulated or issued by the Reserve Bank of India and Government of India from time to time"

- 3. Further, it is clarified that such portfolio manager, alternative investment fund or mutual fund shall invest in India through the foreign portfolio investor route.
- 4. This circular is issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market. This circular is available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in).

Yours faithfully,

**Bithin Mahanta**  
**Deputy General Manager**  
**Ph: +912226449634**  
**Email: [bithinm@sebi.gov.in](mailto:bithinm@sebi.gov.in)**



भारतीय प्रतिभूति और विनिमय बोर्ड  
Securities and Exchange Board of India

**CIRCULAR**

SEBI/HO/CIR/P/2017/79

July 11, 2017

To,

1. All Stock Exchanges and Clearing Corporations in International Financial Services Centre (IFSC)
2. All Foreign Portfolio Investors ('FPIs') through their Designated Depository Participants ('DDPs')/ Custodian of Securities ('Custodians')
3. All DDPs/ Custodians
4. All Depositories
5. All Trading Members

Sir / Madam

**Guidelines for participation/functioning of Eligible Foreign Investors (EFIs) and FPIs in IFSC - Amendment**

1. Kindly refer to the SEBI circular IMD/HO/FPIC/CIR/P/2017/003 dated January 04, 2017 on the captioned subject.
2. Based on the discussions with various market participants, it has been decided to replace Clause 2 c) of the aforesaid circular with the following:

*"In case of participation of an EFI, not registered with SEBI as an FPI, but desirous of operating in IFSC, a trading member of the recognized stock exchange in IFSC may carry out the due diligence on its own or it may rely upon the due diligence carried out by a bank, which is permitted by RBI to operate in IFSC, during the account opening process of an EFI".*

3. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully

**Bithin Mahanta**



CIRCULAR

SEBI/HO/CIR/P/2017/85

July 27, 2017

To,

1. All Recognised Stock Exchanges/Clearing Corporations in International Financial Services Centre (IFSC)
2. All Recognised Stock Exchanges, Clearing Corporations and Depositories
3. All Registered Intermediaries

Dear Sir / Madam,

**Subject: Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015 – Amendments**

1. Kindly refer to SEBI (IFSC) Guidelines, 2015 notified by SEBI on March 27, 2015.
2. In order to further streamline the operations at IFSC, based on the internal discussions and consultations held with the stakeholders, it has been decided to amend provisions of the aforesaid guidelines, which are as follows:

**2.1. Eligibility and Shareholding in Stock Exchanges, Clearing Corporations and Depositories**

Clauses 4 (1), (2) and (3) of SEBI (IFSC) Guidelines, 2015 which specify the eligibility and shareholding limit for stock exchanges, clearing corporations and depositories desirous of operating in IFSC are being replaced as follows:

***“4. (1) Eligibility and shareholding limit for stock exchanges desirous of operating in IFSC: Any Indian recognised stock exchange or any recognised stock exchange of a foreign jurisdiction shall form a subsidiary to provide the services of stock exchange in IFSC wherein at least fifty one per cent. of paid up equity share capital shall be held by such stock exchange and the remaining share capital shall be held by the following:***

- i) any other stock exchange,
  - ii) a depository,
  - iii) a banking company,
  - iv) an insurance company,
  - v) commodity derivatives exchange,
- whether Indian or of foreign jurisdiction and*
- vi) a public financial institution of Indian jurisdiction,
- provided that any one of the aforesaid entities may acquire or hold, either directly or indirectly, either individually or together with persons acting in*



concert, upto fifteen per cent of the paid up equity share capital of such stock exchange.

**(2) Eligibility and shareholding limit for clearing corporations desirous of operating in IFSC:** Any Indian recognised stock exchange or clearing corporation, or, any recognized stock exchange or clearing corporation of a foreign jurisdiction shall form a subsidiary to provide the services of clearing corporation in IFSC wherein at least fifty one per cent of paid up equity share capital shall be held by such stock exchange or clearing corporation, and the remaining share capital shall be held by the following:

- i) any other stock exchange,
  - ii) a clearing corporation,
  - iii) a depository,
  - iv) a banking company,
  - v) an insurance company,
- whether Indian or of foreign jurisdiction and
- vi) a public financial institution of Indian jurisdiction,

provided that any one of the aforesaid entities may acquire or hold, either directly or indirectly, either individually or together with persons acting in concert, upto fifteen per cent. of the paid up equity share capital of such clearing corporation.

**(3) (a) Eligibility and shareholding limit for foreign depositories desirous of operating in IFSC:** Any regulated depository of a foreign jurisdiction shall form a subsidiary to provide the depository services in IFSC where atleast fifty one per cent of paid up equity share capital is held by such depository and remaining shares may be offered to any other registered depository or recognised stock exchange or clearing corporation, whether Indian or of foreign jurisdiction.

**(b) Setting up of IFSC Depositories Services by Indian registered depositories:** Any Indian registered depository may set up a branch – IFSC Depository Services (IDS) at IFSC. The interested depositories shall be required to obtain prior approval of the Board for setting up an IDS. Such Indian depository shall be required to ring fence its domestic operations, financially, operationally and technologically, from its operations at IFSC.”

