

**Indicative Model Question Paper**  
**Professional Programme**  
**Syllabus, 2022**

**IFSCA – Regulations, Listing and Compliances**

*Time Allowed: 3 hours*

*Maximum Marks: 100*

**NOTE: Answer All Questions.**

**Question No. 1**

GlobeFin LLP is a multinational professional services firm with operations in multiple foreign jurisdictions. As part of its global expansion strategy, the firm proposes to establish an entity in GIFT City – International Financial Services Centre (IFSC), India. The proposed IFSC entity intends to undertake the following activities:

- **BATF Services:** Book-keeping, Accounting, Taxation, and Financial Crime Compliance services for IFSC entities and overseas group companies.
- **TechFin Services:** AI-driven compliance solutions, automated KYC/AML tools, cybersecurity and data protection services, and fraud analytics.
- **Ancillary Service Provider (ASP) functions:** Providing shared services such as finance operations, compliance support, and technology management to its global group entities.

In addition, GlobeFin plans to explore registration as a KYC Registration Agency (KRA) in the future, once its initial IFSC operations stabilize.

During the planning phase, the management identified several challenges:

- Uncertainty regarding whether the IFSC entity should be structured as a Company or LLP, considering regulatory eligibility, net worth requirements, and future scalability.
- Need to understand the registration process under IFSCA BATF Services Regulations and TechFin/IT-enabled Services Regulations.
- One of the proposed directors was penalized for non-compliance with tax laws in a foreign jurisdiction around seven years ago, without any criminal conviction.
- Appointment of suitably qualified Principal Officer (PO) and Compliance Officer (CO) and ensuring promoters and key personnel meet the “fit and proper” criteria prescribed by IFSCA.
- Requirement to implement ring-fencing of IFSC operations, AML/CFT frameworks, cybersecurity controls, business continuity planning, and regulatory reporting systems.
- Understanding additional net worth, governance, and technology requirements applicable if the firm applies for KRA registration in the future.

Answer the following questions in light of the above case:

- (a) Outline the registration process for GlobeFin to become:
  - i a BATF Service Provider, and
  - ii a TechFin / IT-enabled Service Provider in GIFT City IFSC.
- (b) Examine whether the prior foreign tax penalty imposed on a proposed director affects compliance with the IFSCA fit and proper criteria.
- (c) List the reporting and disclosure obligations under BATF and TAS Regulations.

- (d) What are the net worth and governance requirements for becoming a KYC Registration Agency?

*(5 marks each)*

### **Question No. 2**

- (a) Glopro Ltd., a foreign insurance company incorporated in Singapore, proposes to establish a branch office in GIFT City IFSC. The company has maintained a strong credit rating over the past three years and complies with the solvency norms prescribed by its home country regulator. However, it has not yet obtained a No Objection Certificate (NOC) from the insurance regulatory authority in its home jurisdiction.

Examine whether Glopro Ltd. can move forward with its application for registration as an IFSC Insurance Office (IIO). Further, discuss the specific eligibility requirements under the IFSCA regulations that must be satisfied by the applicant prior to grant of approval.

*(5 marks)*

- (b) Health Max Ltd., an Indian insurer registered with IRDAI, plans to open an IFSC Insurance Office IIO in GIFT IFSC. It proposes to maintain assigned capital of INR 15 crore in its Indian bank account and conduct business in Indian Rupees.

Evaluate whether Health Max Ltd.'s plan complies with IFSCA requirements. What changes must it make regarding assigned capital and currency operations?

*(5 marks)*

### **Question No. 3**

BetaGlobal Capital Ltd., a multinational financial services firm, proposes to establish operations in GIFT City IFSC and seek registration under the IFSCA Capital Market Intermediaries Regulations, 2025 for the following activities: Broker-Dealer, Investment Banking, Investment Advisory, Research Entity, and distribution of capital market products.

