

IFSCA (TechFin and Ancillary Services) Regulations, 2025: A Progressive Regulatory Model for building a Resilient Global Financial Hub

The IFSCA oversees a comprehensive spectrum of financial activities including Banking, Capital Markets, Insurance, Pension and a wide range of support services. Its principle-based regulatory approach promotes a healthy balance between innovation and regulatory oversight, making GIFT-IFSC an attractive and preferred destination for international financial services to thrive with secure environment. This article throws light on the key reforms in IFSC and its growth in the last 5 years. The introduction of the IFSCA (TechFin and Ancillary Services) Regulations, 2025 (TAS Regulations) marks a significant milestone in this journey.



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INTRODUCTION

The International Financial Services Centres Authority (IFSCA), established on 27th April 2020, under the IFSCA Act, 2019, serves as the unified authority for India's International Financial Services Centres (IFSCs) with the mandate of developing and regulating financial products, financial services and financial institutions within IFSC. At present, GIFT-IFSC has emerged as India's first true global financial hub, strategically positioned to bridge India's vast economic potential with international financial markets.

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To further promote ease of doing business and provide for dedicated regulatory intervention, Government of India through an Act of Parliament in 2019 set up the International Financial Services Centres Authority (IFSCA) as a unified regulator for development and regulation of financial markets in the IFSCs in India. From 1st October 2020, IFSCA assumed powers of four domestic financial

sector regulators in so far as development and regulation of financial products, financial institutions and financial services within the IFSCs is concerned.

GIFT IFSC in the last 5 years has witnessed substantial growth across entire spectrum of financial services activities including Banking, Capital Markets, Insurance, Funds Industry, Aircraft Leasing, Ship Leasing, FinTech, Foreign Universities etc. With internationally aligned regulatory regime, competitive tax structure and beneficial cost of operations, GIFT IFSC is fast emerging as a prominent international jurisdiction for availing wide array of international financial Services.

As of July 2025, more than 988 + entities across Banks, Capital Markets, Insurance, FinTech, Aircraft Leasing, Ship Leasing, Bullion Exchange, etc have been registered¹ with the IFSCA. The financial services market is gaining momentum with healthy and growing participation of global and domestic financial services institutions. Some key features are as below:

- a) To provide world-class regulatory architecture to firms operating from GIFT IFSC, 34 Regulations and 15 + Frameworks, which are aligned to international best practices, have been notified by IFSCA.
- b) Funds Industry: 186 Fund Management Entities (FMEs) have been granted registration. These FMEs have launched 290 Funds (AIFs) with a total targeted corpus of USD \$ 71 Bn till July 2025.
- c) A complete Capital Market ecosystem has been established with the presence of Market Infrastructure Institutions (Stock Exchanges, Clearing Corporations, Depository) and Intermediaries (Broker-Dealers, Clearing Members, Custodians, Investment Advisers, Depository Participants). The Monthly turnover on Exchanges touched USD 94 Bn in July, 2025.
- d) The first Fx IPO of an unlisted Indian Company is expected to happen in October, 2025.
- e) Cumulative Debt listing on Exchanges reached USD 65.10 Bn till July 2025 with Indian Corporates, PSB and NBFCs being some of the prominent issuers.

¹ Including all entities registered, licensed, authorized and notified by IFSCA.

- f) Full-scale operation of the NSE IX-SGX Connect commenced from July 2023 with the transition of SGX Nifty derivatives to NSE IX as GIFT NIFTY. The Average daily turnover of NIFTY Derivative contracts on NSE IX was USD 4 Bn in July 2025.
- g) The Banking ecosystem now includes 18 Foreign banks and 17 Domestic banks. Total Banking Asset size has grown from USD 14 Bn in Sept. 2020 to USD 93 Bn in July 2025.
- h) The Bullion Exchange IIBX was launched by the Hon'ble Prime Minister of India on 29th July 2022. Till July 2025, 101 Tonnes of Gold and 1,147.98 Tonnes of Silver have been transacted and imported through the IIBX. All the transactions have underlying physical gold and silver.
- i) Insurance and re-insurance business is gaining strong traction with 48 entities now registered with IFSCA including 19 IFSC Insurance Offices and 29 Insurance Intermediaries, including brokers.
- j) Aircraft Leasing firm numbers have grown to 33. 271 Aviation Assets (Aircrafts & Helicopters – 115, Engines – 71 and Aircraft auxiliary power units (APUs)- 85) have been leased or owned out of IFSC till April 2025.
- k) Similarly, Ship leasing business is also gaining momentum with number of ship leasing entities growing to 23 till July 2025 with over 28 ships leased out of GIFT City.
- l) Foreign University: Deakin University and University of Wollongong from Australia are the first two foreign universities which have commenced academic operations from their International Branch Campuses in GIFT IFSC in 2024. Queen's University of Belfast, Coventry University from UK have also received in-principle approval from IFSCA for setting up their International Branch Campuses.
- m) A Single Window IT System (SWIT) has enabled speedy online applications and processing with time taken for approvals reducing significantly due to standardisation of processes. An EODB Committee is working on reducing processes and regulations to apply for, operating and exiting a business in IFSC.

Tech-Fins are reshaping the financial services with cutting-edge tools like Artificial Intelligence, Blockchain and Data-driven platforms, transforming how finance is delivered and consumed.

