December 2024

This Newsletter sets out some of the key legislative and regulatory updates in the banking and finance space for the month of December 2024.

Inoperative accounts/unclaimed deposits in banks

The Reserve Bank of India ("**RBI**"), *vide* its circular dated December 2, 2024, has advised banks to urgently take necessary measures to bring down the number of inoperative/frozen accounts and make the process of activation of such accounts smoother and hassle free. For this purpose, banks may take several steps such as completion of Know Your Customer ("**KYC**") through mobile/internet banking and non-home branches, video customer identification process, organizing special campaigns, etc.

To ensure that this is being adequately followed, RBI has also advised banks to report reduction in inoperative/frozen accounts on a quarterly basis to the respective senior supervisory manager through DAKSH portal, starting from the quarter ending December 31, 2024.

Amendment to framework for facilitating small value digital payments in offline mode

RBI, *vide* its circular dated December 4, 2024, has updated the Framework for Facilitating Small Value Digital Payments in offline mode in order to increase the limit for Unified Payments Interface ("**UPI**") Lite to INR 1,000 (Indian Rupees one thousand) per transaction (*from the earlier limit of INR 500 (Indian Rupees five hundred) per transaction*), with INR 5,000 (Indian Rupees five thousand) being the total limit (*from the earlier limit of INR 2,000* (*Indian Rupees two thousand*)) at any point in time.

UPI access for Prepaid Payment Instruments through third-party applications

RBI, *vide its* circular dated December 27, 2024, has enabled UPI payments (a) from full 'know your customer', and (b) to full KYC, Prepaid Payment Instruments ("**PPIs**") through third-party UPI applications to provide more flexibility to the customers of full-KYC PPIs. This will enable full-KYC PPI holders to make and receive UPI payments through the mobile application of third-party UPI applications. This move enables interoperability for full-KYC PPIs.

Reporting platform for transactions undertaken to hedge price risk of gold

RBI, *vide* its circular dated December 27, 2024, has mandated the reporting of gold derivative transactions by authorised dealer category-I banks to the Clearing Corporation of India Ltd. ("**CCIL**") trade repository, to enhance transparency, regulatory oversight, and data completeness. This circular applies to transactions undertaken by banks and their customers/constituents under the frameworks of RBI regulations on forward contracts, the gold monetization scheme, risk management, and hedging of commodity price risks. Some of the key provisions are as follows:

1. all over-the-counter transactions in gold derivatives conducted by banks and their eligible customers in domestic markets, International Financial Services Centre ("**IFSC**"), or outside India must be reported to the trade repository of CCIL, starting from February 1, 2025. Such reporting must be made on a daily basis, by 12:00 noon of the following business day;
2. all matured and outstanding over-the-counter transactions in gold derivatives undertaken by the bank and their eligible customers in domestic markets, IFSC and outside India (from April 15, 2024), must be reported to the trade repository by February 28, 2025;
3. quarterly reports on gold derivatives traded in IFSC and overseas exchanges must be provided by the banks within 10 (ten) days of the succeeding quarter, commencing from the quarter ending December 31, 2024; and
4. all reporting formats will be determined by CCIL with RBI's approval.

SEBI introduces online repository for merchant bankers

The Securities and Exchange Board of India ("**SEBI**"), *vide* its circular dated December 5, 2024, has mandated merchant bankers to upload and maintain records and documents relied upon during due diligence for public issues on an online document repository platform set up by stock exchanges. These documents can be uploaded by merchant bankers on document repository system of any stock exchange and intimate the same to other stock exchange(s), where the concerned securities are proposed to be listed. Merchant bankers must adhere to the following timelines for uploading documents:

1. from January 1, 2025: Upload documents within 20 (twenty) days of either filing the draft offer document or from the listing on stock exchanges; and
2. from April 1, 2025: Upload documents within 10 (ten) days of either filing the draft offer document or from the listing on stock exchanges.

The provisions of this circular have been made applicable for the draft offer documents filed on or after January 1, 2025.

