SUPPLEMENT

PROFESSIONAL PROGRAMME (NEW SYLLABUS)

for

December, 2026 Examination

(Containing updates from December 01, 2025 to May 31, 2026)

IFSCA- Regulations, Listing and Compliances

Group 1, Elective 4.6

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Students appearing in Examination shall note the following:

Students appearing in December, 2026 Examination should also update themselves on all the relevant Notifications, Circulars, Clarifications, Orders etc. issued by the IFSCA upto May 31, 2026.

The students are advised to acquaint themselves with the subject specific updates published by the Institute.

This supplement is to be read with the IFSCA study material new Syllabus updated up to November 2025.

Lesson 3
Fund Management Services

1. **IFSCA (Fund Management) (Amendment) Regulations, 2026 [Gazette Notification CG-GJ-E-30012026-269662 dated January 27, 2026]**

IFSCA vide this notification *inter-alia* rationalizes the eligibility norms of KMP by substituting the Regulation 7(5)(b) of IFSCA (Fund Management) (Amendment) Regulations, 2026. As per the amended regulations, a KMP must, in addition to the educational qualifications under clause (a), have at least 5 years' experience in related activities in the securities market or financial products in an "eligible institution". For KMPs referred in Regulation 7(2), if they hold a professional qualification, the minimum experience can be 3 years instead of 5 years.

Further, an individual with post-qualification experience of at least 2 (two) years in an eligible institution in IFSC, India or any foreign jurisdiction and who holds valid certification(s), as specified by the IFSCA, shall be considered eligible for the KMP referred under sub-regulation (2).

Also, individuals with a post-qualification experience of at least 3 (three) years in an eligible institution in IFSC, India or any foreign jurisdiction and who holds valid certification(s), as specified by the IFSCA, shall be considered eligible for the KMP referred under sub-regulations (1), (3) and (4).

Regulation 19(3) proviso is replaced to provide a structured mechanism for extending the validity of the placement memorandum when minimum corpus is not achieved in time. If FME fails to achieve the minimum size of corpus, as per Reg 23(1) within the specified time period, it shall have the option to extend the validity of the placement memorandum, wherein each such extension shall be for a period of six (6) months starting from the day after the expiry of the existing validity of the placement memorandum, by filing an application at such time when the placement memorandum is still valid, accompanied by a fee equal to – i) for the first extension, 25% of the applicable fee for filing of a fresh scheme, as may be prevalent at the time of such extension; and ii) for each subsequent extension, 50% of the applicable fee for filing of a fresh scheme, as may be prevalent at the time of such extension.

Regulation 35(1) on the Non-Retail Restricted Scheme – Restriction on Investment and Corpus: The investments by an open-ended scheme in unlisted securities shall be undertaken only upon achieving the minimum corpus of USD 3 Million.

Regulation 35(2) - If a FME fails to achieve the minimum size of corpus of USD 3 Million within the specified time period, it shall have the option to extend the validity of the placement memorandum, wherein each such extension shall be for a period of six (6) months starting from the day after the expiry of the existing validity of the placement memorandum, by filing an application at such time when the placement memorandum is still valid, accompanied by prescribed fee.

Regulation 131 (1) (b) [Winding up of a Scheme]- Following two points are inserted:

- If the FME has raised funds from the investors under the scheme but fails to achieve the minimum corpus during the validity or extended validity of the placement memorandum or offer document, as applicable, and the FME has not extended the validity thereof by making the requisite filing and payment of fee to the IFSCA.
- When no investors have been onboarded into the scheme and no funds have been collected and the FME voluntarily desires to wind up the same.

Regulation 132 (Explanation II) [Appointment of Custodian] - The following Explanation shall be substituted:

- In case of schemes which are required to appoint custodian in IFSC in terms of the specified provision, such appointment may be made within 24 months from the date of commencement of the IFSCA (Fund Management) (Amendment) Regulation, 2026, during which period the FME may appoint an independent custodian in India, or any foreign jurisdiction, which is regulated by the financial sector regulator in that jurisdiction and make necessary arrangement to provide such information to Authority whenever directed to do so.

