



## CIRCULAR

F. No. 206/IFSCA/Anc.Aux/2020-21

February 10, 2021

### **Sub: Framework for enabling Ancillary services at International Financial Services Centres**

1. Considering the importance of professional and other service providers for the development of financial products, financial services and financial institutions in the International Financial Services Centres (IFSC), a framework for enabling ancillary services has been provided for as under:

#### **A. Applicability:**

This framework shall be applicable to all ancillary service providers (hereinafter referred to as “service provider(s)”) engaged in one or more permissible ancillary services within the IFSC.

#### **B. Definition:**

Ancillary services shall mean those services which directly or indirectly aid, help, assist or strengthen or are attendant upon or connected with the services, as detailed under sub-clauses (i) to (xi) of clause (e) of sub-section (1) of section 3 of the IFSCA Act, 2019.

#### **C. Permissible ancillary services:**

The service providers may engage in any one or more of the following activities:

- (i) Legal, Compliance and Secretarial;
- (ii) Auditing, Accounting, Bookkeeping and Taxation Services;
- (iii) Professional & Management Consulting Services;
- (iv) Administration, Assets Management Support Services and Trusteeship Services;
- (v) Any other services as approved by IFSCA from time to time.



The detailed activities of such permissible ancillary services are detailed at **Annexure – I**.

**D. Eligibility Conditions:**

The following entities are eligible to act as a service provider so as to provide permissible ancillary services pertaining to activities in relation to financial products, financial services and financial institutions in the IFSC:

- (i) Any existing or newly incorporated entity set up in the IFSC or
- (ii) Any Indian or foreign incorporated entity by establishing a branch or a subsidiary

**E. Service Recipients:**

Service providers can provide permissible services to any one or more of the following:

- (i) Entity(ies) set up in the IFSC;
- (ii) Financial services entities from foreign jurisdictions for various activities in the IFSCs in India or other related activities overseas;
- (iii) Indian entities who propose to open, set up or carry out operations in IFSCs or foreign jurisdiction, provided consideration is received in freely convertible foreign currency.

**F. Application Process:**

An applicant desirous to act as a service provider and eligible under this framework to provide permissible ancillary services shall apply to IFSCA in the application form specified at **Annexure-II**.

**G. Currency for conduct of business:**

Service providers shall transact in freely convertible foreign currency only. However, the service providers may defray their administrative expenses in INR by maintaining an INR account.



## **H. Maintenance of Books of Accounts, Records and Documents**

Every service provider shall maintain its books of accounts, records, and documents in such foreign currency, as may be declared at the time of making an application.

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

- (i) Every service provider shall furnish the following information to the IFSCA:
  - a. Annual financial statements for the entity registered.
  - b. Confirmation of compliance with the regulations, circulars, guidelines and/or directions as issued by the International Financial Services Centres Authority from time to time.
  - c. Details of material regulatory action, if any
- (ii) Every service provider authorized by the IFSCA shall submit the financial information to the IFSCA in US Dollar, unless otherwise specified by the IFSCA.
- (iii) The IFSCA from time to time may call for any information, documents, or records as it may deem necessary from the service provider.

## **J. Compliance with other requirements**

The service providers shall comply with all the applicable and relevant regulatory obligations, standards, policies and guidelines as issued by any other competent authority(ies).

## **K. Action in case of default**

If a service provider fails to comply with any of the requirement under this framework and/or other directions and guidelines issued from time to time, the IFSCA may take appropriate action as it deems fit, after giving a reasonable opportunity to make its written submissions.



**L. Fees**

The applicant / registered entity shall pay to IFSCA such fees and charges as specified from time to time.

**M. Power to remove difficulties, specify procedures and issue clarifications**

In the event of any difficulty in giving effect to this framework or to ensure effective operation of this framework, the IFSCA may specify the necessary norms, procedures, processes, manners and may also provide relaxations, by way of guidelines or circulars.

