



## CIRCULAR

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October 3, 2025

To,  
**All Financial Institutions in IFSC**

Dear Sir/Madam,

**Foreign Currency Settlement System - Notification of Bye-laws, Rules and Regulations**

1. The Authority has authorised CCIL IFSC Limited (“CIL”) under the provisions of Section 7 of the Payment and Settlement Systems Act, 2007, and regulation 6 of the International Financial Services Centres Authority (Payment and Settlement Systems) Regulations, 2024, read with Section 12 and Section 13 of the International Financial Services Centres Authority Act, 2019 to operate a payment system for settlement of transactions in foreign currency to be called the ‘Foreign Currency Settlement System’ in GIFT IFSC.
2. In exercise of the powers conferred under sub-section 1 of section 10 of the Payment and Settlement Systems Act, 2007 and regulation 9 of the International Financial Services Centres Authority (Payment and Settlement Systems) Regulations, 2024 read with Section 12 and Section 13 of the International Financial Services Centres Authority Act, 2019, the Authority hereby notifies the Bye-Laws, Rules and Regulations prepared by CIL as the regulation, guideline, instruction or direction governing the operations of the Foreign Currency Settlement System.
3. The said Bye-Laws, Rules and Regulations may be accessed through the website of CIL (<https://ccilifsc.co.in>) under the heading “Legal Framework”.

Yours faithfully

(Supriyo Bhattacharjee)  
Chief General Manager  
Department of Banking Regulation

## CCIL IFSC Limited

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**Chapter 1 – Introduction**

These Bye-Laws may be called the “CCIL-IFSC Bye-Laws, 2025”.

**APPLICABILITY**

These Bye-Laws shall be applicable to all Members admitted to the Payment System(s) of CCIL-IFSC, IFSCNET Members and any other entity within the scope of these Bye-Laws.

**Chapter 2 – Definitions**

1. 'Approving Authority' shall mean and include a director, or a committee of directors or any authority appointed by the Board.
2. 'Board' means the Board of Directors of CCIL-IFSC.
3. 'Business Day' means a calendar day when CCIL-IFSC is open for conduct of business.
4. 'Business Hours' means the business hours notified by the Regulator/ CCIL-IFSC as the case may be, during which Members are permitted to undertake Transactions.
5. 'Bye-Laws' means the Bye-Laws of CCIL-IFSC for the time being in force.
6. 'CCIL-IFSC' means CCIL IFSC Limited incorporated under the Companies Act, 2013.
7. 'Core Banking System (CBS)' or 'Host System' means Member's own system or a similar kind of application by whatever name called.
8. 'Correspondent Bank' means the overseas bank where the Member maintains its Nostro Account.
9. 'Customer' means an entity or a person that is not a Member of CCIL-IFSC but participates in Transactions through a Member.
10. 'Customer Transaction' with respect to a Funds transfer means the Transaction either initiated or/and received by a Member on behalf of its Customer.
11. 'Cut-Off Time' with respect to various activities means the deadline notified by CCIL-IFSC from time to time.
12. 'Default' means the failure by a Member to honour any of its obligations in terms of Bye-Laws, Rules and Regulations and/or any other agreement with the CCIL-IFSC.

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13. 'Foreign Currency Settlement System' or 'FCSS' means the Payment System facilitating on-line real-time settlement of Transactions on gross basis, received from the Members on their own behalf or on behalf of their Customer(s).
14. 'Force Majeure' shall include without any limitation any natural phenomena, such as storms, hurricanes, floods, lightning, earthquake, explosions or fires arising from lightning, act of God, or act of Government of India or any concerned State Government, acts of war or public disorders, civil disturbances, riots, insurrection, sabotage, pandemic, epidemic, lockdowns, terrorist attacks or rebellion, strikes or labour disputes, unavailability or restriction of computer or data processing facilities, settlement systems, regulatory restraints, judicial orders or any other cause beyond reasonable control of CCIL-IFSC (whether or not similar to any of the foregoing).
15. 'Funds' includes amounts in USD or any other eligible currencies as may be admitted to be settled through FCSS.
16. 'Gift Foreign Currency System Code' or 'GFCS Code' means the unique 11-digit identification code allotted to each Member to establish the identity.
17. 'International Financial Services Centre' or 'IFSC' shall have the meaning assigned to it under the International Financial Services Centres Authority Act, 2019.
18. 'IFSCA' means the International Financial Services Centres Authority established under International Financial Services Centres Authority Act, 2019.
19. 'IFSC Banking Unit(s)' or 'IBU(s)' shall have the meaning ascribed to it under the International Financial Services Centres Authority (Banking) Regulations, 2020, as amended from time to time.
20. 'IFSC Banking Company(ies)' or 'IBC(s)' shall have the meaning ascribed to it under the International Financial Services Centres Authority (Banking) Regulations, 2020, as amended from time to time.

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21. 'International Financial Services Centre Network' or 'IFSCNET' means the close user group communication network of CCIL-IFSC, permitted under the applicable laws and enabled using the services of a network integrator, based on multi-protocol label switching, leased lines or any other technologies.
22. 'IFSCNET Member' means the entities admitted to the membership of IFSCNET by CCIL-IFSC in accordance with these Bye-Laws.
23. 'IFSCNET Service Provider' means the entities (including network integrator, internet service provider, etc.) responsible for providing the infrastructure, management, supervision and operation of IFSCNET as the case may be, and any incidental and related matters.
24. 'Member' means an entity admitted by CCIL-IFSC under the Bye-Laws, Rules and Regulations to access the Payment System(s)/ segments of CCIL-IFSC. Member(s), generally do not denote the shareholders of CCIL-IFSC. Provided that shareholders of CCIL-IFSC may also be admitted as Members.
25. 'Member ID' refers to the unique 'Identification Code' allotted to each Member of CCIL-IFSC to establish the identity and includes Membership ID wherever referred to in Bye-Laws, Rules and Regulations.
26. 'Nostro Account' means the current account of a Member with its Correspondent Bank.
27. 'Notification', 'Notice' or 'Communication' refer to any intimation that may be served on a Member at its business address and/or its last known address in any one or more or all of the following ways:
  - a. delivering it by post.
  - b. sending it by registered post.
  - c. sending it under certificate of posting.
  - d. sending it by express delivery post / courier services.
  - e. affixing it on the door at the last known business and/or last known address.
  - f. advertising it at least once in any prominent daily newspaper.
  - g. sending a message through FCSS.

