



CIRCULAR

F. No. 389/IFSCA/FIP/2021-22

September 12, 2022

Subject: Guidelines for implementation of the IFSCA (FinTech Incentive) Scheme, 2022

1. BACKGROUND

- 1.1 Vide Gazette Notification number IFSCA/2021-22/GN/022 dated 02nd February, 2022, the International Financial Services Centres Authority (IFSCA) notified IFSCA (FinTech Incentive) Scheme, 2022 (hereinafter referred to as the “Scheme”) with an objective to promote the establishment of a world class FinTech Hub, at GIFT International Financial Services Centre (IFSC) India.
- 1.2 Considering the importance of FinTech entities in providing innovative solutions to promote safety, inclusiveness, efficiency, choice and competition in the financial services market, IFSCA brought out a framework for authorization of FinTechs vide Circular dated 27th April, 2022 (hereinafter referred to as the ‘FE Framework’).
- 1.3 In terms of clause 8 of the Scheme, the IFSCA hereby specifies the detailed guidelines for implementation of the Scheme as under: -

2. ELIGIBILITY:

2.1 An FinTech Entity (FE) authorised under FE Framework referred at 1.2 above, desirous of availing incentive, shall meet the eligibility criteria and other requirements as specified under the Scheme.

2.2 The Grants contemplated under the Scheme shall be available to an FE:

- (1) which is part of the Authority’s Regulatory or Innovative Sandbox; or
- (2) which is referred to the Authority under a FinTech bridge arrangement with a Counterpart Regulator; or
- (3) which has either participated or is participating in any Accelerator or Cohort or Special Programme supported or recognised by the Authority; or

(4) which is referred to the Authority by an entity(ies) having Memorandum of Understanding (MoU) or collaboration or special arrangement with it.

3. ‘FIT AND PROPER’ REQUIREMENTS

3.1 The applicant and its directors/ partners/ designated partners and its key managerial personnel have to meet the ‘fit and proper person’ criteria..

3.2. For the purpose of clause 3.1, the criteria for determining ‘fit and proper person’ would include -

- (i) integrity, reputation and character;
- (ii) absence of convictions and restraint orders;
- (iii) competence, including financial solvency

3.3 A person shall not be deemed to be a ‘fit and proper person’ if,-

- (i) such person has been convicted by a court for any offence involving moral turpitude or any economic offence;
- (ii) an order for winding up has been passed against such person for malfeasance;
- (iii) such person has been declared insolvent and not discharged;
- (iv) an order, restraining, prohibiting or debarring such person from accessing or dealing in financial products or financial services has been passed by a competent authority, and a period of three years from the date of the expiry of the period specified in the order has not elapsed;
- (vi) such person has been found to be of unsound mind by a court of competent jurisdiction and the finding is in force;
- (vii) such person is financially not sound or has been categorized as a wilful defaulter;
- (viii) such person has been declared a fugitive economic offender; or
- (ix) such person suffers from any other disqualification as may be specified by the Authority.

4. MECHANISM FOR IMPLEMENTATION OF THE SCHEME

4.1 Process for sanction of grant

- i) The applicant shall submit an application form in the format specified in **Annexure-1** hereto, along with non-refundable application processing fee of USD 100, to IFSCA.
- ii) On receipt of duly filled application form alongwith the fees, the application shall be processed in terms of clause 7 of the Scheme.

4.2 Evaluation Committee

- (1) The Evaluation Committee referred to in clause 7 of the Scheme shall be responsible for the technical evaluation, business evaluation, market potential, etc., with respect to the applicant before making its recommendations for the grant of incentive.
- (2) The Committee shall meet at such intervals as it may deem fit and examine and assess the following aspects and anything else deemed appropriate:
- i. the satisfaction of eligibility criteria/requirements (general and specific to grants);
 - ii. the business context/ problem statement;
 - iii. the solution/product offered;
 - iv. underlying technology;
 - v. scalability (technological) & market potential
 - vi. Business Model & Financial Potential;
 - vii. applicability/relevance to grants;
 - viii. technical specification/details;
 - ix. background of the entity- team structure, capabilities & expertise;
 - x. issues related to cybersecurity.

(3) The Committee may, if considered necessary, suggest additional conditions to be complied with or documents/information etc. to be provided by the FE for processing of application/grant of financial assistance.

(4) The Committee shall, after evaluation of the application, recommend the amount to be sanctioned and/or stages of its disbursal to the FEs.

(5) Based on the recommendation(s) of the Committee or otherwise the IFSCA may stipulate the pre-disbursement conditions, post-disbursement conditions and other relevant conditions in the sanction letter.

4.3 Internal Committee

- (1) The Internal Committee shall monitor post disbursement compliance, end use of grant, progress, milestone achievements and perform such other functions as may be specified.
- (2) The Internal Committee shall make recommendation to the Competent Authority with respect to eligible expenses and disbursement of grant, subject to the satisfaction of conditions, compliances and milestone achievements.