SEBI introduces Environmental, Social and Governance Debt Securities by amending the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021

SEBI, *vide* its notification dated December 11, 2024, has notified the SEBI (Issue and Listing of Non-Convertible Securities) (Third Amendment) Regulations, 2024 ("**NCS Amendment Regulations**"), for amending the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 ("**NCS Regulations**"). Pursuant to the NCS Amendment Regulations, SEBI has introduced the concept of 'Environmental, Social and Governance Debt Securities' ("**ESG Debt Securities**") under Regulation 2(1)(oa) of the NCS Regulations, which will include securities such as social bonds, sustainable bonds and sustainability linked bonds, and green debt securities. To avoid an overlap, the NCS Amendment Regulations also omits Regulation 26 of the NCS Regulations (which related to issuance of green debt securities).

SEBI is also expected to introduce certain conditions which will govern the framework for issuance and listing of ESG Debt Securities.

Amendment to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

SEBI, *vide* its notification dated December 12, 2024, has notified the SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2024 ("**LODR Amendment Regulations**"), for significantly amending the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**LODR Regulations**"). The LODR Amendment Regulations has been made effective from December 31, 2024, except for certain provisions relating to secretarial audit, which will be effective from April 1, 2025. Some of the key provisions of the LODR Amendment Regulations are as follows:

1. **Related party Transactions ("RPTs")**:

   a) The term 'related party transaction' will not include the following: (i) corporate actions by subsidiaries provided by the subsidiaries of the listed entity; (ii) acceptance of current account deposits and saving account deposits by banks in compliance with the directions issued by RBI or any other central bank in the relevant jurisdiction from time to time: and (iii) retail purchases from any listed entity or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors.

   b) Remuneration and sitting fees paid by listed companies or its subsidiaries to its director, key managerial personnel or senior management, except who is part of promoter or promoter group no longer require the approval of the audit committee (if the same are not material).

   c) The members of the audit committee, who are independent directors, may ratify RPTs within 3 (three) months from the date of the transaction or in the immediate next meeting of the audit committee (whichever is earlier), subject to the following conditions:

      i) the value of the RPT whether entered into individually or taken together, during a financial year must not exceed INR 1,00,00,000 (Indian Rupees one crore);

      ii) the transaction is not material;

      iii) rationale for inability to seek prior approval for the transaction must be placed before the audit committee at the time of seeking ratification; and

      iv) the details of ratification must be disclosed along with the RPT disclosures submitted with the stock exchanges.

   d) The transactions in the nature of statutory dues, statutory fees or statutory charges entered into between an entity and the Central Government or any State Government or any combination thereof are exempted as an RPT. Further, transactions between a public sector company and the Central Government or any State Government or any combination thereof are also exempted.

2. **Compliance Officers**:

   a) Compliance officer of a listed entity must be in the whole-time employment of such listed entity. Further, the compliance officer must not be more than one level below the board of directors.

   b) Compliance officer of the listed entity will be designated as key managerial personnel.

   c) Any vacancy in the office of the compliance officer of a listed entity in respect of which a resolution plan under Section 31 of the Insolvency and Bankruptcy Code, 2016 has been approved, must be filled within a period of 3 (three) months of such approval.

3. **Directors**:

   a) A person can be appointed as the non-executive director of a listed entity until the age of 75.

   b) In case a listed entity wants to appoint a person of more than 75 years as its non-executive director, the shareholders of such listed company will be required to pass a special resolution to that effect, in which case the explanatory statement annexed to the notice for such motion must indicate the justification for appointing such a person as the non-executive director.

   c) In case there is a vacancy in the committees of the board of directors of a listed entity, such vacancy must be filled within 3 months or by the date of the vacancy's occurrence, whichever is earlier.

4. **Investor Grievance Redressal**: A listed entity must file with the recognised stock exchange(s), on a quarterly basis, a statement detailing the redressal of investor grievances in such form and within the timelines as may be specified by SEBI.

