

Articles Part - I

Remote Trading Participants (RTPs) on Stock Exchanges in the IFSC

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CS Pradeep Ramakrishnan, FCS

IFSCA was in receipt of representations from market participants including Stock Exchanges, requesting direct participation by foreign institutions on the Stock Exchanges. It was suggested that this enabler is likely to increase the number of participants and make the secondary market more vibrant and liquid. Accordingly, it has been decided to permit foreign entities, not having a physical presence in IFSC, to trade directly on the Stock Exchanges, on a proprietary basis, without a Broker-Dealer.

IFSCA and the Ambition to Make the GIFT-IFSC as a Gateway to Global Climate Finance — Innovating Today for a Sustainable Tomorrow

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CS Pradeep Ramakrishnan, FCS, Chintan R Panchal

The Gujarat International Finance Tec-City (GIFT-IFSC), India's first operational international financial center, exemplifies this vision and is a major step towards 'onshoring the offshore'. Located in Gujarat, it operates as a foreign territory under the Foreign Exchange Management Act, where the medium of exchange includes 11 freely convertible foreign currencies, excluding the Indian Rupee. The income tax benefits, and regulatory framework provided for entities in GIFT-IFSC further enhance its attractiveness.

Overview of International Financial Services Centre and Opportunities for Company Secretaries

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CS (Dr.) Dipesh Shah, ACS

The Hon'ble Prime Minister of India during his visit to GIFT IFSC in July 2022 articulated his vision for GIFT City and stated that "the vision of India's future is associated with GIFT City, which is an important gateway to connect India with global opportunities". He further stated that "if one integrates with GIFT City, one will integrate with the whole world".

Assessing the GIFT City's Imperative Role in Raising India as a Global Soft Power

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Sandip Shah

Under the Setting up and Operation of International Branch Campuses and Offshore Education Centres Regulations, 2022, of the IFSCA, the regulator brought forth a bevy of regulations, with the following objective – to establish GIFT IFSC as a global educational hub by facilitating the setup of International Branch Campuses by foreign universities, either independently or in other approved forms. These regulations also enable other foreign educational institutions to create Offshore Educational Centres within GIFT IFSC. The overarching goal is to transform GIFT IFSC into an international educational centre that attracts both Indian and foreign students across various disciplines.

Sailing into the Future: GIFT IFSC's Ship Leasing Opportunities

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Ashutosh Sharma, Anamik Badashe

Despite its importance, India's shipping fleet stands at a modest 13.6 million gross tonnages, which is less than 1% of the world's total fleet of 1,565 million gross tonnages. This disparity has resulted in India being a country of charterers rather than ship-owners, leading to a substantial expenditure on chartering foreign flag vessels for international trade and significant exposure to maritime freight rates.

Credit Rating Agencies: Opportunities at GIFT IFSC

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Arjun Prasad, Akash Boddeda

The regulatory framework for CRAs has been specified IFSCA (Capital Market Intermediaries) Regulations, 2021^[3]. These regulations provide a regulatory regime for all the capital market intermediaries in IFSC such as Broker-Dealers, Clearing Members, Depository Participants, Investment Bankers, investment Advisors, credit Rating Agencies etc. The regulations provide the requirements for grant of recognition by IFSCA, net worth requirements, fit and proper criteria, obligations and responsibilities, risk management, code of conduct and other requirements to be followed by the CRAs in the IFSC.

Capital Markets Ecosystem in GIFT-IFSC

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Praveen Kamat, Shubham Goyal

GIFT IFSC, maiden international financial centre in India was set up by Government of India in 2015. The objective of GIFT IFSC is to act as a

gateway, connecting India to global financial markets and enabling access for international investors to India. The domestic financial service regulators Reserve Bank of India (RBI), Securities & Exchange Board of India (SEBI), Insurance Regulatory & Development Authority of India (IRDAI) and Pension Fund Regulatory and Development Authority (PFRDA) regulated the financial markets in GIFT-IFSC till 2020. After the establishment of International Financial Services Centres Authority (IFSCA), financial market in IFSC is being regulated by IFSCA.

