

CRYPTO CURRENCY EXCHANGE IN INDIA



This guide is made to deliver how to set up crypto exchange in India and how does it works.

TABLE OF CONTENTS

01

What is
cryptocurrency?

02

Crypto exchanges
in India

03

How to start
crypto exchange
company in India?

04

Documents
required

05

Banks supporting
crypto exchange
in India

06

Legal compliance

07

How we can help?



WHAT IS CRYPTOCURRENCY?



Cryptocurrency is a digital payment system that do not rely on banks to verify transactions. It is a peer-to-peer system that can enable anyone to send and receive payments anywhere. Instead of physical money being carried around and exchanged in the real world, cryptocurrency payments exist purely as digital entries to an online database describing specific transactions. When the user transfers cryptocurrency funds, the transactions are recorded in a public ledger. Cryptocurrency is stored in digital wallets.

Units of cryptocurrency are created through a process called mining, which involves using computer power to solve complicated mathematical problems that generate coins. Users can also buy the currencies from brokers, then store and spend them using cryptographic wallets.

Cryptocurrency exchanges are online trading platforms that allow users to purchase and sell cryptocurrency easily. These trading platforms work as an intermediary between the buyers and sellers like any other popular trading exchange. Many crypto exchange platforms allow users to trade in various cryptocurrencies easily. Although the Indian government is yet to make up its mind on cryptocurrencies, India has the biggest number of crypto trading platforms in the world.

Cryptocurrency exchanges work similarly to a broker, giving user the tools to buy and sell cryptocurrencies like Bitcoin, Ethereum, and Tether. The best cryptocurrency exchanges make it easy to buy and sell the currencies you want with low fees and strong security features.

CRYPTO EXCHANGES IN INDIA



The increase in popularity of cryptocurrencies has led to a significant rise in the number of cryptocurrency exchanges in India. To invest and trade in digital currencies, more and more Indians have started resorting to the cryptocurrency exchanges and therefore looking for the best exchange option, providing various features along with low fees structure. India is now home to an estimated 115 million cryptocurrency investors despite a historically negative attitude toward the sector from the government, according to new data. The proposed Cryptocurrency bill may ideally serve to introduce a level of uniformity of understanding and serve to bring the various government agencies involved onto the same page while also providing security and helping regulate the otherwise unregulated markets and prevent its misuse. These are the few cryptocurrency exchanges in India:

1. Coin DCX
2. Buy Ucoin
3. CoinSwitch Kuber
4. UnoCoin
5. Flitpay
6. Zeb IT Services Pvt Ltd
7. Secure Bitcoin Traders Pvt Ltd
8. Giottus Technologies Pvt Ltd
9. Awlencan Innovations India Ltd (Zebpay)
10. Zanmai Labs Pvt Ltd (WAZIIRX)
11. Discidium Internet Labs Pvt Ltd

HOW TO START CRYPTO EXCHANGE COMPANY IN INDIA?



Crypto exchange companies in India will be formed as per the requirements laid down in Companies Act, 2013. As there are no specific regulations with regard to cryptocurrency exchange in India, private limited company structure would be best preferred option. Therefore, all the requirements of a private limited company should be satisfied as per the law. The whole process including approval of Director Identification Number ("DIN"), name, and incorporation takes around 10 working days.

These are the following steps to register a private limited company.



Digital Signature Certificate (DSC)

As the registration process of the company is completely online, digital signatures are required to file the forms on the MCA ("Ministry of Corporate Affairs") portal. DSC is mandatory for all the proposed directors and the subscribers of the Memorandum of Association (MoA) and Articles of Association (AoA). DSC can be obtained from government recognized certifying authorities.



Director Identification Number (DIN)

The Director Identification Number (DIN) is an identification number for a director and it has to be obtained by anyone who wants to be a director in a company. The DIN of all the proposed directors of the company along with the name and the address proof are to be provided in the company registration form. DIN can be obtained while filing the SPICe+ form, i.e. company registration form.



Registration on the MCA Portal

To apply for company registration, the SPICe+ form is to be filled out and submitted on the MCA portal. To fill out the SPICe+ form and submit documents, the director of the company has to register on the MCA portal. After registration, the director can log in and will obtain access to the MCA portal services which include filing e-forms and viewing public documents.



Certificate of Incorporation

Once the registration application is filled and submitted along with the required documents, the Registrar of Companies will examine the application. Upon verification of the application, he will issue the Certificate of Incorporation of the Company. The Certificate of Incorporation is issued with PAN and TAN as allotted by the Income Tax Department. An electronic mail with a Certificate of Incorporation as an attachment.

REQUIREMENTS TO START A PRIVATE LIMITED COMPANY

Every business type has its own set of requirements before it is incorporated. The requirements for registering this are as stated below:

Members and directors

To get itself legally registered a private limited company must show a minimum number of two and a maximum number of 200 members. This is a statutory requirement as mandated by the Companies Act 2013.

