

- ii) एफ.ई. या उसका परियोजना दल या उसका कार्यान्वयन दल सैंडबॉक्स या एक्सेलेरेटर अवधि के दौरान आई.एफ.एस.सी. से काम करेगा।
- iii) सैंडबॉक्स/एक्सेलेरेटर/कोहॉट/विशेष कार्यक्रम के सफलतापूर्वक पूरा होने पर, एफ.ई. एक इकाई को आई.एफ.एस.सी. में निगमित करेगा और अधिनियम के अधीन रजिस्ट्रीकरण/अनुज्ञा/प्राधिकार-पत्र की, यदि लागू हो, ईप्सा करेगा।
- iv) एफ.ई. इस स्कीम के अधीन अनुदान का उपयोग करके किसी सफल समाधान को तीन वर्ष की अवधि के लिए किसी अन्य अधिकार-क्षेत्र में क्रियान्वित न करने का वचन देगा।
- v) यदि एफ.ई. किसी अनुदान की मंजूरी की किसी शर्त को पूरा करने में असफल रहता है तो एफ.ई. उस अनुदान को 8 प्रतिशत वार्षिक दर पर साधारण ब्याज सहित वापस करने का वचन देगा।

(3) अनुदानों का संवितरण

- i) अनुदान का संवितरण, एफ.ई. द्वारा स्थापित मील-पत्थरों से जुड़ा होगा। मील-पत्थरों का विनिश्चय आंतरिक समिति के परामर्श से किया जाएगा।
- ii) संवितरण, आवश्यक दस्तावेज़, बीजक, तकनीकी रिपोर्टें, आदि प्रस्तुत करने के पश्चात् प्रतिपूर्ति के आधार पर किया जाएगा। प्राधिकरण, साधारणतया, समस्त दस्तावेज़ प्रस्तुत करने से तीस कार्य दिवस के भीतर संवितरण को निर्मुक्त करेगा।
- iii) इस स्कीम के अधीन केवल आपवादिक परिस्थितियों में अग्रिम संवितरण पर विचार किया जा सकेगा।

8. स्कीम के दिशानिर्देश

प्राधिकरण, इस स्कीम के कार्यान्वयन के लिए विस्तृत दिशानिर्देश विनिर्दिष्ट कर सकेगा।

9. प्रक्रियाएं विनिर्दिष्ट करने और स्पष्टीकरण जारी करने की शक्ति

प्राधिकरण, इस स्कीम के कार्यान्वयन और उससे आनुषंगिक विषयों के प्रयोजनों के लिए मानदंड, प्रक्रियाएं, आदेशिकाएं आदि विनिर्दिष्ट कर सकेगा और परिपत्रों या दिशानिर्देशों या निदेशों द्वारा आवश्यक स्पष्टीकरण जारी कर सकेगा।

इनजेती श्रीनिवास, अध्यक्ष

[विज्ञापन-III/4/असा./630/2021-22]

INTERNATIONAL FINANCIAL SERVICES CENTRES AUTHORITY

NOTIFICATION

Gandhinagar, the 2nd February, 2022

No. IFSCA/2021-22/GN/022.—In exercise of the power under section 12 of the International Financial Services Centres Authority Act, 2019, the International Financial Services Centres Authority ('Authority') hereby notifies the FinTech Incentive Scheme:

1. Objective

(1) The principal objective of the scheme is to promote the establishment of a world class FinTech Hub, comparable with those located in advanced International Financial Centers (IFCs) across jurisdictions, at International Financial Services Centre (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.

- (2) This scheme shall be open to -
- Domestic FinTechs seeking access to overseas markets;
 - Domestic FinTechs seeking listing on IFSCA recognised stock exchanges;
 - Foreign FinTechs seeking market access to IFSCs in India and work within the Authority's regulatory framework;
 - Foreign FinTechs seeking access to domestic market under Inter-Operable Regulatory Sandbox (IORS) framework;
 - Domestic FinTechs extending business to the IFSCs either by way of authorisation or registration or through the regulatory sandbox.

2. Short title and commencement

(1) The scheme may be called the International Financial Services Centres Authority (FinTech Incentive) Scheme, 2022.

(2) This scheme shall come into force on the date of its publication in the official gazette and shall be operational for an initial period of three years from the date of commencement.