## **2.2. Governance of Stock Exchanges**

As per Clause 6 (4) of SEBI (IFSC) Guidelines which stipulates the governance structure of depositories, stock exchanges and clearing corporations is hereby amended to read as follows:

“Provisions of Chapter IIA of Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 and Chapter V of Securities Contracts (Regulation) (Stock Exchanges And Clearing Corporations)

*Regulations 2012 shall not apply to depositories, stock exchanges, clearing corporations in IFSC, as the case may be:*

*Provided that depositories, stock exchanges, clearing corporations operating in IFSC shall adopt the broader principles of governance prescribed by International Organization of Securities Commissions (IOSCO) and Principles for Financial Market Infrastructures (PFMIs) and such other governance norms as may be specified by the Board, from time to time. Further, the parent depository/stock exchange/clearing corporation shall be responsible for the governance of such depository, stock exchange and clearing corporation in IFSC at all times.”*

### **2.3. Intermediaries in IFSC**

Clause 8 of SEBI IFSC Guidelines which specifies that any recognised entity or entities desirous of operating in IFSC as an intermediary, may form a company to provide such financial services relating to securities market has been amended as follows:

*“8. (1) Any SEBI-registered intermediary (except trading member or clearing member) or its international associates in collaboration with such SEBI-registered intermediary may provide financial services relating to securities market, in IFSC, without forming a separate company, subject to the prior approval of the Board.*

*(2) Trading members and clearing members desirous of operating in IFSC as an intermediary, shall form a company to provide such financial services relating to securities market, as permitted by the Board.”*

3. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of and to regulate the securities market.

Yours faithfully,

**Bithin Mahanta**  
**Deputy General Manager**  
**Market Regulation Department**  
**Email: bithinm@sebi.gov.in**

## Products accorded approval by SEBI for trading in stock exchanges in GIFT City IFSC



भारतीय प्रतिभूति और विनियम बोर्ड  
Securities and Exchange Board of India

प्रेस विज्ञप्ति  
PRESS RELEASE

संपर्क प्रभाग, सेबी भवन, बांद्रा कुर्ला कॉम्प्लेक्स, बांद्रा (पूर्व), मुंबई - 400 051  
Communications Division, SEBI Bhavan, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051  
दूरभाष / Tel: +91-22-26449000 ईमेल / email: press@sebi.gov.in वेबसाइट / website: www.sebi.gov.in

Aug 03, 2017

PR No.: 50/2017

**Products accorded approval by SEBI for trading in stock exchanges in GIFT City IFSC**

Gujarat International Finance Tec-City International Financial Service Centre (GIFT City IFSC) has been set up with an objective to, inter alia, enable Indian entities to compete on an equal footing with offshore financial centres and to provide facilities and regulations comparable to other leading international financial centres in the world.

SEBI had already operationalized two stock exchanges, viz. India INX and NSE IFSC in GIFT City IFSC and advised that all categories of exchange-traded products as available for trading in stock exchanges in FATF/IOSCO compliant jurisdictions shall be eligible for trading subject to prior approval of SEBI. SEBI has now accorded approval to India INX and NSE IFSC to launch derivatives on additional 33 and 52 Indian stocks, respectively.

With the above, India INX and NSE IFSC have been permitted to offer trading in a well-diversified range of products spanning various asset classes which include Indian index derivatives, derivatives on Indian stocks, derivatives on foreign stocks, currency derivatives and commodity futures on Gold, Silver and base metals as given below:

**1. India INX**

- Index Derivatives (Futures and Options) on S&P BSE SENSEX and S&P BSE SENSEX 50
- Derivatives (Futures and Options) on Indian stocks
- Futures on Foreign Stocks
- Derivatives (Futures and Options) on currency pairs (not involving Indian Rupee)
- Commodity Futures on Gold, Silver, Copper, Zinc, Aluminium, Lead and Nickel

**2. NSE IFSC**

- Index Derivatives (Futures and Options) on NIFTY, BANKNIFTY and NIFTY IT
- Derivatives (Futures and Options) on Indian stocks
- Derivatives on Foreign stocks
- Derivatives (Futures and Options) on currency pairs (not involving Indian Rupee)
- Commodity Futures on Gold, Silver, Copper, Zinc, Aluminium, Lead and Nickel



भारतीयप्रतिभूतिऔरविनिमयबोर्ड  
Securities and Exchange Board of India

## CIRCULAR

SEBI/HO/MRD/DSA/CIR/P/2017/95

August 10, 2017

To,

**All recognised Stock Exchanges/ Clearing Corporations in International Financial Services Centre (IFSC)**  
**All recognised Stock Exchanges/ Clearing Corporations**  
**All Registered Intermediaries**

Dear Sir/Madam,

**Sub: Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015-Liquidity Enhancement Scheme.**

1. SEBI vide circular CIR/MRD/DP/14/2014 dated April 23, 2014 permitted stock exchanges to introduce liquidity enhancement schemes in the equity derivatives and equity cash segments to enhance liquidity in illiquid securities.
2. Clause 5 of the SEBI circular dated April 23, 2014 prescribes that the incentives under liquidity enhancement schemes shall be transparent and measurable.
3. Based on the internal discussions and consultations held with the stakeholders and given the fact that the stock exchanges at GIFT IFSC are in a nascent stage and do not have access to net profits/free reserves, it has been decided to grant an exemption to stock exchanges at IFSC from complying with clause 5.1 and 5.2 of SEBI circular dated April 23, 2014 subject to the condition that the exchange would create a reserve specifically to meet Liquidity Enhancement Schemes (LES) incentives/expenses based on the normative study of the LES in the domestic market and such reserves would not be included in the net worth calculation.