2. This circular is issued in exercise of powers conferred by section 12 of the International Financial Services Centres Authority Act, 2019 to develop and regulate the financial products, financial services and financial institutions in the International Financial Services Centres.
3. A copy of this circular is available on the website of the International Financial Services Centres Authority at [www.ifsc.gov.in](http://www.ifsc.gov.in)

**Yours faithfully,**

**Pavan Shah**  
**Deputy General Manager**  
**pavan.shah@ifsc.gov.in**

Encl: As above

**Detailed activities of such permissible ancillary services**

**1. Legal services, Compliance & Secretarial Services:**

**1.1. Legal Services:**

**1.1.1. Legal advisory services:**

Legal advisory services shall include tendering legal opinions, drafting legal documents including pleadings, representing before IFSCA or entities regulated by it. It shall also include research and other work for the preparation of a non-judicial case (e.g. researching legal documentation, reviewing reports), and the execution of post-litigation work.

**1.1.2. Legal documentation and certification services:**

Preparation, drawing up and certification services of legal documents. These services comprise of related legal services including the provision of advice and the execution of various tasks necessary for the drawing up or certification of documents including commercial contracts, business charters, etc.

**1.1.3. Other legal advisory and information services:**

Advisory services to clients related to their legal rights and obligations and providing information on legal matters not classified elsewhere. This includes services such as escrow and settlement services.

**1.2. Compliance & Secretarial Services:**

**1.2.1.** Compliance Services means providing advice, consultancy, assistance or other related services, for fulfilling legal obligations/compliances under various laws for the time being in force;

**1.2.2.** Secretarial services in relation to any applicable law including laws of foreign jurisdictions.

**2. Accounting, Auditing, Bookkeeping & Taxation Services:**

**2.1. Accounting and auditing services:**

**2.1.1. Financial auditing services:**

Examination of the accounting records and other supporting evidence of an organization for the purpose of expressing an opinion as to whether financial

statements of the organization present its financial and operational position fairly on a given date, in accordance with generally accepted accounting principles.

**2.1.2. Accounting review services:**

Reviewing services of annual and interim financial statements and other accounting information. The scope of a review is less than that of an audit and therefore the level of assurance provided is lower.

**2.1.3. Compilation of financial statements services:**

This includes compilation of financial statements from information provided by the client. No assurances regarding the accuracy of the resulting statements are provided.

This service shall also include the preparation services of business tax returns, when provided as a bundle with the preparation of financial statements for a single fee.

**2.1.4. Other accounting services:**

Other accounting services such as attestations, valuations, preparation services of pro forma statements, etc.

**2.2. Bookkeeping services, except tax returns:**

Bookkeeping services consisting of classifying and recording business transactions in terms of money or some unit of measurement in the books of account.

**2.3. Taxation Services:**

**2.3.1. Business Tax Planning and Consulting Services:**

Advisory services to enterprises to do tax planning.

**2.3.2. Business Tax Preparation and Review Services:**

Services consisting of preparing or reviewing various returns and reports required for compliance with the income tax laws and regulations and representing before the tax authorities. This may also include tax planning and control.

**2.3.3. Other Tax Related Services:**

Services consisting of assisting entities in tax planning and preparing all documentation required by law.

### **3. Professional and Management Consulting Services:**

#### **3.1. Professional Services:**

Professional Services provided by any of the service provider in relation to the following:

- (a) Advisory Services to entities within IFSC in relation to a financial product or any other advisory services as required in connection with their business in IFSC or their business with an Indian company or an overseas company;
- (b) Advisory Services to companies/entities outside India in relation to their business or investment activity including in India or in IFSC;
- (c) Advisory Services to companies/entities in India in relation to their business or investment activities outside India or in IFSC.

#### **3.2. Management Consulting Services:**

##### **3.2.1. General management consulting services:**

Advisory, guidance and operational assistance services concerning business policy and strategy and the overall planning, structuring and control of an organization. More specifically, general management consulting assignments may deal with one or a combination of policy formulation, determination of the organizational structure (decision-making system) that will most effectively meet the objectives of the organization, legal organization, strategic business plans, defining a management information system, development of management reports and controls, business turnaround plans, management audits, development of profit improvement programs and other matters which are of particular interest to the higher management of an organization.

##### **3.2.2. Financial management consulting services (except business tax):**

Advisory, guidance and operational assistance services concerning decision areas which are financial in nature, such as working capital and liquidity management, determination of an appropriate capital structure, analysis of capital investment proposals, development of accounting systems and budgetary controls, business valuations prior to mergers and/or acquisitions, etc.