4.4 Disbursement of Grants

- (1) The disbursement shall be done on ‘reimbursement’ basis after submission of necessary documents, invoices, technical reports, etc. IFSCA shall normally release the disbursement within 30 working days of submission of all the documents.

Provided that advance under the Scheme may be considered under exceptional circumstances with the approval of Chairperson, IFSCA.

- (2) The grant may be disbursed in multiple tranches depending on the milestones achieved.
- (3) The disbursement shall be made only in the bank account of the applicant.
- (4) IFSCA, at its discretion may direct a periodic audit of accounts and milestone compliances, by third party auditors.

5.0 RELEASE OF GRANT TOWARDS REIMBURSEMENT OF ELIGIBLE EXPENSES

5.1 The eligible expenses of the FE shall be evaluated by the Internal Committee which after satisfying itself that the invoices and supporting documents are complete, bonafide, appropriate and in line with the FinTech's needs to successfully develop/ commercialize the product, shall recommend release of grant.

5.2 An illustrative list of eligible expenses may be specified by the Authority.

6. MILESTONE ACHIEVEMENT & SUBMISSION OF REQUISITE DOCUMENTS

6.1 The milestones to be achieved during different phases shall be finalized in consultation between the IFSCA and the FE.

6.2 The FE shall submit all necessary documents, technical reports, invoices of expenses incurred, utilisation certificate and such other documents/statements as and when required by the IFSCA.

7. CORPORATE GOVERNANCE AND REGULATORY REQUIREMENTS

7.1 The FE shall develop framework on Corporate Governance and Disclosure Requirements as relevant to its business operations or as may be specified by IFSCA.

7.2 The FE shall designate a person as its Compliance Officer for ensuring compliance with all applicable laws including these Guidelines.

7.3 The FE shall ensure that the information provided to stakeholders is timely, accurate, relevant and is not misleading.

7.4 The FE shall submit relevant data, utilization certificate, business plan, financials (audited/provisional), etc. to IFSCA, as per the format and on such frequency as may be desired by IFSCA.

7.5 The FE shall ensure compliance with Know Your Customer (KYC) and the Anti-Money Laundering/ Combating the Financing of Terrorism (AML/CFT) norms, as applicable.

8. ADDITIONAL CONDITIONS FOR GRANT

8.1 The incentive granted to an FE under the PoC Grant, Start-up Grant or Sandbox Grant shall be a one-time assistance given to it.

8.2 In case of Accelerator Grant, following conditions shall be complied with by the Applicant:

- a. The minimum size of the cohort or accelerator shall be 10 (number of FinTechs).
- b. The minimum tenure of the program shall be of 4 weeks.
- c. The accelerator applicant are eligible for the following number of grant(s) in a year, per focus area -
 - i. One grant, for accelerator not based in IFSC.
 - ii. Three grants, for accelerator based in IFSC.

8.3 Preference shall be given to the FE having a tie-up or support with a Financial Institution.

8.4 Intellectual Property, if any, generated during the Sandbox tenor shall be owned by the FE.

8.5 In case of violation of any terms and condition of the grant by the FE, IFSCA shall have right to register encumbrance over Intellectual Property generated by FE during the sandbox period.

Provided that no such encumbrance shall be registered in case of Listing Support Grant.

8.6 Time Overruns – FEs shall adhere to the timelines proposed and approved while sanctioning the grant. However, if there are genuine time overruns, IFSCA may grant extension of timeline on the basis of recommendation made by the Internal committee.

8.7 The IFSCA may, at its discretion, disclose the details of the solution, product, etc. developed using the grants for the purposes of promotion of IFSCA or showcasing the product.

9. POWER TO REMOVE DIFFICULTIES AND RELAX STRICT ENFORCEMENT OF THE GUIDELINES

- (1) In order to remove any difficulty in the application or interpretations of these guidelines, IFSCA may issue necessary clarifications.
- (2) IFSCA, for the reasons to be recorded in writing, may in the interest of development of fintech activities in IFSC, relax the strict enforcement of any requirement of these guidelines or the Scheme, upon payment of fee, if any, as may be specified by it.

10. These Guidelines are 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.

11. A copy of these Guidelines are available on the website of the IFSCA at www.ifsc.gov.in/circular.

12. The application complete in all respect shall be submitted at fe-incentive@ifsc.gov.in , through electronic mail. Any query/clarification by the applicant may also be sent to aforementioned email id.