4. Further, based on the aforesaid normative study, stock exchanges at IFSC shall furnish proposal for approval.
5. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of and to regulate the securities market.
6. Other contents of the SEBI Circular No: CIR/MRD/DP/14/2014 dated April 23, 2014 will remain operative.
7. This circular is available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in).

Yours faithfully,

**Bithin Mahanta**  
**Deputy General Manager**  
**Email: [bithinm@sebi.gov.in](mailto:bithinm@sebi.gov.in)**



**CIRCULAR**

SEBI/HO/MRD/DRMNP/CIR/P/2017/97

August 31, 2017

All recognized Stock Exchanges and Clearing Corporations in  
International Financial Services Centres

Dear Sir/Madam

**Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015 – Amendments**

Kindly refer to SEBI (IFSC) Guidelines, 2015 notified by SEBI on March 27, 2015 and various amendments made thereto from time to time.

2. In order to further streamline the operations at IFSC, based on the internal discussions and consultations held with the stakeholders, it has been decided to amend provisions of the aforesaid guidelines as follows:

**2.1. Credit rating requirement**

Guideline 17 of SEBI (IFSC) Guidelines, 2015 is being amended to read as follows:

*17. For debt securities listed on stock exchanges in IFSC, the credit rating shall be obtained either from a credit rating agency registered with the Board or from any other credit rating agency registered in a Financial Action Task Force (FATF) member jurisdiction.*

**2.2. Agreement with depository or custodian**

Guideline 18 of SEBI (IFSC) Guidelines, 2015 is being amended to read as follows:

*18. (1) An issuer of debt securities shall enter into an agreement with a depository or custodian, registered in a Financial Action Task Force (FATF) member jurisdiction, for issue of the debt securities, for the purpose of holding and*

*safekeeping of such securities and also to facilitate transfer, redemption and other corporate actions in respect of such debt securities.*

*(2) Necessary disclosures regarding appointment of depository or custodian shall be made in the information memorandum.*

### **2.3. Reporting of Financial Statements**

Guideline 19 of SEBI (IFSC) Guidelines, 2015 is being amended to read as follows:

*19. The entities issuing and/or listing their debt securities in IFSC shall prepare their statement of accounts in accordance with IFRS/US GAAP or accounting standards as applicable to them in their place of incorporation. In case an entity does not prepare its statement of accounts in accordance with IFRS/US GAAP, a quantitative summary of significant differences between national accounting standards and IFRS shall be prepared by such entity and incorporated in the relevant disclosure documents to be filed with the exchange.*

3. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully

Sanjay Purao  
General Manager  
Division of Risk Management and New Products  
Market Regulation Department  
**Email:** sanjayp@sebi.gov.in



**CIRCULAR**

SEBI/HO/MRD/DRMNP/CIR/P/2017/96

August 31, 2017

All recognized Stock Exchanges and Clearing Corporations in  
International Financial Services Centres

Dear Sir/Madam

**Issuance, listing and trading of debt securities on exchanges in International Financial Services Centres (IFSC)**

In continuation of guidelines on debt securities contained in Chapter V 'Issue of Debt Securities' of SEBI (IFSC) Guidelines, 2015 and based on the representations received from stock exchanges and market participants in IFSC, it has been decided that for issuing debt securities in IFSC, stock exchanges shall evolve a detailed framework prescribing

- a) the eligibility criteria for the issuers, and
- b) the issue requirements to be complied with by such eligible issuers for issuing debt securities in IFSC.

The above framework, and the subsequent changes made thereto, if any, shall be submitted to SEBI for approval.

2. **Listing:** In addition to the mandatory listing of debt securities that are issued in IFSC, it has also been decided to permit listing of those debt securities on stock exchanges in IFSC, which are issued outside IFSC. However, listing of only those debt securities shall be permitted which are issued in, and by issuers resident in Financial Action Task Force (FATF) member jurisdictions. The issuer of debt securities shall enter into a listing agreement with the stock exchange(s) where such securities are intended to be listed.

Further, it has been decided that the stock exchanges in IFSC shall evolve a detailed framework prescribing the initial and continuous listing requirements including corporate governance to be complied with by the issuers whose securities are listed/proposed to be



listed on stock exchanges in IFSC. Stock exchanges shall submit the listing framework, and the subsequent changes made thereto, if any, to SEBI for approval.

3. **Trading:** Guideline 21 of SEBI (IFSC) Guidelines, 2015 provides that the debt securities listed in stock exchanges shall be traded on the platform of the stock exchange and such trades shall be cleared and settled through clearing corporation set up in IFSC as specified. It has now been decided to permit over the counter trading of debt securities in IFSC subject to clearing and settlement through clearing corporations in IFSC. It is advised that all OTC trades in debt securities shall be reported on the reporting platform of any one of the recognized stock exchanges in IFSC within 15 minutes of the trade. To ensure that the data is not duplicated, the trades shall be reported on reporting platform of one of the stock exchanges only. The reporting for a trade must be done by the buyer and the seller on the same platform to ensure matching of both sides of the trades.

