

**Public Comments on Consultation paper on proposed revised 'Framework for undertaking Global/Regional Corporate Treasury Centres activities by Finance Company/Unit in IFSC'.**

Sr. No.	Clause no.	Text of the clause / sub-clause	Comments/ Suggestions	Rationale
<b>A</b>	<b>Annex – I</b>			
1.	2(1)(f)	"Group Entities" means an arrangement involving two or more entities related to each other through any of the following relationships: (i) subsidiary – parent (as defined in Ind-AS 110/Accounting Standard 21); (ii) joint venture (as defined in Ind-AS 28/Accounting Standard 27); (iii) associate (as defined in Ind-AS 28/Accounting Standard 23); (iv) common brand name or (v) investment in equity shares of 20 per cent and above;	<p>The current definition of "Group Entities" includes "<i>investment in equity shares of 20 per cent and above</i>" but does not specify whether this investment is by the GRCTC, the holding company, or any of the group companies.</p> <p>Clarify whether the 20% threshold should be looked at as investment by the holding company of GRCTC or GRCTC or would collective investments by group entities be also considered for determining whether an entity qualifies as a 'Group entity' under the framework.</p>	<p>There may be a scenario where multiple entities, including the GRCTC, a holding company, and several subsidiary companies may invest and hold equity shares of other group entities. Therefore, it is crucial to understand whether the 20% investment threshold applies collectively to the group or individually to each entity (i.e. whether direct <b>or indirect holding</b> is also included).</p> <p>This clarification will help align investment strategies and ensure compliance with the framework.</p>
2.	2(1)(f)	Same as above	To include ' <b>related party</b> ' relation as defined in the accounting standards as part of the definition of group entities.	a. The related party relationship under AS-18 was already covered in the existing definition of Group entities. Ind AS 24 has replaced AS 18, accordingly the

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				<p>change in the definition should be only to replace the two.</p> <p>b. Definition of Related Party under Ind-AS 24 covers extensively all the group entities. Further definition of related party as given in IndAS24 is inextricably linked to the definition of group entity. Accordingly, it is suggested to include the definition of Related Party as given in IndAS 24 as the definition of Group Entity.</p> <p>c. Proposed definition of "Group Entities" is restricted to only subsidiary / joint venture / associate of the entity. This defeats the purpose of GRCTC to centrally manage funds of all the group entities.</p> <p>d. Inclusion of related party relationship under Ind AS 24 will result in inclusion of following additional entities in the definition of "Group Entities":</p> <ul style="list-style-type: none"> <li>i. Step Down Subsidiaries</li> <li>ii. JVs and Associates of Subsidiaries</li> <li>iii. Subsidiaries, JV's and Associates to JVs of entity</li> </ul>

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				Subsidiaries, JV's and Associates (on whom entity have significant influence) to Associates of entity.
3.	2(1)(f)	Same as above	IFSCA be given the authority and discretion to grant approval to <i>in-scope</i> entities.	Accounting standard on the definition of subsidiary serves the purpose of financial disclosure and consolidation accounting. In the domain of tax treatment, substance and management control are used. In certain jurisdictions, the beneficial owner Since the purpose of defining an <b>in-scope</b> CTC managed entities, IFSCA should have the discretion to decide if the classification is consistent with the intent of CTC as IHB to manage funds centrally within the MNC.
4.	2(1)(i)	Definition  "Parent" shall mean an entity (ies) which intends to set up a GRCTC in IFSC either as its wholly owned subsidiary or as its branch;	IFSCA be given the discretion to approve if the GRCTC is not a wholly owned subsidiary as long as the service it provides is for internally owned entities.	GRCTC is an internal service company providing IHB service for the group entities. In certain situations, the owner of the GRCTC may be two subsidiaries of the same parent. Therefore, we suggest that flexibility may be provided to entities to establish using the beneficial owner principle in addition to just legal owner.
5.	2(1)(h)	Definition of Owned Funds	There must be "," between words "free reserves" & "balance in share premium account" for better clarity.	Typo error.

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6.	3	Eligibility criteria for setting up of a GRCTC	Include examples of "splitting up" or "reorganization."	Clear examples assist applicants in compliance understanding.
7.	3. 2(i)	<p>While evaluating an application under sub-clause (1) above, the Authority shall take into account all matters which it deems relevant for grant of registration, including:</p> <p>(i) that the applicant's operations in IFSC is not proposed to be set up either by splitting up or reconstructing or reorganising of operations already in existence in India</p> <p><b>Explanation:</b> For the purpose of determination of splitting up, reconstruction and reorganisation of any business already in existence in India, the applicant shall adhere to the requirements specified in Part A of the Schedule I of the Framework</p>	<p>The condition that the applicant's operations in IFSC should not be set up by splitting up, reconstructing, or reorganising operations already in existence in India is restrictive.</p> <p>This requirement could significantly hinder the establishment of GRCTCs in the IFSC, as many Indian conglomerates and multinational corporations (MNCs) may have existing operations in India that they would prefer to integrate into their global treasury functions.</p> <p>The requirement to adhere to the conditions in Part A of Schedule I further complicates this process, making it less attractive for MNCs to consider IFSC as a viable option for their treasury operations</p> <p>Accordingly, the above condition should not be included in the framework.</p>	<p>Success of the GRCTC regime will primarily depend on large conglomerates who will act as anchors.</p> <p>It is very likely that Indian conglomerates will be the anchors. However, the stringent conditions could deter Indian conglomerates from setting up GRCTCs in the IFSC, as they may find it more convenient and cost-effective to continue their operations within their existing frameworks in India. This could result in a missed opportunity for the IFSC to attract significant international business.</p>