Your faithfully,

Sd/-

Joseph Joshy

Chief Technology Officer

Encl: As above

IFSCA FinTech Incentive Scheme, 2022

Application Form

Part I

(to be filled for all type of grants, except Accelerator grant)

Information About Applicant

1) Applicant Details

a. **Name of the Applicant** (Entity):

b. **Country of Origin** (tick the relevant box):

India Outside India (Specify the Country Name)

Declaration: I, on behalf of the Applicant, hereby confirm that the Applicant has been established or incorporated in a FATF complaint Jurisdiction.

c. **Legal Status:** (Please indicate legal form of the entity, viz. company/limited liability partnership firm /partnership firm/corporation, etc.)

d. **Applicant Category (tick the relevant box):**

i. Applicant has been granted ‘Authorization’ by IFSCA

(Please provide the IFSCA Authorization Letter Reference number and date in the space below)

ii. Applicant has been granted ‘Limited-use Authorization’ by IFSCA

(Please provide the IFSCA Limited-use Authorization Letter Reference number and date in the space below)

Regulatory Sandbox or

Innovation Sandbox

iii. Applicant belongs to IFSCA’s supported or recognised Accelerators or Cohorts or Special Programs

iv. Applicant referred under FinTech bridge arrangement with a Counterpart Regulator.

- v. Applicant referred by an entity having MoU/Collaboration/Special arrangement with the Authority.

(Applicant under ‘iii’, ‘iv’ and ‘v’ above, is required to apply first under Framework for FinTech Entity in the International Financial Services Centres Authority issued by IFSCA vide circular no 521/IFSCA/FinTech/FE Framework/2022-23 dated April 27, 2022)

- e. Address for correspondence (if other than the registered office address):

2) Title of the Project (*Project means the activities proposed to be carried out in GIFT-IFSC and/or under IFSCA Regulatory/Innovation Sandbox:*)

3) Name of Authorised Project Representative:

a. Designation:

b. Mobile No.

c. Email ID:

4) Resolution of the Board or Equivalent body:

(Please attach a copy of the Resolution passed by the Entity for availing the grant from IFSCA which also contains the name of the Authorised Representative for filing this Application, who shall be responsible for providing all necessary documents and execute the necessary documents with IFSCA).

5) Proposed Grant Details:

Sr. No.	Category of Grant Applied	Please tick the relevant box	Amount in INR (Millions)
1	FinTech Start-up Grant		
2	Proof of Concept Grant		
3	Sand-box Grant		
4	Green FinTech Grant		
5	Listing Support Grant		

6) Project Team Details:

No. of full-time employees (other than 3 above)

S. No.	Name	Designation	Email	Phone Number (Mobile)

7) Details of Institutional partnerships/associations, if any:

8) Financial Details [to be provided in INR (Millions)]

- a) Share-holding pattern of the applicant:
- b) Summary of Balance Sheet and Profit & Loss account of last three years:

Particulars	FY1	FY 2	FY 3
Share Capital			
Cumulative Profit/Loss carried to Balance Sheet			
Reserves and Surplus			
Secured Loan			
Unsecured Loan			
Net Fixed Assets			
Net current Assets			
Income from Operations			
Total Expenditure			
PBDIT			
Depreciation			
Interest			
PBT			
Tax			
PAT			

9) Complete details of the grant availed by the Applicant in past from any institution or government body *inter-alia* covering the following:

(a) Existing project(s) (if any)

(b) Proposed project(s)

Details of each of the above:-

Sr. No	From (Name of Agency/ Government Authority granting the grant)	Amount (in INR)	Date of Grant	Project Details	Amount Utilised

10) Cost of the Project

Heads of Expenditure	Expenditure incurred till application (INR)	Expenditure to be incurred (INR)	Total (INR)

11) Means of Finance of the Project:

	Sanctioned Amount, as on date of application in INR	Utilized Amount as on date of application in INR
Equity / Preference a. Promoters b. Others (specify)		
Loan /Debentures/Borrowings a. Financial Institution b. Bank c. Others (specify)		
Any other (grants)		
Total		

12) Proposed Utilisation of the Grant proceeds (for the proposed IFSCA grant):

Heads of Expenditure	Amount of expenditure to be incurred in INR	Approximate Timeline

13) Business Plan indicating:

- a. Projected Revenue and operating cost for three years;
- b. Marketing Details (Market research, demand-supply, marketing strategy, market survey etc.);
- c. Financial Projections of the project on standalone basis & of the Entity on a consolidated basis, *inter-alia*, covering the following:
 - i. Profitability Projections along with the basis & assumptions;
 - ii. Cash flow projections for the proposed products/ service (indicate for five years after business commencement):
 - iii. Financial Indicators

Financial Indicator	Project	Entity
Debt to Equity ratio		
Payback period		
Break-even & Cash Break even		

14) Risk Factors envisaged in the project and mitigation plan.

15) Details on default/reschedulement, etc. with any Bank, Financial Institutions, etc.

