

International Financial Services Centres Authority (Registration of Factors and Registration of Assignment of Receivables) Regulations, 2024

(amended up to February 13, 2025)

In exercise of the powers conferred by sub-section (1) of Section 28 read with sub-section (1) of Section 13 of the International Financial Services Centres Authority Act, 2019 (50 of 2019) and sub-section (4) of section 3 read with Section 19(1A) and clause (a) and (b) of sub-section (2) of Section 31A of the Factoring Regulation Act, 2011 (12 of 2012), the International Financial Services Centres Authority, hereby makes the following regulations namely: -

CHAPTER I

PRELIMINARY

1. Short title and commencement

(1)¹ These regulations may be called the International Financial Services Centres Authority (Registration of Factors and Registration of Assignment of Receivables) Regulations, 2024.

(2)² These regulations shall come into force on the date of their publication in the Official Gazette.

2. Objective

These regulations aim to provide for the manner of:

(1)³ granting certificate of registration to Factors; and

(2)⁴ filing of particulars of transactions with the Central Registry by a Trade Receivable Discounting System (TReDS) on behalf of the Factors under sub-section (1A) of section 19 of the Factoring Regulation Act, 2011 (12 of 2012).

¹ Modified vide Notification No. IFSCA/GN/2024/012, dated November 18, 2024, prior to modification, it read as : “ i ”

² Modified vide Notification No. IFSCA/GN/2024/012, dated November 18, 2024, prior to modification, it read as : “ ii ”

³ Modified vide Notification No. IFSCA/GN/2024/012, dated November 18, 2024, prior to modification, it read as : “ i ”

⁴ Modified vide Notification No. IFSCA/GN/2024/012, dated November 18, 2024, prior to modification, it read as : “ ii ”

3. Definitions

(1)⁵ For the purpose of these regulations, unless the context otherwise requires, the terms defined herein shall bear the meanings as assigned to them herein below:

- a. “Act” means the Factoring Regulation Act, 2011 (12 of 2012);
- b. “Authority” means the International Financial Services Centres Authority established under sub-section (1) of Section 4 of the International Financial Services Centres Authority Act, 2019;
- c. “Central Registrar” means a person appointed as such under subsection (1) of section 21 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (54 of 2002);
- d. “Central Registry” means the Central Registry set up under section 20 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (54 of 2002);
- e. “Factor” shall have the meaning assigned to it in clause (i) of section 2 of the Act;
- f. “Finance Company” shall have the meaning assigned to it under clause (e) of sub-regulation (1) of regulation 2 of the International Financial Services Centres Authority (Finance Company) Regulations, 2021;
- g. “International Financial Services Centre (IFSC)” shall have the meaning assigned to it in clause (g) of sub-section (1) of section 3 of the International Financial Services Centres Authority Act, 2019 (50 of 2019);
- h. “International Trade Financing Services platform (ITFS)” means an electronic platform for facilitating the trade finance requirements of exporters or importers, through multiple financiers.
- i. “Key managerial personnel” shall have the meaning assigned to it in [clause⁶ 51] of section 2 of the Companies Act, 2013 (18 of 2013) and shall include any other person whom the Factor may declare as key managerial personnel;
- j. “Relevant Person” means the Key Managerial Personnel and includes the persons exercising control over the Factor;

⁵ Modified vide Notification No. IFSCA/GN/2024/012, dated November 18, 2024, prior to modification, it read as : “i”

⁶ Modified vide Notification No. IFSCA/GN/2024/012, dated November 18, 2024, prior to modification, it read as : “Clause 50 “.

- k. "Trade Receivables Discounting System (TReDS)" shall have the meaning assigned to it in [clause (sa)⁷] of section 2 of the Act.

(2)⁸ Words and expressions used and not defined in these regulations but defined in the Act, International Financial Services Centres Authority Act, 2019 (50 of 2019), the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (54 of 2002) 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.

CHAPTER - II

REGISTRATION OF FACTORS

4. Procedure for grant of certificate of registration

(1)⁹ Every Factor, intending to commence factoring business in an International Financial Services Centre shall make an application to the Authority, for grant of certificate of registration, in such format, as specified

Explanation: The above requirement shall not be applicable to the entities exempted under section 5 of the Act.

(2)¹⁰ After considering the application made under [sub-regulation (1)]¹¹, the Authority, if satisfied, may grant certificate of registration to the Factor intending to commence factoring business in International Financial Services Centre, subject to such conditions as may be specified by the Authority.

(3)¹² The issuance of certificate of registration shall be contingent upon fulfilment of the following conditions:

- a. the Factor shall have obtained a Certificate of Registration under the International Financial Services Centres Authority (Finance Company) Regulations, 2021;

⁷ Modified vide Notification No. IFSCA/GN/2024/012, dated November 18, 2024, prior to modification, it read as : "sub-section (sa) ".

⁸ Modified vide Notification No. IFSCA/GN/2024/012, dated November 18, 2024, prior to modification, it read as : "ii ".

⁹ Modified vide Notification No. IFSCA/GN/2024/012, dated November 18, 2024, prior to modification, it read as : "i".

¹⁰ Modified vide Notification No. IFSCA/GN/2024/012, dated November 18, 2024, prior to modification, it read as : "ii".

¹¹ Modified vide Notification No. IFSCA/GN/2024/012, dated November 18, 2024, prior to modification, it read as : "sub-regulation (i)"

¹² Modified vide Notification No. IFSCA/GN/2024/012, dated November 18, 2024, prior to modification, it read as : " (iii) "

- b. the “Relevant Persons” of the Factor shall possess adequate experience in the business of factoring ;
- c. the Factor shall either possess necessary infrastructure including adequate office space, equipment, communication facilities and manpower to undertake the business of factoring or shall be willing and able to invest in the same;
- d. the Factor and Relevant Persons shall satisfy the ‘fit and proper’ requirements;
- e. the financial soundness of the Factor; and
- f. the Factor and the Relevant Persons are not subject to any judicial proceeding for breach of any law.

