

Inside GIFT City: Structure, Regulation and Opportunity

Building a Robust Offshore Centre Onshore



A Roundup of Latest IFSC GIFT City Updates

Fund management

- Three circulars issued in the first half of April 2026, a departure from International Financial Services Centres Authority's (IFSCA) earlier practice of omnibus amendments to the IFSCA (Fund Management) Regulations, 2025 ("FME Regulations").
 - **KMP Certification and appointments:** The 1 April 2026 circular requires Key Management Personnel (KMPs) and employees discharging core fund management activities to complete an Institute of Company Secretaries of India (ICSI) course on 'Regulatory Framework for Fund Management in IFSC: AIFs and Retail Schemes' by 30 September 2026, which has been extended by IFSCA to 31 December 2026. To be noted that "core fund management activities" is left undefined, leaving Fund Management Entities (FMEs) to exercise their own judgment. The 1 April 2026 circular also removes the need for FMEs to wait for IFSCA comments before effecting a KMP change. Accountability for eligibility now rests entirely with the FME.
 - **Fiduciary segregation:** A 10 April 2026 circular bars an FME from appointing a fiduciary of a scheme to also provide fund administration, valuation, audit or lending to that scheme, directly or through associates. It took effect immediately for new schemes; with existing schemes having until 30 September 2026 to comply. It is important to note that no consultation paper preceded it, and the approach is stricter than Singapore's trustee-manager model under the Business Trusts Act.
- On 24 July 2025, the IFSCA notified the Fund Management (Amendment) Regulations, 2025, operationalising a third-party fund management framework that lets global managers participate using an existing FME's platform rather than setting up their own on-ground presence. The circular on 'Procedure and clarification on filing of scheme under Third-Party Fund Management Agreement' dated 16 January 2026 by IFSCA, lays down the information required to be provided by the Registered FMEs to IFSCA.



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- Senior – junior / subordinate structures and differential distributions rights legally recognised under the FME Regulations, vide amendment dated 25 September 2026.

Aviation

- A committee on “Enabling Bankruptcy Remote Structure for Augmenting Aircraft Leasing and Financing Ecosystem at GIFT IFSC” submitted its report on 09 January 2026, recommending setting up of regulatory framework in GIFT City for bankruptcy remote SPVs – a standard structure in international aircraft finance.
- In May 2026, IFSCA created a regulated framework for Trust and Company Service Provider (TCSP) in GIFT City, under the TechFin and Ancillary Services Regulations 2025, to support leasing activities in GIFT City.
- One of the most consequential aviation-finance change undertaken by IFSCA has been to expressly introduce the concept of an SPV administered / incorporated by TCSP and adding ‘leasing and financing activity undertaken by an SPV’ as a permitted activity.
- On the implementation front, while leasing entities could already be set up in the IFSC, aircraft ownership, primary financing, transaction structuring and related professional services seem to still be continuing outside it.

Treasury centres

- The Global/Regional Corporate Treasury Centres (GRCTC) framework in GIFT City centralise funding and liquidity decisions and give a single point of execution for hedging and intercompany lending; they are “finance companies” under the IFSCA (Finance Company) Regulations, 2021 read with the GRCTC framework.
- IFSCA has included GRCTC at centre of its development agenda.

IFSCA Market Abuse Framework

- On 25 August 2026, the IFSCA notified the IFSCA (Prohibition of Market Abuse in Securities Markets) Regulations, 2026, introducing a consolidated framework to protect investors and maintain market integrity in the IFSC. The regulations prohibit insider trading, fraud, market manipulation and unfair trading practices. Listed entities are required to establish internal controls and codes of conduct to protect confidential price-sensitive information and monitor access to it. Designated persons are required to disclose trades exceeding USD 25,000 (Twenty-Five Thousand) in a calendar quarter.

Corporate Laws

- The Corporate Laws (Amendment) Bill, 2026 introduced Specified IFSC LLP as a distinct statutory category, letting partners contribute capital in permitted foreign currency rather than INR. This addressed a mismatch with GIFT City's status as a deemed foreign territory.
- The new FEMA (Guarantees) Regulations include a carve-out for guarantees issued by an Authorised Dealer (AD) bank branch situated overseas or in an IFSC where no other party is resident in India.

Graphics Processing Unit (GPU) Leasing

- On 18 August 2026, the IFSCA issued a consultation paper proposing to recognise operating leases, including hybrid operating and financial leases, of GPU and connected data-centre equipment as a financial product. This would allow Finance Companies in the IFSC to lease such equipment under the IFSCA (Finance Company) Regulations, 2021.

Taxation and Foreign Currency Settlement

- Budget 2026 announced an extension of the tax holiday deduction period for IFSC units to 20 years and a concessional 15% tax rate after that period ends. This offers long-term certainty for businesses operating in GIFT City.
- The Foreign Currency Settlement System went live via CCIL IFSC Limited (a subsidiary of the Clearing Corporation of India) in October 2025. This reduces foreign currency transaction settlement times from 36–48 hours via traditional correspondent banking to mere seconds.





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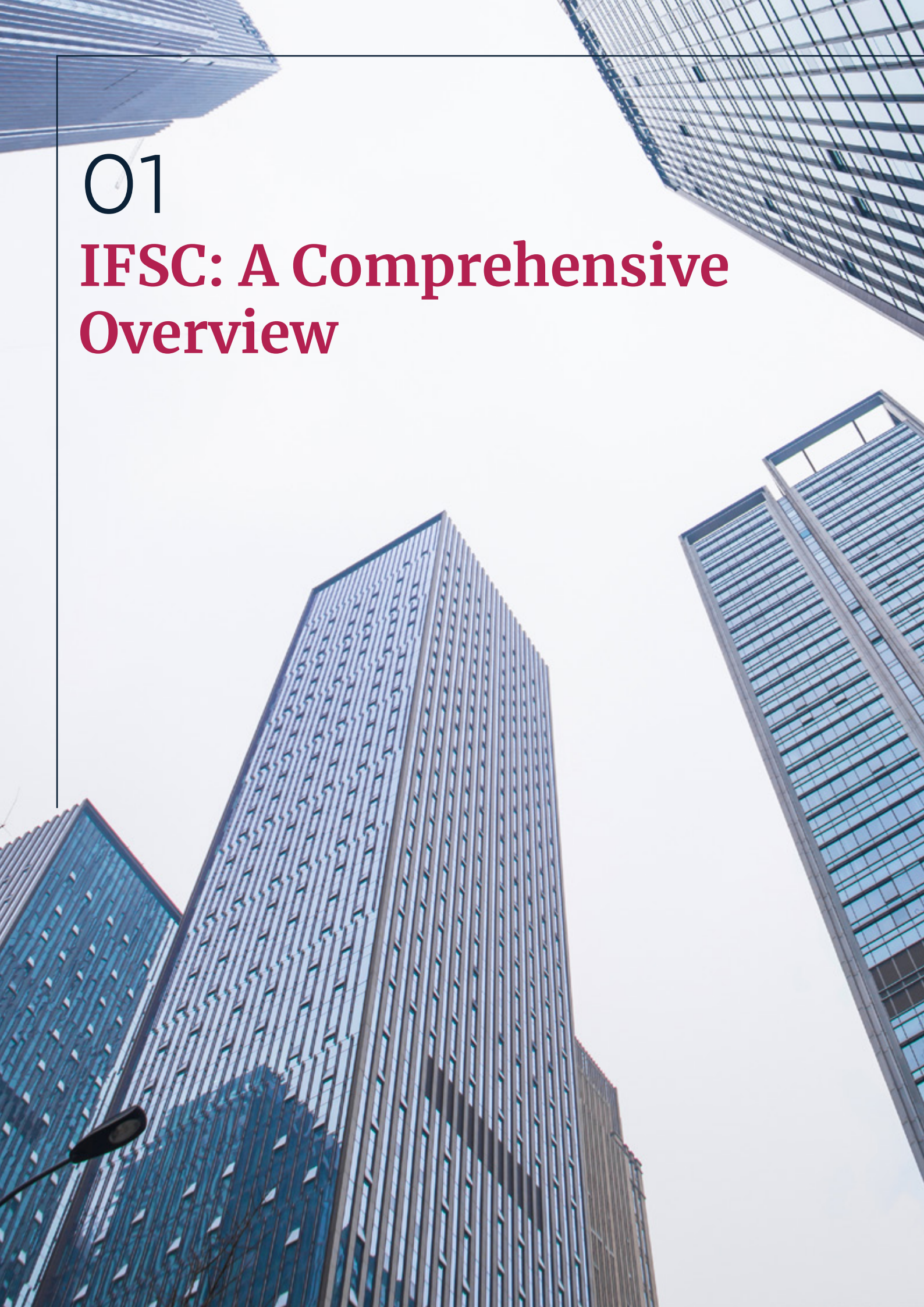
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A low-angle, upward-looking photograph of several modern skyscrapers with glass and steel facades. The buildings are arranged in a way that they appear to converge towards the top of the frame, creating a sense of height and scale. The sky is a pale, overcast blue. In the bottom left corner, a portion of a black street lamp is visible.

01

IFSC: A Comprehensive Overview

The rapid proliferation of financial services activities in the International Financial Services Centre (IFSC) at the Gujarat International Finance Tec-City (GIFT City) has piqued overwhelming interest from market players in India and abroad. GIFT City is India's maiden IFSC designated special economic zone, set up in Gandhinagar, Gujarat. IFSC in GIFT City has been designed to act as a multi-dimensional global financial hub, catering to a plethora of financial services such as asset management, banking, insurance, capital markets, ancillary services, etc.

Under the Special Economic Zones Act 2005² (SEZ Act), an 'International Financial Services Centre' is defined as an international financial services centre which has been approved by the Central Government under section 18 (1) of the SEZ Act to be set up in a Special Economic Zone (SEZ). Section 18 of the SEZ Act provides power to the Central Government to approve the setting up of an IFSC in a SEZ and to prescribe the requirements for setting up and operation of such IFSC. Further, the Central Government may approve only one IFSC in a SEZ.

On 8 April 2015, the Government of India notified that units in an IFSC in SEZs (2015 Notification) may be set up and approved in accordance with the SEZ Rules 2006 (SEZ Rules) and the Insurance Regulatory and Development Authority of India (Regulation of Insurance Business in Special Economic Zone) Rules, 2015, subject to the guidelines and regulations framed in this regard by the RBI and the IRDAI namely:



Foreign Exchange
Management (International
Financial Services Centre)
Regulations, 2015 (FEMA
(IFSC) Regulations)