Together, these two sectors serve as the twin engines driving GIFT-IFSC's transformation into a globally competitive financial hub. The impact is already evident. In 2022, there were only 36 ancillary services entities operated within IFSC. As on September 2025, that number has reached to 128, reflecting a remarkable annual increase of almost 40 percent. Major global players in technology and advisory spaces have established their operations in GIFT-IFSC, signalling growing confidence among both global and Indian stakeholders in GIFT-IFSC as a preferred destination for financial innovation and services.

IFSCA TECHFIN AND ANCILLARY SERVICES (TAS) REGULATIONS: A NEW APPROACH

The introduction of the IFSCA (TechFin and Ancillary Services) Regulations, 2025 (TAS Regulations) marks a significant milestone in this journey. These new regulations consolidate earlier frameworks, namely, the Ancillary Services (2021) and the FinTech Entities (2022) into a single, cohesive regulatory structure.

The objective is to provide a regulatory environment that is simple, transparent, and effective, instilling greater confidence among investors, businesses and other stakeholders. These reforms will help the entities to enhance compliance, boost operational efficiency and generate employment opportunities for India's young talent. Soon, GIFT-IFSC is poised to strengthen its position as a regional financial hub and in the long term, emerge as a prominent global financial centre.

By aligning itself with international best practices, the TAS regulatory framework not only demonstrates the standards

of world's leading financial hubs but also showcase the potential to surpass them. Through the introduction of innovative features and integrated TAS regulatory framework, many of which are still not present in several global jurisdictions, GIFT-IFSC is positioning itself as a centre of trust, efficiency, and competitiveness on par with the leading international financial hubs through well-defined rulebooks.

KEY REFORMS

IFSCA TAS Regulations have introduced several innovative reforms to enhance ease of doing business and build strong international connect.

- **Unified Registration Framework:** A single registration now covers a broad spectrum of services, 28 professional services and 22 technology-related services, enabling entities to offer up to 50 distinct services under one registration. This streamlines compliance and reduces administrative burden.
- **Rationalized Fee Structure:** Activity specific charges have been replaced with a simplified, rational fee system. Importantly, there is no minimum capital requirement, lowering entry barriers and making it significantly easier for startups to participate.

SUPPORT ECOSYSTEM FOR FINANCIAL SERVICES

Every leading financial centre stands on two key pillars, namely, professional services and technology-driven solutions. Ancillary services such as Legal, Compliance, Consulting, Advisory, Back-Office Support and Fund Administration services form the critical yet often invisible backbone of the financial ecosystem. Alongside them, Tech-Fins are reshaping the financial services with cutting-edge tools like Artificial Intelligence, Blockchain and Data-driven platforms, transforming how finance is delivered and consumed.



- **Expansion in the Scope of Services:** The list of permitted services has expanded from just four earlier to nearly fifty today, with clear demarcation of prohibited activities for better transparency and regulatory clarity.
- **Global Operational Flexibility:** Entities can now engage in cross border operations through intermediaries, unlocking global opportunities.
- **Enabling Outsourced Activities:** Entities are allowed to provide outsourced activities which are permitted by the respective home country regulatory authority. This aligns with global standards and enhances operational efficiency.
- **Digital Support via SWIT Portal:** The IFSCA has launched the Single Window IT System (SWITS) Portal, a digital one-stop platform to facilitate seamless registration and application.
- Moreover, these regulations are envisioned to reverse the earlier trend of India-focused financial activities shifting overseas. By bringing this business back to India, the regulations will reinforce India's position in the global financial ecosystem while ensuring that growth, innovation and investment directly contribute to the domestic economy through GIFT-IFSC.
- For companies with global ambitions, the registration under TechFin and Ancillary services enhances credibility, builds client confidence and facilitates entry into international markets. With competitive tax incentives, transparent regulations and robust oversight, GIFT-IFSC offers a wide spectrum of businesses from multinational corporations to boutique firms and ambitious startups.
- In essence, GIFT-IFSC is rapidly emerging as a world-class financial hub where Indian and global businesses can thrive together. The wide knowledge of the market and specialist skills of professionals puts them in vantage position in terms of better building ecosystem.

MAJOR BENEFITS

These regulations mark a significant shift toward simplifying and modernizing the regulatory landscape, aimed at fostering a more business friendly environment.

- These reforms are aimed at enhancing GIFT-IFSC's appeal not only to large multinational corporations but also to dynamic, high-growth startups.
- By eliminating redundancies and aligning with international best practices, these regulations significantly lower the barriers for businesses to establish and scale operations within GIFT IFSC.
- These regulations introduce robust safeguards for outsourced services, strengthening risk management and governance standards. In effect, this enables companies to operate more efficiently, prioritize innovation and maintain a higher level of regulatory compliance.
- Beyond technical and commercial advantages, these regulations promise broader economic benefits for India. They are poised to generate high-quality jobs for the country's young professionals, particularly in finance, law, technology, and consulting.

CONCLUSION

The TAS Regulations signify more than just a set of rules and compliance. They embody India's strategic vision for a robust, self-reliant, and globally connected financial ecosystem. Through a thoughtful balance of innovation and prudent regulation, the IFSCA is positioning GIFT-IFSC as a trusted, competitive and future-ready International financial centre.

This is a future where India doesn't just engage with global markets, it plays a defining role in shaping them. A future where professionals, innovators and TechFins collaborate to drive sustainable growth and where GIFT-IFSC stands as a symbol of India's ambition, technological leadership, and transformative potential for Viksit Bharat@ 2047.

REFERENCES:

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