Investors in an Alternate Investment Fund scheme must have rights proportional to their commitment in each investment of the scheme

SEBI *vide* its circular dated December 13, 2024, has introduced significant changes under the SEBI (Alternative Investment Funds) Regulations, 2012 ("**AIF Regulations**"), to amend the *pro-rata* and *pari-passu* rights of investors of Alternate Investment Funds (**"AIFs"**), so as to protect the interests of investors within AIFs. This amendment aims to enhance transparency and fairness in the treatment of investors. Some of the key provisions are as follows:

1. **Pro-rata rights**:
   a) Investors in a scheme of an AIF have rights proportional to their commitment in each investment and distribution of proceeds.
   b) The above rule excludes investors excused or excluded from an investment or those who default on their contribution.

   c) Further, flexibility has been provided for the following entities to accept returns lesser or share losses more than their pro-rata rights:

      i) manager or sponsor of the AIF;

      ii) multilateral or bilateral development financial institutions;

      iii) State Industrial Development Corporations; and

      iv) entities established or owned or controlled by the Central Government or a State Government or the Government of a foreign country, including Central Banks and Sovereign Wealth Funds.

2. **Pari-passu rights**:

   a) Investors' rights in a scheme of an AIF are equal in all aspects, with certain exceptions for differential rights offered to select investors.

   b) Differential rights in a scheme of an AIF must not affect other investors' rights and must be transparently disclosed in the private placement memorandum ("**PPM**"). The AIFs, managers of AIFs and their key management personnel must ensure the following while issuing differential rights to select investors:

      i) Differential rights must be provided only in accordance with the implementation standards formulated by standard setting forum.

      ii) Following must be disclosed in the PPM:

         - eligibility criteria for an investor to avail each differential right; and

- any investor meeting the specified eligibility criteria for a differential right may opt to avail such right.

3. **Applicability on Existing AIFs**:

   a) Existing AIFs with priority distribution models must comply with new regulations and cannot accept fresh commitments or make new investments unless exempted.

   b) Large value funds for accredited investors, whose PPM is filed with SEBI for launch of scheme before December 13, 2024, may avail exemption from the requirement of maintaining *pari-passu* rights, subject to certain disclosures and waivers as mentioned in the circular.

Mutual Funds

Introduction to Specialized Investment Fund and Mutual Fund Lite

SEBI, *vide* its notification dated December 16, 2024, has issued the SEBI (Mutual Funds) (Third Amendment) Regulations, 2024, amending the SEBI (Mutual Funds) Regulations, 1996. New Chapter VI-C pertaining to Specialized Investment Fund ("**SIF**") and Chapter XI pertaining to Mutual Fund Lite ("**MF Lite**") are inserted. Some of the key provisions are as follows:

1. **SIF**:

   a) from April 1, 2025, any registered MF may be granted an approval to establish a SIF subject to the eligibility criteria specified by SEBI;

   b) a SIF must not accept from an investor (except for 'accredited investors') an investment amount less than INR 10,00,000 (Indian rupees ten lakh) across all investment strategies in the manner as may be specified by SEBI;

   c) unless otherwise prescribed by SEBI, the launch of SIF investment strategies will follow the procedure prescribed for mutual funds;

   d) an investment strategy under SIF cannot invest more than 20% of its Net Asset Value ("**NAV**") in debt instruments comprising money market instruments and non-money market instruments issued by a single issuer. This limit may be extended to 25% of the NAV of the investment strategy with prior approval of SEBI, trustees and board of directors of the Asset Management Company ("**AMC**") subject to certain conditions;

   e) SIF should own more than 15% of any company's paid-up capital carrying voting rights under all its investment strategies, subject to certain conditions;

   f) any investment strategy of a SIF must not invest more than 10% of its NAV in the equity shares and equity-related instruments of any company;

   g) all investment strategies under SIF must not own more than 20% of units issued by a single issuer of Real Estate Investment Trusts ("**REITs**") and Infrastructure Investment Trusts ("**InvIT**"), subject to certain conditions;

   h) an investment strategy under SIF will not invest:

      i) more than 20% of its NAV in the units of REITs and InvITs; and

      ii) more than 10% of its NAV in the units of REIT and InvIT issued by a single issuer;

   i) AMCs will ensure that there is clear differentiation between the offerings of the SIF and MFs, whereas, the trustee must ensure that the ensure that the AMC has the necessary expertise, internal control systems and risk management mechanism to invest in and manage investments; and

j) the offer documents of the SIF must contain disclosures which are adequate for investors to make informed investment decisions, in the manner as may be specified by SEBI.