For details:
https://ifsca.gov.in/CommonDirect/GetFileView?id=36ff47aaeb9222f627d166fe86841979&fileName=106_IFSCA__Fund_Management___Amendment__Regulations__2026_20260202_0720.pdf

2. Circular on Specification of Certification Course for KMPs/Employees under IFSCA (Fund Management) Regulations, 2025 (Circular No. IFSCA/13/2026-Capital Markets/1 dated April 01, 2026)

IFSCA (Fund Management) Regulations, 2025 empowers the Authority to specify certification courses for the employees of Fund Management Entity (‘FME’) in IFSC. Accordingly, IFSCA vide this circular specifies the certificate course for KMPs and all other employees discharging the core fund management activities, titled **"Regulatory Framework for Fund Management in IFSC: AIFs and Retail Schemes" offered by The Institute of Company Secretaries of India.** The FME shall ensure that its KMPs and all other employees discharging the core fund management activities, successfully complete the aforementioned certification courses on or before September 30, 2026.

Further, employees of the FMEs involved in providing non-operational / support services and entities supporting the fund management ecosystem in GIFT-IFSC including but not limited to Trustees, Intermediaries, and Fund Administrators are encouraged to undertake this certification to enhance professional competence, ensure regulatory preparedness, and promote higher standards of operational excellence within the IFSC.

For details:
https://ifsca.gov.in/CommonDirect/GetFileView?id=d575554ec59b09e7fde503d3a895a672&fileName=Circular_on_Specification_of_Certification_Course_for_KMPs___Employees_20260401_0543.pdf

Lesson 4
Listing and Issuance of Securities

1. **Framework for preferential issues and qualified institutions placement under the IFSCA (Listing) Regulations, 2024 [Circular F. No. IFSCA-PLNP/16/2024-Capital Markets dated April 22, 2026]**

Regulation 57 of the Listing Regulations enables a listed entity to make preferential issues or qualified institutions placement (QIP) subject to compliance with the requirements as may be specified by the IFSCA. Accordingly, the IFSCA, *vide* circular dated April 22, 2026, has introduced a comprehensive framework for preferential issues and Qualified Institutions Placement ("**QIP**") under the IFSCA (Listing) Regulations, 2024, enabling listed entities in IFSCs to raise capital through these routes**.**

Applicability

The Framework applies to listed entities whose specified securities are listed solely on recognised stock exchanges in the IFSC and shall not apply to the issuers with secondary listing on such recognised stock exchange (s).

Eligibility

A preferential issue or QIP cannot be made to any person who has sold or transferred equity shares of the issuer during the 30 trading days preceding the relevant date. Further, an issuer is ineligible if it has outstanding dues payable to IFSCA, the stock exchange, or the depository, unless such dues are subject to a pending appeal or proceeding.

Key Conditions

(a) All equity shares allotted by way of preferential issue or a QIP must be fully paid up; shareholder approval by special resolution and in-principle approval from the recognised stock exchange(s) are obtained.

(b) The tenure of convertible securities issued by the issuer shall not exceed 18 months in case of preferential issue, while the tenure of those issued under a QIP must shall not exceed 60 months, from the date of allotment.

(c) In the case of warrants, at least 25% of the consideration must be paid at the time of allotment, with the remaining 75% payable at the time of allotment of equity shares upon exercise of the option.

Additional Requirements for Preferential Issue

(a) The issuer must disclose in the explanatory statement the objects of the issue, intent of promoters/ controlling shareholders, directors, key managerial personnel to subscribe, the time frame within which the issue shall be completed; the identity of the ultimate beneficial owners of the shares proposed to be allotted and/or who ultimately control the proposed allottees; shareholding pattern before and after issue, percentage of post-issue capital held by allottees and change in control, if any, consequent to preferential issue and pricing.

(b) Pricing must be determined through a valuation report prepared by a registered valuer registered with the Insolvency and Bankruptcy Board of India, independent third-party service provider (such as a fund administrator or custodian) registered with IFSCA, or a credit rating agency registered with IFSCA.

(c) The issuer shall place a certificate issued by an **independent practicing company secretary,** or its equivalent in a foreign jurisdiction in the general meeting of the shareholders considering the proposed preferential issue, certifying that the issue is being made in accordance with the prescribed regulatory requirements and host the certificate on its website.

(d) Securities allotted to promoters and controlling shareholders shall be locked up for six months from the date of trading approval.

(e) Allotment must be completed within 30 days from the date of passing of the relevant resolution, provided that where regulatory approval is required, allotment shall take place within the later of (a) 30 days from the date of passing such resolution, or (b) 30 days from the date of receipt of such regulatory approval.

Additional Requirements for QIP

(a) The issuer must appoint one or more IFSCA-registered investment bankers as lead manager(s) to the issue.

(b) The QIP must be conducted on the basis of a preliminary placement document and placement document containing all material information.