While the firm has a strong global presence, it faces challenges relating to net worth requirements for multiple registrations, appointment of qualified Principal Officer and Compliance Officer, fit and proper criteria (as one proposed director was penalized by a foreign regulator for non-disclosure), potential conflict of interest between advisory and distribution activities, operational compliance obligations, and maintaining independence of research functions from investment banking activities. In light of the above, answer the following:

- What steps must BetaGlobal take to obtain registration for all proposed activities under the CMI Regulations, 2025?
- How should BetaGlobal comply with the net worth requirements for multiple intermediary categories?
- What are the eligibility, qualification, and experience requirements for the Principal Officer and Compliance Officer?
- What are the regulatory consequences of non-compliance with IFSCA obligations?

*(5 marks each)*

*Attempt all parts of either Q. No. 4 or Q. No. 4A*

**Question No. 4**

- (a) InsureMed Ltd., an IIO, fails to implement Anti-Money Laundering (AML) procedures and does not maintain books of accounts in the prescribed format. It also delays reporting operational data to IFSCA.

Discuss the compliance risks and regulatory consequences. What operational and reporting requirements must an IIO adhere to?

*(5 marks)*

- (b) ProCapita Ltd., a major iron rod manufacturer, plans to issue Transition Bonds under IFSCA's framework to fund decarbonization projects. However, its transition plan lacks measurable emission-reduction targets and does not reference any international taxonomy or technology roadmap.

Discuss why ProCapita Ltd.'s bond issuance may fail to attract investors under the IFSCA Transition Bond Framework. Suggest corrective measures to align with the framework's four core pillars.

*(5 marks)*

- (c) Medtech Capital Pvt. Ltd., an investment firm, wants to set up operations in GIFT City IFSC. Initially, it plans to launch a Restricted Scheme for accredited investors with a minimum investment of USD 250,000. Later, it intends to introduce Retail Schemes for the general public. The firm also wants to ensure compliance with IFSCA regulations regarding net worth, disclosures, and risk management.

- i. Under which category (Restricted Scheme or Retail Scheme) of Fund Management Entity (FME) should Medtech Capital register to launch?
- ii. What is the minimum net worth requirement for Registered FME (Non-Retail) and Registered FME (Retail)?
- iii. State two key disclosure requirements in the placement memorandum for Restricted Schemes.

*(1+2+2=5 marks)*

***OR (Alternative question to Q. No. 4)***

**Question No. 4A**

TMT Global Bank a leading international bank headquartered in London, plans to expand its operations in India by setting up a unit in the International Financial Services Centre (IFSC) at GIFT City. The bank aims to offer foreign currency lending, trade finance, and treasury services to global clients. Additionally, it intends to provide cross-border payment services and explore opportunities in aircraft leasing and treasury management for its multinational clients.

The management team is evaluating the following options and requirements:

- (a) Whether to establish an IFSC Banking Unit (IBU) or an IFSC Banking Company (IBC).
- (b) The minimum capital requirement for each option.

- (c) The regulatory approvals and documents needed from its home regulator.
- (d) Compliance with KYC, AML, and CFT guidelines.
- (e) The possibility of offering Payment Services without separate authorisation.
- (f) Exploring aircraft leasing as a permitted activity under IFSC regulations.
- (g) Setting up a Global/Regional Corporate Treasury Centre (GRCTC) for its group entities.

In view of the above scenario, answer the following questions

1. Advise TMT Global Bank on whether it should choose an IBU or an IBC, considering regulatory requirements and capital commitments.
2. What are the minimum capital requirements for setting up an IBU and an IBC in IFSC?
3. List the key regulatory approvals and undertakings TMT Global Bank must obtain before commencing operations.
4. Explain the importance of KYC and AML compliance for Universal Bank's IFSC operations.
5. Can TMT Global Bank provide payment services without obtaining a separate authorisation? Justify your answer with reference to IFSCA regulations.

*(3 marks each)*

**Question No. 5**

- (a) LonFed Bank, headquartered in London, wants to establish an offshore banking unit in India to cater to global clients and participate in foreign currency lending and derivative transactions. The bank is evaluating GIFT City as its preferred location.

In view of the above, what steps must LonFed follow to set up an IFSC Banking Unit in GIFT City? How does the currency of operation differ from a Domestic Tariff Area (DTA) unit?