2. **MF Lite**:

a) the sponsor/applicant should have a 'sound track record' (as per the broad pointes prescribed therein) and general reputation of fairness in all business transactions to be eligible for the grant of certificate of registration as a MF Lite;

b) an existing shareholder holding 10% or more shareholding/voting rights in an existing AMC of the MF may be allowed to hold 10% or more shareholding/voting rights in a MF Lite AMC belonging to a group entity of the same sponsor;

c) the MF Lite AMC must have a net-worth of at least INR 35,00,00,000 (Indian Rupees thirty-five crore) deployed in assets specified by SEBI, which may be reduced to INR 25,00,00,000 (Indian Rupees twenty-five crore) if the MF Lite AMC has profits for 5 (five) consecutive years. Where the sponsor does not fulfil the requirements at the time of making application, the applicable net worth requirement for the MF Lite AMC will be INR 50,00,00,000 (Indian Rupees fifty crore);

d) MF Lite AMCs are not permitted to undertake any business activity other than advisory services to pooled assets in respect of passive investments, unless approved by SEBI; and

e) an existing MF that intends to only launch MF Lite schemes may surrender its existing registration and migrate as a MF Lite subject to the conditions and the manner specified by SEBI.

Subsequently, SEBI, *vide* its circular dated December 31, 2024, has issued MF Lite framework to cater specifically to passively managed MF schemes, which intends to encourage more players in the market, reduce compliance requirements, foster investment diversification, and enhance market liquidity. Some of the key provisions are as follows:

1. under phase- 1 of implementation, the MF Lite framework will be applicable to a selected range of passive MF schemes, primarily those based on domestic equity indices, domestic debt indices, gold and silver ETFs, Fund of Funds ("**FoFs**") based on only gold or silver ETFs and certain specified overseas ETFs and FoFs,;

2. among the pooled investment vehicles, only the private equity funds can sponsor an MF Lite, subject to certain conditions, such as:

   a) the applicant private equity (scheme/fund) is itself a body corporate or, a body corporate set up by a private equity. The applicant body corporate may be set up in India or abroad; and

   b) the applicant private equity or its manager have a minimum of 5 (five) years of experience in the capacity of fund/investment manager and experience of investing in the financial sector, where it should have managed committed and drawn-down capital of not less than INR 2,500 crore (Indian Rupees two thousand five hundred crore) as on the date of its application made to SEBI;

3. MF Lite AMC will abide by net worth requirements under Chapter IV (*Constitution and management of AMC and custodian*) of The SEBI (MF) Regulations, 1996, as and when the total AUM of the MF Lite AMC exceeds INR 1 lakh crore (Indian rupees one lakh crore). In such instances, the MF Lite AMC will not launch any new scheme or take further subscriptions to existing schemes, until it meets the net worth requirement; and

4. AMCs will deploy the minimum net worth required either in cash, money market instruments, Government securities, treasury bills, repo on Government securities, or in listed AAA rated debt securities without any modified obligations, credit enhancements or embedded options which can increase the liquidity risk of the instrument on a continuous basis and such investments must be unencumbered.

Offer document of MF schemes simplified

SEBI, *vide* its circular dated December 20, 2024, has stated that the Scheme Information Document ("**SID**"), on which observations are issued by SEBI, must be uploaded on the SEBI website for at least 8 (eight) working days for receiving public comments on the adequacy of disclosures made in the document. Thereafter, AMCs may file the final offer documents (SID and key information memorandum) in line with the provisions of clause 1.1.3.3 of the SEBI Master Circular on MFs dated June 27, 2024.