(c) Allotment under a QIP must be completed within one year from the date of passing of the relevant resolution.

For details:
https://ifsca.gov.in/CommonDirect/GetFileView?id=d575554ec59b09e7fde503d3a8de0b46&fileName=Framework_for_preferential_issues_and_QIP_under_the_IFSCA__Listing__Regulations_2024_20260422_0607.pdf

2. Framework for rights issue under the IFSCA (Listing) Regulations, 2024 [Circular F. No. IFSCA-PLNP/16/2024-Capital Markets dated April 22, 2026]

Regulation 57 of the Listing Regulations enables a listed entity to make rights issue subject to compliance with the requirements as may be specified by the IFSCA. The IFSCA, *vide* circular dated April 22, 2026 introduced a comprehensive framework for rights issue under the IFSCA (Listing) Regulations, 2024, enabling listed entities in IFSCs to raise capital through rights offerings.

Applicability

The Framework for Right Issue applies to listed entities whose specified securities are listed solely on recognized stock exchanges in the IFSC and shall not apply to issuers with secondary listing on such recognised stock exchange(s).

Eligibility & Process

An issuer is ineligible to make a rights issue if its equity shares are suspended from trading as a disciplinary measure. Eligible issuers must satisfy the eligibility criteria and other conditions specified in this circular at the time of filing the draft letter of offer with the recognised stock exchange(s) and at the time of filing the letter of offer with the IFSCA and the recognised stock exchange(s).

Key Procedural Requirements

(a) The issue price must be decided before determining the record date, and the issuer may consult with the designated stock exchange in this regard.

(b) The letter of offer, application form, and renunciation/nomination forms or the form of acceptance must be sent electronically to all existing shareholders at least three days before the issue opens.

(c) Allotment of specified securities shall be made in dematerialised form only.

(d) The rights issue shall remain open for subscription for a minimum of seven days.

(e) Specified securities must be allotted and payments and refunds completed within eight working days from the date of closing of the issue.

Post-Issue Obligations

The issuer must submit a post-issue report to the recognised stock exchange(s) within fifteen working days from the date of closing of the rights issue, covering details such as applications received, allotments made, subscription, credit of specified securities, renunciation, payments and refunds, and the date of filing of the listing application.

Timelines

An indicative timeline of broad activities involved in Rights Issue from the date of approval of Board of Directors of the Issuer till the date of closure of Rights Issue is placed as under:

S. No.	Broad activities performed during Rights Issue Process	Timelines (Working Days)
1.	1st Board meeting for approval of rights issue	T (T being the date of meeting of Board of Directors of the Issuer approving the Rights Issue)
2.	Notice for 2nd Board meeting to fix record date, price, entitlement ratio etc. Subject to Board's/ shareholders' approval*	T*

3.	Application by the issuer for seeking in-principle approval along with filing of Draft Letter of Offer with recognised stock exchanges	T +1
4.	Receipt of in-principle approval from Stock Exchanges	T +3
5.	2nd Board meeting for fixing record date, price, entitlement ratio etc.	T +4
6.	Filing of Letter of Offer with recognised stock exchanges and the Authority	T +5 to T +7
7.	Record Date	T +8
8.	Receipt of BENPOS on Record date (at the end of the day)	T +8
9.	Credit of Right Entitlements (REs)	T +9
10.	Dispatch / Communication to the shareholders of Letter of Offer	T +10
11.	Issue opening and commencement of trading in REs	T +14
12.	Validation of Bids	T +14 to T + 20
13.	Closure of REs trading (3 working days prior to issue closure date)	T +17
14.	Closure of off-market transfer of REs	T +19
15.	Issue closure	T +20
**If the Issuer is making a Rights Issue of convertible debt instruments, wherein shareholder's approval is required, then the notice for 2nd Board meeting to fix record date, price, entitlement ratio etc. would be given on the date of receiving shareholders' approval and the remaining timeline would be adjusted accordingly*		

For details:
https://ifsca.gov.in/CommonDirect/GetFileView?id=d575554ec59b09e7fde503d3a8ddff35&fileName=Framework_for_rights_issue_under_the_IFSCA__Listing__Regulations__2024_20260422_0605.pdf

Lesson 7
Book- keeping, Accounting, Taxation and Financial Crime Compliance Services and TAS

1. **International Financial Services Centres Authority (Finance Company) (Amendment) Regulations, 2026 (E-gazette notification no. CG-GJ-E-08052026-272323 dated May 05, 2026)**