The directors should meet the following conditions:

- Each of the directors should have a DIN i.e. director identification number, which is given by the Ministry of Corporate Affairs
- One of the directors must be a resident of India, which means he/she should have stayed in India for not less than 182 days in the previous calendar year

Name of the company

Choosing the name of the company is often a technical task. It is a requirement that at the time of registration, every company has to send 5-6 names for approval to the Registrar of Company (ROC). Moreover, the submitted names should not have a close resemblance with any other company's name.

Registered office address

After the company has been registered, the permanent address of its registered office must be filed with the registrar of the company. The registered office of the company is where the company's main affairs are being conducted and where all the documents are placed.

Minimum paid up share capital

A private limited company requires to have and maintain a minimum paid-up capital of ₹1 lakh. It could vary, as prescribed by the MCA from time to time.

DOCUMENTS REQUIRED



The following documents are required to be submitted to obtain the certificate of incorporation.

- Identity proof of Indian and foreign directors
- Address proof (Aadhar card/Driving license/Ration Card/Voter ID)
- Proof of residence (Electricity bill or bank statement)
- Notarized rental agreement
- NOC or No Objection Certificate from the property owner
- Sale deed or property deed copy

Naturally, crypto exchanges also have to obtain tax-related approvals and registrations from relevant tax authorities. The exchange would have to obtain:

- Permanent Account Number (PAN)
- Tax Deduction and Collection Account Number (TAN)
- Goods and Services Identification Account Number (GSTIN)

Generally, the time to get the permanent account number is 48 hours after all the documents have been verified. Similarly, the time to get a GSTIN is usually 2–6 working days. The TAN card is usually delivered within 7-15 business days.

Besides these, the crypto exchange must also make sure it complies with the relevant tax laws by ex-filing of income tax returns, monthly deposition of withholding tax, filing quarterly withholding tax returns, withholding tax certificates, filing monthly and annual goods and services tax returns, etc., as expected from any entity that wants to operate and run any other business in India.

BANKS SUPPORTING CRYPTO EXCHANGE IN INDIA



Bank Name

State Bank of India



SBI is one of the most friendly crypto-banks in India because it freely allows its customers to buy and sell digital assets from regulated exchanges. SBI account holders have not reported issues with the bank freezing accounts for depositing INR into cryptocurrency exchanges, which means that the user are safe to engage with the digital asset ecosystem from SBI online banking.

Punjab National bank



PNB does not offer direct cryptocurrency services through its PNB Net Banking platform. Customers can use the bank's online banking facility to deposit funds into a licensed and regulated digital asset exchange like Binance India, where they can buy and sell cryptocurrencies with the Indian Rupee (INR).

Union bank of India



Union bank of India allows its users to buy and sell their cryptocurrency through their accounts. Users generally link their bank accounts with the crypto exchange platforms/companies and then get it encashed.

LEGAL COMPLIANCES

These are the following compliances which are required to be fulfilled by the private limited company in India.



Once, the company is registered there are certain compliances to be followed by the company annually. The company needs to follow compliances such as the Company is required to appoint its first auditor within 30 days of incorporation In the first board meeting. Every company must conduct a minimum of 4 board meetings during the calendar year at stipulated intervals.

It has to maintain and file of profit and loss account, annual return and balance sheet every financial year together with an auditor's report before the due date with the Registrar of Companies. Every company is required to maintain certain Statutory Registers. The company needs to file certain annual forms with the Registrar of Companies. Details of all forms along with the due date of filing these forms are given in our article ROC Compliance Calendar.

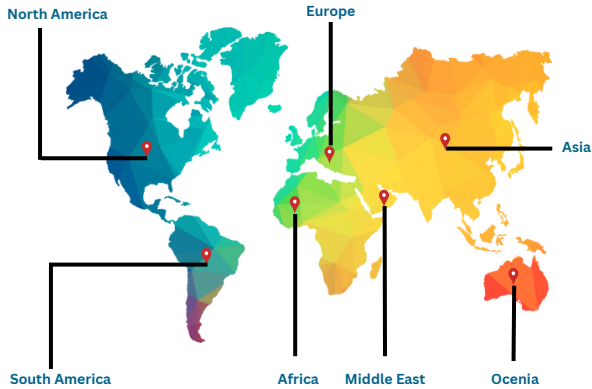
HOW WE CAN HELP?



Our professionals have profound knowledge of Cryptocurrencies in India and therefore our team will aid in providing the following legal services:

- strategize establishment of a viable corporate structure for swift and hindrance free commencement of cryptocurrency exchange in India;
- implementation of requisite policy framework to ensure strict compliance with prevailing guiding statutes and regulations;
- advising on Anti-Money Laundering/Know Your Customer issues and related compliance issues;
- advising on money services businesses, money transmitters and their registration requirements, and;
- assisting our clients in matters related to taxation filed by cryptocurrency exchanges as well as income earned by buying and selling of cryptocurrency.

SERVING CLIENTS WORLDWIDE



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