Clearing Corporations shall submit the clearing and settlement framework, and the subsequent changes made thereto, for debt securities to SEBI for approval.

4. 'Person resident in India' shall not invest or trade in Rupee denominated bonds issued and/or listed in IFSC, except to the extent as permitted by Reserve Bank of India. Further, 'Person resident in India' shall also not invest or trade in other debt securities, issued and/or listed in IFSC, by Indian entities.

5. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully

Sanjay Purao  
General Manager  
Division of Risk Management and New Products  
Market Regulation Department  
**Email:** sanjayp@sebi.gov.in



भारतीय प्रतिभूति और विनिमय बोर्ड  
Securities and Exchange Board of India

**CIRCULAR**

SEBI/HO/MRD/DSA/CIR/P/2017/103

September 21, 2017

All recognised Stock Exchanges and Clearing Corporations in International Financial Services Centre (IFSC)

All recognised Stock Exchanges/ Clearing Corporations

All registered intermediaries

Dear Sir/Madam

**Clarification to SEBI (IFSC) Guidelines, 2015 - Liquidity Enhancement Scheme (LES) Circular**

SEBI vide circular SEBI/HO/MRD/DSA/CIR/P/2017/95 dated August 10, 2017 has granted exemption to stock exchanges at IFSC from complying with clauses 5.1 and 5.2 of SEBI circular dated April 23, 2014 subject to certain conditions.

2. Based on discussions held with the stakeholders, it is clarified that the exemption granted to stock exchanges at IFSC for the introduction of LES shall be applicable to all the products traded in IFSC.
3. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of and to regulate the securities market.

Yours faithfully

Bithin Mahanta  
Deputy General Manager  
Market Regulation Department  
**Email:** bithinm@sebi.gov.in



**CIRCULAR**

**SEBI/HO/CDMRD/DMP/CIR/P/2017/106**

**September 26, 2017**

- 1. All Recognized Stock Exchanges in International Financial Services Centre (IFSC)**
- 2. All Foreign Portfolio Investors (FPIs) through their Designated Depository Participants (DDPs)/ Custodian of Securities (Custodians)**
- 3. All DDPs/ Custodians**

Dear Sir / Madam,

**Sub.: Participation of Foreign Portfolio Investors (FPIs) in Commodity Derivatives in IFSC**

1. [SEBI \(International Financial Services Centres\) Guidelines, 2015](#) were issued on March 27, 2015. Subsequently, vide circular [CIR/MRD/DSA/41/2016](#) dated March 17, 2016, SEBI has specified that 'Commodity Derivatives' shall be eligible as securities for trading and the stock exchanges operating in IFSC may permit dealing in commodity derivatives.
2. In this regard, based on the representations received from the exchanges operating in IFSC and after consultations with Government of India and RBI, it has been decided that FPIs shall be permitted to participate in commodity derivatives contracts traded in stock exchanges in IFSC subject to following conditions:-
  - 2.1. The participation would be limited to the derivatives contracts in non-agricultural commodities only.
  - 2.2. Contracts would be cash settled on the settlement price determined on overseas exchanges.
  - 2.3. All the transactions shall be denominated in foreign currency only.
3. The provisions of this circular shall come into effect from the date of this Circular.
4. The Exchanges are advised to:



**भारतीय प्रतिभूति और विनियम बोर्ड**  
**Securities and Exchange Board of India**

- i. take steps to make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the same.
  - ii. bring the provisions of this circular to the notice of the members of the Exchange and also to disseminate the same on their website.
5. This circular is issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
6. This circular is available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in) under the category "Circulars", "Info for Commodity Derivatives"

Yours faithfully,

**Vikas Sukhwai**  
**Deputy General Manager**  
**Division of Market Policy**  
**Commodity Derivatives Market Regulation Department**  
**Email: [vikass@sebi.gov.in](mailto:vikass@sebi.gov.in)**



**CIRCULAR**

SEBI/HO/MRD/DSA/CIR/P/2017/117

October 17, 2017

1. All recognised Stock Exchanges/Clearing Corporations in International Financial Services Centre (IFSC)
2. All recognised Stock Exchanges and Clearing Corporations
3. All Registered Intermediaries

Dear Sir/Madam

**Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015 – Amendments**

Kindly refer to SEBI (IFSC) Guidelines, 2015 notified by SEBI on March 27, 2015 and SEBI Circular SEBI/HO/CIR/P/2017/85 dated July 27, 2017 amending these guidelines.

2. In order to further streamline the operations at IFSC, based on the internal discussions and consultations held with the stakeholders, it has been decided to further amend Guideline 8(2) which shall now read as follows: :

*“8 (2) Any entity based in India or in a foreign jurisdiction may form a company in IFSC to act as a trading member of a stock exchange and/or a clearing member of a clearing corporation in IFSC.”*

3. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of and to regulate the securities market.