   The IFSCA on May 05, 2026 notified the IFSCA(Finance Company) (Amendment) Regulations, 2026. The amendment includes the following:

   a) Introduction of definitions for "Special Purpose Vehicle (SPV)" and "Trust and Company Service Provider (TCSP)"

   "Special Purpose Vehicle (SPV)" means a Finance Company incorporated or administered or both, by a Trust and Company Service Provider, in such manner as may be specified by the Authority, for undertaking permissible activities;

   "Trust and Company Service Provider (TCSP)" means an entity authorised under the International Financial Services Centres Authority (TechFin and Ancillary Services) Regulations, 2025, to provide TCSP services;"

   b) The amendment further expands permissible finance company activities by allowing leasing or financing activities undertaken by an SPV, subject to approval by the IFSCA.

   For details:
   https://ifsca.gov.in/CommonDirect/GetFileView?id=91427247c5628a865846d173bc32aeec&fileName=IFSCA__Finance_Company___Amendment__Regulations__2026__1__20260512_0750.pdf

2. **International Financial Services Centres Authority (TechFin and Ancillary Services) (Amendment) Regulations, 2026 (E-gazette notification no. CG-GJ-E-08052026-272322 dated May 05, 2026)**

   The IFSCA on May 05, 2026 notified the IFSCA (TechFin and Ancillary Services) (Amendment) Regulations, 2026 introducing a dedicated regulatory framework for Trust and Company Services Providers(TCSPs) operating in IFSCs in connection with permitted leasing activities. The amendment inserted a new Chapter VA and the Fifth Schedule governing registration, eligibility, governance, compliance, reporting, and permissible activities of TCSPs. A brief of the amendment regulations is placed below:

   A dedicated regulatory framework for Trust and Company Services Providers(TCSPs) operating in IFSCs in connection with permitted leasing activities has been introduced by IFSCA under these regulations.

"Trust and Company Services Provider or TCSP" means an entity which has been granted registration as Tech Fin and Ancillary Services Provider to undertake Trust and Company Services Provider services for leasing activities permitted by the IFSCA.

Legal Form of the Applicant and Eligibility

- The applicant shall be an entity incorporated as a company or limited liability partnership in the IFSC, or in any other form as may be permitted by the IFSCA.
- All the promoters or partners of the applicant entity shall be from a jurisdiction which has not been identified in the public statement of Financial Action Task Force (FATF) as "High-Risk Jurisdictions subject to call for action".

Permissible services

The permissible services that may be undertaken by a TCSP in IFSC are as under:

i. Acting as an agent for setting up trusts, companies, limited liability partnerships or any other body corporate;
ii. Acting as or arranging for another person, as the case may be, to act as:
    (a) trustee, in case of express trust or performing the equivalent function for any other type of trust;
    (b) a director or company secretary or a nominee shareholder, in case of a company;
    (c) a partner or a designated partner, in case of limited liability partnerships;
    (d) any equivalent person, by whatever name called, in case of a body corporate;
iii. Providing a registered office, business address, correspondence or administrative address for a trust, company or limited liability partnership or body corporate, as may be permitted by applicable law;
iv. Any other services as may be permitted by the IFSCA.

Governance and Control

1) Every TCSP shall have a Governing Body in place, which shall, *inter-alia*, formulate a governance framework commensurate with the scale, nature, complexity and risk profile of its activities.
2) The TCSP shall establish an internal audit or independent review mechanism, commensurate with the scale, nature, complexity and risk profile of its operations, to inter-alia assess:
    (a) adequacy of governance and control framework;
    (b) effectiveness of AML/CFT/ KYC systems and procedures;
    (c) accuracy and completeness of client and entity records; and
    (d) adherence to regulatory approvals and service scope.
    However, the IFSCA may appoint an external auditor to conduct special audits for such class of TCSP entities where risk profile so warrants.

3) The TCSP shall maintain, in physical or electronic form, accurate and upto-date records in respect of:
   (a) each legal person or legal arrangement administered;
   (b) details of directors, trustees, protectors, partners and nominee shareholders;
   (c) trust deeds, constitutional documents, shareholders' agreements and similar instruments, where Trust and Company Services Provider is involved;
   (d) services provided, service agreements and duration of engagement.
4) The TCSP shall establish and maintain internal policies, procedures and system-based controls to ensure effective segregation of duties so that no single function or individual has end to-end control over client acceptance, service delivery, transaction execution and compliance oversight.
5) The TCSP shall ensure that the TCSP services for leasing activities permitted by the IFSCA are conducted as a distinct and adequately resourced line of business supported by appropriate governance arrangements, policies, systems, controls and key personnel.