REITs and InvITs: Opportunities at GIFT IFSC India's Massive Infrastructure and Real Estate Needs – An Enormous Opportunity

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Aditya Sarda, Akash Boddeda

The concept of REITs originated in the United States in 1960. Since then, numerous jurisdictions, including Singapore, Japan and Hong Kong in Asia, have established successful regulatory frameworks for these investment vehicles. In India, the capital market regulator, SEBI, has created regulatory frameworks for REITs and InvITs in 2014. As per a recent report¹⁴, REITs and InvITs in India have raised INR 17,116 crore in FY 2023 -2024, which is demonstrative of the rising demand for such investment opportunities.

GIFT IFSC a Global FinTech Hub: Regulatory Innovation Benchmarking Global Best Practices

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Akshay Singh, CS Rupali Mudaliar

Financial authorities around the globe have resorted to various ways of responding to fintech developments. For one, regulators may put in place fintech-specific licensing regimes that require entities to go through an authorization process before they can offer their fintech services. Alternatively, or complementarily, they may issue requirements that are fintech-specific, modify existing ones or even prohibit certain activities. Some authorities have taken the path of explaining how the existing regulatory framework is applied to fintech business models and clarifying their supervisory expectations. The “Framework for FinTech Entity in the IFSCs” is a light touch regulatory framework which not only aims at fostering innovation in financial services through innovation facilitators like Regulatory/Innovation Sandbox for FinTech activities spanning across Banking, Capital Market, insurance sector etc. as but also enables the pure.

Direct Listing of Indian Companies in GIFT IFSC – Marking the Dawn of a New Era in the Capital Market Landscape

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Saurabh Kumar

The purpose of this study is to underscore the need, significance and benefits of the Direct Listing Scheme at GIFT IFSC and its critical role in financing the growth and development of Indian companies, particularly the start-ups. It sheds light on the enabling legal and regulatory framework for Direct Listing that has been benchmarked with global best practices. It also contains the recent updates on the goal to implement and operationalize the Direct Listing Scheme at GIFT IFSC. Additionally, the article provides a snapshot of the proposed IFSCA (Listing) Regulations, 2024 that aims to promote ease of doing business for entities seeking to raise global capital from GIFT IFSC and also highlights the remarkable growth that GIFT IFSC has witnessed over the last few years and its relevance in the overall economic prosperity of the country.

IFSCA (Payment Services) Regulations, 2024- An Overview

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Sanjay Meghraj Khobragade

By enabling the 5 services to be provided out of IFSC, the IFSCA (Payment Services) Regulations allow financial institutions in IFSC to provide as well as receive a wide range of financial services that facilitate the transfer of money between individuals, businesses, and other entities. The regulations would also permit Indian fintech entities looking to offer their products globally to develop IFSC as their base from which to expand their offerings to jurisdictions across the world. The regulations would also support the process of “reverse-flipping” as many of the Indian fintechs having holding companies in foreign jurisdictions are engaged in providing on or more of the payment services enabled by the regulations.

Relocation of Funds to GIFT IFSC

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Kanika Singh

GIFT IFSC today provides parity with global jurisdictions. The structured efforts aim to create fertile ground for the movement of offshore financial services to Onshore GIFT IFSC. The relocation of the offshore funds is one area of growth to watch out for in this space of Funds @ GIFT IFSC.

Opening of a New Era for Qualified Jewellers - India International Bullion Exchange

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Chandan Satyarth

The IFSCA acts as a unified regulator for all financial products, services, and institutions operating within the IFSC framework. This streamlined approach eliminates the need to navigate multiple regulatory bodies, fostering ease of doing business for domestic and foreign entities. The IFSCA's vision extends beyond India's borders. It aims to position GIFT City as a world-class financial hub, attracting international investment and facilitating seamless integration of the Indian financial sector with the global financial landscape.

Significance of IFSC & its Role

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CS P. N. Kumar, FCS

The Indian Govt. relaxed its policy of Socialistic Economy to partially Private economy, it became necessary that the economic growth with industrial activity process should spread not to only a few places, solely handled by Government, but must spread over to all states of the country. First priority was to select those areas where resources were available by Nature. For example, where the land was suitable for growing of Cotton, that area was earmarked for textile industry. The other considerations were the availability of man power and willing and potential entrepreneurs. This was the time when Govt. had permitted foreign investment in India. As per the norms of Liberal Policy of 1990.