Yours faithfully

Bithin Mahanta  
Deputy General Manager  
Market Regulation Department  
**Email:**bithinm@sebi.gov.in



भारतीय प्रतिभूति और विनिमय बोर्ड  
Securities and Exchange Board of India

**CIRCULAR**

SEBI/HO/MRD/DRMNP/CIR/P/2017/120

November 14, 2017

All recognized Stock Exchanges and Clearing Corporations in International Financial Services Centres

Dear Sir/Madam

**Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015 – Amendments**

Kindly refer to SEBI (IFSC) Guidelines, 2015 notified by SEBI on March 27, 2015 and various amendments made thereto from time to time.

2. Based on the consultations held with the stakeholders, it has been decided to amend the definition of 'issuer' as given in Clause 2 (1) (i) which shall now read as follows:

*"issuer" shall mean*

- (i) any entity incorporated in India seeking to raise capital in foreign currency other than Indian rupee which has obtained requisite approval under Foreign Exchange Management Act, 1999 (FEMA) or exchange control regulations as may be applicable; or*
- (ii) an entity incorporated in a foreign jurisdiction, provided such entity is permitted to issue securities outside the country of its incorporation or establishment or place of business as per the laws and regulations of its country of incorporation, jurisdiction or its constitution, or*
- (iii) any supranational, multilateral or statutory organization/institution/agency provided such organization/institution/agency is permitted to issue securities as per its constitution.*

3. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully

(Susanta Kumar Das)  
Deputy General Manager  
Market Regulation Department  
**Email:** susantad@sebi.gov.in

## **CIRCULAR**

CIR/MRD/DRMNP/41 /2018

February 20, 2018

To  
All recognized Clearing Corporations in International  
Financial Services Centre

Dear Sir / Madam,

**Sub: Acceptance of Bank Guarantees by Clearing Corporations in International  
Financial Services Centre (IFSC)**

- 1) SEBI vide circular no. SEBI/HO/MRD/DSA/CIR/P/2016/125 dated November 28, 2016, specified the guidelines for functioning of Stock Exchanges and Clearing Corporations in IFSC.
- 2) Based on the feedback received from the clearing corporations, it has been decided to amend para 2.6.3 of the abovementioned SEBI circular dated November 28, 2016, to read as under -

**2.6.3. Eligible collateral:** Clearing corporations in IFSC shall be permitted to accept cash and cash equivalents (which shall include major foreign currencies as may be decided by the clearing corporation from time to time, term deposit receipts and bank guarantees issued by bank branches located in IFSC), Indian securities held with foreign depositories, foreign securities including units of liquid mutual funds and gold, as eligible collateral for trades in all product categories. However, cash and cash equivalents shall form at least 50% of the total liquid assets at all times.

- 3) Clearing Corporations are directed to:
  - a) take necessary steps to put in place systems for implementation of the circular, including necessary amendments to the relevant bye-laws, rules and regulations;
  - b) bring the provisions of this circular to the notice of their members and also disseminate the same on its website; and
  - c) communicate to SEBI, the status of implementation of the provisions of this circular in the Monthly Report.
- 4) This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of

investors in securities and to promote the development of, and to regulate, the securities market.

- 5) This circular is available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in), under the category "Circulars".

Yours faithfully,

**Sanjay Purao**  
**General Manager**  
**Division of Risk Management and New Products**  
**Market Regulation Department**  
**[sanjayp@sebi.gov.in](mailto:sanjayp@sebi.gov.in)**  
**Ph no - 2644 9343**





**भारतीय प्रतिभूति और विनिमय बोर्ड**  
**Securities and Exchange Board of India**

**CIRCULAR**

SEBI/HO/MRD/DRMNP/CIR/P/2018/82

May 21, 2018

All recognized Clearing Corporations in International Financial Services Centre (IFSC)

Dear Sir / Madam

**Investment of own funds (excluding funds lying in Core Settlement Guarantee Fund) by Clearing Corporations in International Financial Services Centre (IFSC)**

SEBI vide circular SEBI/HO/MRD/DRMNP/CIR/P/2016/54 dated May 04, 2016, has specified Investment policy of a clearing corporation.

2. Currently, the clearing corporations are permitted to invest their own funds as well as funds lying in Core Settlement Guarantee Fund in Fixed Deposits/ Central Government Securities and Liquid schemes of Debt Mutual Funds.
3. Upon review of investment instruments/avenues available for Clearing Corporations in IFSC and based on the feedback received, it has been decided to permit the Clearing Corporations in IFSC to invest their own funds in AAA rated Foreign Sovereign Securities. However, the investment in such AAA rated Foreign Sovereign Securities shall not exceed a limit of ten per cent of the total investible resources, excluding funds lying in Core Settlement Guarantee Fund of the Clearing Corporation.
4. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate, the securities market.