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8.	3. 2(ii)	<p>While evaluating an application under sub-clause (1) above, the Authority shall take into account all matters which it deems relevant for grant of registration, including:</p> <p>i. ....</p> <p>ii. that the applicant's operations shall not lead to offering the permissible activities by way of transferring or receiving of existing contracts or work arrangements from its extant service recipients in India.</p> <p><b>Explanation:</b> For the purpose of this Framework, the interpretation of 'transferring or receiving of existing contracts or work arrangements from their extant service recipients in India' shall be as per Part B of Schedule I of the Framework.</p>	<p>The prohibition on transferring or receiving existing contracts or work arrangements from extant service recipients in India is excessively restrictive. Accordingly, the above condition should not be included in the framework.</p> <p>Alternatively, the IFSCA should clarify that transfer of existing contracts or work arrangements to GRCTC wherein one of the parties to the contract/ arrangement is a non-resident (for e.g. a loan/ External Commercial Borrowing extended by a non-resident to a resident) is not covered within the ambit of this restriction, as the language currently included in the draft framework is ambiguous.</p>	<p>This condition, as elaborated in Part B of Schedule I, could prevent MNCs from efficiently consolidating their treasury operations in the IFSC. The inability to transfer existing contracts could lead to operational inefficiencies and increased costs, making the IFSC less attractive as a hub for global treasury activities.</p> <p>The contracts entered by an MNC with its group entities typically are continuing contracts without necessarily having a termination date. The inability to transfer these contracts to the IFSC could result in a hindrance for MNCs or Indian conglomerates to set up their global treasury operations in IFSC and integrate with their global operations.</p> <p>This would result in having parallel operations in India and IFSC which would lead to duplicated efforts and higher operational costs, discouraging MNCs and Indian conglomerates from setting up GRCTCs in the IFSC.</p>

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9.	3. 2(ii)	Same as above	The prohibition on transferring or receiving existing contracts or work arrangements from extant service recipients in India is excessively restrictive. This condition, as explained in Part B of Schedule I, could prevent MNCs from efficiently consolidating their treasury operations in the IFSC. The inability to transfer existing contracts could lead to operational inefficiencies and increased costs, making the IFSC less attractive as a hub for global treasury activities.	MNCs often seek to streamline their operations by consolidating contracts and work arrangements. The inability to transfer existing contracts to the IFSC could result in duplicated efforts and higher operational costs, discouraging MNCs from setting up GRCTCs in the IFSC.
10.	3. 2(ii)	Same as above	It is suggested that, either the Proviso to clause 10(1)(I) may be omitted or a second Proviso may be added in clause 10(1)(I) of the draft Framework stating the following- "Provided further that, for the removal of doubts, it is clarified that a specified Service Recipient may be either resident or non-resident in India".	While the provisions of clause 6 of the draft Framework, and other clauses in the draft Framework such as clause 3(2)(x), clause 6(3), clauses 1(a) & 1(b) of Part A, and clause 2(a) & 2(b) of Part B of Schedule I, make it clear that services, including BATF services, can be provided by a GRCTC to both resident and non-resident Service Recipients, the reference to Notification No. S.O. 291(E) dated January 18, 2024, might create ambiguity as to whether a GRCTC can provide BATF services to Group Entities which are resident in India.

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11.	3. 2(ix)	<p>While evaluating an application under sub-clause (1) above, the Authority shall take into account all matters which it deems relevant for grant of registration, including</p> <p>(ix) that the applicant or the relevant persons of the applicant are not subject to any proceeding for breach of law in any jurisdiction;</p>	<p>The requirement that the applicant or the relevant persons of the applicant are not subject to any proceeding for breach of law in any jurisdiction is restrictive and may inadvertently exclude MNCs who are otherwise qualified and capable of contributing positively to the IFSC.</p> <p>Thus, it is necessary to define the specific laws under which, where proceedings are on-going, the applicant shall be ineligible to obtain a registration as a GRCTC or alternatively, the condition should be evaluated and relaxed on a case-to-case basis. Accordingly, the IFSCA should retain discretion to determine if the ongoing proceedings justify the denial of registration.</p>	<p>MNCs typically operate in multiple jurisdictions and may face legal proceedings in one or more of these jurisdictions due to the complex nature of international business. Disqualifying such entities based on ongoing legal proceedings could limit the pool of eligible applicants and hinder the growth and development of the GRCTCs in IFSC.</p>
12	3. 2(x)	<p>While evaluating an application under sub-clause (1) above, the Authority shall take into account all matters which it deems</p>	<p>The requirement that the list of service recipients must include at least one service recipient who is either a person resident outside India or has a branch</p>	<p>Where a GRCTC in IFSC intends to borrow monies for the overall liquidity management of the group, from its group entities outside India and/ or financial institutions outside</p>