Foreign Portfolio Investors cannot issue offshore derivative instruments with derivatives as underlying

SEBI, *vide* its circular dated December 17, 2024, has issued measures to address regulatory arbitrage with respect to Offshore Derivative Instruments ("**ODIs**") and Foreign Portfolio Investors ("**FPIs**"), with segregated portfolios *vis-à-vis* FPIs. This circular introduces several key measures to enhance transparency, reduce risks, and strengthen the regulatory framework for ODIs and FPIs. Some of the key highlights of this circular are as follows:

1. **Modification of FPI Master Circular**:
    a) FPIs are required to issue ODIs only through a separate dedicated FPI registration with no proprietary investments, except for government securities; and
    b) FPIs must not issue ODIs with derivatives as reference/underlying;
    c) FPIs are prohibited from hedging their ODIs with derivative positions on stock exchanges in India, and ODIs must be fully hedged with the same securities on a one-to-one basis.
2. **Additional disclosures requirements**:
    a) ODI subscribers meeting specific criteria must disclose granular details of ownership, economic interest, or control up to the level of natural person;
    b) Exemptions from disclosures *inter alia* include government-related investors, public retail funds, certain exchange-traded funds, and university funds; and
    c) Additionally, ODI subscribers with over 50% of their equity ODI positions tied to securities of a single Indian corporate group are exempt from additional disclosures, subject to the conditions prescribed in the circular.
3. **Operational Measures**:
    a) ODIs with derivatives as underlying must be redeemed within a year. No renewals are permitted for the same.
    b) ODIs with securities as underlying, hedged with derivatives, must be redeemed or hedged with the same securities within a year.
    c) FPIs must obtain separate dedicated registration within a year if required.
4. **Compliance and Monitoring**:
    a) Depositories must implement systems to track ODI positions and ensure compliance with the new regulations.
    b) FPIs and depositories must monitor and disclose ODI subscriber positions exceeding specified thresholds.

International Financial Services Centres Authority (Informal Guidance) Scheme, 2024

The International Financial Services Centres Authority ("**IFSCA**"), *vide* its circular dated December 2, 2024, has issued the IFSCA (Informal Guidance) Scheme, 2024 ("**Scheme**") for streamlining the process of obtaining regulatory clarity, thereby facilitating smoother operations and compliance for entities operating within the IFSC. Eligible entities under

the Scheme include persons who are licensed, registered, recognised or authorised by IFSCA, persons intending to undertake a business transaction(s) in relation to financial product(s) or financial service(s) and persons desirous of setting up a unit in an IFSC.

The Scheme offers 2 (two) main types of informal guidance:

1. **No-Action Letters**: It indicates whether the Department of IFSCA ("**Department**") would recommend any action to IFSCA under applicable laws, if the proposed activity, business, or transaction described in the request is carried out.
2. **Interpretive Letters**: The Department can provide an interpretation of specific provisions of the IFSCA Act, 2019, rules, regulations, guidelines, or circulars being administered by IFSCA, circulars, guidelines or directions issued by RBI, SEBI, Insurance Regulatory and Development Authority of India, and Home-Pension Fund Regulatory and Development Authority, or other legal provisions being administered by IFSCA, in the context of a proposed activity or transaction related to a financial product or service.

The Scheme also specifies certain requests which may not be entertained by the Department. The guidance provided under the Scheme is not binding on IFSCA and is not subject to appeal.

Circular on complaint handling and grievance redressal by regulated entities

IFSCA, *vide* its circular dated December 2, 2024, has introduced a regulatory framework for handling of complaints and redress of grievances by the regulated entities in an IFSC. This circular applies to all entities regulated by IFSCA, excluding foreign universities, foreign educational institutions, ancillary service providers, BATF service providers, finance companies/units engaged in aircraft or ship leasing, and global/regional corporate treasury centers.

One of the main objectives of the framework is to align the norms and procedures for complaint handling across the financial services in the IFSC to the extent possible. The circular has come into force on January 15, 2025.