IFSCs: Transforming India into a Global Financial Powerhouse

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CS (Dr.) Chetan Gandhi, FCS,
CS Shamil Milan Shah, ACS

As per Section 3(1)(g) of The International Financial Services Centres Authority Act, 2019, "International Financial Services Centre" means an International Financial Services Centre set up, before or after the commencement of this Act, under section 18 of the Special Economic Zones Act, 2005. India established the International Financial Services Centre (IFSC) as a specialised zone to promote the nation as a global financial hub and ease cross-border financial services transactions. An IFSC is a designated area within a Special Economic Zone (SEZ) that offers financial institutions a business-friendly environment enabling them to operate and provide varieties of financial services to people globally, including different services like fund management, banking, securities trading and insurance.

Navigating the Future: Benchmarking Regulatory Innovation in Global Fintech Hubs through International Financial Centres

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CS Anjali Banerjee, ACS

On February 02, 2022, IFSCA came up with the 'Fintech Initiative Scheme' with the principal objective to promote the establishment of a world-class FinTech Hub, comparable with those located in advanced International Financial Centres (IFCs) across jurisdictions, at IFSC in India by providing financial support to FinTech activities in the form of specific grant(s) as specified in the scheme, based on their eligibility and fulfilment of terms and conditions as may be specified in the scheme.

Viksit Bharat @2047: Role of IFSCA in Driving India's Economic Growth

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CS Deepa Fernandes, FCS

India, with its rich history, diverse culture, and robust economic potential, has set an ambitious goal for itself: to become a developed nation by 2047, marking the centenary of its independence. The vision of a "Viksit Bharat" (Developed India) emerges as a guiding light for policy makers, businesses, and citizens alike. A crucial player in this journey is the International Financial Services Centres Authority (IFSCA), which has the mandate to develop and regulate financial services, financial products, and financial institutions in the International Financial Services Centres (IFSCs) in India. The International Financial Services Centres Authority (IFSCA) stands at the forefront of this transformation, with the potential to drive significant economic growth and elevate India to a status of leading global financial powerhouse.

Articles Part - II

Guidance for Handholding Startups

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CS (Dr.) K S Ravichandran, FCS

By leveraging the expertise and experience of seasoned professionals, founders/promoters can significantly increase their chances of success and build a robust foundation for their startup. Professional guidance of Company Secretaries, who practice in the field of incorporating entities, ensuring governance and compliance, etc can provide startups with the knowledge, skill, and resources required to navigate the complexities of starting and growing a business.

Embracing Technology: A Gateway to the Future of Practising Company Secretary

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CS Shukla Bansal, FCS

Technology drives economic development by creating new industries, jobs, and markets. Enhances the quality of life through advancements in healthcare, education, and everyday conveniences and also facilitates global communication and commerce, connecting people and businesses worldwide

Research Corner

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Alternative Investment Funds – Recent Trends, Light-Touch to Compliance Intensive

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CS Unnati Shah, ACS

AIF Industry is expected as one of the fastest growing as High-Net worth Individuals (HNIs) and ultra HNIs gets an option to generate better returns on their investments by investing in alternate/differentiated products. In this article author have analyzed recent trends in AIFs and discussed on the shift of AIFs from light-touch to compliance intensive.