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		<p>relevant for grant of registration, including</p> <p>(x) the list of service recipients to be catered to by an entity seeking registration as a GRCTC shall include at least one service recipient which is either a person resident outside India or has a branch office(s) outside India;</p>	<p>office(s) outside India from the time of set up is restrictive.</p> <p>Thus, it is suggested that the said condition should not be applicable.</p>	<p>India for onward lending to its group entities in India, this condition would act as a deterrent although it is conducting a permissible treasury activity.</p> <p>This condition could limit the ability of MNCs who have current visibility on only Indian service recipients to set up GRCTCs in IFSC.</p> <p>This requirement could reduce the flexibility of MNCs to set up their treasury operations in IFSC.</p>
13.	4(1)	<p>i Application for Registration</p> <p>ii The applicant shall submit an application to the Authority, for grant of Certificate of Registration, in the format and in the manner as may be specified by the Authority.</p>	<p>Transparency in costs prevents confusion during application.</p>	<p>DIFC regulatory framework mandates transparency in financial obligations, including fees for Treasury Centres.</p>



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14	4 (4)	<p>The applicant, at the time of application, shall provide a list of the group entities it intends to serve including information about:</p> <p>a) the nature of the relationship between the applicant and each entity, or the relationship between the parent of the applicant and each entity;</p> <p>b) the jurisdiction in which each entity is incorporated and operates;</p> <p>c) the activities that each entity is undertaking in that jurisdiction;</p> <p>d) the activities proposed to be undertaken by GRCTC for or on behalf of each entity.</p>	<p>The draft framework requires that the applicant, should at the time of application, provide a list of the group entities it intends to serve including information about, <i>inter alia</i>, the activities proposed to be undertaken by the GRCTC for or on behalf of each entity.</p> <p>It is pertinent to note that GRCTCs are entities that deal with their group entities. Accordingly, the framework in this regard should be more principle based rather than being prescriptive.</p> <p>Thus, the requirement that the information about the list of group entities intended to be serviced and the activities proposed to be undertaken by the GRCTC on behalf of each of the entity being informed by the GRCTC at the time of registration is unrealistic.</p> <p>Moreover, new group entities may be established at a later</p>	<p>Since GRCTCs typically deal with only group entities, they should be permitted to render the permissible services/ activities to group entities without specific notification to the IFSCA. Separately, where this information is required, the IFSCA could call for the said information or require the GRCTC to furnish these details in the form of annual reporting.</p>

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			stage or the existing group entities may require services at a later stage which were not initially needed at the time of application. Thus, it should be permitted for the GRCTC to render permissible services/ activities to the entities falling within the definition of 'Group entity' without prior approval of/ intimation to the IFSCA.	
15	5(1)	The applicant shall be required to be incorporated in IFSC, in the form of a company or a branch or in any other legal form as may be specified by the Authority from time to time.	Entity be permitted to set up in LLP form as well.	<ul style="list-style-type: none"> <li>Groups have certain policies of operating under an LLP structure, and hence to align with such policies it is proposed that an LLP structure be allowed.</li> <li>LLPs could be allowed with appropriate safeguards for governance norms, such as directing the LLP not to borrow external funds and use only group funds etc.</li> </ul> <p>Further, LLPs also enjoy separate legal identity similar to companies and hence LLPs should also be treated at par and be allowed.</p>
16	6(1)	GRCTC shall perform Treasury Activities for and/or provide Treasury Services to either its	<ul style="list-style-type: none"> <li>The draft consultation paper does not provide what constitutes as Treasury</li> </ul>	By providing definitions of Treasury Activities and/or Treasury Services, there will be clarity on what is

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		Group Entities and/or to the Group Entities of its parent and/or to the branch of such Group Entities.	<p>Activities and/or Treasury Services.</p> <ul style="list-style-type: none"> <li>It is suggested to define both the terms to avoid interpretation issues.</li> <li>Such definition can be an inclusive (and not exclusive) definition also giving room to include what may additionally be done as treasury activity/ services, in line with changing times.</li> </ul>	permissible to be undertaken by GRCTCs in and from GIFT IFSC.
17	6(2)	The entities mentioned in sub-clause (1) above, designated as service recipients, shall be domiciled in a jurisdiction not identified in the public statement of Financial Action Task Force as 'High-Risk Jurisdictions subject to a Call for Action'.	<p>Stipulating service recipients must not be from "High-Risk" jurisdictions is crucial for compliance.</p> <p>Specify measures if a jurisdiction changes status post-registration.</p>	Proactive risk management supports regulatory compliance. Ireland's financial services law requires immediate notification of changes in jurisdictional risk to protect compliance.
18	6 (3)	GRCTC may cater to such service recipients who are persons resident in India provided that any transactions with such service recipients shall be undertaken in compliance	The clause is suggested to be amended referring to foreign exchange norms for pooling of cash account for Indian service recipients.	Pooling of cash accounts from a Foreign Exchange Management Act, 1999 perspective is not yet permitted for Indian entities which propose to set up a GRCTC in GIFT IFSC. It is requested that IFSCA enables the same for Indian entities

