



e-file No. 110/IFSCA/Banking Regulation/2020-21

December 8, 2025

CIRCULAR

All IFSC Banking Units (IBUs)

Madam/ Sir,

Subject: Amendments to Module no. 16 (Providing Credit) of the IFSCA Banking Handbook: COB directions v6.0

Reference may be drawn to the International Financial Services Centres Authority (Banking) Regulations, 2020, and the circulars/directions issued thereunder, in particular the directions regarding grant of loans or advances by IBUs, as outlined in Module no.16 (Providing Credit) of the IFSCA Banking Handbook: COB Directions v 6.0.”

2. On review, it has been decided to amend the directions of the abovementioned module as under:

A. The extant para 4(i)(b) shall be substituted by the following:

“Restrictions on loans or advances under section 20(1) of the Banking Regulation Act, 1949 shall not apply to the IBU of a foreign bank. However, loans or advances granted by the IBU of a foreign bank shall be subject to the conditions specified under para 4(ii) (“Restrictions by the Authority”) of this module”

B. The extant para 4(ii)(b) shall be substituted by the following:

“Loans or Advances to Directors or Related Party

IBUs, while granting loans or advances to a Director of its Parent Bank or to any related party of such Director shall:

- (i) formulate and implement a policy on loans or advances to such persons;*
- (ii) ensure that the decision to grant such loans or advances is free from conflict of interest;*
- (iii) ensure that the terms and conditions of such loans or advances are not more favourable than other loans or advances granted by the IBU to any other person under similar circumstances;*

(iv) prevent any individual who may, or whose family member may, benefit directly or indirectly, from such loans or advances, from participating in the approval process for such loans or advances;

(v) ensure that the thresholds, if any, on such exposures, specified by home regulator of the IBU, are adhered to;

(vi) ensure that periodic audits are conducted to verify that such loans or advances comply with the policy referred to in (i) above; and

(vii) intimate the Department of Banking Supervision (DOBS) of the Authority about the grant of loans or advances to such persons within fifteen (15) working days of the date of the transaction.”

C. The extant para 4(ii)(d) shall be substituted with the following:

“Restrictions on Credit to Companies for Buy-back of their Securities

IBUs may provide loans to a company for buy-back of its securities, subject to the condition that the applicable law in the jurisdiction where such company is incorporated permits availing of such loans.”

3. This circular is issued in exercise of the powers conferred by sections 12 and 13 of the International Financial Services Centres Authority Act, 2019, and shall come into force with immediate effect.

Yours faithfully,

(Supriyo Bhattacharjee)
Chief General Manager
Head - Department of Banking