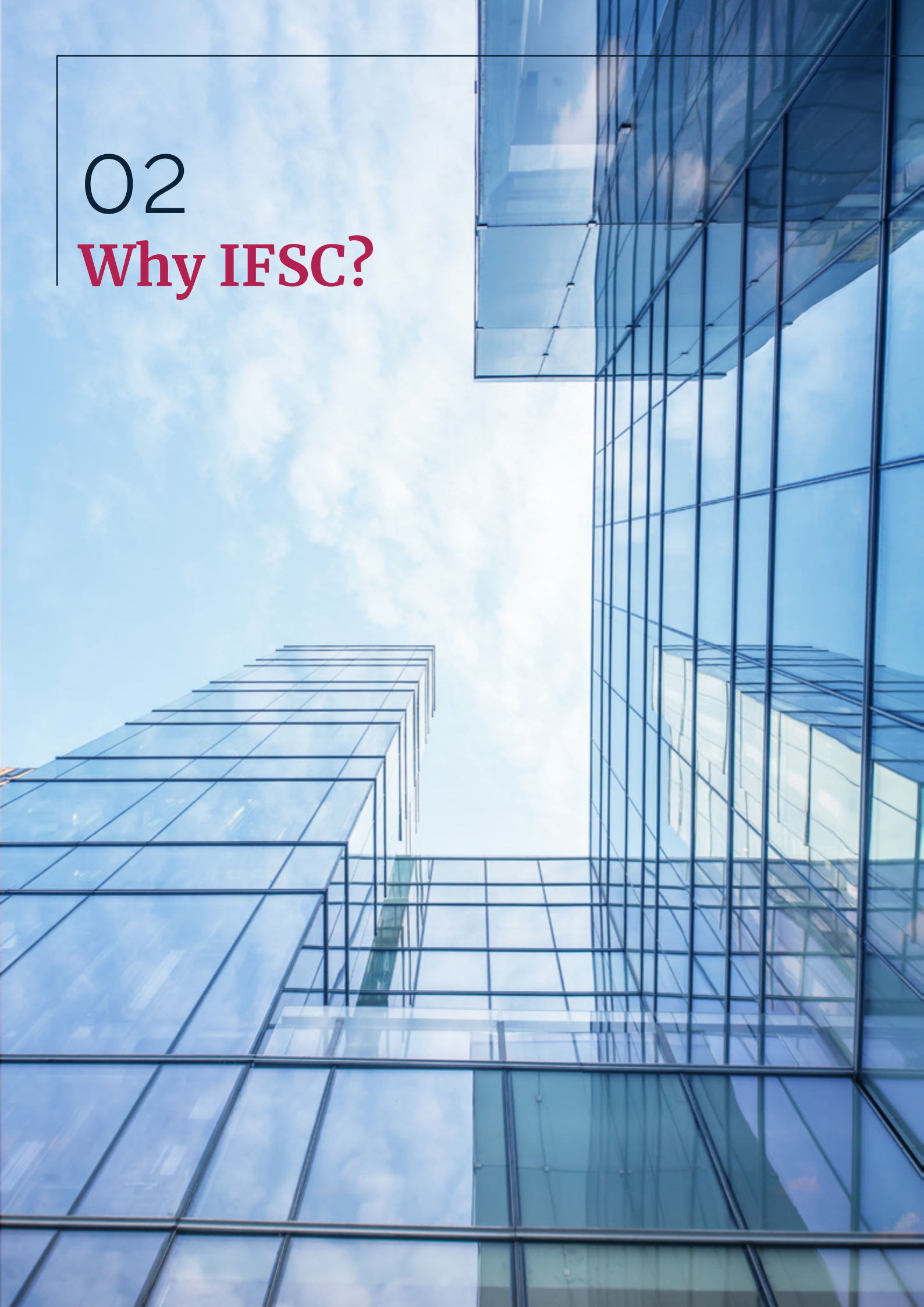


Scheme for setting up
of IFSC Banking Units
by banks dated 1 April
2015



Insurance Regulatory and
Development Authority
of India (International
Financial Service Centre)
Guidelines, 2015

On 19 April 2022, IFSCA introduced the IFSC Authority (Fund Management) Regulations, 2022, which were superseded by IFSCA (Fund Management) Regulations, 2025, creating a consolidated framework for fund management and governance of schemes for fund management, exchange traded funds, portfolio management services, investment trusts (including real estate investment trusts and infrastructure investment trusts) and family investment funds.

A low-angle, upward-looking shot of a modern skyscraper with a glass facade. The building's structure is composed of a grid of dark metal frames and large glass panels. The sky is a vibrant blue with scattered, wispy white clouds. The perspective creates a sense of height and architectural scale.

02

Why IFSC?

Deemed Foreign Territory

A financial institution set up as a unit in IFSC is treated as a 'person resident outside India' from an exchange control perspective, and therefore, transactions between IFSC units and resident Indians are subject to the Foreign Exchange Management Act, 1999 (FEMA). However, IFSC units are considered as resident entities, for the purposes of (Indian) Income Tax Act, 1961 (ITA).

IFSCA as the Unified Regulator

IFSC Authority (IFSCA) is a statutory authority established by the Government of India to act as the unified regulator for the development and regulation of financial products, financial services and financial institutions in IFSC- having representation from SEBI, RBI, IRDAI and Pension Fund Regulatory and Development Authority (PFRDA) and the Central Government.

Entities in IFSC

Companies, firms, associations of persons, body of individuals, and other artificial juridical persons may render financial services or carry out financial transactions in IFSC. IFSC units must conduct business in foreign currency other than INR, subject to prescribed conditions.

Conducive Investment Funds Jurisdiction

Offshore Funds - both global and/or India centric pooling vehicles may be set up in IFSC. Well-documented funds law renders IFSC to compete well globally with other popular fund havens such as the Cayman Islands, Mauritius, Luxembourg, Singapore, etc.

Vibrant Financial Services Ecosystem

IFSC in GIFT City has a well-established financial services support ecosystem covering global administrators and trustees, reputed banks, custodians, skilled professionals, etc. IFSC offers conducive and flexible environments for the conduct of financial services activities, with strong regulatory support to promote the growth of innovative investment structures and cater to the funds industry.

Rapidly Growing Legal, Regulatory and Tax Framework for IFSC

IFSC's competitive legal, regulatory, and tax regime vis-à-vis other offshore financial services jurisdictions makes IFSC lucrative for domestic and Indian financial players.

This document summarises the applicable regulatory and tax regime for IFSC GIFT City and must be read in conjunction with the statute, law, ordinance, regulation, rule, order, byelaws, administrative interpretation, writ, injunction, directive, judgment or decree, or other instruments which has the force of law in IFSC.

03

Understanding the IFSCA



The IFSCA has been established under the International Financial Services Centres Authority Act 2019 (IFSC Act), headquartered at Gandhinagar, Gujarat, as a unified authority for the development and regulation of financial products, financial services and financial institutions in IFSC in India.

Its members include



Chairperson

1 member each to be nominated by RBI, SEBI, IRDAI and PFRDA

2 members from amongst the officials of the Ministry dealing with Finance nominated by the Central Government

2 other members to be appointed by the Central Government on the recommendation of a selection committee.

IFSCA's Powers and Functions

- Regulating the financial products, financial services and financial institutions in an IFSC that have been permitted by any regulator for any IFSC.
- Regulating such other financial products, financial services or financial institutions in the IFSC as may be notified by the Central Government from time to time.
- Recommending to the Central Government such other financial products, financial services and financial institutions which may be permitted in an IFSC by the Central Government.
- Perform such other functions as may be prescribed.

Please refer to our publication on the establishment of IFSCA, [here](#).

Please see the description of the roles and powers of the IFSCA on the below links:

About IFSCA: <https://ifsc.gov.in/Pages/Contents/AboutIFSCA>

Authority Composition: <https://ifsc.gov.in/Pages/Contents/AuthorityComposition>

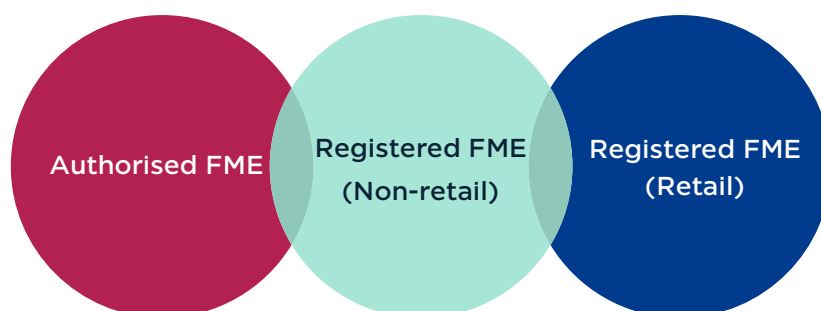
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Fund Management in IFSC



In a departure from the AIF regime in India, the FME Regulations regulate the fund managers while prescribing operating guidelines for funds.

Depending on the activities proposed, an FME may seek registration under the categories of:



Regulatory Conditions Applicable to FMEs

Criteria	Authorised FME	Registered FME (Non-Retail)	Registered FME (Retail)
Structure	Company, Limited Liability Partnership, Branch office of a Company or Limited Liability Partnership	Company, Limited Liability Partnership, Branch office of a Company or Limited Liability Partnership	Company
Permissible Activities	Venture capital scheme and family investment fund	Activities of Authorized FME and i. Restricted Schemes; ii. Special Situation Funds; iii. private placement of investment trusts; iv. portfolio management (including multifamily office); and v. investment advisory	Activities of Authorised FME and Registered FME (Non-Retail), and i. Retail Schemes ii. Exchange Traded Funds iii. public offer of investment trusts
Net Worth Requirements*	USD 75,000	USD 500,000	USD 1,000,000
Human Resources / Experience	1 principal officer (PO) (PO must have 5 years of relevant experience and professional qualification / PG degree / PG diploma from a recognized university, or certification from IFSCA, SEBI, or international regulator)	1 PO and 1 key managerial personnel (KMP) (Should have the same qualifications as the PO of an Authorized FME)	1 PO and 2 KMP (Should have the same qualifications as the PO of an Authorized FME) as well as 4 directors (of which 50% to be independent)

**Note: IFSCA has specified certain consequences of non-compliance with this minimum net worth requirement by way of its circular dated February 16, 2024. Accordingly, FMEs whose net worth falls below the required minimum shall not be able to (i) launch new schemes in GIFT IFSC; or (ii) onboard new clients or undertake new business activities with respect to activities permitted under the FM Regulations.*

The categories of FME outlined above may float 3 types of schemes:



Venture capital schemes

Restricted schemes

Retail schemes

Each scheme is required to have a minimum corpus of USD 3 Million.