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		with the provisions of the Foreign Exchange Management Act, 1999		as it will help provide a level playing field <i>vis-à-vis</i> their foreign counterparts.
19	6(3)	Same as above	A GRCTC may cater to such service recipients who are persons resident in India provided that any transactions with such service recipients shall be undertaken in compliance with the provisions of the Foreign Exchange Management Act, 1999.	Clear guidance helps prevent regulatory breaches and enhances operational efficiency.
20	7(1)	A GRCTC shall have and maintain owned fund of USD 0.2 million at all times. Provided that in case a GRCTC is set up in the form of a branch, it shall maintain the owned fund at the parent level.	Consider a tiered capital requirement based on size or operations.	<p>The capital requirement of USD 0.2 million is pragmatic but may challenge smaller entities.</p> <p>Allows flexibility for smaller companies, fostering growth in IFSC.</p> <p>Ireland has adopted tiered capital requirements for different-sized financial institutions to encourage small and medium enterprises.</p>
21	8(1)	<b>Issuance of provisional registration</b> (1) After considering an application for registration, if	In respect to issuance of provisional registration, we suggest to indicate the range of time a) the provisional	The clarity of the timing and scope will help the applicant to plan for the transition and final resources requirement and the migration plan (to lift and drop, communication

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		the Authority is satisfied that the said application, <i>prima facie</i> , satisfies the conditions for granting registration, the Authority may issue a provisional registration to the Applicant and shall require the Applicant to satisfy such conditions and within such time as may be specified by the Authority in the provisional registration before grant of registration.	registration will be granted after receipt of the completed application and b) for the conversion from provisional to final registration. Also suggest to indicate the scope of activities that provisional registration is allowed and not allowed.	plan to suppliers/customers, banking arrangement, legal documentation between CTC and affiliates).
22	9(3)	Grant of Registration:  (3) The GRCTC shall, at any time after the grant of registration intimate to the Authority of any material change in the information or particulars previously furnished.	We suggest to give list or indicative list of the "material change in the information or particulars" which are required to be intimated can be provided in the guidelines.  We also suggest to clarify whether adding or removing companies receiving service from GRCTC is "business as usual" activities (not material change) as long as the companies are within the definition set by the rules.	In listing rules for example, change in directors, capital structure, ownership is considered material change. Recently SEBI in its FPI guidelines has prescribed indicative list of material change which FPIs are required to inform SEBI.  This would enable entities to internally put processes and governance control to adhere to IFSCA circular.

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23.	10. Permissible activities/services		<p>Section 10(1) of the entity, an entity registered as a GRCTC shall can provide activities and/or services to its service recipients as mentioned in Section 10(1) of the framework. We request following clarification on the services:</p> <p><i>a. <u>Borrowing</u></i></p> <p>We understand that there are no restriction on tenor and cost of such borrowings. GRCTC can borrow from non-residents &amp; residents. Borrowing from resident will be subject to FEMA norms.</p> <p><i>b. <u>Credit arrangement</u></i></p> <p>We understand that credit arrangement can be entered with resident and non-residents. We request guidance may be provided on end-use monitoring of these credit arrangements.</p> <p><i>c. <u>Transacting or investing in securities</u></i></p>	<p>In corporation, the use of derivative is highly controlled usually as part of Treasury Policy that defines a) the purpose (for hedging, proprietary trading or both), b) the approved counter-parties, limits, currencies and structures (only buy option not sell option). For GRCTC as an IHB, it may need to book a derivative transaction with a related co to hedge on behalf of that entity.</p> <p>This is to ensure that GRCTC does not need to unwind pre-existing contracts which may not be permitted in new rules as it may incur unexpected gain or loss and the underlying long or short position protection purpose cannot be maintained.</p>

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			<p>Whether GRCTC can invest in notes linked to FX / Rates / Commodities / Credit, which are non-principal protected. Whether investment in unlisted instruments can be done.</p> <p><i>d. <u>Buy and sell of derivatives as a client</u></i></p> <p>we suggest to clarify:</p> <ol style="list-style-type: none"> <li>1. whether GRCTC can be a counterparty to a related group entity on a derivative transaction and they can decide to have a back to back derivative transaction with a Bank.</li> <li>2. Can GRCTCs enter into derivatives (rates, Fx, precious metals and other asset classes) to hedge the risk on their service recipients' books or</li> </ol>	

