Analysis of Comments received on the proposed International Financial Services Centre Authority (Investment by IFSC Insurance Office) (Amendment) Regulations, 2024				
Sr. No.	**Reg. No.**	**Sub-Regu No. /Para No.**	**Comments / Suggestions / Suggested modifications**	**Rationale**
1	9	Matrix 1 - Note 1	Current Clause: "Note 1: The above percentage is applicable to the Total Investment Assets of the IIO." Suggested Modification: "Note 1: The above percentage is applicable to the Total Investment Assets of the IIO excluding the Unit Linked Insurance Products (ULIP)."	Since a separate regulation 9A has been created for Unit Linked Insurance Products (ULIP), this modification will bring further clarity that Matrix 1 is not applicable to ULIP products and is applicable to only non-linked investment assets.
2	9A	2	All limits of exposure for investment assets in entities, group and industry as mentioned in regulations 14 shall be applicable at the level of individual segregated fund." Suggested Addition: Investments in Exchange Traded Funds (ETFs) should be exempted from exposure limits under regulation 14.	1. ETFs are products which are inherently diversified via investments across different entities, group and industry. Thus another layer of diversification is not required when investments are made in ETFs. 2. Internationally, passive funds / ETFs have investor preference and large assets under management with low expense ratio. This widens the product bouquet offered to the investors. 3. Exposure to Asset Managers via investing in ETFs should not be considered as exposure to financial services industry since all asset managers like Vanguard, Blackrock are classified under financial services sector.

Analysis of Comments received on the proposed International Financial Services Centre Authority (Investment by IFSC Insurance Office) (Amendment) Regulations, 2024				
Sr. No.	**Reg. No.**	**Sub-Regu No. /Para No.**	**Comments / Suggestions / Suggested modifications**	**Rationale**
3	9	Matrix 1 - Note 3	Current Clause: "Note 3: Exposure in Debt Mutual Funds shall not be more than 10 per cent. of total Debt Investments and Exposure in MBS and ABS together shall not be more than 5 per cent. of the total Debt Investments." Suggested Modification: "Note 3: Exposure in Debt Mutual Funds shall not be more than 10 per cent. of total Debt Investments and Exposure in MBS and ABS together shall not be more than 5 per cent. of the total Debt Investments." is not applicable to the Unit Linked Insurance Products (ULIP).	Since a separate regulation 9A has been created for Unit Linked Insurance Products (ULIP) and ULIP products will have 100% debt funds also, this clause should not be applicable to ULIP products.
4	9	Matrix 1 - Note 4	Current Clause: "Maximum Investment Exposure to different sovereign ratings are given in Matrix 3 and 4 of these regulations." Suggested Addition: "In case of Sovereign Rating downgrade, insurer should ensure compliance with regulation within a time period of 12 months".	In case of Sovereign Rating downgrade, since transfer of investment assets to another country is operationally time consuming, 12 months period should be given for complying with regulation.

Analysis of Comments received on the proposed International Financial Services Centre Authority (Investment by IFSC Insurance Office) (Amendment) Regulations, 2024				
Sr. No.	**Reg. No.**	**Sub-Regu No. /Para No.**	**Comments / Suggestions / Suggested modifications**	**Rationale**
5	14	Matrix-6	Reg 14 - Matrix 6: Investment Asset Exposure Matrix to Entity, Group, and Industry Exposures to Entities, Groups, and Industry: Option 1: “Note 3: Provided that the above exposure norms shall apply to investments in passively managed / index-based Mutual Funds and Exchange Traded Funds in case of Unit Linked segment, only to the extent of Point (b) above.” OR Option 2: “Note 3: Above exposure norms, except Point (b), shall apply after 3 years from (i) the date of launch of individual segregated unit linked fund or (ii) after the individual segregated unit linked fund reaches Assets Under Management size of an amount equivalent to US Dollar 1 Billion, whichever is earlier.”	It is requested to consider the following points: • Cater Dynamic Market Requirements: Overseas capital markets are very vast and dynamic. It requires reasonable time to develop Fund Management expertise in investment space, with an objective to meet policyholder reasonable expectations. • Ease of Doing Business: There would be operational and administrative challenges in the initial stage to manage small size funds. • Higher Initial Costs: The setup cost and charges would be higher in the initial period. • Lower Volume of Fund: Investing in different multiple securities/entities to meet the exposure norms would be difficult in the initial period when size of fund is small. • Other Jurisdictions: o Insurance Regulatory and Development Authority of India (IRDAI): There is no single Company, Group & Industry exposure norms applicable for investments in Mutual Funds (including ETFs) under IRDAI Investments Regulations, 2024 since beginning and as well in latest updated in 2024 (Details as per Annexure B)

Analysis of Comments received on the proposed International Financial Services Centre Authority (Investment by IFSC Insurance Office) (Amendment) Regulations, 2024				
Sr. No.	**Reg. No.**	**Sub-Regu No. /Para No.**	**Comments / Suggestions / Suggested modifications**	**Rationale**
				o International Practice: The laws of United Arab Emirates (DIFC), Singapore, Hong Kong and Malaysia do not restrict investments into funds managed by a third party. (Details as per Annexure C) In view of above we request following with respect to Investments in ULIP funds: I. To permit investments in passively managed / indexed based Mutual Funds & Exchange Traded Funds to be excluded from applicability of exposure norms as by basic definition, there is relatively lower concentration risks in ETFs and Mutual Funds. OR II. To permit applicability of exposure norms after 3 years from date of launch of individual segregated ULIP fund or the individual segregated ULIP fund reaches AUM size of an amount equivalent to USD 1, billion whichever is earlier.

Analysis of Comments received on the proposed International Financial Services Centre Authority (Investment by IFSC Insurance Office) (Amendment) Regulations, 2024				
Sr. No.	**Reg. No.**	**Sub-Regu No. /Para No.**	**Comments / Suggestions / Suggested modifications**	**Rationale**
6	--	--	Nil	Nil