

IFSCA's framework for Regulatory Sandbox

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In news

IFSCA has introduced a framework for "Regulatory Sandbox"

Key highlights

- International Financial Services Centres Authority (IFSCA) endeavours to encourage the promotion of financial technologies ('FinTech') initiatives in financial products and financial services
- As a step towards attaining this vision, IFSCA has introduced a framework for "Regulatory Sandbox".
- **Under this Sandbox framework, entities operating in the capital market, banking, insurance and financial services space shall be granted certain facilities and flexibilities** to experiment with innovative FinTech solutions in a live environment with a limited set of real customers for a limited time frame.
- These features shall be fortified with necessary safeguards for investor protection and risk mitigation.
- **The Regulatory Sandbox shall operate within the IFSC located at GIFT City**

Eligibility to participate in Regulatory sandbox

- All entities (regulated as well as unregulated) operating in the capital market, banking, insurance and pension sectors as well as individuals and startups from India and FATF compliant jurisdictions, shall be eligible for participation in the Regulatory Sandbox.
- Entities desirous of participating in the sandbox to showcase their innovative FinTech solutions, concepts and business models shall apply to IFSCA.

As an additional steps towards creating an innovation-centric ecosystem in the IFSC, IFSCA has proposed the creation of an **“Innovation Sandbox”**, which will be a testing environment where FinTech firms can test their solutions in isolation from the live market, based on market-related data made available by the Market Infrastructure Institutions (MIIs) operating in the IFSC.