Regulatory Conditions for Different Types of Schemes

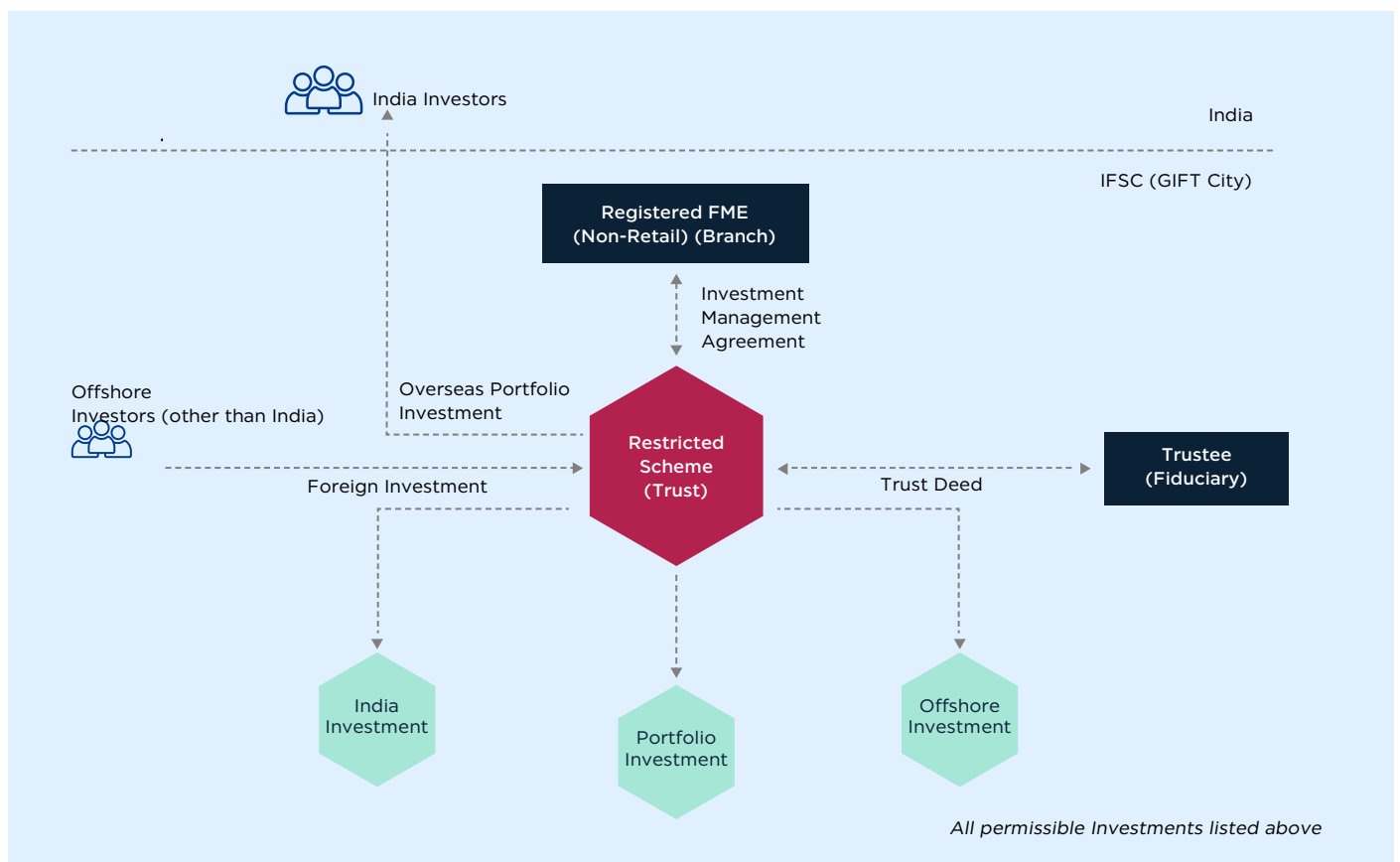
Criteria	Venture Capital Scheme	Restricted Scheme	Retail Scheme
Structure	Company, Limited Liability Partnership; Trust	Company, Limited Liability Partnership; Trust	Company or Trust
Permissible Investments	(i) securities of unlisted and listed (or to be listed) entities; (ii) money market instruments; (iii) debt securities; (iv) securitized debt instruments; (v) other venture capital schemes; (vi) units of mutual funds and AIFs; and (vii) investment in limited liability partnerships	(i) Investments permitted under VCS, (ii) other investment schemes; (iii) derivatives including commodity derivatives; and for a close ended scheme (iii) up to 20% of its corpus in physical assets such as real estate, art, bullion, etc.	The permissible investments are similar to a Restricted Scheme, however, (i) investment in limited liability partnerships; (ii) derivatives (for purposes other than hedging), and (iii) physical assets, are not permitted
Nature and Tenure	Minimum 3 years. Can only be close ended	Minimum 1 year (close ended) with no tenure limitation for open ended	Minimum 3 years for close ended with no tenure limitation for open ended
Investors	Less than 50	Less than 1000	More than 20, with no single investor investing more than 25%
Investor Investment Requirement	Accredited Investors or investors investing above USD 250,000 (USD 60,000 in case of employees/ Directors/ Designated Partners/ Partners of the FME)	Accredited Investors or investors investing above USD 150,000 (USD 40,000 in case of employees/ Directors/ Designated Partners/ Partners of the FME)	No single investor permitted to invest more than 25% Closed-ended Schemes investing more than 15% in unlisted securities: USD 10,000 Retail Scheme investing less than 15% in unlisted securities: USD 10,000
Scheme Launch	Green channel (i.e., open for subscription immediately on filing without approval)	Green channel (i.e., open for subscription immediately on filing without approval)	With approval from IFSCA, with PPM to be filed 21 working days prior to fund launch
FME Contribution	Minimum 2.5% of the corpus or USD 750,000, whichever is lower, not exceeding 10%	Close-ended scheme: minimum 2.5% of the corpus or USD 750,000, whichever is lower, not exceeding 10% Open-ended scheme: minimum 5% of the corpus or USD 1,500,000, whichever is lower, not exceeding 10%	Lower of 1% of the corpus or USD 200,000
Maximum Corpus	USD 200 Mn	Not Applicable	Not Applicable

Restriction	80% of AUM to be in companies incorporated for less than 10 years or other VCS	In open ended scheme maximum investment in unlisted company to not < 25% of the corpus	Maximum investment in a single investee company: 10% of AUM (15% with prior approval of fiduciaries), no restriction for index schemes Maximum investment in a sector: 25% of AUM (50% in case of financial services sector), no restriction for sectoral, thematic, or Index Scheme Maximum investment in unlisted entities: 15% of AUM for open-ended scheme and 50% of AUM for close-ended schemes
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PPM Validity: Under the FME Regulations, 2025, the validity period of the Private Placement Memorandum (PPM) for Venture Capital Schemes and Restricted Schemes has been enhanced from 6 months to 12 months. IFSCA, vide circular dated 11 September 2026, has permitted Venture Capital Schemes and Restricted Schemes to seek extension of validity of the Private Placement Memorandum, even after the expiry of the validity period.

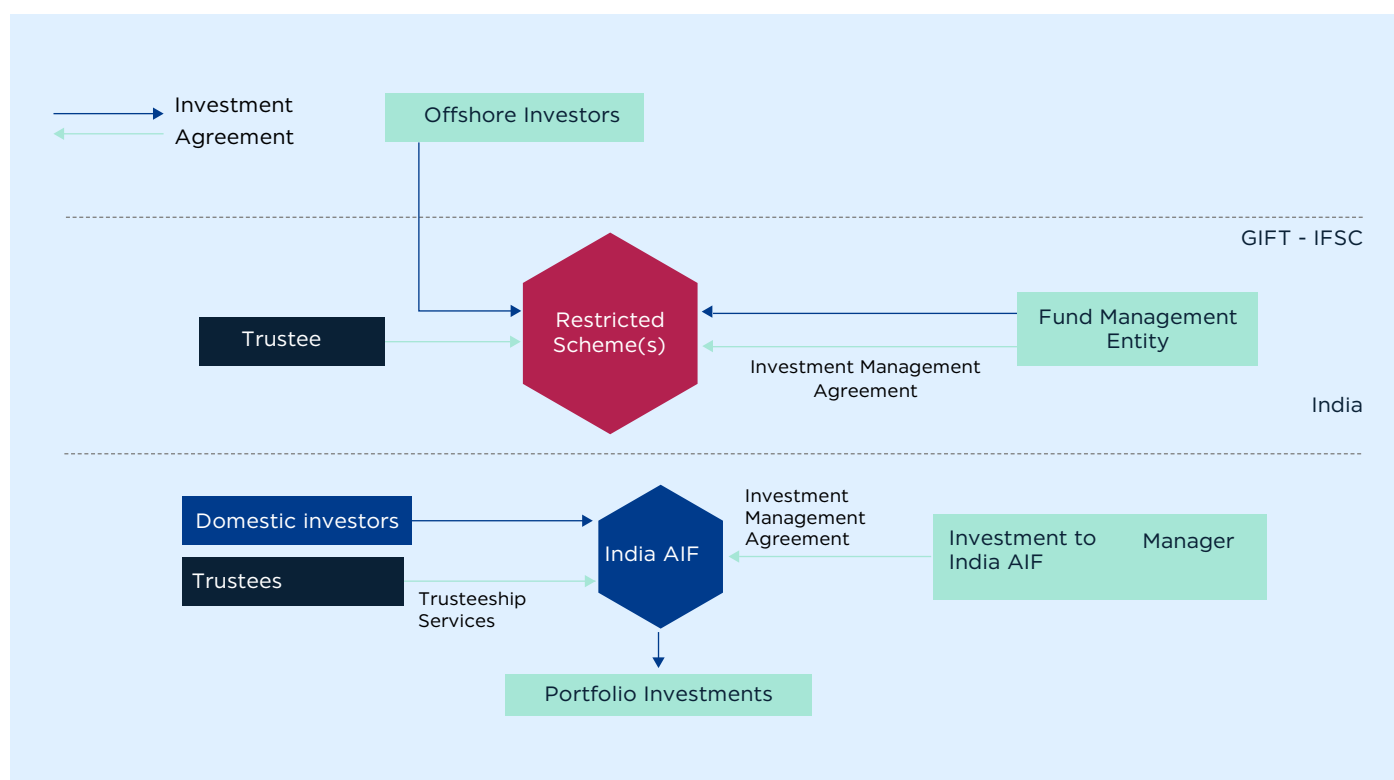
IFSC-based Fund Structures

A diagrammatic representation of an IFSC based fund structure (indicatively we have depicted the structure for a restricted scheme) is set out below:



Co-investment: IFSCA has introduced a Framework on 21 May 2025 to facilitate Co-investment by Venture Capital Schemes and Restricted Schemes, enabling structured co-investment through a Special Purpose Vehicle (SPV).

A diagrammatical representation of an offshore feeder-fund-IFSC fund -domestic AIF set-up that may be structured by an FME of the domestic AIF in India, is set out below:



Angel Fund Framework

The FME Regulations also provide for early-stage investing. Its key features are:



Ability to launch angel funds through green channel (i.e., the schemes can open for subscription by investors immediately upon filing the placement memorandum)

Eligible investors include Accredited Investors or investors willing to commit at least USD 40,000 over 5 years

Angel funds permitted to invest in start-ups as well as other regulated schemes in IFSC, India and other jurisdictions subject to consent requirements

While investment by angel funds in start-up is capped at USD 1,500,000, they are permitted to invest in subsequent rounds subject to certain conditions

Relocating Offshore Funds to IFSC

Offshore funds established in countries having a double taxation avoidance agreement with India may also seek the benefit of tax neutral transition and may migrate to IFSC by transferring its assets to an IFSC based fund on or before 31 March 2030, for consideration discharged in the form of shares/units of the resultant IFSC based fund. Following the Finance Act 2025, the scope of “resultant fund” for this purpose has been expanded to include retail schemes and exchange traded funds (ETFs) set up in IFSC, in addition to Category I, II and III Alternative Investment Funds. Relocation of such offshore funds to an IFSC based fund (including a retail scheme or ETF) is tax neutral for the offshore fund, the IFSC based fund, and its investors.

Tax Considerations

The schemes launched by FME continue to be governed as per the previous regime categorisation as Category I, II and III AIFs for tax and FEMA perspective.

PARAMETER	CATEGORY I/II IFSC AIF	CATEGORY III IFSC AIF
General tax regime	- Income other than “business income” subject to tax pass-through, taxable directly in the hands of investors - Business income is eligible for tax holiday (for 10 consecutive years out of first 15 years)	- Not a tax pass through structure, however a beneficial tax regime (as discussed below) is available at the level of the IFSC AIF (of which all the units are held by non-resident investors, other than those held by a sponsor or manager). - Exemption to investors for income accruing / arising from Category III IFSC AIF
Income from offshore investments	Exempt for NR investors	Income for NR investors in respect of overseas securities (not accruing /arising in India) exempt from Indian tax
Income from onshore investments	No specific exemption for NR investors Relevant domestic tax rates (subject to tax treaty): - Dividend: 20% - Interest: 20% – 35% - Capital gains: 12.5% - 35%	Exemption for income attributable to NR investors arising on: - Transfer of securities (except shares of Indian company) including derivatives, certain debt securities - Business income from securitization trust - Transfer of specified securities listed on IFSC stock exchange with consideration received in convertible foreign exchange - Income from securities (such as interest, dividend) taxable @ 10%
Transfer of units	No specific exemption	Exempt

Key Considerations for Choice of Vehicle

FME in GIFT City may be established either through a branch office or a subsidiary. In case it is sought to be established through a subsidiary in GIFT City, the same may be established either as an LLP or a Company. The key considerations for selecting the appropriate structure are as follows:

Particulars	LLP	Company	Branch
General	Statutory process. Requires minimum 2 partners. Constitution defined through the partnership agreement, which is flexible.	Statutory process. Requires a minimum of 2 directors and shareholders. Constitution defined through the charter documents i.e., articles of association and memorandum of association.	A branch structure is permitted only for an overseas entity that is already registered and/or regulated by a financial sector regulator in a foreign jurisdiction for conducting similar activities.
Compliances / Disclosures	Need to comply with the basic compliances under the Limited Liability Partnership Act 2008 ("LLP Act") which are not very prescriptive. It must be noted that LLPs are primarily required to file their financials and the beneficial ownership details with the regulatory authority and the same is made publicly available.	Need to comply with the basic compliances under the Companies Act, 2013 which are prescriptive in nature. It must be noted that a host of information / documents pertaining to a company are required to be filed with the Registrar of Companies and the same is made publicly available. Such information / documents include the certificate of incorporation, declaration for commencement of business, financial statements, beneficial ownership details, special resolutions and other specified resolutions passed by the company, and charge documents, among others.	An FME operating as a branch is required to comply with the following conditions (i) ring fence the operations of the branch (ii) comply with the minimum net worth requirements which may be maintained at the parent level (iii) maintain minimum capital specified by the IFSCA and (iv) any other requirements as may be specified by the IFSCA. There are no public disclosure requirements for a branch under Indian company law.
Management	The LLP relies on the designated partners in this respect. LLP Act requires minimum of 2 designated partners (can be the same as the partners).	The board of directors are involved in the overall management of the company.	No additional formalities under the LLP Act and the Companies Act, 2013.
Winding up	May be easy to wind down in accordance with the LLP Agreement.	Complex in nature compared to an LLP in accordance with the Companies Act, 2013.	No additional formalities under the LLP Act and the Companies Act, 2013. Would only entail surrender of license and office space, which would apply irrespective of structure.

