

# Registration of FinTech / TechFin Entity in GIFT City



**INDIA JURIS**  
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# Differentiating FinTech and TechFin



## FinTech

- Financial technology solution or a new business model or process which is created in relation to a financial products, services.
- Core activity is innovation of technology in the financial product or services.

## TechFin

- Advanced or emerging technology solution which aids and assists activities in relation to financial products, services.
- Core activity is not a financial product or service.
- It may be related to agriculture, space, distributed ledger, etc.

# Differentiating FinTech and TechFin



## FinTech areas *(Illustrative list)*

<b>Banking Sector</b>	<b>Capital Markets &amp; Funds Management</b>	<b>Insurance sector</b>
(a) Remittance and payments (b) Digital lending (c) Buy Now Pay Later (d) Crowd Lending (e) Digital Bank (Neo Banking/Challenger bank) (f) Open banking	(a) Crowd funding (b) Personal finance (c) Wealth Tech (d) Robo Advisory (e) Sustainable Finance products (f) Alternate trading platforms	(a) InsurTech (b) Innovative technologies for insurance life cycle (underwriting, claims management of life/health products etc.) (c) Digital innovation for global health insurance (d) Innovation in commercial insurance (e) Digital platform for settlement of balances between insurance companies (f) Open / Embedded insurance, Cyber insurance

# Differentiating FinTech and TechFin



## TechFin areas *(Illustrative list)*

1. Agri Tech
2. Accelerators
3. Climate/Green/Sustainable Tech
4. Defence Tech
5. Regulatory Tech
6. Space Tech
7. Supervisory Tech
8. Technology solution supporting Digital banking (example Core Banking etc.)
9. Technology solution aiding Trade Finance
10. Solutions/services for BFSI domain

## Applicant from India

1. Registered with DPIIT as a startup entity related to FinTech
2. It can be a Company, LLP or a 'Branch' of an Indian Co. or LLP in IFSC
3. An entity working directly or indirectly in the ecosystem regulated by domestic financial sector regulator.

## Applicant from outside India

Entity should be from FATF compliant jurisdiction.

### Additional Conditions

- A deployable solution/working product
- A revenue earning track record in at least one of the last 3 financial years.

# Sandbox environments



Direct Entry	FinTech Regulatory Sandbox (FRS)	Innovation Sandbox
<ol style="list-style-type: none"> <li>1. Separately incorporate an entity in the IFSC; or</li> <li>2. Establish a branch or a subsidiary of an India or foreign incorporated entity in IFSC</li> </ol>	<p>Live environment with limited set of real customers</p>	<p>Testing environment in isolation from the market</p>
	<p>Eligibility criteria for project to be admitted in the sandbox environments</p> <ol style="list-style-type: none"> <li>1. Genuineness of innovation</li> <li>2. Genuine need to test</li> <li>3. Limited prior testing</li> <li>4. Direct benefit to users</li> <li>5. No risks to the financial system</li> <li>6. Testing readiness of the solution</li> <li>7. Deployment post-testing</li> </ol>	
<p>Full authorization</p>	<p>Limited use authorization</p>	

# Sandbox Approval Process



## Application Stage

- IFSCA reviews the application and informs about its suitability for the sandbox within 30 working days of complete submission.
- IFSCA may issue guidance based on the specific characteristics and risks of the proposed solution.

## Evaluation Stage

- IFSCA and the applicant determine regulatory requirements, test parameters, and control boundaries for the project.
- Permission to develop and test the project is granted once the applicant agrees to meet the regulatory conditions.
- IFSCA may provide **Limited Use Authorization** for solution development.

## Testing Stage

- Participants must disclose to users that the solution is in a sandbox and inform them of associated risks, obtaining their acknowledgment.
- Prior IFSCA approval is required for any material changes to the solution.
- Each applicant must appoint a contact person to coordinate with the IFSCA's designated officer.

# Evaluation process within Sandbox



## Following are required for evaluation

1. Profile of the applicant, usage of innovative solution including technology and/or processes
2. Identified benefits to the investors and/or the capital market, banking, insurance or pensions sector
3. Risk measured/graded testing conditions and parameters so as to ensure safety and protection of the markets/investors
4. Appropriate disclosure requirements and protection to their users with defined grievance redressal mechanism
5. Adequate disclosure of the potential risks to participating users

1. It may take three to six months to set up and operationalize.
2. It is compulsory to have a physical office in GIFT City.
3. The entity will have ten years tax holiday (tax free out of a block of fifteen years).
4. There is no GST with the services provided in the GIFT City and abroad.
5. Global investors can invest in the entity.
6. Indian investors may also invest subject to FEMA and RBI Regulations.
7. The stocks of such company may be listed on stock exchange in GIFT City and foreign jurisdictions.

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## Setting up FinTech / TechFin Entity in GIFT CITY

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