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- h. notification on CCIL-IFSC's website.
- i. posting a message through CCIL-IFSC's member portal.
- j. an electronic mail or any other electronic network.
- k. any other accepted mode of communication.

Any communication sent by CCIL-IFSC to the Members shall be deemed to have been properly delivered or served, if the same is sent to the ordinary business address and / or last known address of the Member in any one or more of the ways mentioned above.

- 28. 'Payment Instruction' means an instruction to transfer Funds.
- 29. 'PSS Act' means the Payment and Settlement Systems Act, 2007, as amended from time to time.
- 30. 'PSS Regulations' means the International Financial Services Centres Authority (Payment and Settlement Systems) Regulations, 2024, as amended from time to time.
- 31. 'RBI' means the Reserve Bank of India.
- 32. 'Regulations' means the Regulations of the CCIL-IFSC and includes rules, code of conduct and such other prescribed procedures, circulars, notifications, directives and orders as issued by CCIL-IFSC from time to time under Bye-Laws, Rules and Regulations of CCIL-IFSC.
- 33. 'Regulator' means IFSCA.
- 34. 'Rules', unless the context indicates otherwise, means the Rules of CCIL-IFSC for the time being in force.
- 35. 'Settlement' means the settlement of the Payment Instructions, received from the Members for itself or for its Customer(s), in accordance with the PSS Act.
- 36. 'Settlement Bank' means an IBU appointed in accordance with the 'Chapter – Settlement Bank' of the FCSS Regulations, in accordance with the Bye-Laws, Rules and Regulations.

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37. 'Settlement Date' means the date on which a Transaction is settled in accordance with the Bye-Laws, Rules and Regulations.
38. 'System Provider' means CCIL-IFSC, authorised to operate and manage the Payment Systems (including FCSS), in accordance with the PSS Act and the PSS Regulations.
39. 'Transaction' unless the context indicates otherwise, means, transfer of Funds by a Member for itself or its Customer(s), to another Member for such Member or their Customer(s). For the purpose of the Bye-Laws, Rules and Regulations and to the extent required, a transaction of a Customer shall be treated and construed as a Transaction of the Member.

Note: These Definitions apply to Bye-Laws, Rules and Regulations.

The terms defined above shall mean the same when used in lower case in the Bye-Laws, Rules and Regulations, unless the context indicates otherwise. The terms not defined in the Bye-Laws, Rules and Regulations, if the context so requires, would have the same meaning if defined under the International Financial Services Centres Authority Act, 2019, the Reserve Bank of India Act, 1934 or the Payment and Settlement Systems Act, 2007, as amended from time to time, or the regulations, notifications, circular etc. thereunder issued from time to time.

**Chapter 3 – Segments**

1. CCIL-IFSC may establish such number of Payment System(s)/ segments as may be determined by the Board and approved by IFSCA from time to time.
2. The currencies which will be eligible for admission to be dealt in the said Payment System(s)/ segments shall be as notified from time to time.
3. Transactions that may be admitted to the said Payment System(s)/ segments shall be specified by the Board from time to time.

**Chapter 4 – Regulations**

1. The Board may frame Regulations from time to time for the functioning and operations of CCIL-IFSC and to regulate the functioning, operations and conduct of the Members of CCIL-IFSC.
2. Without prejudice to the generality of the foregoing, the Board may prescribe Regulations from time to time, inter alia, with respect to:
  - a. norms, procedures and terms and conditions for admission, continuation or cessation of Members.
  - b. norms, procedures and terms and conditions relating to dealing by the Members.
  - c. norms, procedures and terms and conditions for admission of Transactions by CCIL-IFSC.
  - d. norms, procedures and terms and conditions for Settlement of Transactions in FCSS and other Payment System(s)/ segments with CCIL-IFSC as the System Provider.
  - e. norms, procedures and terms and conditions for settlement by CCIL-IFSC.
  - f. prescription from time to time, and administration of penalties, fines and other consequences, including suspension/ expulsion of Members from CCIL-IFSC for defaults or breach or violation of the Bye-Laws, Rules and Regulations, directives or orders of CCIL-IFSC.
  - g. norms, procedures and terms and conditions for imposition and administration of different types limits and other charges and restrictions that may be imposed by CCIL-IFSC from time to time.
  - h. determination from time of time, of fees, system usage charges, transaction charges, deposits, margins, penal and other charges and other monies payable to CCIL-IFSC by Members.
  - i. supervision of the clearing operations and promulgation of such business rules and codes of conduct as it may deem fit.
  - j. settlement of disputes, complaints, claims arising between Members inter-se or between Member and CCIL-IFSC relating to FCSS and such other Payment System(s)/ segments and instruments as are cleared and settled through CCIL-IFSC including settlement by arbitration and/ or such other dispute resolution mechanism as may be prescribed.

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- k. dispute resolution mechanism for any other disputes arising between the Member and CCIL-IFSC.
- l. administration, maintenance and investment of the corpus of the fund(s) setup by CCIL-IFSC.
- m. establishment, norms, terms and conditions, functioning and procedures of clearing house, clearing through depository or other arrangements including custodial services and Settlement Bank(s) for Settlement.
- n. norms, procedures, terms and conditions in respect of, incidental to or consequential to, annulment, cancellation or closing out of Transaction(s).
- o. dissemination of information and announcements.
- p. norms, procedures, terms and conditions in respect of operations of IFSCNET including but not limited to admission of IFSCNET Members, cessation of IFSCNET Members or in relation to conduct of IFSCNET Members.
- q. any other matter as may be decided by the Board.