3. Definitions

(1) In this scheme, unless the context otherwise requires, the terms defined herein shall bear the meaning as assigned to them below, and their cognate expressions shall be construed accordingly: —

- 'Act' means the International Financial Services Centres Authority Act, 2019 (50 of 2019);
- 'Accelerator' or 'Cohort' means business programmes run by companies or incubators that supports early-stage, growth-driven FinTech companies through education, mentorship, etc.;
- 'Applicant' means an eligible Fintech Entity who makes an application to the Authority for receiving grant under this Scheme;
- 'Domestic FinTech Entity' means a resident individual or an entity incorporated or established in India including in the IFSCs (for the purpose of this Scheme) and regulated by the Authority under the appropriate framework or regulations;
- 'Evaluation Committee' means a committee set up by the Authority for evaluation and processing of applications made under this Scheme;
- 'Financial Institution' shall have the same meaning as assigned to it under clause (c) of sub-section (1) of Section 3 of the Act;
- 'FinTech' means a technologically enabled innovative solution aiding or assisting Financial Institutions in delivery of Financial Products or Financial Services;
- 'FinTech Entity' or 'FE' means a Domestic FinTech Entity or a Foreign FinTech Entity;
- 'Foreign FinTech Entity' means a non-resident entity from outside India which is regulated by the Authority to undertake FinTech related activities in the IFSC;
- 'Incentive' means monetary grant given to the FinTech Entities under the terms and conditions of this Scheme;
- 'Innovation Sandbox' means a testing environment where FinTech Entities can test their ideas and solutions in isolation from the live market, which may add value to financial products or financial services offered in IFSC, based on data made available to them by the Financial Institutions operating in IFSC;
- 'Internal Committee' means the committee constituted by the Authority for monitoring the end use of grants given under this Scheme;
- 'International Financial Services Centre' or 'IFSC' shall have the same meaning as assigned to it under clause (g) of sub-section (1) of Section 3 of the Act;

- xiv) ‘Inter-Operable Regulatory Sandbox’ or ‘IORS’ means IORS testing of innovative hybrid financial products / services falling within the regulatory ambit of more than one domestic financial sector regulator;
- xv) ‘Minimum Viable Product’ or ‘MVP’ means a version of a product with minimum features for providing feedback for future product development by the early users;
- xvi) ‘Proof-of-Concept’ or ‘PoC’ means a demonstration of a concept, principle or idea about its feasibility and potential;
- xvii) ‘Prototype’ means an early sample, model, or release of a product built to test a concept or process;
- xviii) ‘Regulatory Sandbox’ means a live environment with a limited set of real customers for a limited timeframe wherein entities operating in the capital market, banking, insurance and other financial services space in IFSC shall be granted certain exemptions / relaxations from applicability of certain regulatory provisions for experimenting FinTech ideas and solutions.

(2) Words and expressions used and not defined in this scheme but defined in the applicable Laws, and in particular, under the Act, or any rules or regulations made thereunder shall have the same meanings respectively assigned to them in those Acts, rules or regulations or any statutory modification or re-enactment thereto, as the case may be.

4. Eligibility

(1) An Applicant, satisfying any of the conditions mentioned below, shall be eligible to make an application for availing incentive under this Scheme:

- i) Where the Applicant is from India:
 - a) An entity registered with DPIIT (Department for Promotion of Industry and Internal Trade) as a start-up entity relating to FinTech;
 - b) An entity incorporated as a company under the Companies Act 2013, or as a Limited liability Partnership (LLP) under the Limited liability Partnership Act, 2008 or a ‘Branch’ of an Indian company or LLP in IFSC;
 - c) An Individual who is a resident citizen; or
 - d) An entity working directly or indirectly in the ecosystem regulated by RBI, SEBI, IRDAI or PFRDA.
- ii) Where the Applicant is from Outside India - A Non-resident Individual or an entity from FATF compliant countries/jurisdictions;

Provided that where the applicant is a body corporate incorporated outside India, the shareholding of non-resident Individuals in the applicant, shall, at all times, be more than 51%.

(2) The Applicant undertakes to use technology in its core product or service, business model, distribution model or methodology to solve the problem being targeted.

(3) An entity who has received any grant earlier from the Central or State Government schemes for the same project scope and activities shall not be eligible to apply under this Scheme.

Provided that the prize money from competitions and grand-challenges, founder monthly allowance, etc. shall not be considered as grant received earlier.

(4) Applicant shall be required to submit separate proposals, in case there is more than one projects or innovative components each of which fits into the qualifying criteria and they shall be treated as separate projects and be evaluated and incentivised separately.

5. Scope of the Incentive Scheme

The Grants contemplated under this scheme shall be available to eligible FEs:

- (1) who are part of the Authority’s Regulatory or Innovative Sandbox;
- (2) who participate in the Authority’s supported Accelerators or Cohorts or Special Programs; or

(3) who are referred to by the entity(ies) including regulatory or supervisory bodies having Memorandum of Understanding (MoU) or collaboration or special arrangement with the Authority for strengthening identified area of common interest.

