PRESS RELEASE

IFSCA issues framework on capital relief and prudential requirements for factoring transactions

1. The International Financial Services Centres Authority (IFSCA) today issued the circular outlining the framework for capital relief and prudential requirements for factoring transactions" ("the circular").

2. The circular enables Finance Companies obtaining credit protection in the form of credit insurance or guarantee for factoring transactions from eligible institutions in IFSC to obtain the benefit of capital relief subject to the conditions mentioned in the circular in alignment with the Basel III framework. Further, it also permits capital relief for factoring transactions undertaken under the two-factor model through arrangements such as those facilitated by the FCI network.

3. Additionally, the circular incorporates prudential requirements for Finance Companies engaged in factoring transactions, such as exposure norms and NPA recognition and relaxed asset classification norms for finance companies with a total asset base of less than USD 150 million.

4. The copy of the circular can be accessed via IFSCA website as under: (https://ifsca.gov.in/Legal/Index?MId=CoYm9PdqF2U=)

Gandhinagar

July 21, 2026