**Chapter 5 – Members**

1. The following entities are eligible to the Membership of CCIL-IFSC:
  - 1.1. For FCSS:
    - a. All IBUs shall be eligible for membership to FCSS.
    - b. Any other entities as may be specified by CCIL-IFSC.
  - 1.2. For any other Payment System/ segment, the entities as may be specified by CCIL-IFSC from time to time.
2. CCIL-IFSC may admit Members in accordance with the Bye-Laws, Rules and Regulations and on compliance of such terms and conditions as specified under the Bye-Laws, Rules and Regulations. The Member shall pay such fees, security deposit(s) and other monies as may be notified from time to time on its admission or continuity as a Member.
3. Any fees, deposits, remittance, other monies available with CCIL-IFSC but belonging to any Member under the Bye-Laws, Rules and Regulations shall be subject to a first and paramount lien for any sum due or reasonably expected to be due to CCIL-IFSC and for all its claims against the Member for due fulfillment of engagements, obligations and liabilities of Members arising out of or incidental to any Transactions which are made subject to the Bye-Laws, Rules and Regulations. CCIL-IFSC shall be entitled to adjust or appropriate such fees, deposits and other monies towards such dues and claims, to the exclusion of the other claims against the Member, without any reference to the Member.
4. In the event of any change in control or reorganisation, amalgamation/ merger of a Member, CCIL-IFSC shall be promptly informed about the same. CCIL-IFSC shall have a right to call for such information, data and documentation as may be deemed necessary for reviewing such membership and the Member shall provide the same to CCIL-IFSC and also extend all the necessary co-operation in this regard.
5. CCIL-IFSC, at its discretion, may suspend a Member from accessing the Payment System(s) operated by CCIL-IFSC, in accordance with 'Chapter - Disciplinary Proceedings, Penalties, Suspension and Expulsion', for violation of any of the provisions of the Bye-Laws, Rules and Regulations and cancel all Payment Instructions/ Transactions pending at such time. The suspension shall continue until CCIL-IFSC decides to withdraw such suspension.

**Chapter 6 – Settlement of Transactions**

1. CCIL-IFSC shall settle Transactions in the manner provided under its Bye-Laws, Rules and Regulations.
2. Notwithstanding anything contained in the Bye-Laws, Rules or Regulations of CCIL-IFSC, Customer Transactions received by CCIL-IFSC from the Member shall be deemed to be the Transactions of such Member. The Member shall be responsible for the settlement of such Transactions in terms of the Bye-Laws, Rules and Regulation of CCIL-IFSC.

**Chapter 7 – IFSCNET**

1. This Chapter shall apply to the entities desirous of becoming an IFSCNET Member.
2. CCIL-IFSC owns and operates the IFSC Network (IFSCNET), a membership-only closed user group network, to inter alia, enable the IBUs operating in IFSC to access the Payment System(s)/ application operated/managed by CCIL-IFSC, through a network platform providing secure connectivity.
3. CCIL-IFSC may appoint ‘network integrator/s’ responsible for providing infrastructure, management, supervision/monitoring, and operation of the IFSCNET.
4. The ‘network integrator’ shall be responsible for the end-to-end solution for CCIL-IFSC’s and IFSCNET Members’ locations, including ‘customer premise equipment (CPE)’ and other devices required. The services provided are proposed to run on a 24x7x365 basis.
5. CCIL-IFSC may notify the mode, manner and procedure for providing IFSCNET services, or any related and ancillary aspects, from time to time.

**6. ADMINISTRATION AND MANAGEMENT OF IFSCNET**

The Board may, from time to time, appoint an executive committee(s) or any other committee(s) or Approving Authority as the case may be, for the purposes of administration and/ or for the management of IFSCNET.

**7. MEMBERSHIP TO IFSCNET**

7.1. The following entities may seek membership to IFSCNET:

7.1.1. IBUs, Settlement Bank(s), and any other entity as may be approved by IFSCA and CCIL-IFSC to participate in FCSS/ other Payment System(s).

7.1.2. Any IFSCNET Service Provider(s) for the limited purpose of providing services related to the operations of CCIL-IFSC, including the business operations and support and maintenance activity.

7.1.3. Any other entity as may be admitted by CCIL-IFSC from time to time.

7.2. Any entity, eligible in terms of Bye-Law 7.1 of this Chapter, desirous of obtaining the membership of IFSCNET for the purpose of FCSS/ other Payment System(s), shall submit a duly filled and executed membership application in the manner and format prescribed by CCIL-IFSC.

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- 7.3. The entity(ies) shall provide such information and details alongwith the membership application, as may be required or specified by CCIL-IFSC.
- 7.4. CCIL-IFSC in its sole discretion may approve or reject the application for membership to IFSCNET, in accordance with the Bye-Laws, Rules and Regulations, or require such entities to revise the application or provide such additional information, as directed by CCIL-IFSC from time to time.
- 7.5. The entity(ies) admitted as IFSCNET Members shall adhere to the applicable Bye-Laws, Rules and Regulations, as amended from time to time and shall comply with such operational parameters, rulings, Notices, guidelines and instructions of CCIL-IFSC as may be applicable.
- 7.6. CCIL-IFSC may suspend or terminate any IFSCNET Member in the event of breach of the Bye-Laws, Rules and Regulations including any violation of this Chapter.
- 7.7. An IFSCNET Member may submit its resignation from the membership of IFSCNET, in the form and manner as may be specified by CCIL-IFSC.
- 7.8. In any event of suspension/ termination/ resignation, the IFSCNET Member shall fulfill the conditions, adhere to the requirements and implement the measures, as may be prescribed by CCIL-IFSC from time to time.