Tax considerations applicable to IFSC FMEs

Particulars	FME set up as a company/ subsidiary of F Co or Limited Liability Partnership (LLP)		FME set up as a branch of an Indian Company or LLP	FME set up as a branch of a Foreign Company
	FME set up as a company / subsidiary of FCo	FME set up as an LLP		
Corporate tax on management fee	Indian tax law provides tax holiday of 100% of business income earned by a unit (approved by IFSC) which is set up in IFSC in a SEZ for the proposed business activity. The tax holiday is allowed for a period of 10 years out of 15 years. Therefore, the FME which is set up in IFSC in a SEZ may be eligible to claim tax holiday on 100% of the management fee. Treatment for the branch as “unit” is unclear.			
Minimum Alternate Tax (MAT) / Alternative Minimum Tax (AMT)	MAT is not applicable to a company that has opted for concessional tax regime	AMT is applicable at 9% (plus surcharge and cess)	MAT not applicable / AMT applicable if branch of an LLP	MAT is applicable at 9% (plus surcharge and cess)
Distribution of profit by FME	Taxed as dividend in the hands of shareholder	Exempt from tax	No tax on transfer of funds from branch office to head office	No tax on transfer of funds from branch office to head office
Stamp duty, STT & CTT	Exemption from stamp duty, Securities Transaction Tax, and Commodities Transaction Tax for transactions carried out on IFSC stock exchanges			
GST	Management fee earned by management entities in IFSC from IFSC based AIF exempt from GST			

05

Family Investment Fund in GIFT CITY, IFSC



Unlike the AIF Regulations which exempts family offices from registration, the FME Regulations regulate the family investment fund in GIFT City, IFSC.



The FME Regulations define a family investment fund (FIF) as a fund pooling money only from a single family under one or more investment vehicles. The term "single family" is defined to include "a group of individuals who are the lineal descendants of a common ancestor and includes their spouses (including widows and widowers, whether remarried or not) and children (including stepchildren, adopted children, ex nuptial children)", and further extends to "entities such as sole proprietorship firm, partnership firm, company, limited liability partnership, trust or a body corporate, in which an individual or a group of individuals of a single family exercises control and directly or indirectly hold substantial economic interest."

As per the IFSCA Circular dated 01 March 2023, Substantial Economic Interest is benchmarked as at least 90% economic interest, as demonstrated by the FIF in an appropriate manner to the satisfaction of the IFSCA based on the percentage of shareholding/profits/beneficial interest, etc.

A FIF may be set up in the IFSC as a Company, Trust (only in the form of a Contributory Trust) or Limited Liability Partnership, or any other form as may be permitted by the Authority. The FIF is registered with IFSCA as an Authorised FME under the FME Regulations.

A FIF facilitates the aggregation of cash flows generated by members of a family and their businesses in an optimised manner and the utilisation of such funds in investment opportunities more holistically.

Salient features of a FIF are as under:

Criteria	FIF
Structure	Company, a contributory trust, or an LLP
Investors	A single family which includes a group of individuals who are lineal descendants of a common ancestor including their spouses (including widows and widowers, whether remarried or not) and children (including stepchildren, adopted children, ex-nuptial children)
Permissible Investments	- Securities issued by the unlisted entities - Securities listed or to be listed or traded on stock exchanges in IFSC, India, or any other foreign jurisdictions - Money market instruments - Debt securities - Securitised debt instruments, which are either asset backed or mortgage-backed securities - Other investment schemes set up in the IFSC, India, and foreign jurisdiction - Derivatives including commodity derivatives - Units of mutual funds and alternative investment funds in India and foreign jurisdiction - Investment in Limited Liability Partnerships - Physical assets such as real estate, bullion, art, etc

Net Worth Requirements	No net worth requirements
Management Entity	No separate management entity is required as it is to be self-managed
Minimum Corpus	An FIF is required to maintain a minimum corpus of USD 10 million within a period of 3 (three) years from the date of registration
Borrowing	An FIF may borrow or engage in leveraging activities as per its defined risk management policy.
Human Resources / Experience	1 principal officer (PO) (PO must have 5 years of relevant experience and professional qualification / PG degree / PG diploma from a recognized university, or certification from IFSCA, SEBI, or international regulator)

Flexibility for Carry Structuring

FIFs are not permitted to seek money from individuals or entities outside of the single family. However, a FIF may share economic interests with its employees, directors, FME or other persons providing services to the FIF, as per its internal policy to reward such persons or align their interests with those of the FIF.

The FIF may accept contributions from the aforementioned persons for the limited purpose of granting economic interest to them, which shall not exceed an aggregate of 20% of FIF's profits.

Flexibility for Setting Up Additional Vehicles

Subject to IFSCA's approval and payment of applicable fees, the FIF may set-up additional investment vehicles in the form of companies, limited liability partnerships, trusts or any other form as may be specified by the IFSCA which shall be considered as part of the FIF for meeting the regulatory requirements as mandated under the FME Regulations.

Tax Considerations

Unlike a scheme floated by an FME, a FIF is not treated as an alternative investment fund for tax purposes. Accordingly, the taxability of income needs to be determined as per general tax provisions based on the nature of the legal entity.

LLP	Trust
- Dividend and capital gain earned shall be taxable in the hands of FIF; and - Subsequent distribution of profit by FIF to its partners shall be exempt from tax.	- Contribution to the trust by an individual should not be taxable provided such trust is created / established solely for the benefit of relative (as defined) of such individual. - Income earned by a determinate trust shall be taxed in the hands of the trustee (as representative assessee) in the like and same manner as if the income is earned by the beneficiaries. Therefore, dividend and capital gain shall be taxed at the rate applicable to respective beneficiaries. - Distribution by the trust to the beneficiaries should not be taxable.

06

Foreign Portfolio Investors in IFSC



SEBI registered FPIs proposing to operate in IFSC shall be permitted to do so without additional documentation and/or prior approval process.

FPIs that presently operate in Indian securities market and propose to operate in IFSC shall ensure clear segregation of funds and securities. Custodians shall, in turn, monitor compliance with this provision for their respective FPI clients. Such FPIs shall keep their respective custodians informed about their participation in IFSC.

Eligibility requirements for FPI incorporated in IFSC

An applicant incorporated or established in an International Financial Services Centre shall be deemed to be appropriately regulated and can apply for registration as a Category I FPI.

The following do not apply to an IFSC entity seeking to register as an FPI:

- Applicant is not a resident Indian
- Applicant is a resident of the country whose securities market regulator is a signatory to IOSCO Multilateral Memorandum of Understanding or a signatory to the bilateral Memorandum of Understanding with SEBI
- Applicant being a bank is a resident of a country whose central bank is a member of the Bank for International Settlements

SEBI approved a 100% contribution limit for Non-Resident Indians (NRIs), Overseas Citizens of India (OCIs), and Resident Indian (RI) individuals investing in an FPI based out of IFSC, subject to the condition that the copies of Permanent Account Number (PAN) cards of all such Non-Resident Indians, Overseas Citizens of India and Resident Indian individuals, identified on a look through basis, along with their economic interests in the FPI are submitted with the respective DDP.

Alternatively, IFSC based FPIs have the option of not providing any of the above-mentioned documentation if the investment manager (IM) satisfies the following conditions:

- The IM takes the investment decisions independently, with no say of the investors.
- The contributions are pooled in a single FPI vehicle, with no side vehicles.
- The FPI should have a common portfolio, with the investors having pari passu and pro rata rights in the FPI.
- The FPI should have at least 20 investors and none of the investors should hold more than 25% stake in its corpus.
- The FPI should not invest more than 20% of its assets under management in the securities of a single Indian investee company.
- In the event of any of the conditions above are not met during the initial 3 months or any passive breach thereafter, the FME shall take immediate steps to rectify the same, not later than 3 months of such breach.
- The IM should be an AMC of a SEBI registered mutual fund, sponsored by an RBI regulated bank or its IFSC based subsidiary/branch.

Further, investment restrictions on FPIs under the FPI Regulations and circulars (i.e., debt limits, investment limits in equity shares, preference shares, warrants, debentures on an individual basis (10%) and aggregate basis (sectoral cap/company reduced cap/24% for foreign direct investment (FDI) prohibited sectors) applicable to IFSC FPIs.

FPIs are permitted to participate in commodity derivatives contracts traded in stock exchanges in IFSC subject to the following conditions:



The participation would be limited to the derivatives contracts in non-agricultural commodities only.

Contracts would be cash settled on the settlement price determined on overseas exchanges.

All the transactions shall be denominated in foreign currency only.

Portfolio Managers in IFSC

Portfolio management services (PMS) are permissible activities for an FME registered as Registered FME (Non-retail) and Registered FME (Retail), including (i) advisory services, and (ii) multi-family offices.

Regulatory Conditions Applicable to PMS

LLP	Trust
Eligible clients	- A person resident outside India; - A non-resident Indian; - A non-individual resident in India who is eligible under FEMA to invest funds offshore, to the extent of outward investment permitted; and - An individual resident in India who is eligible under FEMA to invest funds offshore, to the extent allowed under the liberalised remittance scheme of RBI.
Permissible investments	- Permitted to invest in securities and financial products in an IFSC, India, or foreign jurisdiction. - In case of discretionary PMS, it shall invest in the securities listed or to be listed or traded on the stock exchanges, money market instruments, units of investment scheme, and other financial products as specified by the IFSCA from time to time.
Dealing with client funds	- Minimum investment threshold: USD 150,000 in case of a portfolio management agreement, except in case of an Accredited Investor - Funds to be kept in separate account, to be maintained in a banking unit. - To segregate each client's holding in securities in separate accounts, except if the investments of the clients are in jurisdictions permitting omnibus account structure.