6. Types of Incentives for eligible applicants subject to meeting the terms and conditions as may be specified

(1) **FinTech Start-up grant-** This grant shall be utilized for developing a product or a service and related ‘go-to-market’ initiatives for a start-up with a novel FinTech idea or solution. An eligible FE may receive up to Rs. 15 lacs under this scheme. The grant is expected to meet expenses towards product development, manpower costs, IT costs, etc. At this stage the focus is on converting the idea into an MVP.

(2) **Proof of Concept (PoC) grant-** This grant shall be utilized for the purpose of conducting a PoC by an early or mature FE in domestic market or overseas. An amount of up to Rs. 50 lacs may be provided to an eligible FE for the purpose of conducting a PoC either in Indian markets or overseas and shall cover expenses towards manpower costs, IT costs, marketing, prototyping costs etc.

(3) **Sand-box grant-** This grant shall be utilized by FEs to experiment with innovative products or services in a sandbox. An amount of upto Rs. 30 lacs may be provided to an eligible FE to cover the costs of developing a software, prototyping, manpower costs, consulting, tech-related, IT related, admin costs, etc.

(4) **Green FinTech Grant-** This grant shall be utilized towards developing solutions facilitating sustainable finance and sustainability linked finance, including ‘Environmental, Social and Governance (ESG)’ investments. An amount of up to Rs. 75 lacs of grant may be provided to an eligible FE focussed on sustainable finance.

(5) **Accelerator Grant-** This grant shall be utilized for supporting accelerators at the IFSC. An amount of up to Rs. 10 lacs of grant may be provided to an eligible Accelerator applicant for capacity building, build capabilities around mentors, bringing investors, bringing more projects or PoC, tie ups, etc.

(6) **Listing Support Grant -** The grant shall be utilized for supporting Domestic FEs aspiring to go for listing on stock exchanges recognised by the Authority. An amount of up to Rs. 15 lacs may be provided to an eligible Domestic FE for meeting expenses pertaining to road shows, international travel and listing requirements, etc.

7. Execution of the Scheme

(1) Process

- i) The Applicant shall make the application in the form and manner, containing such particulars and accompanied by such documents and fees, as may be specified by the Authority.
- ii) On receipt of application, the Authority shall scrutinize the application and conduct due diligence with respect to eligibility, compliance with regulatory requirements including KYC-AML guidelines, disclosure norms, corporate governance norms and any other criteria as may be specified by the Authority.
- iii) The application shall be evaluated by an Evaluation Committee which shall submit its recommendation along with comments and observations, to the Authority.
- iv) The Authority on being satisfied with the recommendations of the Evaluation Committee, may issue a sanction letter containing specific terms & conditions of the grant, requiring the FE to enter into such agreements, with such terms and conditions, as may be specified by the Authority.
- v) The Internal Committee shall monitor pre and post disbursement conditions, compliance, end use of grant, progress, milestone achievements and shall perform any other function as specified by the Authority.
- vi) Disbursement shall be made subject to the satisfactory compliance of the terms and conditions mentioned in the sanction letter and achieving requisite milestones.

(2) Conditions for Sanction of grant

- i) FE shall need proper authorization and delegation of power in favour of its representative who shall be interacting with the Authority. The FE shall ensure compliance with regulatory requirements and be responsible for all the acts of omission or commission of its representative.

- ii) The FE or its project team or its implementation team shall operate from IFSC during the sandbox or accelerator period.
- iii) On successful completion of the Sandbox/accelerator/cohort/special program, the FE shall incorporate an entity at IFSC and seek registration/license/authorisation etc. under the Act, if applicable.
- iv) The FE shall undertake not to implement a successful solution using the grant under this scheme in any other jurisdiction for a period of 3 years.
- v) If the FE fails to meet any conditions of the sanction of a grant, the FE shall undertake to return the grant to the Authority along with simple interest at the rate of 8% per annum.

(3) Disbursement of Grants

- i) Disbursement of the grant shall be linked to milestones set for the FE. The milestones shall be decided in consultation with the Internal Committee.
- ii) The disbursement shall be done on ‘reimbursement’ basis after submission of necessary documents, invoices, technical reports, etc. The Authority shall normally release the disbursement within 30 working days of submission of all the documents.
- iii) Advance under the scheme may be considered only under exceptional circumstances.

8. Guidelines of the Scheme

The Authority may specify detailed guidelines for the implementation of this Scheme.

9. Power to specify procedures and issue clarifications

For the purposes of implementation of this Scheme and matters incidental thereto, the Authority may specify norms, procedures, processes etc. or issue necessary clarifications by way of circulars or guidelines or directions.

INJETI SRINIVAS, Chairperson
[ADVT.-III/4/Exty. /630/2021-22]