### **8. SERVICE PROTOCOLS**

- 8.1. CCIL-IFSC may terminate or suspend the access to IFSCNET or any services thereunder, of any IFSCNET Member(s), in the event of any cyber-security threats or anomaly learnt from the IFSCNET Member's systems.
- 8.2. CCIL-IFSC in its discretion, may recover any loss or damage incurred on account of violation of the Bye-Laws, Rules and Regulations by the IFSCNET Member.
- 8.3. CCIL-IFSC may impose such penalty and take such actions for contravention of the Bye-Laws, Rules and Regulations or any other requirements or such action/inaction which may be detrimental to the seamless operations of IFSCNET and as may be specified by CCIL-IFSC, from time to time.
- 8.4. CCIL-IFSC may at any time call for any information, documents and reports from the IFSCNET Members, as CCIL-IFSC deems fit.
- 8.5. CCIL-IFSC may amend the Bye-Laws under this Chapter or any Notification issued hereunder and such amendment or notification shall be binding on IFSCNET Members. Provided however that, any amendment or notification, which are inter-alia connected and governed by an external third-party arrangement such as the

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IFSCNET Service Provider, shall be issued subsequent to effecting the amendment in the third-party arrangement.

### **9. TECHNICAL REQUIREMENTS**

The IFSCNET Members shall adopt, implement, adhere to and follow the technical, operational and procedural requirements and work flow as may be prescribed/notified by CCIL-IFSC from time to time.

### **10. IFSCNET MEMBERS OBLIGATIONS**

The IFSCNET Members:

- 10.1. shall inform CCIL-IFSC of any change in the details submitted by such IFSCNET Member in support of their membership application or as required by CCIL-IFSC.
- 10.2. shall enter into an agreement with the network integrator/s or 'Internet Service Providers (ISP)' for the required bandwidth and 'CPE options' within 07 Business Days of the approval of their membership to IFSCNET, in accordance with the approved rate card as communicated by CCIL-IFSC from time and time.
- 10.3. shall utilise the IFSCNET connectivity only in India and IFSC, unless specifically permitted otherwise by CCIL-IFSC.
- 10.4. shall ensure that their application servers, internal network interconnecting with IFSCNET shall be distinct/independent of any infrastructure setup of their parent entity or group entity(ies).
- 10.5. shall not channelize IFSCNET connectivity to any entity that is not an IFSCNET Member, for using payment system or any other application.
- 10.6. shall not enable or allow any other entity to access IFSCNET or utilise any of its services, except in the manner permitted by CCIL-IFSC.
- 10.7. shall not disclose any information pertaining to IFSCNET with any other IFSCNET Member or entity, except with the prior permission of CCIL-IFSC.
- 10.8. shall promptly enable CCIL-IFSC & its authorised IFSCNET Service Providers to access/inspect the network equipment installed in their premises to perform inspection, repair, conduct network audit and other work related to network services after due notice. Such access shall be provided on 24x7x365 days basis to ensure quick repairs, restoration of service and service continuity.
- 10.9. shall carry out an annual 'IT systems audit', the parameter of which may be notified by CCIL-IFSC, including for network access controls towards IFSCNET

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covering the following: ‘Information Technology Governance’, ‘Risk, Controls and Assurance Practice’.

- 10.10. shall conduct a ‘Data Recovery’ (DR) drill at network level every six months, as may be prescribed by CCIL-IFSC. In case of any anomaly found during the activity, the IFSCNET Member shall co-operate with the network integrator to find a prompt resolution.
- 10.11. shall seek approval from CCIL-IFSC for use of IFSCNET for each of the systems and business applications operated/managed by CCIL-IFSC.
- 10.12. shall deploy IFSCNET in such form, manner and specification as may be prescribed by CCIL-IFSC from time to time.
- 10.13. shall submit such information and documents as may be required by CCIL-IFSC from time to time.
- 10.14. shall adhere to and comply with such other requirements, as may be prescribed or notified by CCIL-IFSC from time to time.

## 11. MISCELLANEOUS

- 11.1. **Fees and Charges:** IFSCNET Members shall pay such fees and charges to CCIL-IFSC or the ‘network integrator’/ IFSCNET Service Provider respectively, as may be notified by CCIL-IFSC from time to time.
- 11.2. **Limitation of Liability:** CCIL-IFSC shall in no way be responsible/liable for any disputes, including but not limited to the claims arising in respect of payments related to bandwidth from IFSCNET Members to the network integrator / IFSCNET Service Provider. Any such claims shall be settled directly between the IFSCNET Member and the network integrator / IFSCNET Service Provider.
- 11.3. **Applicability of other Bye-Laws:** The provisions of Chapter – 8 (Dispute Resolution), Chapter 10 – (Disciplinary Proceedings, Penalties, Suspension and Expulsion) shall mutatis mutandis be applicable to IFSCNET Members.
- 11.4. **Regulatory Access:** Notwithstanding anything contained in this Chapter, CCIL-IFSC shall facilitate the connectivity to IFSCNET to the Regulator or any authority as may be required under applicable law and requiring connectivity to IFSCNET, as the case may be.