Directions to IFSC Banking Units for opening foreign currency accounts of Indian resident individuals

IFSCA, *vide* its circular dated December 13, 2024, has issued directions for IFSC Banking Units ("**IBUs**") regarding the operation of Foreign Currency Accounts ("**FCAs**") for resident individuals under the Liberalised Remittance Scheme ("**LRS**"). Some of the key provisions are as follows:

1. IBUs can permit resident individuals to open FCAs for receiving remittances under the LRS from onshore India and other locations;
2. IBUs must ensure that all the remittances into the FCA from onshore India under the LRS are routed through an Authorised Person ("**AP**");
3. IBUs must obtain a copy of the return submitted by resident individuals to an AP or any other document confirming the transfer of funds under the LRS at the time of any inward remittance to the FCA from onshore India;
4. IBUs must ensure that resident individuals provide declarations:
    a) in case the remittances into the FCA are from locations other than onshore India, declaration that such remittances are originally from sources which were duly remitted under the LRS or the same are in relation to the income earned on the investments made from funds originally duly remitted under the LRS; and
    b) foreign exchange in the FCA, if not reinvested within 180 (one hundred and eighty) days of receipt, realisation, purchase, acquisition, or return to India, will be repatriated through an AP to the resident individual's account in a designated authorised dealer bank; and

c) such resident individual will not settle any domestic transactions with other resident individual through the FCA;

5. IBUs must ensure compliance with the IFSCA (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022; and
6. IBUs must permit the use of funds remitted to FCAs for availing financial products or financial services, as defined under the IFSCA Act, 2019.

Review of the IFSCA (Fund Management) Regulations, 2022

IFSCA in its meeting held on December 19, 2024, has approved the proposal on review of IFSCA (Fund Management) Regulations, 2022 ("**FM Regulations**") and to notify the reviewed FM Regulations. The changes aim to enhance ease of doing business, provide clarity on the intent of regulatory provisions and introduce certain safeguards necessary to protect investors' interest. Some of the proposed changes are as follows:

1. **Non-Retail Schemes**:
   a) Minimum corpus is reduced from USD 5,000,000 (US Dollars five million) to USD 3,000,000 (US Dollars three million).
   b) The validity of a scheme's PPM is increased to 12 (twelve) months from IFSCA's communication regarding taking it on record;
   c) Open-ended schemes can commence investment activities upon achieving a corpus of USD 1,000,000 (US Dollars one million), with the minimum corpus of USD 3,000,000 (US Dollars three million) to be achieved within 12 (twelve) months.
   d) Contribution by Fund Management Entities ("**FMEs**") or their associates in a scheme is now permitted up to 100%, subject to conditions.
   e) Restrictions on transactions with associates and major investors, requiring prior approval from 75% of investors by value.
2. **Manpower Requirements for FMEs**:
   a) The requirement of obtaining prior approval of IFSCA for appointment of key managerial personnels is dispensed with. Only an intimation will be required in this regard.
   b) FMEs managing an Asset Under Management ("**AUM**") of USD 1,000,000,000 billion (US Dollars one billion), wherein the AUM of fund of funds scheme must not be considered, as at the close of a financial year will be required to appoint an additional KMP.
   c) For ensuring adequate competence, employees of FMEs will be required to undergo certifications from institutions specified by IFSCA.
3. **Registered FME (retail) and retail schemes**:
   a) Minimum corpus is reduced from USD 5,000,000 (US Dollars five million) to USD 3,000,000 (US Dollars three million).
   b) The cap of investment in single company by a sectoral / thematic / Index scheme is linked to the higher of the following:
      i) the weightage of that company in the representative index (by an independent entity) that such scheme intends to benchmark with; or
      ii) 15%.
   c) The valuation of scheme's assets by an independent service provider is exempt for fund of funds scheme if the underlying fund(s) have been valued by an independent service provider.

d) Listing of close-ended retail schemes on recognised stock exchanges is optional, if minimum amount of investment by each investor in the scheme is at least USD 10,000 (US Dollars ten thousand).

Guidelines on setting up and operation of International Trade Finance Service Platform, 2024

IFSCA, *vide* its circular dated December 23, 2024, has revised the framework for establishing and operating an International Trade Finance Service ("**ITFS**") platform in an IFSC. Some of the key changes are as follows:

