



## CIRCULAR

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**Sub: Framework for undertaking Global/Regional Corporate Treasury Centres Activities by Finance Company/Finance Unit in IFSC**

1. In exercise of the powers conferred by sub-section (1) of section 28, read with sub-section (1) of Section 12 and sub-section (1) of Section 13 of the International Financial Services Centres Authority Act, 2019 (hereinafter referred to as 'IFSCA Act'), the International Financial Services Centres Authority (hereinafter referred to as "Authority") vide Notification dated March 25, 2021 has notified International Financial Services Centres Authority (Finance Company) Regulations, 2021 (hereinafter referred to as the "Finance Company Regulations"). As per the said Regulations, a Finance Company or a Finance Unit set up in an International Financial Services Centre (hereinafter referred to as "IFSC") may undertake one or more permissible activities, as specified under sub-regulation (1) of regulation 5 thereof. One of such permitted core activity is 'Global/Regional Corporate Treasury Centres'.

**A. Applicability:**

This framework shall apply to a Unit set up in an International Financial Services Centre, which is registered as a 'Finance Company' or a 'Finance Unit' under the Finance Company Regulations and is desirous to perform the functions of Global/Regional Corporate Treasury Centre.

**B. Definition:**

For the purpose of this framework,

- (i) "Global/Regional Corporate Treasury Centre" means a Finance Company or a Finance Unit registered under Finance Company Regulations for undertaking Treasury Activities and Treasury Services for its Group Entities, acting as in-house Global/Regional Corporate Treasury Centre.



- (ii) **“Group Entities” or “Corporate Entities”** shall mean any entity which is registered under any law for the time being in force with any competent or statutory body in its home jurisdiction and shall include its holding, subsidiary or associate companies, branch, joint venture investment or subsidiary of a holding company to which it is also a subsidiary.
- (iii) **“Treasury Activities”** means the permissible activities carried out by Global/Regional Corporate Treasury Centre for its Group Entities.
- (iv) **“Treasury Services”** means the permissible services provided by Global/Regional Corporate Treasury Centre for its Group Entities.

**C. Service Recipients:**

The Global/Regional Corporate Treasury Centre shall perform Treasury Activities and/or provide Treasury Services exclusively to its Group Entities which are 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’, unless they are domiciled in any country specified by the Government of India by an order or by way of an agreement or treaty.

**D. Application for Registration and Grant of Certificate of Registration:**

- (i) Any eligible entity, which is desirous of registering itself for providing Global/Regional Corporate Treasury Services and satisfies the conditions as specified under regulation 3 of the Finance Company Regulations, may submit the application in the Form and manner as have been specified by the Authority for registration under the Finance Company Regulations.
- (ii) The Authority may grant Certificate of Registration to a Finance Company or a Finance Unit for providing Global/Regional Corporate Treasury Services exclusively to its Group Entities, subject to such conditions as may be specified.



#### **E. Permissible Treasury Services:**

A Global/Regional Corporate Treasury Centre after being granted registration, shall be permitted to provide following Treasury Services to its Group Entities:

- (i) Managing and optimising multi-currency cash management and liquidity management including cash forecasting, arranging credit facilities and cash pooling;
- (ii) Central or regional processing of payments to the vendors or suppliers of the Group Entities;
- (iii) Managing the Group Entities' relationships with financial institutions or the investors in the debt or equity instruments issued by the Group Entities;
- (iv) Providing corporate finance advisory/transaction services, including:
  - a. Raising of funds, by way of debt or equity by the Group Entities;
  - b. Capital budgeting for the Group Entities;
  - c. Intra -group financing;
  - d. Provisioning of guarantees, performance bonds, standby letters of credit or other credit risk instruments in respect of the borrowing of money by the Group Entities; or
  - e. Remittances to or on behalf of the Group Entities;
- (v) Providing assistance in Internal Group restructuring;
- (vi) Advising on the management of the investment of the funds of the Group Entities;
- (vii) Advising or providing services in relation to the management of interest rate risk, foreign exchange risk, liquidity risk, credit risk, commodity risk or and any other financial risk of the Group Entities;
- (viii) Advising or providing services in relation to the Group Entities' compliance on any or all of the following:
  - a. Accounting standards;
  - b. Internal treasury policies;
  - c. Regulatory requirements in relation to treasury management;
- (ix) Advising or providing services in relation to the operations of the treasury



- management system;
- (x) Providing business planning and co-ordination including economic or investment research and analysis, for the Group Entities in connection with any of the Treasury Services specified above;
  - (xi) Engaging as an in-house centre providing virtual accounts to Group Entities to undertake settlements without physical remittance of funds;
  - (xii) Acting as a re-invoicing centre for Group Entities as long as such re-invoicing is undertaken for the limited purpose of ensuring that liquidity flows and financial risk can be aggregated and netted; and
  - (xiii) Any other Treasury Services with prior intimation to the Authority.