*(5 marks)*

- (b) Edutech Technologies, a FinTech startup specializing in cross-border digital payments, plans to leverage GIFT IFSC's regulatory sandbox for innovation. Answer the following in view of the above statement:
- i What initiatives by IFSCA support FinTech innovation in GIFT IFSC?
  - ii List two financial activities permitted for FinTech firms in IFSC.
  - iii What exemptions under Companies Act, 2013 will apply to Edutech Technologies if incorporated in IFSC?

*(5+2+3 = 10 marks)*

***Attempt all parts of either Q. No. 6 or Q. No. 6A***

**Question No. 6**

- (a) Donald Ltd., incorporated in India, plans to list its equity shares on a recognised stock exchange in GIFT IFSC through an Initial Public Offer (IPO). The company has an operating revenue of

USD 18 million and a pre-tax profit of USD 1.2 million in the last financial year. Its projected post-issue market capitalization is USD 30 million.

Based on IFSCA Listing Regulations, analyze whether Donald Ltd. is eligible to make an IPO in GIFT IFSC. What additional conditions must it comply with before proceeding?

*(5 marks)*

- (b) Ambuja SPAC Ltd. intends to raise USD 80 million through an IPO in GIFT IFSC. The sponsors have subscribed USD 10 million prior to the IPO and hold 18% of the post-issue capital. The SPAC has identified a target business combination before filing the offer document.

In view of the above, evaluate whether Ambuja SPAC Ltd. meets the eligibility criteria for listing under IFSCA regulations. What regulatory issues arise in this case?

*(5 marks)*

- (c) Future Secure Ltd. proposes to issue ESG-labelled debt securities in IFSC to finance renewable energy projects. The company claims alignment with ICMA principles but does not appoint an independent external reviewer. It also fails to disclose the process for project selection in its offer document. Identify the compliance gaps in Future Secure Ltd.'s approach. What steps should the company take to meet IFSCA's requirements for ESG-labelled debt securities?

*(5 marks)*

- (d) ABC Financial Group, a multinational banking group, proposes to establish a Global In-House Centre (GIC) in the International Financial Services Centre (IFSC) in accordance with the IFSCA (Global In-House Centres) Regulations, 2025. The proposed GIC intends to provide risk analysis and compliance support services to ABC's overseas group entities. Further, ABC plans to maintain the GIC's balance sheet in US Dollars (USD) and submit regulatory reports to the Authority in USD.

In light of the above facts, examine whether ABC Financial Group is eligible to set up a GIC in the IFSC. Also, assess whether ABC's proposal regarding currency maintenance and regulatory reporting is in compliance with the applicable Regulations.

*(5 marks)*

***OR (Alternative question to Q. No. 6)***

**Question No. 6A**

- (i) Namo Technologies Pvt. Ltd., an Indian start-up registered with DPIIT, has developed an AI-driven cross-border payment solution that integrates blockchain for secure transactions and offers real-time FX conversion. The company intends to test its solution in GIFT City's International Financial Services Centre (IFSC) and later scale globally. The founders are exploring the IFSCA regulatory framework for FinTech entities and related incentives.

- (a) What legal structure must Namo Technologies Ltd. adopt to operate as a FinTech Entity in IFSC?
- (b) Can Namo Technologies seek exemptions from KYC and AML requirements during sandbox testing? Justify your answer.

*(5 marks each)*

- (ii) FinGlobe Ltd. markets its debt securities as “green bonds” but allocates 40% of the proceeds to upgrade fossil fuel-based power plants without disclosure. Investors later alleged greenwashing.

Analyze the regulatory implications of this case under IFSCA’s circular on mitigating greenwashing risk. What principles were violated, and what preventive measures should issuers adopt?

*(5 marks)*

- (c) FitSecure Ltd., a foreign reinsurer operating through an IIO in IFSC, maintains solvency margin in its home country but pledges the assets backing the margin for another loan. It also delays quarterly solvency reporting to IFSCA.

Analyze the violations in this case. What are the solvency margin and reporting obligations under IFSCA regulations?

*(5 marks)*