Key Investment restrictions	▪ (i) Investment in derivatives is subject to express consent of the client. ▪ (ii) Speculative transactions other than derivative not permissible. ▪ (iii) Segregation required of each clients' funds and portfolio of securities from its own funds and securities. ▪ (iv) The FME operating as a portfolio manager (except those providing only advisory services) shall appoint a custodian in respect of securities managed or administered by it.
Borrowing	The FME shall not borrow funds or securities on behalf of the client.
Disclosures	The FME shall provide a disclosure document to the client, prior to entering into a portfolio management agreement with the client and shall ensure that a copy of disclosure document is available on its website. The disclosure document shall inter-alia contain details pertaining to the services offered, risk factors, client representation, financial performance, performance of portfolio manager, auditor observations, nature of expenses, taxation, investor grievance redressal mechanism, and litigations by the regulatory authorities against the portfolio manager and its principal officers, directors/ partners/ designated partners, and key managerial personnel.
Portfolio Management Agreement	A FME shall enter into a written agreement with the portfolio management client that clearly defines the inter se relationship and sets out their mutual rights, liabilities, and obligations relating to management of portfolio including details pertaining to investment objectives, risk factors, terms of fees, period of the contract, etc.
Furnishing report to clients	The FME shall periodically furnish a report to the client in terms of its agreement with the client containing inter alia details such as composition and value of the portfolio, transactions undertaken during the period of the report, beneficial interest, expenses incurred, and details of risk relating to the securities recommended by the portfolio manager for investment or disinvestment.
Advisory Services	An FME as part of PMS may provide stand-alone advisory services; provided (i) it complies with the Regulation 34 of the IFSCA (Capital Market Intermediaries) Regulations, 2025, (ii) it complies with the code of conduct under the IFSCA (Capital Market Intermediaries) Regulations, 2021; and (c) advisory services are for a portfolio not less than USD 150,000.
Multi-Family Office	An FME as part of PMS may provide services to multi-family offices under a portfolio management agreement.

Investment Trusts in IFSC

The FME Regulations provide for the establishment and operation of Investment Trusts, i.e., real estate investment trust ("REITs") and infrastructure investment trusts ("InvITs"), and consolidate provisions on raising funds through private placement with or without listing and public issues. They also detail differences between REITs and InvITs relating to asset class restrictions, ticket size, leverage, etc.

Key Regulatory Conditions Applicable to Investment Trusts

Criteria	Conditions
Permissible Fund Raise Avenues	I. Public issue with units listed on a recognized stock exchange in IFSC; II. Private placement with units listed on a recognized stock exchange in IFSC; or III. Private placement with units not listed on a recognized stock exchange.
Registration Eligibility	I. Trust should be created under laws of India or IFSC or foreign jurisdiction; II. Persons to be designated as sponsor, investment manager and trustee are separate entities; III. Trust deed to provide for main objective as undertaking activity of investment trusts, etc.
Sponsor Eligibility	I. Holding of at least 5% (five percent) of the post-issue initial offer units of the investment trust; II. Net worth of not less than 15 million for body corporate / company or net tangible asset of not less than 15 million for limited liability partnership (in case of REIT each sponsor should have a net worth of not less than USD 3 million and the sponsor(s), on a collective basis, a net worth of not less than USD 15 million III. The sponsor or its associate shall have a sound track record in development of real estate or infrastructure or fund management in the infrastructure / real estate sector (at least 5 years, or two projects that the Sponsor has completed as a developer).
Investment Manager Eligibility	I. For private placement: Any Registered FME; II. For public placement: A Registered FME (Retail).
Currency	Investment trust shall be in a freely convertible currency other than Indian Rupee
Other terms	Other terms include offer of units (with offer size to not be less than USD 35 million and value of trust to not be less than USD 75 million), private placement with listing, private placement without listing, public issues, additional conditions for REIT and InvIT, etc.

07

IFSC Banking Units

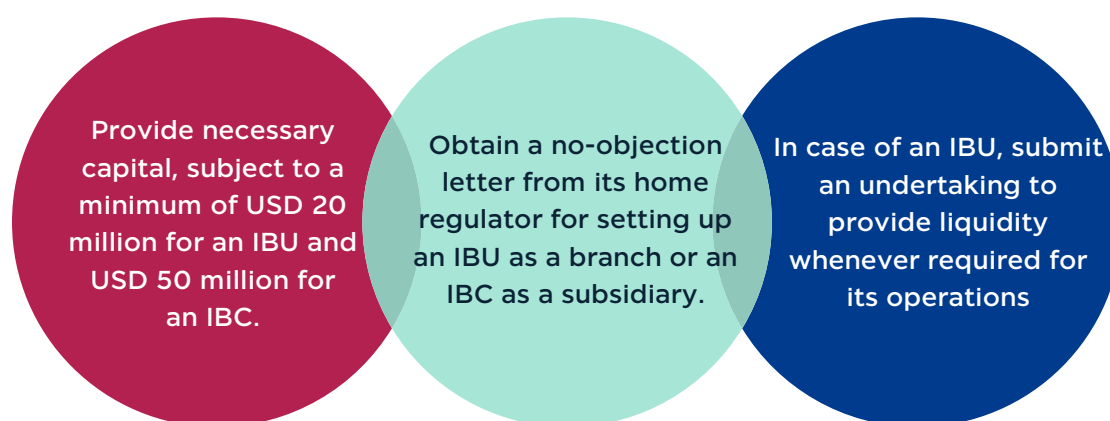


A Banking Unit may be established in IFSC as an IFSC Banking Unit (IBU) or IFSC Banking Company (IBC) under the IFSCA (Banking) Regulations, 2020 (Banking Regulations), upon application by the Parent Bank in the prescribed form and manner. IBUs are permitted to conduct their business in specified foreign currencies and with such persons, whether resident or otherwise, as may be specified by the IFSCA. An IBU may also conduct such business in INR with persons specified by IFSCA, subject to settlement of the related financial transaction in specified foreign currencies.

A Banking Unit may undertake any or all the activities specified under clause (e) of section 3(1) of the Act and section 6 of the Banking Regulation Act, 1949, except those expressly prohibited by the Parent Bank's Home Regulator or IFSCA, subject to applicable IFSCA conditions and guidelines.

Scheme for setting up of IBUs and IBCs in IFSC

A Parent Bank making an application for setting up a Banking Unit in IFSC should fulfil the following conditions:

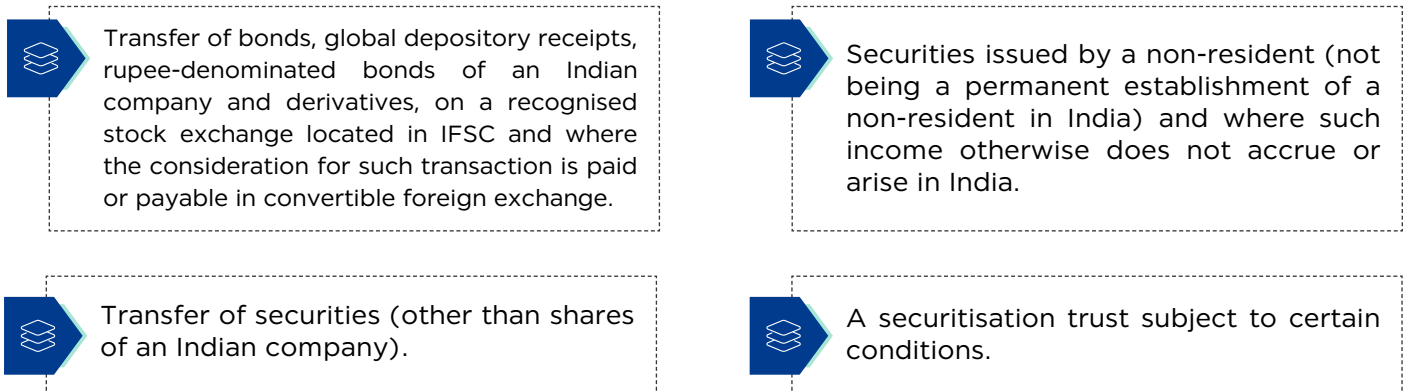


Under the Circular dated 11 December 2020, Banking Units must maintain a Liquidity Coverage Ratio (LCR) of 100% on a stand-alone basis. Banking Units seeking to maintain the LCR at the Parent Bank level may approach IFSCA. Banking Units are not required to maintain a Statutory Liquidity Ratio or Cash Reserve Ratio, but must maintain a Retail Deposit Reserve Ratio of 3% of deposits raised from Qualified Individuals and Qualified Resident Individuals and outstanding at the end of the previous working day.

- Lender of last resort support shall not be available to a banking unit
- A Banking Unit is not permitted to undertake cash transactions in foreign currency accounts.

Tax Regime for Investment Division of Offshore Banking Unit

An investment division of an offshore banking unit which registered as a Category I FPI and commencing operations on or before 31 March 2030 is exempt from tax (refer section 10(4D)) on income arising from:



Any income earned by a non-resident from transfer of non-deliverable forward contracts or ODIs entered into with an offshore banking unit, and income distributed by an offshore banking unit on ODIs, is exempt from tax under section 10(4E).

Business income derived from an offshore banking unit set up in IFSC is eligible for a 100% tax holiday for 10 consecutive assessment years out of 15 years, beginning with the year in which permission under Section 23(1)(a) of the Banking Regulation Act was obtained.

08

Insurance and Re-Insurance Business



The regime permits the following categories of persons to set up an International Financial Services Centre Insurance Office (IIO) to carry out insurance and re-insurance business in the IFSC:



Indian insurers and re-insurers registered with IRDAI may set up business in an unincorporated form in the IFSC, subject to applicable requirements, including grant of a No Objection Certificate (NOC) by the IRDA.

Foreign insurer, foreign re-insurers, Managing General Agents (MGAs) or Lloyd's may set up business in an unincorporated form in IFSC, subject to applicable requirements, including an NOC from the regulatory or supervisory authority of their home country or country of their incorporation or domicile. Such applicants must be registered or certified in a national regulatory environment with which the Government of India has signed a Double Taxation Avoidance Agreement.

Branches of foreign insurers registered with IRDAI or Lloyd's India, may set up business in an unincorporated form in the IFSC, subject to applicable requirements, including an NOC from the regulatory or supervisory authority of their country of incorporation.

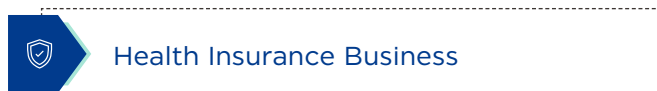
A public company or wholly owned subsidiary of an insurer or a re-insurer, being a company limited by shares and formed and registered under the Companies Act, 2013.

An insurance co-operative society registered under any central or state law relating to co-operative societies.

A body corporate incorporated under the law of any country outside India, other than a private company, if established in IFSC under the Companies Act, 2013. Such applicant must be registered or certified in a national regulatory environment with which the Government of India has signed a Double Taxation Avoidance Agreement.

Permissible Activities

An IIO registered with the IFSCA may carry out any of the following classes of businesses:



Health Insurance Business



Re-Insurance Business



Life Insurance Business



General Insurance Business

An IIO registered to transact direct insurance business and not engaged in re-insurance business may do so within the IFSC, from other SEZs and outside India. IIOs carrying on re-insurance business:

- May accept re-insurance business from cedents based in the IFSC in relation to risk emanating from other SEZs and re-insurance business from outside India
- May accept re-insurance business from insurers operating in DTA in accordance with the order of preference for cession specified in the IRDAI (Re-insurance) Regulations, 2023

Permissible Currency

IIOs are required to conduct their business in freely convertible foreign currencies other than INR.

NOF, Assigned Capital and Solvency Margin

An IIO must comply with requirements relating to Net Owned Funds (NOF), Assigned Capital, Paid-up Equity Capital and solvency.

- An applicant that is foreign company engaged in re-insurance business through a branch in the IFSC is required to comply with NOF requirements under section 6(3) of the Insurance Act, 1938. If the applicant is an MGA, the relevant foreign insurer or re-insurer shall comply with the NOF requirements; if it is other than a public company, the NOF shall be specified by IFSCA.
- IIOs setting up a branch in the IFSC are required to maintain minimum assigned capital in any freely convertible foreign currency equivalent to USD 1.5 million, earmarked and held by the Applicant in its home country or country of incorporation or domicile, and shall maintain solvency margins as stipulated by its home country regulatory or supervisory authority
- IIOs set up as a public company or wholly owned subsidiary of an insurer or a re-insurer, insurance co-operative society or body corporate are required to have paid-up capital as prescribed under the Insurance Act, 1938 and maintain solvency margin as prescribed by IFSCA

Other Conditions



The IIO, its promoters, principal officer, directors, partners, designated partners and other key managerial personnel (KMPs) must be fit and proper persons.