Yours faithfully,

**Sanjay Purao**  
**General Manager**  
**Division of Risk Management and New Products**  
**Market Regulation Department**  
**Email: sanjayp@sebi.gov.in**



**CIRCULAR**

SEBI/HO/MRD/DRMNP/CIR/P/2018/83

May 24, 2018

All recognized Stock Exchanges and recognized Clearing Corporations in IFSC

Dear Sir/Madam

**Segregated Nominee Account Structure in International Financial Service Centre (IFSC)**

With a view to further facilitate ease of market access for foreign investors in IFSC and based on feedback received from market participants, it has been decided to permit Segregated Nominee Account Structure in IFSC wherein orders of foreign investors may be routed through eligible Segregated Nominee Account Providers (hereinafter referred to as 'Providers'), for trading on stock exchanges in IFSC while adhering to regulatory requirements, inter alia, relating to identification of end-client, Unique Client Code, order placement at client level, client level margining and position limits.

2. The broad features of the Segregated Nominee Account Structure are given in Annexure, enclosed herewith.
3. It shall be obligatory on the stock exchanges, brokers and 'Providers' to furnish to SEBI, inter alia, information relating to trades on stock exchanges in IFSC originated by/through 'Providers', including KYC details of their end-clients, as and when requested.
4. Stock exchanges in IFSC shall ensure that the provisions of Prevention of Money Laundering Act, 2002 (PMLA) and the rules thereof, including those relating to capturing the KYC information for sharing with the Central KYC Registry (CKYCR) to the extent applicable to FPIs, are adhered to by 'Providers' for their end-clients.

5. Stock Exchanges and Clearing corporations are directed to:
- a) take necessary steps to put in place systems for implementation of the circular, including necessary amendments to the relevant bye-laws, rules and regulations;
  - b) bring the provisions of this circular to the notice of their members and also disseminate the same on their websites; and
  - c) communicate to SEBI, the status of implementation of the provisions of this circular in the Monthly Report.
6. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully

(Sanjay Purao) General  
Manager  
Market Regulation Department  
**Email:** sanjayp@sebi.gov.in

**Encl:** a/a

**A. Entities eligible to offer Segregated Nominee Account Structure**

- i. SEBI-registered brokers in IFSC,
- ii. SEBI registered FPIs (Category I and II), and
- iii. Trading / Clearing members of international stock exchanges / clearing corporations that are regulated by a member of Financial Action Task Force (FATF)

Such eligible entities shall be called Segregated Nominee Account Providers.

**B. Registration of ‘Provider’**

‘Providers’ shall be registered with Stock Exchange / Clearing Corporation in IFSC for providing Segregated Nominee Account services to their end-clients

**C. Eligibility criteria/norms for ‘ Providers’**

Stock Exchanges shall lay down eligibility criteria/norms for ‘Providers’, including ‘net worth’, which shall not be less than that prescribed by other leading stock exchanges offering similar structures. The conditions for registration shall include clauses/provisions for obtaining information relating to the end-clients of ‘Providers’, as and when sought.

**D. KYC of end-clients**

- i. ‘Providers’ shall be required to ensure appropriate due diligence of end-clients as per global standards including KYC and AML compliance before on- boarding clients for offering Segregated Nominee Accounts to them.
- ii. An end-client shall open Segregated Nominee Account with only one ‘Provider’. Legal Entity Identifier (LEI) code may be used to ensure that the end-client does not open Segregated Nominee Account with more than one ‘Provider’ and trades of an end-client are cleared and settled only through one clearing member.

- iii. Each end-client shall be assigned a Unique Client Code (UCC), which shall be unique across all end-clients of all 'Providers', by Stock exchange/clearing corporation in IFSC.

#### **E. Order entry**

Unique Client Code shall be used at the time of order entry by the 'Providers' for their end-clients.

#### **F. Margin Computation and Reporting**

- i. Margins shall be computed at the end-client level of 'Provider'.
- ii. Margins shall be grossed up at and collected from 'Provider'.
- iii. Margin reporting shall be at the level of the 'Provider'.

#### **G. Margin Collection**

- i. Margin shall be payable by the end-client to the Segregated Account Provider. However, the margins may be funded by the 'Provider' based on clearly defined bilateral agreement between 'Provider' and the end-client.
- ii. Stock Exchanges shall ensure that commercial terms and documentation / agreement entered into between 'Provider' and the end-client contains the clause regarding the aforesaid arrangement.

#### **H. Monitoring of Position Limits**

Position limits shall be monitored at end-client level by stock exchanges / clearing corporations.

#### **I. Other Risk Management Framework**

All other provisions relating to risk management as applicable in IFSC shall also be applicable to end-clients of 'Providers', unless otherwise specified.



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**Securities and Exchange Board of India**

**CIRCULAR**

SEBI/HO/IMD/DF1/CIR/P/143/2018

November 26, 2018

**All Alternative Investment Funds  
All Custodians**

Dear Sir / Madam

**Subject: Operating Guidelines for Alternative Investment Funds in International Financial Services Centres.**

1. SEBI has issued SEBI (International Financial Services Centre) Guidelines, 2015 (hereinafter referred to as 'IFSC Guidelines') on March 27, 2015 for facilitating and regulating financial services relating to securities market in an IFSC set up under section 18(1) of Special Economic Zones Act, 2005. The IFSC Guidelines provide for broad framework for setting up of Alternatives Investment Funds (hereinafter referred to as 'AIF') in IFSC.
2. Based on the deliberations in Alternative Investment Policy Advisory Committee (AIPAC) and in consultation with other stakeholders, it has been decided to put in place 'Operating Guidelines for Alternatives Investment Funds in IFSC'. The same is annexed herewith.
3. This circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
4. The circular is available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in) under the categories "Legal framework - Circulars" and "Info for - AIF".