Legal World

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- **LMJ 07:07:2024** In the case of a policy decision on economic matters, the Courts should be very circumspect in conducting any enquiry or investigation and must be most reluctant to impugn the judgement of the experts who may have arrived at a conclusion unless the Court is satisfied that there is illegality in the decision itself. [NCLAT]
- **LW 47:07:2024** It is the settled law that in a judicial proceeding where despite orders being passed by the court or the Tribunal calling upon the opposite side to file objection to the pleading, if the same is not controverted, it will be deemed to have been accepted by the other side and would be taken as to be true. [NCLAT]
- **LW 48:07:2024** At this belated stage questioning the Auction Sale made by the Liquidator, on the alleged procedural discrepancies without substantiating it, may not be a subject which could de-novo be scrutinised and be considered by this Tribunal. [NCLAT]
- **LW 49:07:2024** Given the facts and circumstances of the present case, the Commission finds that no prima facie case of contravention of the provisions of Section 4 of the Act is made out against Google in the instant matter. [CCI]
- **LW 50:07:2024** From a conjoint reading of Section 2(h) of the Act and the relevant Allocation of Business Rules, it is amply clear that DAE is exempted from the purview of 'enterprise' in terms of the provisions of the Act. Accordingly, conduct of DAE does not invite scrutiny under the provisions of the Act. [CCI]
- **LW 51:07:2024** If the contract workers are qualified and have been performing satisfactorily, there may be concerns of fairness in not offering them the opportunity to apply for these positions. [KNT]
- **LW 52:07:2024** As per the existing scheme for compassionate appointment, the request of the 1st petitioner can be considered, if it is made within 5 years from the crucial date. [MAD]
- **LW 53:07:2024** Thus, it is clear that the respondent Railways could not have constituted an Arbitral Tribunal consisting of serving/retired Railway Officers, as it was not in consonance with Section 12(5) and 7th Schedule of the Act, in the absence of any waiver given by the petitioner to Section 12(5) of the Act. [GAU]
- **LW 54:07:2024** Interim order of the arbitrator virtually takes away the right of defence for the appellants and it also tantamount to passing a final order without even affording an opportunity to the appellants. [MAD]

From The Government P-145

- In the Matter of Striking off or Removal of Names of LLPs Under Section 75 of the LLP Act, 2008 and Rules 37(1) (B) and Rule 37 (2) of The LLP Rules, 2009 In Respect of:- 17LLPs
- In the matter of 123 Limited Liability Partnerships (list enclosed)
- Notice by Registrar of removal of name of a Limited Liability Partnership from the Register
- Participation by Non-Resident Indians (NRIs), Overseas Citizens of India (OCIs) and Resident Indian (RI) individuals in SEBI registered FPIs based in International Financial Services Centres in India
- Statutory Committees at Market Infrastructure Institutions (MIIs)
- System Audit of Professional Clearing Members (PCMs)
- Introduction of a special call auction mechanism for price discovery of scrips of listed Investment Companies (ICs) and listed Investment Holding Companies (IHCs)
- Modification in duration for Call Auction in pre-open session for Initial Public Offer (IPO) and Relisted scrips
- Contribution to Core Settlement Guarantee Fund and Default Waterfall for Limited Purpose Clearing Corporation (LPCC)
- Modification in Framework for Offer for Sale (OFS) of Shares to Employees through Stock Exchange Mechanism
- (a) Ease of Doing Investments- Non-submission of 'Choice of Nomination'
 - (i) Doing away with freezing of Demat Accounts and Mutual Fund Folios for existing investors;
 - (ii) To remove freeze on payment of corporate benefits and service of physical folios;
- (b) Only 3 fields to be provided mandatorily for updating Nomination Details
- Uploading of KYC information by KYC Registration Agencies (KRAs) to Central KYC Records Registry (CKYCRR)
- Framework of "Financial Disincentives for Surveillance Related Lapses" at Market Infrastructure Institutions
- Enhancement of operational efficiency and Risk Reduction - Payout of securities directly to client demat account
- Disclosures of Material Changes and Other Obligations for Foreign Portfolio Investors
- Framework for providing flexibility to Foreign Portfolio Investors in dealing with their securities post expiry of their registration
- Priority Sector Lending – Amendments to the Master Directions
- International Trade Settlement in Indian Rupees (INR) – Opening of additional Current Account for settlement of trade transactions
- Export-Import Bank of India (Exim Bank)'s Government of India-supported Line of Credit of USD 23.37 mn to the Government of the Co-operative Republic of Guyana (GO-GUY), for procurement of two Hindustan 228-201 aircraft from Hindustan Aeronautics Ltd.
- Foreign Exchange Management (Overseas Investment) Directions, 2022 - Investments in Overseas Funds
- Amendment to Master Direction - Reserve Bank of India (Interest Rate on Deposits) Directions, 2016

Other Highlights

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