The IIO shall comply with the IFSCA (Operations of International Financial Services Centres Insurance Offices) Guidelines, 2021.

Insurance Intermediary Business

The IFSCA (Insurance Intermediary) Regulations, 2021, inter alia provide for eligibility criteria, registration process, and permissible activities. The IFSCA permits the following categories of persons to be engaged in insurance intermediary business by setting up an IFSC insurance intermediary office (IIIO):



An intermediary or insurance intermediary registered with IRDAI

An Indian company incorporated under the Companies Act, 2013, or a firm or a co-operative society

A foreign insurance intermediary registered with home country regulatory or supervisory authority

A body corporate incorporated under the laws of any country outside India

Permissible Activities

IIIOs are permitted to engage in and register under any one of the following categories:

- Insurance distributor, which shall include (i) composite broker; (ii) corporate agent; (iii) direct broker; and (iv) reinsurance broker.
- Insurance claim service provider, which shall include (i) surveyor and loss assessor; and (ii) Third Party Administrator - health services.

Eligibility

Indian Intermediary: An applicant registered or licensed as an insurance intermediary in a jurisdiction outside India seeking to establish a branch office in unincorporated form in IFSC must:



Hold a valid certificate of registration issued by IRDAI, which is not withdrawn, cancelled or suspended.



Have acted as an insurance intermediary in such category for which it is registered.



Have obtained an NOC from IRDAI to establish a branch office in IFSC.

Foreign Intermediary: An applicant registered or licensed as an insurance intermediary in a jurisdiction outside India seeking to establish a branch office in an unincorporated form in IFSC must:

- Hold a valid certificate of registration issued by its home country regulatory or supervisory authority, which is not withdrawn, cancelled or suspended.
- Have acted as an insurance intermediary in such category for which it is registered.
- Be from a FATF-compliant jurisdiction or country.
- Be registered or certified in a National Regulatory Environment with which the Government of India has signed a Double Taxation Avoidance Agreement
- Have obtained an NOC from its home country regulatory or supervisory body to establish a branch office in IFSC.

Other Eligible Entities: An entity not falling within the above categories but incorporated under the Companies Act, 2013, or established as a firm, co-operative society or body corporate incorporated under the law of any country outside India must:

- Have a minimum net worth or paid-up equity capital as prescribed in the IFSCA (Insurance Intermediary) Regulations, 2021.
- Be from a FATF compliant jurisdiction or country.
- Be registered or certified in a National Regulatory Environment with which the Government of India has signed a Double Taxation Avoidance Agreement.

Capital / Net-Worth Requirement

IIIOs must maintain the minimum paid-up capital and net-worth specified in Schedule I of the IFSCA (Insurance Intermediary) Regulations, 2021.

09

Aircraft Leasing in IFSC



'Aircraft Lease' includes an operating and financial lease and any hybrid of the two in respect of aircraft, helicopters, their engines or other parts.

A lessor can be an entity that:

- Is engaged in providing aircraft, helicopters, their engines or other parts, aircraft ground support equipment or aviation training simulation devices under an operating, financial or hybrid lease;
- Is registered with the IFSCA as a Finance Company/Finance Unit.

PART I – OPERATING LEASE

A lessor shall be permitted to undertake all or any of the following activities:

- Asset Management Support Services for assets owned or leased out by the entity, its wholly owned subsidiary(ies) or a branch of its wholly owned subsidiary set up in IFSCs
- Operating lease
- Any other related activity with the prior approval of the IFSCA
- Sale and lease back, purchase, novation, transfer, assignment and other similar transactions in relation to aircraft lease.

PART II – FINANCIAL LEASE

A lessor may undertake all or any of the following activities:

- Financial lease
- Hybrid of financial and operating lease
- Permitted activities as an operating lessor
- Any other related activity with the prior approval of the IFSCA

Owned Fund Requirements

An entity must maintain a minimum owned fund of USD 200,000 for operating leases and USD 3 million for financial leases, or the equivalent in freely convertible foreign currency. IFSCA may require additional capital as a risk management measure based on the nature and scale of the lessor's business.

'Owned fund' means the paid-up capital and free reserves, balance in the share premium account and capital reserves representing surplus arising out of sale proceeds of assets, excluding reserves created by revaluation of assets, as reduced by accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any.

The relevant tax exemptions available for aircraft leasing operations in the IFSC are as follows:

- Royalty and interest income earned by a non-resident from leasing an aircraft to a unit set up in the IFSC is exempt from tax, provided the unit has commenced operations by 31 March 2030 (section 10(4F) of the IT Act).
- Tax holiday for income arising to an IFSC unit that commenced operations by 31 March 2030, on the transfer of aircraft, which prior to such transfer was leased to a Person (section 80LA of the IT Act).
- Tax exemption for capital gains on transfer of equity shares of an Indian company being an IFSC unit engaged in the business of lease of aircraft, which commenced operations before 31 March 2030 (section 10(4H) of the IT Act).

10

Foreign University in IFSC



Foreign Universities and Foreign Educational Institutions are permitted to open International Branch Campuses (IBCs) and Offshore Education Centres (OECs) as branches in the IFSC to deliver courses, including research programmes, in the permissible subject areas, subject to accreditation under the relevant framework in their home jurisdiction and registration with IFSCA.

Permissible Subject Areas

- Courses including research programmes in Financial Management, FinTech, Science, Technology, Engineering and Mathematics are permitted in the IFSC.
- Any course or programme conducted by an IBC or an OEC must be identical in all respects to the course or programme conducted by the parent entity in its home jurisdiction, with an identical degree, diploma or certificate conferred directly by the parent entity. Such degree, diploma or certificate shall enjoy the same recognition and status as if the course or programme were conducted by the parent entity in its home jurisdiction.

Currency for Conduct of Business

All transactions undertaken by an IBC or OEC shall be in freely convertible foreign currency only. An IBC or OEC may, however, defray their administrative expenses in INR by maintaining a separate Special Non-Resident Rupee (SNNR) Account.

Other conditions

An IBC or OEC shall adhere to the following conditions:



An IBC or OEC shall not act as a representative office of the parent entity to undertake promotional activities for its programmes in its home jurisdiction or any other jurisdiction outside the IFSC.

The IBC or OEC shall use the same or similar name as that of the parent entity, unless permitted otherwise by IFSCA.

The student and faculty selection plan and process followed by the IBC or OEC shall be identical to that of the parent entity. Any relaxation or deviation requires prior approval of IFSCA, subject to adequate justification.

The policies and internal regulations of the IBC or OEC for student complaints and grievance redressal shall be in accordance with the approved policy of the parent entity.

The IBC or an OEC shall undergo a quality assurance audit as specified and submit the report to IFSCA at the time of renewal of registration.

The IBC or OEC shall adhere to the dispute resolution policy as specified by IFSCA.

Academic Infrastructure Service Providers

- Academic Infrastructure Service Providers (AISPs) provide services to an IBC/OEC, including built-up campus facilities, research and development facilities, libraries, laboratories, incubation centres, teaching classrooms and other related services.
- AISPs would also facilitate student onboarding, admissions and student welfare, branding and marketing, recruitment of academic and non-academic staff, and payroll services.
- The following are the eligibility conditions for an AISP:



The AISP is incorporated as a separate company in GIFT SEZ.

The AISP has a minimum net worth of USD 1 million or equivalent, maintained at all times while providing services to an IBC/OEC.

The AISP or any of its group companies shall have at least 3 years of prior experience in providing similar services to recognised universities/ educational institutions in India or overseas.

Further, the IBC or OEC must enter into a formal agreement with the AISP for availing its services.

11

Overseas Investment



Overseas investments by Indian parties are governed by the Foreign Exchange Management (Overseas Investment) Rules, 2022 (OI Rules), the Foreign Exchange Management (Overseas Investment) Regulations, 2022 (OI Regulations) and the Foreign Exchange Management (Overseas Investment) Directions, 2022 (OI Directions) (collectively, 'OI Regime'), which superseded the erstwhile regulations governing overseas investment.

The OI Regime prescribes three routes for overseas investments, namely:

Overseas Direct Investment Route

The Overseas Direct Investment (ODI) route covers acquisition of unlisted equity capital of a foreign entity, subscription to the memorandum of association of a foreign entity, investment of 10% or more of the paid-up equity capital of a listed foreign entity, or investment with control where investment is less than 10%. It is important to note that redeemable instruments are excluded from the definition of equity capital.

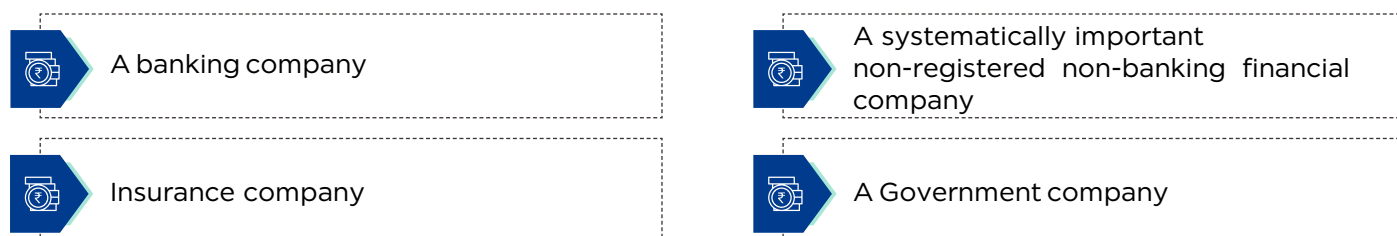
Overseas Portfolio Investment Route

The Overseas Portfolio Investment (OPI) route covers investment in foreign securities other than ODI, excluding unlisted debt instruments and securities issued by a person resident in India (PRI) who is not in an IFSC.

Financial Commitment

It is the aggregate amount of investment made by a PRI through ODI, debt other than OPI in foreign entity(ies) in which ODI is made, and includes non-fund-based facilities extended by such person to or on behalf of such foreign entity(ies).

The OI Regime permits transactions by Indian parties in foreign entities that do not have more than 2 layers of subsidiaries, directly or indirectly. This restriction does not apply to the following classes of companies under Rule 2(2) of the Companies (Restriction on Number of Layers) Rules, 2017, namely:



Investment in Strategic Sector

The OI Rules define 'strategic sector' to include energy and natural resources sectors such as oil, gas, coal, mineral ores, submarine cable systems and start-ups, and any other sector or sub-sector as deemed necessary by the Central Government. The Central Government may, on an application made to it through

the RBI, permit financial commitment in strategic sectors above the limits prescribed under the OI Rules, subject to such terms and conditions as it considers relevant. AD Banks may allow remittance for ODI in the strategic sector only after ensuring that the Indian entity has obtained the necessary permission from the competent authority, wherever applicable.

ODI in start-ups recognised as such under the host country/host jurisdiction may only be made from the internal accruals of the Indian entity or its group/associate companies in India, and in the case of an individual, from their own funds.

Investments in Specific Sectors

Financial Services: An Indian entity not engaged in financial services activity in India can now make ODI in a foreign entity, which is directly or indirectly engaged in financial services activity, except banking or insurance, provided the Indian entity has posted net profits during the preceding 3 financial years. This three-year net profit requirement is exempted in respect of ODI in entities set up in the IFSC, GIFT City.

General And Health Insurance: An Indian entity not engaged in the insurance sector may make ODI in general and health insurance where such insurance business supports the core activity undertaken overseas by the Indian entity.

Pricing Guidelines

The OI Rules have newly introduced pricing guidelines whereby the issue or transfer of equity capital of a foreign entity from



A person resident outside India (PROI) or PRI to a PRI eligible to make such investment



The From a PRI to a PROI shall be subject to a price arrived on an arm's length basis

AD Banks must ensure compliance with the pricing requirements, taking into consideration the valuation based on an internationally accepted pricing methodology. The OI Directions require a board-approved policy that may provide for such valuation methodology and flexibility where the pricing guidelines may not be applicable.