##### **3.2.3. Marketing management consulting services:**

Advisory, guidance and operational assistance services concerning the marketing strategy and marketing operation of an organization. Marketing consulting

assignments may deal with one or a combination of analysis and formulation of a marketing strategy, formulation of customer service and pricing policies, sales management and staff training, organization of distribution channels (sell to wholesalers or directly to retailers, direct mail, franchise, etc.), organization of the distribution process, package design and other matters related to the marketing strategy and operations of an organization.

#### **4. Administration, Assets Management Support Services and Trusteeship Services:**

##### **4.1. Administration Services:**

Offering support services in relation to safeguarding and administering assets consisting of financial products, belonging to another person, or agreeing to do so.

##### **4.2. Assets Management Support Services:**

Offering support services to Asset Management Companies. Providing services for maintenance of various physical assets belonging to another person / used by other person.

##### **4.3. Trusteeship Services:**

Trusteeship services in relation to debenture, bonds, management of private trust, external commercial borrowing, facility and escrow agent, safe keeping and other related financial services.



**Application form for setting up unit as an Ancillary Service Provider in the IFSC**

**List of required information/ documents**

<b>S.No.</b>	<b>Particulars</b>	<b>Details</b>
<b>1. Details of the Applicant</b>		
1.1	Name of Applicant	
1.2	Address of the IFSC office of the Applicant	
1.3	Legal form of the applicant	
1.4	Contact details of the primary coordinator (s) of the applicant: a) Name, b) Contact Number and c) E-mail	
1.5	Date of Incorporation of the applicant	
1.6	Shareholding pattern of the applicant	
<b>2. Details of the Parent / Promoter of the Applicant</b>		
2.1	Name of the Parent / Promoter	
2.2	Date of incorporation/ establishment of the Parent / Promoter	
2.3	Legal form of the Parent / Promoter	
2.4	Address of the registered office of the Parent / Promoter	
2.5	Address for correspondence and principal place of business of the Parent / Promoter	
2.6	Contact details of the primary coordinator (s) of the parent or promoter:	

	a) Name, b) contact number and c) email	
2.7	Is the parent based in a Financial Action Task Force (FATF) compliant jurisdiction?	
<b>3. Business proposed to be undertaken by the Applicant</b> Please provide a business plan including following information. (Use additional pages, if required)		
3.1	Company profile (in brief)	
3.2	Proposed activities to be carried out	
3.3	Estimated number of employees over the next 5 years	
3.4	Details of Associate entities in IFSC, if any	
3.5	Details of regulatory action, if any in last 5 years	
<b>4. Fees for Ancillary Service Provider :</b> Following fee is applicable for the Ancillary Service Provider:  Application Fee : USD 500 Registration Fee : USD 2,000 (for 5 years)  <b>Bank account details of IFSCA:</b> <i>Account name:- IFSCA FUND 2</i> <i>Account number:-39907189884</i> <i>IFSC CODE:-SBIN0060228</i> <i>SWIFT CODE:-SBININBB255</i> <i>Branch name and address: State Bank of India, GIFT City, Gandhinagar branch, Gandhinagar, Gujarat 382355</i>		

<b>5. Documentary Requirements</b>	
5.1	<ul style="list-style-type: none"> <li>a) Copy of the incorporation certification/registration document of the Applicant or Parent / promoter as may be applicable</li> <li>b) Constitutional documents (such as Memorandum and Articles of Association/ Partnership Deed) of the Applicant or Parent as may be applicable</li> <li>c) Last 3 years audited consolidated financial statements of the Applicant or Parent as may be applicable</li> </ul>
<p><b>6. Declaration to be submitted by the applicant in the following format on a company letter head, same should be signed by an Authorized signatory:</b></p> <p>We hereby declare that the information supplied in the application, including the attachment sheets, is complete and true.</p> <p>AND we further agree that, we shall notify the International Financial Services Centres Authority immediately of any material change in the information provided in the application.</p> <p>We further agree that we shall comply with and be bound by the Guidelines and Regulations issued by the International Financial Services Centres Authority and the guidelines/instructions as may be announced by the International Financial Services Centres Authority from time to time.</p> <p>We further agree that as a condition of registration, we shall abide by such operational instructions/directives as may be issued by the International Financial Services Centres Authority from time to time.</p>	