Yours faithfully,

**Naveen Sharma**  
**Deputy General Manager**  
91-22-26449709  
[naveens@sebi.gov.in](mailto:naveens@sebi.gov.in)



**Operating Guidelines for Alternative Investment Funds in International Financial Services Centres (IFSC)**

**REGISTRATION OF ALTERNATIVE INVESTMENT FUNDS FOR OPERATING IN IFSC**

1. For registration as Alternative Investment Funds (AIFs) for operating in IFSC, any fund established or incorporated in IFSC in the form of a trust or a company or a limited liability partnership or a body corporate, can seek registration under the provisions of SEBI (Alternative Investment Funds) Regulations, 2012 ('AIF Regulations') under the categories mentioned therein.
2. An application for grant of certificate shall be made in accordance with the provisions of Chapter II of AIF Regulations, accompanied by a non-refundable application fee as stated in para 15 of this Annexure.
3. The Board may grant certificate under any specific category of AIF, if it is satisfied that the applicant fulfills the requirements as specified in AIF Regulations.

**COMPLIANCE REQUIREMENTS, CONDITIONS AND RESTRICTIONS**

4. Any person as specified in sub-clause (1) of clause 22 of SEBI IFSC Guidelines may invest in AIFs operating in IFSC.
5. An AIF operating in IFSC is permitted to make investment in terms of sub-clause (3) of clause 22 of SEBI IFSC Guidelines and circulars issued in this regard by SEBI from time to time.

Earlier, such AIFs were permitted to invest in India through the Foreign Portfolio Investment route in terms of SEBI circular dated May 23, 2017 governing permissible investments by AIFs operating in IFSC. Now, such AIFs may invest in India through the Foreign Venture Capital Investor or Foreign Direct Investment (FDI) route also, in accordance with applicable FDI policy/ guidelines issued by Government of India and RBI in this regard.

6. Each scheme of the AIF shall have corpus of at least USD three million;
7. The AIF shall accept from an investor, an investment of value not less than USD one hundred and fifty thousand :



# भारतीय प्रतिभूति और विनियम बोर्ड Securities and Exchange Board of India

**Further**, for investors who are employees or directors of the AIF or employees or directors of the Manager, the minimum value of investment shall be USD forty thousand.

8. The Manager or Sponsor shall have a continuing interest in the AIF of not less than two and half percent of the corpus or USD seven hundred and fifty thousand, whichever is lower, in the form of investment in the AIF and such interest shall not be through the waiver of management fees:

**Further**, for Category III AIF, the continuing interest shall be not less than five percent of the corpus or USD 1.5 million, whichever is lower.

9. An AIF set up in IFSC may invest in the units of other AIFs set up in IFSC and India subject to the provisions of AIF Regulations.

## 10. Sponsors and Managers of AIF

- a. A Sponsor / Manager of an existing AIF in India may act as a Sponsor / Manager of an AIF set up in the IFSC by :
  - i) setting up a branch in the IFSC; or
  - ii) incorporating a company or limited liability partnership in the IFSC
- b. However, Sponsor / Manager to be set up in IFSC shall need to incorporate a company or limited liability partnership in the IFSC.

## 11. Custodian

- a. The Sponsor or Manager of an AIF (Category I and II) shall appoint a custodian registered with the Board for safekeeping of securities if the corpus of the AIF is more than USD seventy million.
- b. It will be mandatory for Category III AIF to appoint a custodian.

## 12. Angel Funds

- a. An angel fund shall have a corpus of at least USD seven hundred and fifty thousand.
- b. **Investment in angel funds.**  
For the purpose of investment in an Angel Fund set-up in IFSC, an "angel investor" shall satisfy the following financial criteria :





# भारतीय प्रतिभूति और विनियम बोर्ड Securities and Exchange Board of India

- i. An individual investor shall have net tangible assets of at least USD three hundred thousand excluding value of his principal residence,
  - ii. A body corporate shall have a net worth of at least USD one million five hundred thousand.
- c. Angel funds shall accept, up to a maximum period of five years, an investment of not less than USD forty thousand from an angel investor.
- d. **Investment by Angel Funds.**
- i. Angel funds shall invest in venture capital undertakings (VCU) in India in accordance with DIPP Guidelines as referred to in regulation 19(F)(1) (a) of AIF regulations.
  - ii. Angel funds shall invest in VCUs which have a turnover of less than USD three million, seven hundred and fifty thousand;
  - iii. Angel funds shall invest in VCU which are not promoted or sponsored by or related to an industrial group whose group turnover exceeds USD forty five million; and
  - iv. Investment by an angel fund in any VCU shall not be less than USD forty thousand and shall not exceed USD one million five hundred thousand.
- e. The Manager or Sponsor shall have a continuing interest in the Angel Fund of not less than two and half percent of the corpus or USD eighty thousand, whichever is lesser, and such interest shall not be through the waiver of management fees.