12

Bullion Commodity Operations in IFSC



'Bullion' means precious metals, including gold, silver or any other precious metal in the form of bars or unallocated gold, silver or such other precious metals. A 'Bullion Contract' means a contract for the purchase and sale of bullion, bullion depository receipts or other bullion products, including bullion derivatives and bullion spot delivery contracts. A "Bullion Depository Receipt" means a receipt created by a bullion depository and listed on a bullion exchange.

Any body corporate seeking recognition as a bullion exchange or bullion clearing corporation may apply to the IFSCA for recognition under the International Financial Services Centres Authority (Bullion Market) Regulations, 2025 ("Bullion Regulations"). Every bullion exchange shall use the services of a recognised bullion clearing corporation from the commencement of its operations.

The requirements for grant of recognition to a bullion exchange or bullion clearing corporation are that an applicant shall:

- Be a company limited by shares
- Be demutualised, with ownership and management segregated from trading or clearing rights
- Have a net worth of USD 10 million, maintained on a continuing basis
- Have fit and proper directors and shareholders who hold or intend to hold shares
- Satisfy the ownership and governance requirements specified in the Bullion Regulations
- Have requisite financial capacity, functional expertise and infrastructure
- Have infrastructure for the orderly execution of trades
- Have an online screen-based trading system
- Have an online surveillance capability to monitor positions, prices and volumes in real time
- Have adequate infrastructure to list bullion depository receipts on its platform, wherever applicable
- Have the capability to establish a comprehensive network of trading members and facilities to admit and regulate its members
- Have arrangements to establish connectivity with its trading members and bullion clearing corporation
- Have adequate Consumer Education and Protection Fund
- Have consumer grievance redressal and arbitration mechanisms to resolve disputes arising from trades and their settlement
- Have facilities to disseminate information on trades, quantities and quotes in real time to at least two information vending networks accessible to consumers
- Have adequate system capacity supported by a business continuity plan, including a disaster recovery site, to ensure fair and equitable access
- Have sufficient personnel with adequate professional and relevant experience
- Satisfy such other conditions as may be specified by the IFSCA

Payment and settlement of transactions on a bullion exchange or through a bullion clearing corporation shall be in accordance with the netting or grossing procedure specified in its bye-laws. Such payment and settlement shall be final, irrevocable and binding on the parties. Once settlement is final and irrevocable, the bullion exchange or clearing corporation's right to appropriate collateral, deposits or margins shall have priority over any other liability of or claim against the relevant bullion clearing member or consumer.

13

Listing of Securities on IFSC Exchanges



International Financial Services Centres Authority (Listing) Regulations, 2024 ("IFSC Listing Regulations") apply to the following forms of listing and issuance of securities in the IFSC:



An Initial Public Offer ("IPO") of specified securities by an unlisted issuer

An IPO of specified securities by a Special Purpose Acquisition Company

A follow-on public offer of specified securities by a listed issuer

Secondary listing of specified securities

Rights issue and/or preferential issues by a listed issuer

Listing of debt securities

Listing of depository receipts

Listing of ESG debt securities

The following entities are eligible to list their securities on a recognised stock exchange in the IFSC:

- A company incorporated in an IFSC
- A company incorporated in India
- A company incorporated in a Foreign Jurisdiction

The following entities are also eligible to list debt securities on a recognised stock exchange in IFSC:



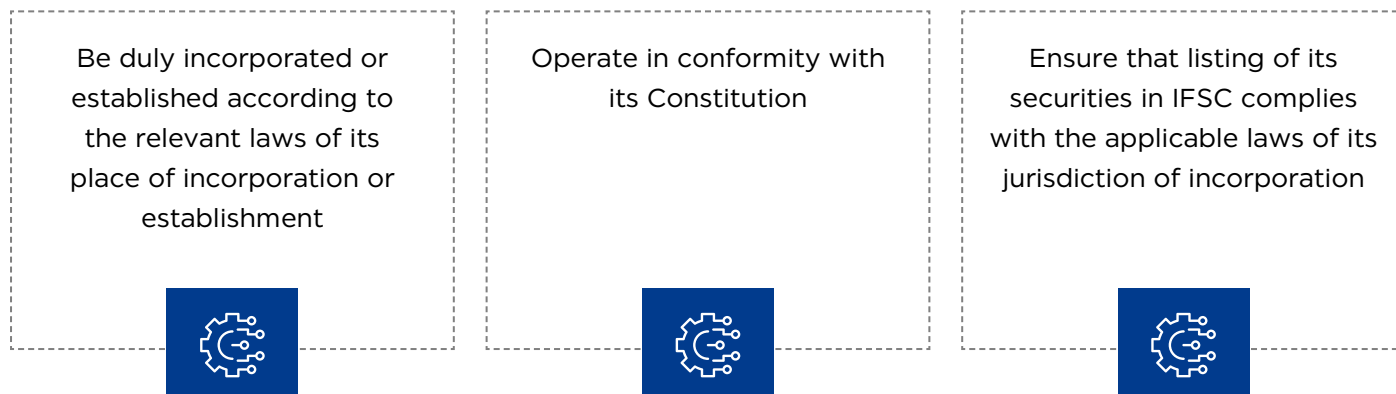
Any supranational, multilateral or statutory organisation/institution/agency registered or headquartered in India, IFSC or a Foreign Jurisdiction, provided that such organisation/institution/agency is permitted to issue securities as per its constitution

Any municipality or statutory body, board, corporation, authority, trust, agency or special purpose vehicle established or notified by any Central or State Act, including for the purpose of raising funds to develop infrastructure or a SMART City

An entity whose securities are irrevocably guaranteed by a Sovereign (India or a Foreign Jurisdiction)

Eligible Issuers for IFSC Exchanges

An issuer must:



The relevant considerations for an IPO on an IFSC exchange are as follows:

- The issuer has an operating revenue, based on consolidated audited accounts, of at least USD twenty million in the last financial year or averaged over the last three financial years; or
- The issuer has a pre-tax profit, based on consolidated audited accounts, of at least USD one million in the last financial year or averaged over the last three financial years; or
- The issuer has a post issue market capitalization of at least USD twenty five million or
- It qualifies under any other eligibility criteria specified by the IFSCA

The relevant considerations for an Offer for Sale (OFS) on an IFSC exchange are:

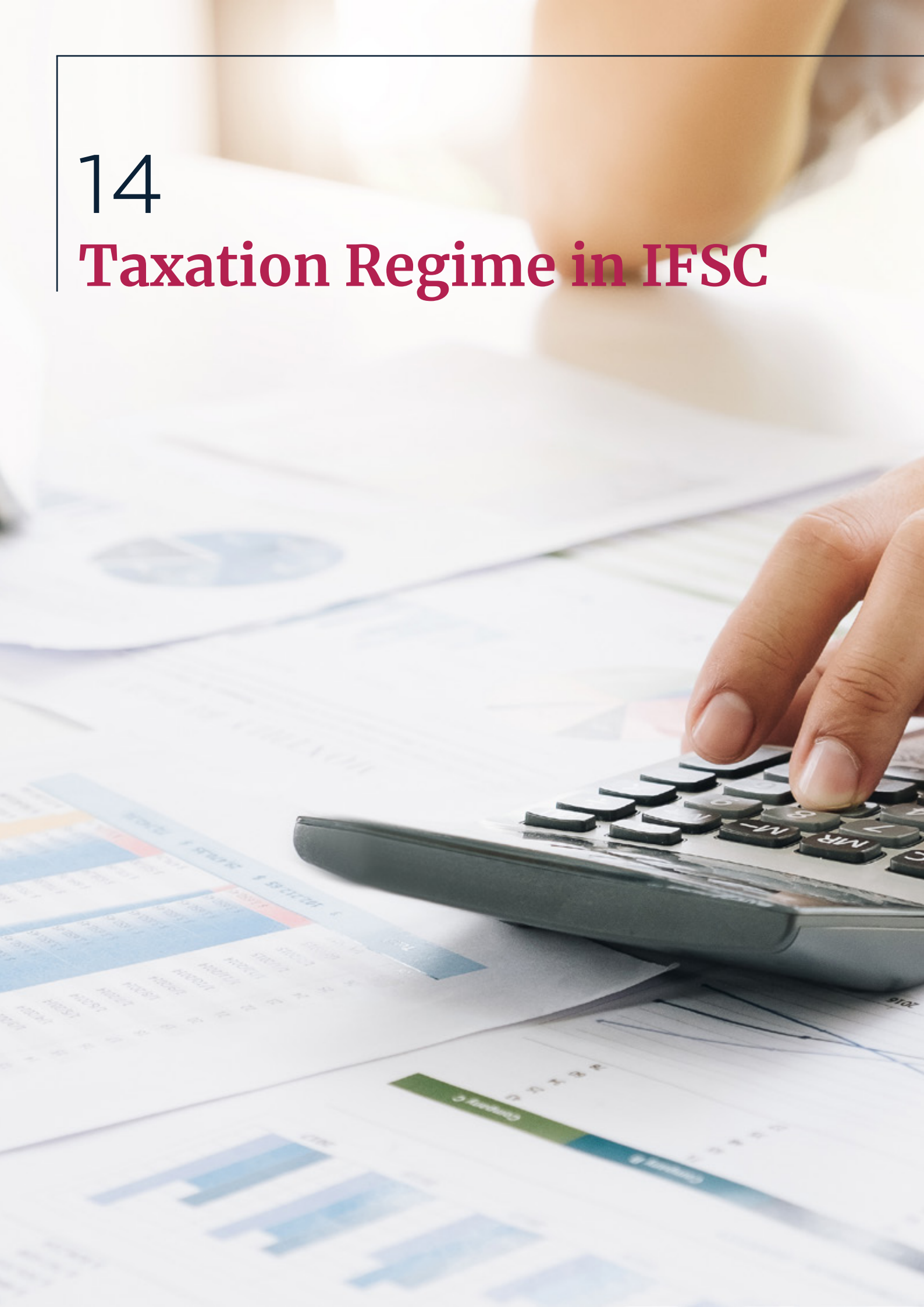
- Securities must have been held by the sellers for a period of at least 1 year prior to the date of filing of the draft offer document, subject to certain conditions prescribed in the IFSCA Listing Regulations
- An issuer listed on a recognised stock exchange may make a follow-on public offer of specified securities in accordance with the IFSCA Listing Regulations

The IFSC Listing Regulations also provide for secondary listing of specified securities, Special Purpose Acquisition Companies (SPACs), rights issues and preferential issues, debt securities and ESG debt securities.

On January 24 2024, the Government of India notified the Companies (Listing of Equity Shares in Permissible Jurisdiction) Rules, 2024 and the Foreign Exchange Management Act (Non-Debt Instruments) Amendment Rules, 2024. Under this framework, certain Indian companies may directly list their equity on the international exchanges in the GIFT IFSC.