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			<p>for the purpose of risk transformation?</p> <p>3. Further it may be clarified if CCIL reporting is applicable for derivative transaction done by GRCTC.</p> <p>4. GRCTCs cannot enter into proprietary trading.</p> <ul style="list-style-type: none"> <li>As per section 10(2) of the guideline, the activities/services at clause (1) above, shall be undertaken in compliance with such directions/guidelines as may be issued by the Authority from time to time.</li> </ul> <p>We suggest to clarify that new guidelines will not affect transactions booked prior to the new guidelines and earlier transaction remaining outstanding are valid.</p>	
24	10(1)	Permissible activities	The draft framework provides for a list of permissible activities/ services which GRCTCs in IFSC can undertake.	It is pertinent to note that GRCTCs primarily undertake activities with/ render services to group entities. Thus, GRCTCs in IFSC should



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			<p>While the permissible activities/ services are broad, there could be activities/ services which may not fall within the prescribed list for e.g. advisory on internal treasury policies, engaging as an in-house center providing virtual accounts to group entities to undertake settlements without physical remittance of funds etc. These activities/ services are permitted in the extant framework. However, in the absence of these activities/ services being explicitly included in the draft framework, it creates ambiguity on the permissibility of such activities/ services.</p> <p>IFSCA should instead prescribe a negative list of activities/ services which GRCTC cannot undertake so as to keep the contours of permissible treasury activities/ services from IFSC broad.</p> <p>While the Annexure II provides the guidelines on what is included as 'permissible</p>	<p>typically be subject to a lower level of regulatory restrictions for making it attractive for MNCs to undertake their global treasury operations from IFSC. IFSCA could require GRCTCs in IFSC to provide annual reporting so as to monitor the activities undertaken by the GRCTC in IFSC.</p>

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			<p>activities/ services' we observe that the definition of 'securities' is an inclusive definition and also includes other financial instruments. It may be pertinent to also include a broader definition of 'other financial instruments'.</p> <p>Separately, where activities/ services are specifically not covered under the framework, based on evaluation of the IFSCA, where the same qualify as treasury activities/ services, these should be permitted on a case-by-case basis either at the time of application and/ or at a later stage as necessary.</p>	
25	10 (1)(d)	<p>An entity registered as a GRCTC shall provide such activities and/or services to its service recipients as specified below: Buy and sell of derivatives as a client;</p>	<p>It would be helpful to elaborate on the scope of activities covered under 'Buy and sell of derivatives as a client'. Please clarify that this permission includes speculative trading and is not restricted to hedging.</p>	<p>The volume of derivative contracts traded by the GRCTC could be substantial as these contracts are entered by GRCTC to manage the risk of the overall group. Further, the GRCTC may also trade in over the counter derivative contracts. As the said contracts are executed to hedge the overall risk of group, they may not necessarily be linked to underlying securities/ currency or interest rate risk on another balance</p>

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				<p>sheet on one-on-one basis. It may be difficult for the GRCTC to produce documentation to substantiate that risks on different balance sheets are being hedged by GRCTC in GIFT IFSC.</p> <p>Under the current provisions of the Indian Income-tax Act, 1961, the derivative contracts traded on recognized stock exchange in India are excluded from the scope of speculative transaction. However, the tax definition of speculative is from a different perspective as compared to the perceived objective of the IFSCA in this case. To clarify, from the perspective of Income-tax Act, 1961 – there is only a definition of ‘speculative’ transaction as against a prohibition.</p>
26	10(1)(g)	<p><u>Re-invoicing</u></p> <p>As per guidelines, Re-invoicing activities shall include the following:  (a) facilitating the aggregation and netting of liquidity flows and</p>	<p>We suggest that GRCTC may be permitted for merchant trading without involving group companies (i.e buyer or seller) i.e. expanding the scope of re-</p>	Expansion of scope with controls.

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		financial risk on behalf of its service recipients. (b) Financing the purchase and sale of goods on behalf of the service recipients of the treasury centre, provided that the GRCTC does not take possession of goods purchased.	invoicing to trade invoicing involving only 3rd parties.  Additional control can be prescribed on percentage of total transaction value/reinvoicing turnover of third parties etc.	
27	10(1)(l)	<p>Pertaining to activity of BATF – enabled as below;</p> <p>Account-keeping, Accounting, Taxation and Financial Crime Compliance Services (BATF services);</p> <p><i>Provided that</i> apart from conditions applicable to permissible activities by GRCTCs such BATF services shall be provided in adherence to the provisions contained in Notification No. S.O. 291(E) dated January 18, 2024, issued by the Ministry of Finance and published in the Gazette of India.</p>	<p>The clarification relating to 'Indian residents' as eligible 'Service Recipients' to whom GRCTC may cater, subject to compliance with FEMA regulations, is a welcome change.</p> <p>Furthermore, an entity registered as a GRCTC is now permitted as per the draft framework to offer Book Keeping, Accounting, Taxation, and Financial Crime Compliance Services (referred to as 'BATF') to Service Recipients. However, these BATF services must adhere to the provisions outlined in Notification No. S.O. 291(E) dated January 18, 2024, issued by the Ministry of Finance [Notification 291 (E)]. As per</p>	<p>We understand that the existing GRCTC framework is being revised to streamline permissible activities and services, aligning them with international practices to make the GRCTC proposition more attractive for multinational corporations (MNCs) to establish their treasury centres in the International Financial Services Centre (IFSC).</p> <p>While the scope in the draft regulation has been expanded to include BATF services, restricting these services to only non-resident recipients may be stifling for MNC groups that intend to set up a treasury centre in the IFSC and have a global presence, including in India. In such a scenario, the MNC group may be compelled to establish two</p>