Chapter 8 – Dispute Resolution

**1. DISPUTE BETWEEN MEMBER(S)**

- a. All claims, differences or disputes between the Members inter-se arising out of or in relation to Transactions made subject to the Bye-Laws, Rules and Regulations or with reference to anything incidental thereto, or in pursuance thereof or relating to their validity, construction, interpretation, fulfillment or the rights, obligations and liabilities of the parties thereto and including any question of as to such Transactions have been entered into or not shall be submitted to dispute resolution in accordance with the provisions of the Bye-Laws, Rules and Regulations.
- b. CCIL-IFSC shall not be responsible for any dispute between the Member and its Customer(s). Provided however that, any dispute between the Member and Customer(s) shall be settled through a dispute resolution mechanism as may be provided under Chapter ‘Dispute Resolution Proceedings’ of the Rules.
- c. In the event of any claims, differences or disputes between the Members is submitted to dispute resolution as set out in Bye-Law 1(a) above of this Chapter, such claim, difference or dispute shall be referred to the Panel for Resolution of Disputes (“PRD”) consisting of not less than five members other than the parties to the dispute. The decision of the PRD shall be final and binding on the parties to the dispute. A Member, if not satisfied with the decision of the PRD may refer the dispute to the Appellate Authority at IFSCA. The reference of such dispute shall be to the appropriate officer in-charge, Division of Payment and Settlement, Department of Banking, IFSCA. The Appellate Authority shall dispose of the appeal within 15 Working Days of submitting the appeal. The decision of such Appellate Authority shall be final and binding on the parties to the dispute.
- d. CCIL-IFSC shall not be made a party to any dispute between the Member(s).
- e. In case of disputes where IFSCA is an involved party, the dispute shall be referred to the Central Government which may authorize an officer not below the rank of Joint Secretary for settlement of the dispute and the decision of such officer shall be final and binding on all parties.
- f. CCIL-IFSC may, from time to time prescribe rules for the matters which in the opinion of CCIL-IFSC are required to be dealt with in the Bye-Laws, Rules and Regulations to facilitate dispute resolution between the Members including the

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procedure to be followed by the parties in dispute, the procedure to be followed by the PRD in conducting the dispute resolution proceedings etc. CCIL-IFSC from time to time may amend, modify, alter, repeal, or add to the provisions of the rules.

- g. For the limited purpose of disputes involving Settlement Bank within the scope of FCSS, the term Member shall be deemed and read as ‘System Participant’ for the limited purpose of this Chapter.

### **2. DISCLOSURE BY PERSONS TO BE APPOINTED AS MEMBERS ON THE PRD**

Every Member who is approached in connection with a possible appointment as a member on the PRD shall disclose to CCIL-IFSC in writing any circumstances likely to give rise to justifiable doubts as to ‘independence’ and ‘impartiality’ more particularly when a dispute is referred to the PRD. If the person discloses any circumstances which in the opinion of CCIL-IFSC are likely to give rise to justifiable doubts as to the independence and impartiality, then such individual, shall not be member of PRD in respect of such dispute.

### **3. DISCLOSURE BY PERSONS APPOINTED AS MEMBERS OF PRD**

A Member, from the time of appointment on the PRD and throughout the dispute resolution proceedings, shall, without delay, disclose to the parties and CCIL-IFSC in writing any circumstances referred to in Bye-Law 2 above which have come to such Member’s knowledge after appointment as a member to the PRD.

### **4. TERMINATION OF TENURE OF THE MEMBER ON THE PRD**

The tenure of a member on the PRD shall terminate:

- (a) if such member withdraws from PRD for any reason; or
- (b) where such member is unable to perform in accordance with these Bye-Laws; or
- (c) on completion of two years or any other term as specified by CCIL-IFSC from the date of appointment; or
- (d) such member discloses any circumstances referred to in Bye-Laws 2 or 3 above.

### **5. ADMINISTRATIVE ASSISTANCE**

To facilitate smooth conduct of the dispute resolution proceedings, CCIL-IFSC shall provide such administrative assistance as may be necessary for proper conduct of dispute

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resolution with respect to all claims, differences or disputes which are submitted to PRD as per the Bye-Laws, Rules and Regulations.

### **6. VENUE OF DISPUTE RESOLUTION**

All the proceedings in relation to dispute resolutions shall be conducted in Gandhinagar, Gujarat, India unless otherwise specified by CCIL-IFSC after consultation in this regard with the PRD.

### **7. DIRECTIONS OF IFSCA**

Notwithstanding anything contained herein, any 'Direction or Circular or Rule or Guideline' issued by IFSCA under the PSS Act, or the Regulations thereunder (including the PSS Regulations) in respect of 'Dispute Resolution Mechanism' shall be deemed to be part of this Chapter and in the event of any inconsistency with the provisions of this Chapter, such 'Direction or Circular or Rule or Guideline' shall prevail over the other provisions set out in this Chapter.

**8.** The Bye-Laws, Rules and Regulations of CCIL-IFSC and all subsequent variations to them shall be subject to, governed by and interpreted in accordance with the PSS Act and the Regulations thereunder (including the PSS Regulations) and the laws of India.

**9.** All parties to a reference under these Bye-Laws shall be deemed to have submitted to the exclusive jurisdiction of the courts in Gandhinagar for the purpose of giving effect to the provisions of these Bye-Laws and the PSS Act.

### **10. DISPUTE BETWEEN MEMBER(S) AND CCIL-IFSC**

All claims, differences or disputes between the Member(s) on one hand and CCIL-IFSC on the other hand arising out of or in relation to operation of Payment System(s) including in relation to Settlement of dealings, contracts or Transactions executed or reported as specified by CCIL-IFSC or with reference to anything incidental thereto or in pursuance thereof or relating to their validity, construction, interpretation, fulfillment or the rights, obligations and liabilities of the parties thereto and including any question of whether such dealings, transactions and contracts have been entered into or not or in the event of an appeal arising from a Member being dissatisfied with the decision of the PRD shall be submitted to the IFSCA. The reference of such dispute shall be to the Officer-in-

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Charge, Division of Payment and Settlement, Department of Banking, IFSCA. The decision of such officer shall be final and binding on the parties to the dispute.

- a. In India, subject to the provisions of this Chapter, all parties to a reference under the Bye-Laws, Rules and Regulations shall submit to the exclusive jurisdiction of the courts in Gandhinagar, Gujarat and shall be governed by the extant Indian laws, for the purpose of giving effect to the provisions of the Bye-Laws, Rules and Regulations and the services referred thereunder.
- b. For the limited purpose of disputes involving Settlement Bank within the scope of FCSS, the term Member shall be deemed and read as 'System Participant' for the limited purpose of this Chapter.