14

Taxation Regime in IFSC



Particular	Taxation in IFSC
Tax holiday	As per section 80LA of the IT Act - 100% tax deduction for its business income, for 10 consecutive years out of 15 years
MAT/AMT	MAT / AMT at the rate of 9% of book profits. MAT is not applicable in IFSC if companies have opted for concessional tax regime (i.e., 22% tax rate)
Dividend Income	Dividend income distributed by a company in IFSC to be taxed in the hands of non-resident shareholder at concessional rate of 10%
Interest Income	Regarding the interest income paid to non-residents on: - Monies lent to IFSC units not taxable (Section 10(15)(ix) of the IT Act) - Long Term Bonds & Rupee Denominated Bonds listed on IFSC exchanges issued until 30 June 2023 taxable at lower rate of 4% and issued after 30 June 2023 taxable at lower rate of 9% (Section 115A r/w section 194LC of the IT Act)
Transfer of specified securities listed on IFSC Exchange	Transfer of specified securities listed on IFSC exchanges by a non-resident or Category III IFSC AIF not treated as transfer, provided the consideration is paid or payable in foreign currency / convertible foreign exchange (Section 47(viiab) and section 10(4D) of the IT Act) The specified securities are: - Bond or a GDR - Rupee denominated bond of an Indian company - Derivatives - Other specified securities (including foreign currency denominated equity shares and bonds, units of mutual fund, units of business trust, etc)
Compliance relaxations	NR investors not required to file tax returns and obtain a PAN (CBDT Notification No 55/ 2019 and Rule 114AAB of the Income Tax Rules, 1962)
Goods and Services Tax	No GST applicable on services: - received by unit in IFSC - provided to IFSC / SEZ units or offshore clients No GST on transactions carried out in IFSC exchanges
STT, CTT, Stamp Duty	Exemption from STT, CTT, stamp duty in respect of transactions carried out on IFSC exchanges
Others	Subsidies extended by the State of Gujarat- lease rental, provident fund contribution, electricity charges, etc.

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Global Access Providers in IFSC



A Global Access Provider (GAP) is an entity in the IFSC that provides clients in the IFSC with access to products listed on stock exchanges in foreign jurisdictions, acting as a gateway for cross-border flows. The IFSCA has issued a consolidated regulatory framework for global access in the IFSC by its circular dated 12 August 2025 ("GAP Framework").

Who is a GAP?

Criteria	Conditions
Global Access Provider	(i) A subsidiary of a Recognised Stock Exchange in the IFSC; or (ii) a Broker Dealer in the IFSC accessing Global Markets on a clientele and/or proprietary basis through a direct arrangement with a broker in a foreign jurisdiction.
Proprietary-only Broker Dealer	A Broker Dealer accessing Global Markets only on a proprietary basis may, alternatively, take direct membership of a foreign stock exchange
Introducing Broker vs GAP	An Introducing Broker introduces clients to a GAP and does not itself have the direct arrangement with the foreign broker; the GAP holds that arrangement and remains responsible for client access.

Net Worth

Criteria	Minimum Net Worth (USD)
GAP	500,000
GAP accessing Global Markets only on proprietary basis	200,000
Other Broker Dealer (not a GAP) accessing Global Markets on proprietary basis through a GAP	100,000

The net worth is to be maintained separately and in addition to the net worth required for any other activity undertaken by the entity.

Clients

- A GAP may onboard resident clients (to the extent permitted under FEMA) and non-resident clients.
- A GAP may enter into referral arrangements, subject to disclosure of fees to clients, a written agreement with the referrer, and the GAP remaining responsible for the client.
- Where clients are introduced by an Introducing Broker, the GAP and the Introducing Broker must have an agreement allocating their respective responsibilities.

Permitted Products

Criteria	Conditions
Eligible products	Products listed on foreign stock exchanges that qualify as 'financial products' in the IFSC.
Excluded products	Crypto assets are not permitted.

Resident clients	Restricted to products permitted under FEMA / the Liberalised Remittance Scheme.
Products available on IFSC exchanges	No access to index derivatives, single stock derivatives, bond derivatives and USD-INR derivatives that are available on stock exchanges in the IFSC.
Registered Stock Exchange Subsidiary	May enter into referral agreements for mutual funds and AIFs.

Responsibilities of a GAP

- Maintain adequate infrastructure and enter into agreements only with regulated foreign brokers; put in place risk management systems.
- Route client funds through a bank account in the IFSC; maintain separate bank accounts with an IFSC Banking Unit, including a segregated client account.
- Handle complaints.
- Disclose to clients that the investor protection, dispute resolution and grievance redressal mechanisms of IFSC exchanges are not available, along with the other disclosures listed in the circular (items (a) to (k)); display risk disclaimers at client login.
- Monitor client activity; inform the IFSCA of any action taken against the foreign broker; ensure information access rights; maintain a dedicated page on its website.
- Comply with KYC, AML and PMLA requirements; store data in the IFSC.
- Comply with the obligations under Chapter III of the CMI Regulations, maintain books of account under regulation 16, and follow the code of conduct in Part A of Schedule II and the advertisement code.
- File quarterly reports.
- Supervision by IFSC stock exchanges is limited in respect of Global Markets access.
- Undergo a yearly audit by a member of ICAI, ICSI or ICMAI within six months of the end of the financial year; be subject to IFSCA inspection.

Fees

Fee	Amount
Authorisation fee	USD 10,000
Recurring fee - proprietary trading	Derivatives: 0.000075% of turnover Products other than derivatives: 0.005% of turnover Subject to an upper limit of USD 10,000 per quarter
Recurring fee - clientele trading	Derivatives: 0.000075% of turnover Products other than derivatives: 0.005% of turnover
Payment	Quarterly, within 30 days of the end of the quarter

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Global/Regional Corporate Treasury Centre Framework in IFSC



A Global/Regional Corporate Treasury Centre (GRCTC) undertakes treasury activities and related services for its group entities from the IFSC. GRCTCs are finance companies under the IFSCA (Finance Company) Regulations, 2021 (FC Regulations), and operate under the framework issued by the IFSCA by circular dated 04 April 2025 (GRCTC Framework).

Eligibility

Criteria	Conditions
Registration	Registration as a Finance Company (FC) or Finance Unit (FU) under the FC Regulations.
Infrastructure	Adequate infrastructure to undertake the proposed activities.
Personnel	Must employ at least five qualified personnel based in the IFSC, including a Head of Treasury and a Compliance Officer.
Owned fund	The entity should maintain USD 0.2 million at all times.

Legal Form

A GRCTC may be set up as a company, or as a branch of a company incorporated in India or outside India. Service Recipients

- A GRCTC may provide services to Group Entities of itself or of its parent, including branches, whether resident or non-resident.
- "Group Entities" covers subsidiary-parent relationships, joint ventures, associates, related parties, entities sharing a common brand name, and entities with 20% equity holding.
- It must maintain a list of Service Recipients; Service Recipients must be registered in their home jurisdiction.

Permissible Activities

A GRCTC may undertake the following activities:

1. Raising capital by issuance of equity shares
2. Borrowing
3. Credit arrangements
4. Transacting or investing in financial instruments
5. Factoring and Forfaiting
6. Undertaking derivative transactions
7. Re-invoicing
8. Liquidity management
9. Counterparty relationships
10. Advisory service
11. Holding company etc

Currency

- Transactions in the IFSC are to be in a Specified Foreign Currency; other currencies may be used for transactions outside the IFSC.
- A GRCTC may open a Special Non-Resident Rupee (SNRR) account.

Fees

Fee	Amount
Application fee	USD 1,000
Registration fee	USD 12,500 (one time)
Recurring fee	USD 25,000 per annum

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Global Capability Centres in IFSC



Global Capability Centres provide financial product and financial service-related support functions to entities within a financial institution group. The IFSCA regulates them as Global In-House Centres (GICs), or GIC Units, under the IFSCA (Global In-House Centres) Regulations, 2025 (GIC Regulations 2025), notified on 24 December 2025.

As per the GIC Regulations 2025, Financial Institution Group means a group of entities including a financial institution, covering network arrangements and the group relationships listed in the GIC Regulations. Entities are part of the same group if connected through the following:



A parent-subsidiary relationship

A joint venture relationship

An Associate relationship

A common brand name

Investment in equity shares or capital contribution of 20% or more

Being a part of the same network

Any other arrangement permitted by the IFSCA

Eligibility

- An entity operating exclusively for entities within its Financial Institution Group; or
- A third-party service provider holding a prior authorisation letter from the Financial Institution Group.

Legal Form

A GIC Unit may be set up as a company or LLP in the IFSC, a branch of a company or LLP incorporated outside the IFSC, or any other form permitted by the IFSCA. Promoters or partners must not be from FATF high-risk jurisdictions.

Permissible Services

Criteria	Conditions
Scope	Services in relation to financial products and financial services.
Recipients	Non-resident entities of the Financial Institution Group located in jurisdictions not identified by FATF as 'High-Risk Jurisdiction subject to call for action'.

Indian group entities	Services to Indian group entities permitted up to 10% of the total revenue of the GIC Unit for the relevant financial year.
Relocation from abroad	An entity outside India providing GIC services to Indian group entities may undertake the same activities from the IFSC, with prior IFSCA approval.

Principal Officer and Compliance Officer

A GIC Unit must appoint or designate a principal officer and a compliance officer, both full-time employees based in the IFSC. The compliance officer reports to the Board of Directors or head of the organisation.

Currency

- Operations to be carried out in a Specified Foreign Currency; an INR account may be opened for administrative and statutory expenses.
- The balance sheet is to be maintained in Specified Foreign Currency

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Other Key Opportunities in IFSC



IFSCA (FinTech Incentive) Scheme, 2022 and IFSCA FinTech Sandbox Framework, 2026¹

In order to establish IFSCA as a world-class FinTech hub at GIFT IFSC, the IFSCA launched the scheme which was open to:



The incentives available include:

- **FinTech Start-up Grant** for developing a product or a service and related 'go-to market' initiatives for a start-up with a novel FinTech idea or solution with a focus on converting the idea into a minimum viable product.
- **Proof of Concept (PoC) Grant** for conducting a PoC by an early or mature FinTech Entity (FE) in the domestic or overseas market.
- **Sandbox Grant** for FEs to experiment with innovative products or services in a sandbox.
- **Green FinTech Grant** for developing solutions facilitating sustainable finance and sustainability-linked finance, including ESG investments.
- **Accelerator Grant** for supporting accelerators at IFSC, including capacity building, mentoring, investor engagement, bringing more projects or PoCs, tie-ups, etc.
- **Listing Support Grant** for supporting domestic FEs aspiring to list on stock exchanges recognised by IFSCA.

Inter-operable Regulatory Sandbox Mechanism

In order to facilitate the testing of innovative products/services falling within the regulatory ambit of more than one financial sector regulator viz. RBI, SEBI, IRDAI, IFSCA and PFRDA, a Standard Operating Procedure (SOP) for the Inter-operable Regulatory Sandbox (IoRS) was prepared by the Inter-Regulatory Technical Group on FinTech (IRTG on FinTech). The IoRS is a mechanism to facilitate the testing of innovative hybrid financial products/services falling within the regulatory ambit of more than one financial sector regulator.

¹IFSCA FinTech Sandbox Framework, 2026



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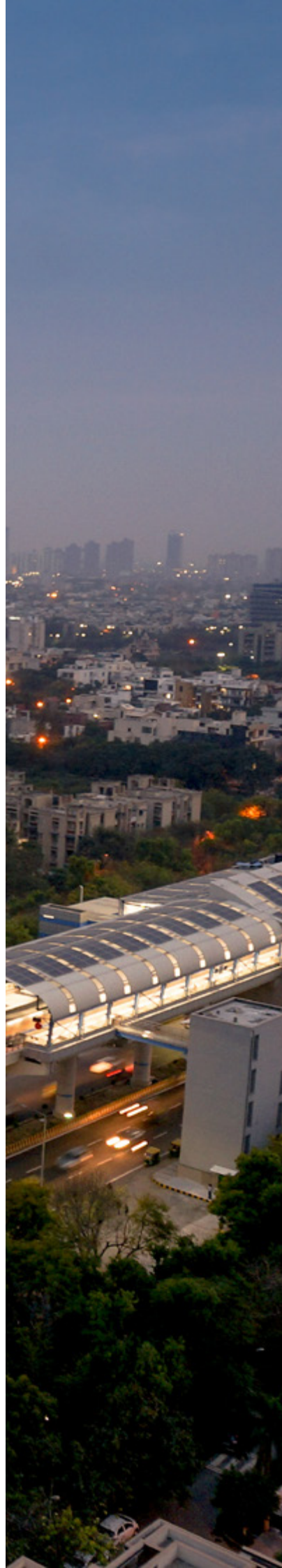
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