



CIRCULAR

F. No. 416/IFSCA/Global Access/2021-22

November 25, 2021

To,

**All broker dealers in the IFSC
All recognised stock exchanges in the IFSC**

Dear Sir/Madam,

Sub: Global Access to Broker Dealers

1. Reference is drawn to the International Financial Services Centres Authority (Capital Market Intermediaries) Regulations, 2021 (CMI Regulations) published in the Official Gazette on October 20, 2021.
2. This circular is applicable on the broker dealers incorporated in the International Financial Services Centre (IFSC) and does not apply to foreign broker dealers operating in the form of branch in the IFSC.
3. It has been decided that registered broker dealers incorporated in IFSC shall be permitted to access exchanges in jurisdictions outside IFSC, subject to compliance with Chapter V of the CMI Regulations and the conditions laid out in this circular.
4. The broker dealer shall be permitted to access exchanges outside IFSC through any of the following manners:
 - a) Cross-border arrangement with an entity providing access to an exchange outside IFSC, provided that such entity is a regulated entity in the other jurisdiction; or
 - b) Registering itself as a trading member of an exchange outside IFSC:

Provided that the broker dealer is trading on its proprietary account and does not have any client dealing.
5. The broker dealer shall seek a no-objection from the recognised stock exchange(s) in IFSC before availing global access. The recognised stock exchange(s) in IFSC may refuse to grant NOC if there are any regulatory concerns particularly with respect to risk management arising out of the activities of the broker dealer in the recognised stock exchange(s) in the IFSC.



6. Further, the recognised stock exchange(s) may either facilitate or restrict global access to any broker dealer based on their risk assessment emerging out of such access.
7. The broker dealer shall have adequate resources commensurate with its operations (including global access) within the IFSC.
8. The broker dealer providing global access shall comply with Chapter V of the CMI Regulations, including the following:
 - a) The broker dealer shall ring fence its IFSC related capital market activities with its cross-border operations. The broker dealer shall ensure that the funds and securities of the clients for trading on the IFSC exchanges shall be segregated from the global access.
 - b) The broker dealer shall ensure that true, correct and adequate disclosures (including risks) are made to its clients regarding its cross-border business. In this regard, the broker dealer shall ensure that the roles and responsibilities of all the entities involved in the global access, risks associated with such trades, the applicable dispute resolution mechanisms and investor grievance redressal mechanisms relating to global access shall be adequately disclosed to the clients.
9. The broker dealer providing global access shall ensure to categorically disclose to its clients that the following resources of the recognised stock exchanges in the IFSC shall not be available to the clients for their global access:
 - i. Rights of investors or investor protection;
 - ii. Dispute resolution mechanism; and
 - iii. Investor grievance redressal mechanism.
10. The broker dealer having global access shall submit the following additional report to the recognised stock exchange(s) in accordance with the prescribed format, on an annual basis, within 30 days from the end of financial year:
 - a) Information regarding global access:
 - Details of no-objection received from recognised stock exchanges;
 - Details of commencement of operations of global access (date, names of entities through which arrangement has been done for providing global access and their regulatory status, list of exchanges, types of securities, role and responsibilities of broker dealer).



b) Information on size of business:

- Number of clients and trading volumes for each exchange (with break-up for each type of securities);
- Number of clients and trading volumes on the recognised stock exchanges in the IFSC (with break-up for each type of securities).

c) Other material information:

- Details of any incidence of default on any exchange;
- Assessment and declaration of conflicts of interest arising out of the global access;
- Declaration that the broker dealer is not aware of any material adverse information relating to the global access that would impact the broker dealer.

11. This circular is issued in exercise of powers conferred under section 12 of the IFSCA Act, 2019 and regulation 72 of the CMI Regulations.

12. A copy of this circular is available on the website of International Financial Services Centres Authority at www.ifsc.gov.in.

Yours faithfully,

Arjun Prasad
Deputy General Manager
arjun.pd@ifsc.gov.in