**1. DECLARATION OF DEFAULT**

A Member may be declared a defaulter by direction/ circular/ notification of CCIL-IFSC, if:

- 1.1. it admits or discloses its inability to fulfill or discharge its duties, obligations and liabilities; or
- 1.2. it fails to pay any sum due to CCIL-IFSC as CCIL-IFSC may from time to time prescribe; or
- 1.3. it fails to abide by the Dispute Resolution mechanism or arbitration award as laid down under Bye-Laws, Rules and Regulations; or
- 1.4. proceedings have been commenced for winding up against it; or
- 1.5. it is in breach of Bye-Law 5 of this Chapter; or
- 1.6. under any other circumstances as may be notified from time to time.

**2. MEMBER'S DUTY TO INFORM**

- 2.1. A Member shall be bound to notify CCIL-IFSC immediately on the occurrence of any of the circumstances specified in Bye-Law 1 of this Chapter.
- 2.2. A Member shall forthwith inform CCIL-IFSC in writing as and when any notice is received by the Member, in connection with institution of any winding up proceedings against it. The Member further undertakes to inform CCIL-IFSC in writing on the onset of any circumstance which is likely to result into it being wound up or which is likely to, or may render it liable to, any winding up proceedings.

**3. NOTICE OF DECLARATION OF DEFAULT**

Upon a Member being declared a defaulter, CCIL-IFSC shall forthwith issue a notice to all the Members.

**4. DEFAULTER TO GIVE INFORMATION**

A defaulter shall submit to CCIL-IFSC such statement of accounts, information and particulars of its affairs as CCIL-IFSC may from time to time require and if so desired shall appear before CCIL-IFSC at its meetings held in connection with its default.

**5. PAYMENT TO CCIL-IFSC**

5.1. The Member declared as defaulter shall reimburse CCIL-IFSC all out of the pocket expenses including legal and any other expenditure incurred by CCIL-IFSC in connection with a default or any other activity undertaken by CCIL-IFSC with or on behalf of such a Member. Upon completion of the formalities the Member who is declared as a defaulter shall cease to be a Member.

**Chapter 10 – Disciplinary Proceedings, Penalties, Suspension and Expulsion**

**1. DISCIPLINARY JURISDICTION**

CCIL-IFSC may expel or suspend under censure and/or warn and/or withdraw all or any of the membership rights of a Member if it or any other entity transacting through it is in contravention, non-compliance, disobedience, disregard or evasion of the Bye-Laws, Rules and Regulations or of any resolutions, orders, Notices, directions or decisions of CCIL-IFSC or of any other committee or officer of CCIL-IFSC authorised in that behalf or of any conduct, proceeding or method of business which the Board in its discretion deems inconsistent with just and equitable principles or detrimental to the interests, reputation and fairness of CCIL-IFSC or the market at large or the other Members, or prejudicial or subversive to its objects and purposes.

**2. PENALTY FOR BREACH OF THESE BYE-LAWS, RULES AND REGULATIONS**

- a. Every Member shall be liable to suspension, expulsion or withdrawal of all or any of its membership rights and/or to payment of fine and/ or to be censured, reprimanded or warned for contravening, disobeying, disregarding or willfully evading (on its own account or on account of any entity transacting through it) the Bye-Laws, Rules and Regulations or any resolutions, orders, Notices, directions, decisions or rulings hereunder of CCIL-IFSC, or of the Board, executive committee, Approving Authority or any officer of CCIL-IFSC.
- b. CCIL-IFSC may at its discretion charge such penalty as it may deem fit for delayed payments and/or non-payments by a Member.
- c. The Member shall reimburse CCIL-IFSC all out of pocket expenses including legal and any other expenditure incurred by CCIL-IFSC in connection with any activity undertaken in contravention of the Bye-Laws, Rules and Regulations or applicable laws directly impacting the Payment System(s)/ segments of CCIL-IFSC.

**3. MEMBERSHIP SUSPENSION**

- a. A Member shall be liable for immediate suspension from Membership upon its:
  - i. contravention of the Bye-Laws, Rules and Regulations.

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- ii. Non-adherence to eligibility criteria of membership prescribed under the Bye-Laws, Rules and Regulations.
- iii. Being suspended/ ordered for suspension from undertaking activity by a regulatory body (including the financial sector regulator of the Member), Court, law enforcement agency or any other statutory body/agency authorised to do so.
- iv. Being wound up or ordered to be wound up under extant laws or where the winding up has commenced against such Member.
- v. Becoming liable for disciplinary proceedings or such proceedings as are initiated and/ or proposed to be initiated against a Member.

A Member shall also be liable for immediate suspension of its membership rights for any other cause which in the opinion of CCIL-IFSC warrants such suspension.

Such suspension may be in force till such time as the same is specifically removed by CCIL-IFSC on CCIL-IFSC being satisfied that the conditions for suspension no longer exist.

- b. Suspension may be of two types:
  - i. temporary i.e., for a period of a maximum of seven (7) Business Days or such number of days as may be decided by CCIL-IFSC.
  - ii. long term i.e., for a period exceeding the one mentioned under (i) above.
- c. Upon suspension of membership, CCIL-IFSC shall notify such suspension to other Members.
- d. Notwithstanding the non-receipt of Notice relating to suspension of a Member by another Member, the obligations of such other Members towards CCIL-IFSC shall continue to subsist. For Members under suspensions, CCIL-IFSC shall not be liable in any manner to process or honour any payments in the queue.
- e. The Approving Authority or a committee of not less than two officials nominated by Approving Authority may disable a Member from accessing the facilities of CCIL-IFSC if in the opinion of the Approving Authority or the committee of officials, circumstances exist warranting disablement pending suspension.

Provided that, within four (4) Business Hours after such disablement, the Approving Authority or the committee of officials as the case may be shall record in writing the reasons for such disablement provided however that the same shall be reported at the next Board or the committee meeting whichever is earlier. After such disablement, CCIL-IFSC shall communicate the information to other Members.