## **MISCELLANEOUS**

### **13. Applicability of SEBI AIF Regulations**

All provisions of the AIF regulations and the guidelines and circulars issued thereunder, shall apply to AIFs setting up/ operating in IFSC, their investors, sponsors, managers and other intermediaries as applicable, except para 2(B) of SEBI circular dated October 1, 2015 governing overseas investments by AIFs. However, such AIFs shall report their activities in accordance with para 3.2 of SEBI circular dated July 29, 2013. The said reporting shall be denominated in USD million.

14. The applicability of these operating guidelines is subject to such conditions that may be prescribed by the Board, Reserve Bank of India and other appropriate authority from time to time.



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Securities and Exchange Board of India

**15. AMOUNT TO BE PAID AS FEES**

Application fee	USD 1,500
Registration fee for Category I Alternative Investment Funds other than Angel Funds	USD 7,500
Registration fee for Category II Alternative Investment Funds	USD 15,000
Registration fee for Category III Alternative Investment Funds	USD 22,500
Registration fee for Angel Funds	USD 3,000
Scheme Fee for Alternative Investment Funds other than Angel Funds	USD 1,500
Re- Registration fee	USD 1,500

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**CIRCULAR**

SEBI/HO/MRD/DRMNP/CIR/P/2019/39

March 18, 2019

All Stock Exchanges and Clearing Corporations in International Financial Services Centre (IFSC)

Dear Sir / Madam

**Clarification on participation of Eligible Foreign Investors (EFIs) in Commodity Derivatives in IFSC**

Kindly refer to SEBI circular IMD/HO/FPIC/CIR/P/ 2017/003 dated January 04, 2017 wherein Guidelines for participation/functioning of Eligible Foreign Investors (EFIs) and Foreign Portfolio Investors (FPIs) in International Financial Services Centre (IFSC) have been issued.

2. In this regard, it is clarified that the EFIs may participate in commodity derivatives contracts traded in stock exchanges in IFSC subject to the following conditions:-
  - 2.1. The participation would be limited to the derivatives contracts in non-agricultural commodities only,
  - 2.2. Contracts would be cash settled on the settlement price determined on overseas exchanges, and
  - 2.3. All the transactions shall be denominated in foreign currency only.
3. The Exchanges are advised to:
  - i. take steps to make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the same.
  - ii. bring the provisions of this circular to the notice of the members of the Exchange and also to disseminate the same on their website.
4. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully

(Sanjay Purao)  
General Manager

Email: [sanjayp@sebi.gov.in](mailto:sanjayp@sebi.gov.in)



**CIRCULAR**

SEBI/HO/MRD/DRMNP/CIR/P/2019/60

April 26, 2019

All recognized Clearing Corporations in International Financial Services Centre (IFSC)

Dear Sir / Madam

**Net worth Requirements for Clearing Corporations in International Financial Services Centre (IFSC)**

Clause 5 of SEBI (IFSC) Guidelines, 2015 prescribes net worth requirements for, inter alia, Clearing Corporations operating in IFSC.

2. Subsequent to the notification of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (SECC Regulations, 2018), wherein it is prescribed, *inter alia*, that every recognized Clearing Corporation shall maintain, at all times, a minimum net worth of one hundred crore rupees or capital as determined under Regulation 14(3)(a) and 14(3)(b), whichever is higher, SEBI issued a circular SEBI/HO/MRD/DRMNP/CIR/P/2019/55 captioned 'Risk-based capital and net worth requirements for Clearing Corporations under Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018' on April 10, 2019.
3. The aforementioned circular lays down the methodology for determining the minimum capital/net worth requirements for clearing corporations.
4. In view of the above, Clause 5(2) of SEBI (IFSC) Guidelines, 2015 is being amended and shall now read as under:

*“(2) (a) Every applicant seeking recognition as a clearing corporation shall have, in the form of liquid assets, a minimum net worth equivalent of fifty crore rupees.*

*b) Every recognized clearing corporation, on commencement of operations, shall have at all times, in the form of liquid assets, a minimum net worth equivalent of fifty crore rupees or capital as determined in accordance with the aforementioned SEBI circular dated April 10, 2019 as amended from time to time.*

- c) Further, every recognized clearing corporation shall enhance, over a period of three years from commencement of operations, its net worth, to be maintained in the form of liquid assets, to a minimum equivalent of one hundred crore rupees or capital as determined in accordance with aforementioned SEBI circular dated April 10, 2019 as amended from time to time.”*
5. The Clearing Corporations shall regularly review their net worth requirement and ensure that the net worth does not fall below the prescribed threshold. A certificate to this effect, as signed by the Managing Director of the Clearing Corporation, shall be submitted to SEBI within 15 days from the end of every quarter. The first such submission shall be made applicable for the April - June, 2019 quarter.
6. In exceptional cases where the net worth of Clearing Corporation falls below the prescribed threshold, it shall forthwith inform SEBI *inter alia* mentioning the reason(s) behind the same and the measure(s) it intends to adopt in order to re-attain the prescribed net worth.
7. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully

**Sanjay Purao**  
**General Manager**  
**Market Regulation Department**  
**Division of Risk Management and New Products**  
Email: [sanjayp@sebi.gov.in](mailto:sanjayp@sebi.gov.in)