**F. Permissible Treasury Activities:**

A Global/Regional Corporate Treasury Centre after being granted registration, shall be permitted to carry out following Treasury Activities for its Group Entities:

- (i) Transacting or investing the funds of the Group Entities in any of the following financial instruments for managing the cash and liquidity position of the Group Entities:
  - (a) Deposits;
  - (b) Bank deposits and deposits with recognized financial institutions;
  - (c) Inter-company deposits to enable multi-currency cash pooling;
  - (d) Certificates of deposits;
  - (e) Bonds and Debentures including Bonds and Debenture listed in recognised stock exchanges in IFSC;
  - (f) Notes;
  - (g) Virtual accounts where the physical funds are held by a regulated bank;
  - (h) Money-market funds;
  - (i) Repo and Securities lending; and
  - (j) Other financial instruments with the approval of the Authority.



- (ii) Transaction in respect of any of the following contracts:
  - (a) Foreign exchange contracts including hedging for commodities;
  - (b) Commodity derivatives;
  - (c) Forward or futures contracts including;
  - (d) Purchase of credit enhancements or derivatives with the intent of reducing credit risk;
  - (e) Swap Contracts; and
  - (f) Options Contracts;
  - (g) Commodities contracts.
- (iii) Factoring and forfaiting activities for its Group Entities;
- (iv) Borrowing by collateralizing inventory held by its Group Entities;
- (v) Advances and structured credit facilities against future sales/ exports by its Group Entities;
- (vi) Commercial activities only to the extent it serves the purpose of a re-invoicing centre;
- (vii) Structured finance transactions;
- (viii) Foreign exchange transactions;
- (ix) Transacting or investing in stocks and shares of any entity listed on recognized stock exchanges;
- (x) Extending credit facilities to any or all Group Entities by raising short term or long term debt;
- (xi) Raising of equity and any other form of capital; and
- (xii) Any other Treasury activities with prior intimation to the Authority.

**G. Currency for Conduct of Business:**

- (i) A Finance Company or a Finance Unit functioning as Global/Regional Corporate Treasury Centre shall transact in freely convertible foreign currency only. However, it



may defray their administrative expenses in INR by maintaining a separate INR account.

- (ii) Where a Global/ Regional Corporate Treasury Centre is required to transact in a non-freely convertible currency because the underlying trade flows of its Group Entities are denominated in such a currency, such trade flow should be specifically identified against the transaction in a non-freely convertible currency which will be settled in freely convertible currency.
- (iii) The Global/ Regional Corporate Treasury Centre may transact in foreign currency-rupee derivatives only where the foreign currency leg is in a freely convertible currency.
- (iv) USD-INR derivatives can be undertaken with authorized dealers in India in line with the extant Reserve Bank of India guidelines applicable to off-shore entities hedging their currency exposures with authorized banks in India.
- (v) Participation in non-deliverable forwards (including rupee or other currencies) or offshore markets shall be governed by the extant guidelines in force.

#### **H. Submissions of Report / Information**

- (i) Every Finance Company or Finance Unit functioning as Global/Regional Corporate Treasury Centre shall, inter-alia, furnish the following information to the Authority within 90 days from the finalisation of annual financial statements:
  - a. Annual performance report; and
  - b. Confirmation of compliance with the applicable regulations, circulars, guidelines and directions issued by the Authority.
- (ii) Every Finance Company or Finance Unit functioning as Global/Regional Corporate Treasury Centre shall submit all the financial information to the Authority in USD, unless otherwise specified.
- (iii) The Authority, from time to time, may call for any other information, documents or records as it may deem necessary from the Finance Companies or the Finance Units functioning as Global/Regional Corporate Treasury Centres.



**I. Compliance with other Laws**

Every Finance Company or Finance Unit functioning as Global/Regional Corporate Treasury Centres shall comply with all other laws applicable on Permissible Treasury Services and/or Activities, as the case may be.

**J. Power to Remove Difficulties, Specify Procedures and Issue Clarifications**

For the purpose of implementation of this framework and matters incidental thereto, or in order to facilitate and regulate the permissible Treasury Services and/or Activities, and to remove difficulty in giving effect to this framework, the Authority may specify the necessary norms, procedures, processes, manners, provide necessary relaxations and issue clarifications from time to time

2. This circular is issued in exercise of powers conferred by section 12 of the IFSCA Act to develop and regulate the financial products, financial services and financial institutions in the IFSCs.
3. A copy of this Circular is available on the website of the Authority at [www.ifsc.gov.in/circular](http://www.ifsc.gov.in/circular).

**Yours faithfully,**

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