



IFSCA-FMPP0BR/1/2021-Banking-Part (1)/1

July 11, 2024

To,
All the IFSC Banking Units (IBUs),

Dear Sir/Madam,

Permission to participate in the synthetic securitisation program of Parent bank

1. Application:

This Circular applies to all the IBUs

2. Definition

A 'synthetic securitisation' is a structure wherein credit risk of an underlying pool of exposures is transferred, in whole or in part, through the use of funded or unfunded credit derivatives or guarantees that serve to hedge the credit risk of the portfolio while the exposure continues to remain on the balance sheet of the lender.

3. General Directions

IBUs are hereby, permitted to participate in the synthetic securitisation program of its Parent bank subject to following conditions

- i. The Home Regulator of the IBU has adopted the Basel III framework and has not prohibited the banks under its jurisdiction from undertaking such transactions.
 - ii. IBU shall notify the Authority before the exposures of the IBU are incorporated in the Parent bank's program for synthetic securitisation
 - iii. IBU shall comply with provisions of PRU Direction, IFSCA Banking Handbook (as revised from time to time)
 - iv. The Authority may require the IBU to submit a copy of the reports being submitted to its Home Regulator for such transactions to the extent such report pertains to the assets of the IBU included in the program on synthetic securitisation.
4. IBUs are directed to ensure compliance with the directions in this circular while entering such transactions.

Yours faithfully,

Supriyo Bhattacharjee
Chief General Manager
Department of Banking