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			<p>Notification No. S.O. 291(E) dated January 18, 2024, the BATF services can only be provided to non-residents.</p> <p>Considering the above and the rationale provided, it is recommended that appropriate amendments be made to the draft framework to allow BATF services to be provided to non-residents as well as Indian resident group entities. Please clarify whether an entity which intends to undertake treasury activities/ services can commence its operations by rendering only BATF services (to either residents or non-residents) at the initial phase which may be followed by other treasury activities/ services.</p>	<p>parallel entities—one catering to global operations and another for the Indian group—resulting in a cost-ineffective proposition.</p> <p>In any case, non-BATF services can be provided under the proposed GRCTC Framework to Indian resident group entities.</p>
28	10(1)(l)	Same as above	The conditions under the BATF (Book keeping, Accounting, Taxation, and Financial Crime Compliance) regulations should not be applied to global	Global Treasury Centres operate on a different scale and scope compared to typical bookkeeping and accounting services who support external customers.

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			operations like Global Treasury Centres(GTCs). The inclusion of BATF services under the permissible activities for GRCTCs, as specified in Notification No. S.O.291(E) dated January 18,2024, issued by the Ministry of Finance, imposes additional regulatory burdens that are not aligned with the global nature of GTC operations.	1) GTCs restrict the activities to Group Companies 2) Benefits of scale are achieved by consolidating these BATF services from several geographical markets. Applying BATF regulations to GTCs for performing book-keeping, accounting and taxation services within Group Companies could impose compliance burdens and operational constraints, making the IFSC less attractive for setting up such centres.
29	10(1)(l)	Same as above	There is an ambiguity as to whether a GRCTC can provide BATF services to Group Entities which are resident in India. It is, therefore, suggested that, either the Proviso to clause 10(1)(l) may be omitted or a second Proviso may be added in clause 10(1)(l) of the draft Framework stating the following- "Provided further that, for the removal of doubts, it is clarified that a specified Service Recipient may be either resident or non-resident in India".	This would remove ambiguity on whether a GRCTC can provide BATF Services to the Service Recipients who are resident in India.
30	Clause 11	The GRCTC shall commence its operations within <b>six months</b>	The GRCTC shall commence its operations within <b>twelve</b>	It often takes time for the necessary physical infrastructure to be completed and be in usable form.

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		from the date of issuance of Certificate of Registration	<b>months</b> from the date of issuance of Certificate of Registration.	Accordingly, it is requested to allow GRCTC to commence its operations within 12 months from date of issuance of Certificate of Registration instead of 6 months.
31	Clause 11	Same as above	The six-month timeframe to commence operations may be tight for certain entities. Consider allowing for a one-time extension for reasonable delays.	Flexibility can accommodate unforeseen challenges without penalizing compliance.
32	Clause 12	Corporate Governance (1) Every GRCTC shall have a Board approved corporate governance policy. (2) The policy shall comprehensively and clearly document its governance arrangements i.e., the framework under which its Board and senior management shall function.	Part II Detailed Guidelines of F. No 172/IFSCA/Finance Company Regulations/2021-22/9 August 09,2021 Corporate Governance Policy should be made optional by GRCTCs.	GRCTC handles in-house Treasury business, restricting their treasury services within Group Companies. GRCTCs follow the governance requirements applicable to the nature of their legal incorporation structure under The Companies Act,2013. As such, you may dispense with the requirement to have additional guidelines, which may lead to hardship in compliance cum reporting requirements, for handling the in-house business.
33	Clause 12	Same as above	Corporate governance policies are essential. Including a requirement for regular audits to ensure adherence to governance and risk management policies.	Regular audits enhance accountability and compliance assurance.

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34	Clause 12	Same as above	We suggest to GRCTC should also have Treasury Policy, addition to governance policy and risk management policy.	The scope of GRCTC activities, purpose, objectives, performance KPIs will determine how the governance process and risk management process should align.
35	Clause 12(3)	The GRCTC shall develop a risk management policy. This policy shall include the procedures and systems that enable it to identify, measure, monitor and manage the range of risks that arise in or are borne by it while providing permissible activities/services.	We suggest that it may be added that policy to cover key risks associated with the management of GRCTC including a) operational risks, b) market risks (currency risk, interest rate risk, price risk), c) duration mismatch risk, d) liquidity risk, e) counter-party credit risk, f) cyber-security risk, g) regulatory and compliance risk (such as sanction violation), h) other risks (like concentration risk).	The risk mitigation measures should be comprehensive starting with the identification the types of risk and quantifying/measuring the probability and impact of such risks (some are high probability but low impact, some are low probability but high impact like cyberattack) The monitoring and response should be part of Treasury Standard Operating Procedure (TSOP) with exception reported to the board to close the loop of operational control, management control and board control.
36	13(1)	As per 13 (1), Fit and Proper requirements, The GRCTC shall ensure that its Relevant Person(s) satisfy the 'Fit and Proper requirements' (FPR)	In reference to above requirement, we suggest to include Continuing Professional Development (CPD) requirement.	Given the GRCTC set up is new and the scope of its remit includes international treasury management which is more dynamic than domestic activities. IFSCA can embed best practice in