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- f. Notwithstanding anything contained in the Bye-Laws, Rules and Regulations, if a Member is restrained from undertaking any financial activity by any regulatory/statutory body, court, such Member shall *ipso facto* stand suspended from the membership of CCIL-IFSC.

#### 4. RECONSIDERATION/ REVIEW

The Board may, on its own or on request by the Member concerned, reconsider and rescind, revoke or modify its order fining, censuring, warning or withdrawing all or any of the membership rights of the Member. In like manner, the Board may rescind, revoke or modify a resolution expelling or suspending any Member.

#### 5. CONSEQUENCES OF SUSPENSION

The suspension of a Member shall among others, have the following consequences:

- a. Suspension shall be effective immediately upon the Member being notified to that effect by CCIL-IFSC unless otherwise specifically mentioned. Upon suspension, CCIL-IFSC shall not accept any Payment Instruction whatsoever on behalf of such suspended Member including the entities transacting through it. However, the suspended Member will continue to be liable to CCIL-IFSC in respect of all its outstanding Transactions and/ or other dues, if any, arising out of actions undertaken by CCIL-IFSC for and on behalf of such Member prior to such suspension.
- b. Suspension of Membership Rights: A suspended Member shall during the terms of its suspension, be deprived of and excluded from all rights and privileges of membership but may be proceeded against by CCIL-IFSC for any act/omission or offence committed by it before suspension in such manner as may be necessary to protect the interest of CCIL-IFSC.
- c. Rights of Member(s) unimpaired: Suspension shall not affect the rights of a Member(s) who is a Recipient Bank/beneficiary of the suspended Member(s) on account of Transactions accepted for Settlement through CCIL-IFSC nor shall the rights of CCIL-IFSC be impaired due to such event(s).

#### 6. CONSEQUENCES OF EXPULSION

The expulsion of a Member shall have the following consequence namely:

**Membership Rights forfeited:** The expelled Member right of membership shall stand forfeited and all rights and privileges as a Member including any right to enforce any

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claim or any interest in any property or funds against CCIL-IFSC but the liabilities of such Member to CCIL-IFSC shall continue and remain unaffected by such expulsion.

**Chapter 11 – Miscellaneous**

**[The requirements of this Chapter and the Notification issued hereunder applicable to the Member(s) shall mutatis mutandis apply, in connection with FCSS, to the Settlement Bank.]**

1. CCIL-IFSC shall have the unfettered discretion to part with/disclose or disseminate such information concerning the Transactions settled through its Payment System(s) (including FCSS)/ segments as deemed necessary to the regulator(s), Governmental or other agencies.
2. CCIL-IFSC shall provide only the aggregated market information and/or Transaction information regarding volumes and other information related to a Transaction etc., on the Transactions concluded by Members, to press, media, or any other person for consideration or otherwise. In any case, such data will not contain identity of the counterparties.
3. No failure or delay on the part of CCIL-IFSC in the exercise of any power, right or privilege here under shall operate as a waiver thereof, nor shall any failure or delay in exercise of such power, right or privilege preclude CCIL-IFSC from further exercise thereof.
4. CCIL-IFSC may, at its discretion for the reasons recorded in writing, approve, defer, or reject the Transactions received by it for Settlement for not conforming to any of the Bye-Laws, Rules and Regulations.

**5. CHANGE OF SETTLEMENT INSTRUCTIONS**

In the event of a change in Settlement instructions including change of the Correspondent Bank, the Member shall give to CCIL-IFSC a notice in writing of at least seven Business Days in advance of the Settlement Date.

**6. GENERAL LIMITATION OF LIABILITY**

6.1. Save as otherwise specifically provided in the Bye-Laws, Rules and Regulations by CCIL-IFSC in respect of Settlement arrangement, in promoting, facilitating, assisting, regulating, managing and operating the Settlement, CCIL-IFSC shall not be deemed to have incurred any liability for all its bona-fide acts, and accordingly

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- no claim or recourse in respect of or in relation to any Transactions, or any matter connected therewith or incidental thereto. No action shall lie against CCIL-IFSC, its directors, employees, officers or any of its authorised person(s) for all their acts in good faith on behalf of CCIL-IFSC.
- 6.2. CCIL-IFSC shall not be held responsible or liable for any consequences arising out of failure of computer systems, telecommunication network and other equipment installed at the Member's office premises. CCIL-IFSC shall have the right to inspect and supervise all computer systems, software programs, tele-communication equipment, etc. as prescribed by CCIL-IFSC at its office and/or office/premises of the Member where such equipment may be installed and the Member shall not make any alterations, modifications and changes to such equipment without the prior written consent of CCIL-IFSC.
- 6.3. CCIL-IFSC shall, in no way, be liable for any direct and/or indirect damages, costs, claims and/or expenses whatsoever, in connection with:
- a. Mechanical or electrical or telephone or network breakdown or power failure or malfunction of any of the servers or auxiliary equipment used by a Member and/or any other cause beyond the reasonable control of CCIL-IFSC.
  - b. Special direct/ indirect economic or consequential loss or damage including, but not limited to loss of profit, business revenue, opportunity costs, goodwill or anticipated saving.
- 6.4. CCIL-IFSC shall not be liable for any unauthorised Transactions on its Payment System(s)/ segments by any entity acting in the name of the Member.
- 6.5. CCIL-IFSC shall not be liable for:
- a. any inaccuracy, error or delay in or omissions in any of its information, data or message.
  - b. transmission of any such data, information or message.
  - c. any loss or damage arising from any such inaccuracy, error, delay or omission, non-performance or interruption due either to any act or omission by CCIL-IFSC due to Force Majeure or any other cause beyond the reasonable control of CCIL-IFSC.
  - d. Failure of the communication systems or failure of Transactions caused directly or indirectly by equipment or system failure.
  - e. Any other cause beyond the control of CCIL-IFSC.