1. an entity desirous of setting up as an ITFS operator must be set up in the form of a newly incorporated company under the Companies Act, 2013. The process of registration can be done through an 'on-tap' basis, through the Single Window IT System;
2. the parent entity of the applicant must have experience of at least 3 (three) years in operating trading infrastructure in financial markets or operating a financial technology (fintech) platform;
3. the applicant must meet minimum owned fund requirement of USD 0.2 million (US Dollars zero point two million) at all times and must have sound technological infrastructure to support its operations;
4. the scope of the term 'financiers' has been expanded, as entities such as factors, finance companies / units and entities registered in IFSCA to carry our lending or factoring activities have also been included;
5. the applicant must ensure that the ITFS has a sound technological infrastructure to support its operations, which permits the ITFS to facilitate transactions related to factoring, reverse factoring, bill discounting, supply chain financing, pre-shipment credit, and forfaiting and can permit secondary market transactions of the aforesaid products;
6. the ITFS must start its operations within 6 months of receiving a certificate of registration from IFSCA, unless it has been granted an extension by IFSCA;
7. an ITFS operator must ensure compliance with the IFSCA (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022;
8. an ITFS operator intending to provide clearing and/or settlement of funds must, prior to offering such a service, seek authorisation from IFSCA as a payment system operator under the IFSCA (Payment and Settlement Systems) Regulations, 2024;
9. an ITFS operator is required to put in place a robust and comprehensive risk management framework and should ensure that the associated risks are identified properly and managed prudently; and
10. IFSCA has also prescribed certain guidelines related to outsourcing and corporate governance for an ITFS operator.

Finance Practice

JSA has a widely recognised market leading banking & finance practice in India. Our practice is partner led and is committed to providing quality professional service combining domain knowledge with a constructive, consistent, comprehensive and commercial approach to issues. Clients trust our banking lawyers to take a practical and business-oriented approach to achieving their objectives. Our lawyers have a clear understanding of the expectations and requirements of both sides to a financing transaction and provide tailored advice to each client's needs. The practice is especially praised for its accessibility and responsiveness and its ability to work well with international firms and clients. We represent a variety of clients including domestic and global banks, non-banking finance companies, institutional lenders, multi-lateral, developmental finance and export credit institutions, asset managers, funds, arrangers and corporate borrowers in different sectors on a wide range of financing transactions.

Our full spectrum of services includes advising clients on corporate debt transactions (including term and working capital debt), acquisition finance, structured finance, project finance, asset finance, real estate finance, trade finance, securitisation, debt capital markets and restructuring and insolvency assignments.

Our practice has been consistently ranked in the top-tier for several years, and several of our partners are regarded highly, by international publications such as Chambers and Partners, IFLR, Asia Law, Legal 500, Asia Legal Business, IBLJ and Leaders League.

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Chambers TOP RANKED Asia-Pacific 2025 JSA	Chambers TOP RANKED Global 2024	IFLR1000 TOP TIER FIRM 2024
18 Practices and 41 Ranked Lawyers	7 Ranked Practices, 16 Ranked Lawyers --- Elite – Band 1 - Corporate/ M&A Practice --- 3 Band 1 Practices --- 4 Band 1 Lawyers,1 Eminent Practitioner	12 Practices and 50 Ranked Lawyers
The Legal 500 UNITED KINGDOM TOP TIER 2024 14 Practices and 38 Ranked Lawyers		
asialaw OUTSTANDING FIRM 2024 20 Practices and 22 Ranked Lawyers	The Legal 500 Ranked Among Top 5 Law Firms in India for ESG Practice	GCR 100 2025 The guide to the world's leading competition practices Recognised in World's 100 best competition practices of 2025
INDIA BUSINESS LAW JOURNAL BEST OVERALL LAW FIRMS 2024 LAW ASIA Among Top 7 Best Overall Law Firms in India and 11 Ranked Practices --- 11 winning Deals in IBLJ Deals of the Year --- 11 A List Lawyers in IBLJ A-List - 2024	ALB Asia M&A Ranking 2024 – Tier 1 --- Employer of Choice 2024 --- Energy and Resources Law Firm of the Year 2024 --- Litigation Law Firm of the Year 2024 --- Innovative Technologies Law Firm of the Year 2023 --- Banking & Financial Services Law Firm of the Year 2022	vahura **Ranked #1** **The Vahura Best Law Firms to Work Report, 2022** --- Top 10 Best Law Firms for Women in 2022 BENCHMARK LITIGATION 7 Practices and 3 Ranked Lawyers

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