IFSCA FinTech Incentive Scheme, 2022

Application Form

Part II

(to be filled for Accelerator grant by Accelerators/Cohort/Special Programme)

Sr. No.	Details Sought
1	Name of the Entity
2	Name of the Accelerator/Cohort/Special Program
3	Legal Constitution (Section 8 Company, Pvt Ltd company, Corporation, LLP, etc.)
4	Address
5	Jurisdiction/place of incorporation (to conform whether the Applicant is established or incorporated in a FATF compliant Jurisdiction)
6	Please attach a valid board resolution passed by the Entity for availing the grant from IFSCA and execute or provide necessary documents for the same
7	Name of the Authorized Person
8	Track record of similar programs conducted (details should include size, topics, outcomes, partners, etc.)
9	Details of the Planned Accelerator/Cohort/Special Program including Focus Area
9a.	Type (Virtual/Hybrid/Physical, Domestic/International)
9b.	Minimum size (with respect to no. of FinTechs) of the Accelerator/Cohort/Special Program planned
9c.	Minimum Tenure of the Program in weeks
9d.	Names of the Accelerator/Cohort/Special Program Partners and their roles
9e.	Problem Statements/Use Cases
9f.	Rewards for the FinTechs
9g.	Outreach plan
10	Past track record of ‘Accelerator grant’ availed from IFSCA (details should include, type of program, number of grants, amount of grants, outcomes, or any other details as may be sought by IFSCA)
11	Overall Cost of conducting the Accelerator/Cohort/Special Program, including the major heads of expenditure

Declarations cum Undertaking

(To be signed by authorised signatory of the applicant)

I _____ am (Designation) of M/s _____ (the Applicant). I am duly authorised by the board of directors/governing board of the Applicant vide resolution dated _____ (copy enclosed) to file this application and also to make this Declaration cum Undertaking for and on behalf of the Applicant.

2. I, on behalf of the Applicant, hereby solemnly affirm, undertake and declare that:

- (a) The information provided in the application form is true and correct, and the supporting documents enclosed therewith are authentic and true copy of the original. Nothing material has been suppressed.
- (b) I have read IFSCA (FinTech Incentive) Scheme, 2022 and the circulars, guidelines, directions, notifications, communications issued thereunder and undertake, on behalf of the applicant, to comply with the terms and conditions stated thereunder, as amended from time to time.
- (c) That the grant proceeds shall be utilised towards the purpose for which the grant is availed.
- (d) That neither the applicant nor any of its promoter / director/ designated partner/partner/Key Managerial Person feature in defaulter/ willful defaulter list of any financial sector regulators or financial service providers, nor any such proceeding is pending against them. I further undertake, on behalf of the applicant, that the applicant shall bring it to the notice of the IFSCA in the event of any of its promoter / director/ designated partner/partner, Key Managerial Person features in defaulter/willful defaulters list of any financial sector regulators or financial service providers, within 07 days of such occurrence.
- (e) That no event of default has occurred and is continuing with any of the financial service providers/ any financial sector regulators.

For and on behalf of M/s_____

AUTHORISED SIGNATORY

with seal

Date:

Place:

- 3. The application complete in all aspects shall be submitted at fe-incentive@ifsc.gov.in, through electronic mail.

Check List of Enclosures

Enclosure	Contents	Applicable or not	Already submitted, yes or no
1.	Article and Memorandum of Association- in case of a company or limited liability partnership/Agreement in case of an LLP/ Constitutional/ Incorporation documents-In case of Foreign Entity.		
2.	Certificate of Registration and Certificate of Incorporation		
3.	Certificate of commencement of business/ In case of Foreign Entity-relevant Certificates		
4.	Copy of the Resolution passed by the Entity for availing the grant from IFSCA and execute or provide necessary documents for the same		
5.	Latest Share-holding pattern of the <ul style="list-style-type: none"> a. applicant b. holding / subsidiary company c. beneficial owner 		
6.	Name, addresses and KYC proofs (Separate proof of Identity and Address) of the Board of Directors/Management Committee along with their telephone numbers (Changes if any, from the application submitted under the FE Framework)		
7.	Promoters background (name, address, KYC etc. including association with other companies/entities and contribution in those companies/entities)		
8.	Techno-economic feasibility study/ report, if any		
9.	Agreement for transfer of technology (if sourced from outside), if applicable		
10.	Chart indicating the project duration and implementation schedule with milestones		
11.	Annual Reports with audited statement of accounts of the applicant for the last three years		
12.	Annual Reports with audited statement of accounts of the parent company (in case applicant is subsidiary) for the last three years		
13.	Copies of Tax Return of the applicant for the last three years, if applicable		
14.	Details of loans outstanding against the applicant including rescheduled loans		
15.	Details of Criminal cases, if any, pending against the Applicant and its Promoters, Directors , Designated Partners, Partners, Key Management Personal		