Swift India
CORPORATE SERVICES LLP

Swift e-Bulletin

Edition 16th 23-24

Week – August 14th to August 19th

<u>Quote for the week:</u>

"Every problem is a gift - without problems we would not grow"
– *Anthony Robbins* *(American Author)*

Introduction

We welcome you to our weekly newsletter!

The 'Swift e-Bulletin' - weekly newsletter, covers all regulatory updates and critical judgements passed during the week. We hope that you liked our previous editions and found it to be of great value in its content. We want this newsletter to be valuable for you so, please share your feedback and suggestions to help us improve.

Further, various regulatory authorities have been proactive in bringing significant regulatory changes in recent challenging times. This week's newsletter covers various circulars/notifications issued by certain regulatory authorities such as the Reserve Bank of India ("RBI") and International Financial Services Centres Authority ("IFSCA")

The Regulatory authorities provided various updates/relaxations, some of which being:

- RBI vide Notification dated August 18, 2023 issued the revised Regulatory Framework for Infrastructure Debt Funds – NBFCs (IDF-NBFCs).

- IFSCA issued Press Release dated August 16, 2023 on Financial Action Task Force (FATF) High risk and other monitored jurisdictions June 2023.

We have prepared a comprehensive summary for quick reference of the aforesaid updates and Judgements / orders issued during the week of August 14th to August 19th 2023.

Thank you,
Swift team

REGULATORY UPDATES

RBI

1. **RBI vide Notification dated August 18, 2023 issued the revised Regulatory Framework for Infrastructure Debt Funds – NBFCs (IDF-NBFCs).**

- Review of the Guidelines for IDF-NBFCs to enable the IDF-NBFCs to play a greater role in financing of the infrastructure sector and to harmonise the regulations governing financing of infrastructure sector by the NBFCs lead to these guidelines being revised.

- The said Guidelines have been briefly enumerated in the Annexure to the Notification.

- The Guidelines inter-alia pertain to the following

  - **Definition of IDF-NBFCs**: To mean the non-deposit taking NBFC, which is permitted to refinance post commencement operations date (COD) infrastructure projects that have completed at least one year of satisfactory commercial operations; and finance toll operate transfer (TOT) projects as the direct lender.

  - **Net owned Funds (NOF) and Regulatory Capital**: Minimum NOF shall be INR 300 Crore and minimum 15% of capital-to-risk weighted assets ratio.

  - **Raising Funds**: The provisions of issue which can either be rupee denominated or dollar denominated having a maturity period of minimum 5 years.

  - **Exposure Limits**: The exposure limits for IDF-NBFCs shall be 30% of their Tier 1 capital for single borrower/ party and 50% of their Tier 1 capital for single group of borrowers/ parties.

  - **Guidelines governing sponsorship of IDF-MFs by NBFCs**: Conditions to be complied by the IDF-NBFCs eligible to sponsor IDF-MFs with prior RBI approval are briefly detailed.

- The revised Guidelines have come to effect from August 18, 2023.

To read the Notification in detail, please click here.

IFSCA

1. **IFSCA issued Press Release dated August 16, 2023 on Financial Action Task Force (FATF) High risk and other monitored jurisdictions June 2023.**

- The FATF, vide public statement “High Risk Jurisdictions subject to a Call for Action” dated June 23, 2023 called on his members and other jurisdictions to refer to the statement on these jurisdictions adopted in February 2020 and October 2022.

- FATF had earlier identified certain jurisdictions as having strategic deficiencies which have developed an action plan with the FATF to deal with them.

- The jurisdictions identified by FATF are Albania, Barbados, Burkina Faso, Cayman Islands, Democratic Republic of Congo, Gibraltar, Haiti, Jamaica, Jordan, Mali, Mozambique, Nigeria, Panama, Philippines, Senegal, South Africa, South Sudan, Syria, Tanzania, Turkiye, Uganda, United Arab Emirates and Yemen.

- Further, as per the public statement Cameroon, Croatia and Vietnam have now been added to the list of Jurisdictions under Increased Monitoring based on the decision made at the June 23, 2023, FATF plenary.

- However, such advice does not preclude the regulated entities licensed/ recognized/ registered or authorized by IFSCA from legitimate trade and business transactions with the countries and jurisdictions mentioned there.

- The FATF plenary has releases documents titled “High-Risk jurisdictions subject to a Call for Action” and “Jurisdictions under Increased Monitoring” with respect to jurisdictions that have strategic AML/CFT deficiencies as part of the ongoing efforts to identify and work with jurisdictions with strategic Anti-Money Laundering (AML)/Combating of Financing of Terrorism (CFT) deficiencies.

- The detailed information on the same is available in the updated public statements and document released by FATF on June 23, 2023.

To read the Circular in detail, please click here

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About Swift

Swift India Corporate Services LLP ("Swift") (Formerly known as SwiftIndiaInc Corporate Services Private Limited) established in the year 2005, is an associate entity of Nishith Desai Associates — Legal & Tax Counseling Worldwide (legal and tax consulting firm).

We are a team of professionals with rich corporate, legal and secretarial backgrounds. We are a premier corporate compliance firm that caters to the needs and demands of our global clients. Swift aims to provide quick and pragmatic corporate solutions alongside high-quality compliances.

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