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		specified in Schedule II of the Framework.		such courses (remote or face to face) to maintain CTC personnel a high level of competency level. In Hong Kong, HKMA maintains a minimum 20 CPD hours per calendar year requirement for professional level member of Treasury Markets Association.
37	Clause 14(2)	As per Clause no 14(2) The GRCTC may carry out transactions in currencies other than in those specified in clause (1) above, so long as such transactions are settled outside IFSC. Further, the activities permitted under Liquidity management, management of obligations on behalf of service recipients towards insurance and pension related commitment etc.	We suggest clarifying whether GRCTC can conduct PINO (Pay in the Name of) and RIBO (Receive in the Name Of) for entities in India outside IFSC subject to adherence to FEMA guidelines.	Given the strategic importance of IFSC as the treasury centre hub for India, companies (India and foreign) can consider consolidating the domestic payment control also in IFSC to achieve the synergy benefit. This will position IFSC as an integral part of the whole India strategy for new FDI from MNC as well as a new centre of excellence to build the expertise and talent pool for treasury in IFSC.
38	Clause 15	Applicable fees for GRCTC	The fee structure is clear; however, consider providing a rationale for the set fees, especially the recurring fee, to justify costs to stakeholders.	Transparency regarding fees fosters trust and helps in budgeting for applicants.  The DIFC and Singapore frameworks include clear justifications for all fees, promoting

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				transparency for financial institutions.
39	Clause 15	Same as above	Clause 15(1) specifies that the Recurring Fee payable by a GRCTC would be USD 25,000. At present the recurring fee payable by a GRCTC is USD 12,500 which is payable at the start of each financial year. As the draft Framework may become applicable some time in the current financial year 2024-25 and the GRCTC's would have already paid the existing recurring fees of USD 12,500, it is suggested that a specific Proviso may be inserted in this clause to provide that an existing GRCTC would be required to pay the recurring fee of USD 25,000 from the financial year commencing after the draft Framework becomes applicable. It is further suggested that the word per annum may be added after the amount of USD 25,000 appearing against Recurring Fee in clause 15(1).	This would remove ambiguity on whether a GRCTC which has already paid the Recurring Fee for financial year 2024-25 needs to make payment of any additional Recurring Fee for FY 2024-25 once the draft Framework becomes applicable.
40	Clause 15	Same as above	The fee structure outlined in the draft framework is excessively high. The registration fee of USD 25,000 and recurring fee of	High fees may act as a barrier to entry for many MNCs, particularly those that are cost-sensitive. Reducing the fees could make the

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			USD25,000 are substantial. As per the original framework, it is USD12,500 for registration and recurring fee each. Increasing the fee would deter potential applicants from setting up in IFSC.	IFSC more attractive to a broader range of potential applicants, thereby increasing the likelihood of successful GRCTC establishments.
41	16 (1)	Repeal and Savings: From the date of issuance of this Framework, the IFSCA Circular titled 'Framework for undertaking Global/Regional Corporate Treasury Centres activities by Finance Company/Finance Unit in IFSC' issued by the Authority on June 25, 2021, shall cease to apply.	The repeal of previous circulars is noted. Ensure that a clear transition plan is in place for entities operating under the old framework to adjust to the new one.	Smooth transition supports ongoing compliance and operational continuity.
42	Schedule 1 Part A 1(a)	Workforce Requirement: The number of employees transferred/ relocated from any of its service recipients in India as at the end of the financial year do not exceed 20% of the total employees employed with the service recipients of the GRCTC	We request that it may be clarified on <b>minimum headcount</b> required for GRCTC in IFSC such as Head of the entity, Compliance, Risk dealer etc.	While the treasury transactions will be booked in IFSC, the increased adoption of technology (like TMS, robotics, AI and straight through processing) will minimise the headcount.
43	Part A 1(b)	Asset Requirement: There should not be any transfer of assets from any of the service recipients in India to the BATF Service Provider.	We suggest to clarify that while asset transfer is not permitted, <u>GRCTC can lease the asset (e.g. IT infra, systems etc.) from Group company for the right to use the asset.</u>	The scope of work of GRCTC is part and parcel of the Group financial management from external borrowing to internal intra-group lending. The ERP, TMS and internal IT cost will be shared

