



International Financial Services Centres Authority

F.No.110/IFSCA/Banking Regulation/2021-22/3

May 17 ,2021

To all the Banking Units (BUs)

Dear Sir/ Madam,

Subject: IFSC (Banking) Regulation, 2020- Directions for implementation – Criteria for BUs to become trading/clearing members of IFSCA recognized stock exchanges- clarification

Banking units (BUs) may please refer to the Annex to the circular on “IFSC (Banking) Regulation, 2020 – Directions for implementation”, dated December 4, 2020¹ issued by the Authority. The said circular, inter alia, adopted Reserve Bank of India (Financial Services Provided by Banks) Directions,2016, dated May 26, 2016 (as amended from time to time), to be applicable to the BUs.

2. Para 21 (a) of the adopted Master Circular, prescribes the parameters/criteria to be met by BUs to become trading/clearing member of the IFSC Stock exchanges.

3. It has been decided that, from the date of this circular, the aforesaid para of RBI’s master circular shall be adopted for BUs in the following manner :

“21. Membership of IFSCA approved Stock Exchanges

a) No Banking Unit (BU) shall become a trading member in interest rate and currency derivatives segment and/or clearing member in any derivatives segment of IFSCA recognised stock exchanges unless its parent bank satisfies the minimum prescribed capital requirement (including Capital Conservation Buffer) specified by the home regulator of the parent bank.

Provided that a BU not meeting the aforesaid condition may participate in the currency derivatives segment as a client.

A BU that is a trading/clearing member shall keep its and its clients’ position distinct from one another.”

¹ See F.No.110/IFSCA/Banking Regulation/2020-21/1

4. Accordingly, BUs can now function as a trading member for trading in interest rate or currency derivatives and/or as a clearing member (including professional clearing member) for clearing and settlements in any derivative segment² subject to satisfaction of the minimum prescribed capital requirement condition referred to in para 3 above.

5. BUs are directed to ensure compliance with the provisions of this circular.

Yours faithfully

(Raghuram Kumar)
General Manager
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² See Gazette notification no. CG-MH-E-12052021-226980, dated 12.5.2021