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6.6. Any instruction/ order/ direction or request entered under a Membership ID and using a Member's password shall be deemed to be an instruction/ order/ direction or request received from such Member or its duly authorised representative. If any other third party (including any unauthorized person) gains access to the services provided by CCIL-IFSC such Member shall be responsible and indemnify CCIL-IFSC against any liability costs or damages arising out of such claims or proceedings by such third parties and or any party based upon or relating to such access or use.

6.7. CCIL-IFSC has no obligation to verify the authority of any instruction sent or purported to have been sent from the Member other than by means of verification of the GFCS Code. A Member shall immediately notify CCIL-IFSC in writing, if such Member becomes aware of any loss or theft or unauthorized use of the Membership ID or password.

CCIL-IFSC shall not be responsible or liable for any loss or damage that may arise due to a Member's inability to notify CCIL-IFSC in writing of such occurrence.

### **7. RIGHT TO COLLECT INFORMATION**

CCIL-IFSC may as and when required seek information from the Members in respect of their financial position, state of business, regulatory action, risk management and management and ownership changes etc. CCIL-IFSC officials may visit the Member's place of work to collect such information or validate the information submitted. CCIL-IFSC may also call the senior officials of the Members from the relevant areas to discuss about undesirable observations during its review process.

### **8. INFORMATION TECHNOLOGY**

#### **8.1. Computer System Support**

The operations of CCIL-IFSC shall be conducted in a fully computerized environment. Members shall be connected to the respective Payment System(s)/ segments through a system of network and/ or individual network connectivity systems approved by CCIL-IFSC from time to time. Only Members of CCIL-IFSC shall be connected to the Host System at CCIL-IFSC's premises at GIFT-IFSC through specified front-end systems installed at Members' premises at Members' expenses. The connectivity including hardware and software should be as per the specifications and approval of CCIL-IFSC. Member terminal shall be located within their own business premises with necessary approvals from landlords, municipal

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authorities, builders or societies as may be applicable in each case for the location/ housing of such equipment.

### **8.2. Request for Changes/ Enhancement**

Request for changes and/or enhancement to the hardware and/ or software installed in the 'Information Technology (IT)' equipment located at Members' premises should be made in writing to CCIL-IFSC giving complete details of the changes proposed and the reasons that warrant such changes. CCIL-IFSC shall examine requests for such changes to ensure that such requests would not affect the operations of CCIL-IFSC. Changes and/ or modifications at the Members' premises to the computer system relating to operations with CCIL-IFSC can be effected only after receiving specific written approval of CCIL-IFSC. Members shall inform CCIL-IFSC in writing upon completion of such modification and await CCIL-IFSC's prior written approval to operationalise the modification into CCIL-IFSC's network. All changes and/ or modifications to software and/ or hardware shall be effected by Members at their own cost. Further, any changes and/ or modifications that may become necessary at the specific requirement of CCIL-IFSC shall also be carried out by Members at their cost.

## **9. RECORD FOR EVIDENCE**

The record of CCIL-IFSC as maintained by a central processing unit or a cluster of processing units or computer processing units, including the hard/soft copies thereof, or maintained in any other manner including record of telephonic conversations (for which Member have deemed to have consented) shall constitute conclusive evidence in relation to any Transaction settled through CCIL-IFSC.

For the purposes of any disputes regarding Settlement of Transactions, such records as maintained by CCIL-IFSC shall constitute conclusive evidence in any dispute or claim between the Members inter-se or between Members and CCIL-IFSC or where any other System Participant is a party.

## **10. MEMBER ONLY PARTIES TO TRANSACTIONS**

CCIL-IFSC shall not in any manner recognize nor rely on, any Transaction other than those of its own Members.

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Every Member shall be directly and wholly liable to CCIL-IFSC in respect of all its Customers. CCIL-IFSC shall neither have an obligation nor the liability to any party other than the Member.

### **11. INVIOABILITY AND FINALITY OF PROCESSED TRANSACTIONS**

Transactions initiated by the Members through CCIL-IFSC, subject to the Bye-Laws, Rules and Regulations, shall be inviolable and shall be settled by CCIL-IFSC in accordance with the Bye-Laws, Rules and Regulations.

### **12. INDEMNITY**

12.1 Without prejudice to the other rights and remedies available to CCIL-IFSC, a Member shall indemnify and keep indemnified, CCIL-IFSC, the Board, Approving Authority or its employees or its agents against any loss/damage suffered by CCIL-IFSC in providing the services by CCIL-IFSC to the Member or any other loss, damage, cost, expenses (including reasonable attorney's fees) suffered by CCIL-IFSC, the Board, Approving Authority or its employees or its agents arising from or out of a Member's action or inaction in contravention of these Bye-Laws, Rules and Regulations, misconduct or negligence on the part of the Member or any employee, agent, servant or representative of the Member or of its Customer. This shall be a continuing indemnity notwithstanding cessation of membership.

12.2 Save as otherwise provided in the Bye-Laws, Rules and Regulations, CCIL-IFSC shall hold harmless its Members against any action or inaction on the part of CCIL-IFSC in contravention of the Bye-Laws, Rules and Regulations.

**Chapter 12 – Bankruptcy of CCIL-IFSC**

1. Where, by an order of a Court, Tribunal or authority:
  - a. CCIL-IFSC is declared as insolvent or is dissolved or wound up; or
  - b. A liquidator or receiver or assignee (by whatever name called) whether provisional or otherwise, is appointed in a proceeding relating to insolvency or dissolution or winding of CCIL-IFSC,  
all the outstanding Transactions submitted to CCIL-IFSC on such determination above shall stand terminated.
2. The present balances of the Members in the respective Payment System(s)/ segments at the time of such determination above will be final and irrevocable and shall be as is reconciled to their respective accounts (in connection with FCSS, the respective Settlement Bank Accounts) after adjusting any outstanding dues, if applicable.
3. FCSS:  
On reconciliation, in connection with FCSS, the Settlement Bank shall forthwith ensure the availability of the Funds to the Members.