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				either on a lease (based on cost allocation) to avoid CTC duplicated cost structure.
44	General suggestions	NA	Provision on time period for grant of approval upon submission of complete application should be added.	Time period for grant of approval will provide transparency of timelines that an applicant entity can expect and promote ease of doing business.
45	General suggestions	NA	Provision for variation or cancellation/ surrender of registration for the permitted activities/services as a Global/ Regional Corporate Treasury Centres.	Variation or cancellation/ surrender of registration with prior consent of the Authority would provide a comfort for the entities to open their Global/ Regional Corporate Treasury Centres in first place. As easy withdrawal or closure of business also promotes ease of doing business.
46	General suggestions	NA	Application form for obtaining approval for undertaking Global/ Regional Corporate Treasury Centres activities should be included.	For understanding the expectation of the Authority on details and documents required, the relevant form for obtaining approval for undertaking Global/ Regional Corporate Treasury Centres activities should be included in the Revised Framework.
47	General suggestions		We suggest the scope of GRCTC to include both onshore (India) and offshore (international) entities if the transactions involve foreign currencies.	First, it is more efficient to have one global pool per currency. Second, the FX buy/sell cost can be reduced. For example, the USD collected by one export entity can be used to pay for an import entity.

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				Third, the hedging cost can be reduced. For example, the long USD position can offset the short USD position. The hedging requirement is reduced from gross to net.
<b>B</b>	<b>Annex – II</b>			
48	10(1)(a)	Activity Type: Borrowing	Specify limitations on borrowing to prevent over-leverage. (e.g., borrowing not exceeding a certain percentage of owned funds).	Clarity on borrowing limits ensures financial prudence and risk management.  Ireland does enforce borrowing limits on corporate entities to ensure financial stability and prevent systemic risks.
49	10(1)(b)	Activity Type: Credit Arrangement	Add examples of acceptable credit facilities to guide applicants. (e.g., revolving credit lines, standby letters of credit, and performance guarantees).	Examples provide clearer expectations for compliance.
50	10(1)(b)	Same as above	Lending in INR be allowed to Indian group entities.	Considering that GRCTCs will also cater to Indian group entities, it should be permitted to lend in Rupee External commercial borrowings (ECBs) as this may be cost effective for Indian entities using the borrowings for INR dealings. Banks in GIFT IFSC are also allowed to offer such Rupee ECBs, considering treasury lending operations are similar to bank lending but to

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				<p>groups, a similar product also be allowed to GRCTCs.</p> <p>Further, appropriate relaxations should be introduced under the ECB guideline to ensure that GRCTCs can also manage the treasury activities of group entities including India.</p>
51	10(1)(c)	Activity Type: Transacting or investing in securities	Transacting or investing in securities be broadened to include exchange traded funds and mutual funds.	<p>Corporate treasury entities are responsible for managing the liquidity, investments, and financial risk of a corporation. In fulfilling these duties, treasurers ensure that funds are strategically managed and available when required by the group, hence liquid assets are common investments in the portfolio of corporate treasuries.</p> <p>In this connection Exchange-Traded Funds (ETFs), along with other liquid assets including mutual funds should be allowed as investment for GRCTCs.</p>
52	10(1)(d)	Activity Type: Buy and sell of derivatives as a client	Clarify what constitutes a "professional client" to ensure understanding.	Clear definitions promote understanding and compliance among stakeholders.
53	10(1)(h)	Activity Type: Liquidity Management	Clarify how surplus funds should be invested according to regulatory guidelines.	Helps maintain regulatory compliance while optimizing financial operations.

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54	10(1)(i)	Activity Type: Maintaining relationships with financial counterparties	Include guidelines on the frequency and depth of performance and risk analytics. (e.g., quarterly performance reviews and annual risk assessments).	Regular assessments ensure proactive risk management and transparency.
55	10(1)(j)	Activity Type: Management of obligations on behalf of service recipients towards insurance and pension related commitment.	Provide clearer guidelines on obligations management regarding pension and insurance.	Ensures effective management of obligations and compliance with relevant laws.
56	10(1)(m)	Activity Type: Acting as a holding company	Outline the responsibilities of GRCTCs acting as holding companies.	<p>Clear guidelines help in understanding the scope and limitations of activities.</p> <p>Singapore provides detailed obligations for holding companies in its Treasury Centres framework.</p>
57	General suggestion	NA	GRCTC can accept deposits from service recipients.	GRCTC is a centre for managing the funds of all group entities. Surplus funds of group entities must be allowed to be parked as deposits with GRCTC.
58	General suggestion	NA	Raising of Equity and any other form of capital.	This clause is already present in existing framework under clause 1(F)(xi). GRCTC must be allowed to raise equity from the market.

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59	General suggestion	NA	New treasury activity to be permitted – Market Risk Taking Positions.	GTC should be permitted to perform Market Risk taking positions to augment other Treasury Services

**IFSCA Response:** The above comments/ suggestions received within the prescribed timeline were considered and placed before the Competent Authority. Necessary modifications / changes have been carried out on the 'Framework'.