(4)¹³ Any certificate of registration granted by the Authority to a Finance Company for undertaking factoring business, prior to the date of coming into force of these regulations, shall be deemed to have been granted under these regulations and such Finance Company shall comply with all applicable provisions of these regulations.

(5)¹⁴ A Factor which has been granted certificate of registration, under the International Financial Services Centres Authority (Finance Company) Regulations, 2021, shall commence its factoring business within six months from the date of grant of certificate of registration.

5¹⁵. **Conduct of business and reporting**

(1)¹⁶ The conduct of factoring business shall be as follows:

- a. A Factor may undertake the factoring business with the assignor directly or through an ITFS, in accordance with the provisions of the Act, rules and regulations framed thereunder and any directions or guidelines issued by the Authority; and
- b. Entities other than Factors, meeting such eligibility criteria as may be specified by the Authority, may undertake factoring business through an ITFS;

¹³ Modified vide Notification No. IFSCA/GN/2024/012, dated November 18, 2024, prior to modification, it read as : “ (iv) ”

¹⁴ Modified vide Notification No. IFSCA/GN/2024/012, dated November 18, 2024, prior to modification, it read as : “ (v) ”

¹⁵ Modified vide Notification No. IFSCA/GN/2024/012, dated November 18, 2024, prior to modification, it read as : “ 6 ”

¹⁶ Modified vide Notification No. IFSCA/GN/2024/012, dated November 18, 2024, prior to modification, it read as : “ i ”

(2)¹⁷ Entities at [clause (a) and (b) of sub-regulation (1)]¹⁸ above, shall furnish information relating to their operations, to the Authority in such manner, interval and form as may be specified by the Authority.

CHAPTER III

REGISTRATION OF ASSIGNMENTS OF RECEIVABLES

6¹⁹. Registration of assignments of receivables transactions

(1)²⁰ The trade receivables financed through a Trade Receivables Discounting System (TReDS) shall be filed with the Central Registry, by the concerned TReDS on behalf of the Factor, within a period of ten days, from the date of such assignment or satisfaction thereof, as the case may be, containing the particulars of:

- a. assignment of receivables in favour of a Factor, in such form and manner as prescribed in clause (a) sub-rule (1) of rule 3 of the Registration of Assignment of Receivables Rules, 2012.
- b. satisfaction of any assignment of receivables on full realisation of the receivables, in such form and manner as prescribed in clause (b) of sub-rule (1) of rule (3) of the Registration of Assignment of Receivables Rules, 2012.

(2)²¹ If the particulars referred in the sub-regulation (1) are not filed within the prescribed period, the Central Registrar may, on being satisfied on an application made in this behalf stating the reasons for the delay, allow the said particulars to be filed within such additional time not exceeding ten days as he may specify, upon payment of the fee as prescribed in Registration of Assignment of Receivables Rules, 2012.

¹⁷ Modified vide Notification No. IFSCA/GN/2024/012, dated November 18, 2024, prior to modification, it read as : “ ii ”

¹⁸ Modified vide Notification No. IFSCA/GN/2024/012, dated November 18, 2024, prior to modification, it read as : “clause (i) (a) and (i) (b)”

¹⁹ Modified vide Notification No. IFSCA/GN/2024/012, dated November 18, 2024, prior to modification, it read as : “ 7 ”

²⁰ Modified vide Notification No. IFSCA/GN/2024/012, dated November 18, 2024, prior to modification, it read as : “ i ”

²¹ Modified vide Notification No. IFSCA/GN/2024/012, dated November 18, 2024, prior to modification, it read as : “ ii ”

(3)²² Every Form for registration of any transaction relating to assignment of receivables or satisfaction of receivables on realisation shall be accompanied by the fee, as prescribed in Registration of Assignment of Receivables Rules, 2012, as amended from time to time, to be paid to the Central Registrar in the manner as may be specified by the Central Registrar.

CHAPTER IV

MISCELLANEOUS

7²³. Repeal and Savings

(1)²⁴ On and from the date of coming into force of these regulations, the Registration of Assignment of Receivables (Reserve Bank) Regulations, 2022, and Registration of Factors (Reserve Bank) Regulations, 2022 issued by the Reserve Bank of India shall not apply in International Financial Service Centres.

(2)²⁵ On and from the date of coming into force of these regulations, the circular titled 'Guidelines on Factoring and Forfeiting of Receivables' dated August 17, 2021, issued by the Authority shall stand repealed.

(3)²⁶ Notwithstanding anything contained in sub-regulation (1) and (2), any action taken or purported to have been taken under the Regulations and Circular mentioned in sub-regulation (1) and (2) respectively, before the date of coming into force of these regulations shall be deemed to have been done or taken under the corresponding provisions of these regulations.

K. RAJARAMAN, Chairperson

²² Modified vide Notification No. IFSCA/GN/2024/012, dated November 18, 2024, prior to modification, it read as : " iii "

²³ Modified vide Notification No. IFSCA/GN/2024/012, dated November 18, 2024, prior to modification, it read as : " 8 "

²⁴ Modified vide Notification No. IFSCA/GN/2024/012, dated November 18, 2024, prior to modification, it read as : " i "

²⁵ Modified vide Notification No. IFSCA/GN/2024/012, dated November 18, 2024, prior to modification, it read as : " ii "

²⁶ Modified vide Notification No. IFSCA/GN/2024/012, dated November 18, 2024, prior to modification, it read as : " iii "