Appointment of Principal Officer and Compliance Officer

1) Every TCSP shall appoint a Principal officer and Compliance officer in accordance with regulation 9 of these regulations.
2) The Principal Officer and Compliance Officer shall be based out of IFSC and shall be a full-time employee of the Trust and Company Services Provider.
3) The Principal Officer and Compliance Officer shall possess minimum educational qualifications and experience as specified below:
   (a) A professional or post-graduate qualification in finance, law, commerce, or a related field;
   (b) In addition to above, the Principal Officer shall have at least five years of post-qualification experience in financial services activity.

However, a Compliance Officer appointed under any other applicable law or regulations may be redesignated as the Compliance Officer for TCSP business, subject to fulfilment of the above minimum requirements.

For details:
https://ifsca.gov.in/CommonDirect/GetFileView?id=91427247c5628a865846d173bc325a3d&fileName=272322_20260512_0743.pdf

Lesson 8
India International Bullion Exchange (IIBX)

1. **Enabling eligible SEZ Units and Advance Authorisation holders to import gold or silver through IIBX (Circular no. IFSCA-PMTS/10/2023-Precious Metals/2026/1 dated January 02, 2026)**

   On 2 January 2026, IFSCA issued a circular ("**Circular**") amending the circular dated 10 October 2025, ("**Consolidated Circular**"), on import of gold or silver by Qualified Jewellers ("**QJ**") and valid India-UAE CEPA TRQ holders through India International Bullion Exchange ("**IIBX**"). The circular introduces the following key amendments to the Consolidated Circular:

   a) Eligibility criteria relaxed to include (i) SEZ units with valid letter of approval and jewellery export as an authorised operation; and (ii) advance authorisation holders.
   b) Entities with valid IEC certificates from DGFT can import silver bars (ITC HS Code 71069221) without QJ notification.
   c) SEZ units must certify that 35% of annual turnover in each of the last 3 financial years and the current financial year until the date of application is through dealing in goods falling under ITC(HS) codes 7113, 7114 and 7118 under Chapter 71 of ITC(HS)
   d) Minimum net worth: INR 15 crore generally; INR 5 crore for eligible SEZ units with annual export turnover of at least INR 5 crore in ITC (HS) Code 7113 goods.
   e) Advance authorisation holders may apply for QJ notification and import gold/silver only under ITC(HS) codes specified in their authorisation for export purposes.
   f) QJ must maintain the applicable minimum net worth at all times, with IIBX reviewing such maintenance on a half-yearly basis. SEZ units notified as QJ must maintain an annual export turnover of at least INR 5 (five) crore in goods falling under ITC (HS) Code 7113 during each financial year throughout the subsistence of their notification.
   g) QJ notification remains valid unless denotified on application or after 6 months of continuous suspension.
   h) For SEZ imports, vault managers must ensure direct delivery to SEZ premises post-customs clearance.
   i) Non-compliant QJ will be suspended from IIBX until eligibility criteria are met.

   For details:
   https://ifsca.gov.in/CommonDirect/GetFileView?id=38fea9cc5969551d78bf00e670ea2759&fileName=Enabling_SEZ_units_and_Advance_Authorisation_holders_to_import_gold_or_silver_through_IIBX__1__20260103_0810.pdf

2. **Grant of Qualifying Central Counterparty (QCCP) status to IIBX operating in GIFT IFSC (March 25, 2026)**

   India International Bullion Exchange (IFSC) Limited [IIBX] has been granted recognition by the International Financial Services Centres Authority (IFSCA) under the Securities Contracts (Regulation) Act, 1956 (SCRA), read with the IFSCA Act and IFSCA (Bullion Market)

Regulations, 2025, to function as both a Bullion Exchange and a Bullion Clearing Corporation in the GIFT IFSC.

The bullion clearing corporation has qualified as a QCCP being regulated by IFSCA under the IFSCA Act, 2019, SCRA and Rules, Regulations and guidelines made thereunder. IIBX is continuously governed by rules and regulations that align with the Principles for Financial Market Infrastructures (PFMIs) issued by the Committee on Payment and Settlement Systems (CPSS) and International Organisation of Securities Commissions (IOSCO).

For details:
https://ifsca.gov.in/CommonDirect/GetFileView?id=d575554ec59b09e7fde503d3a87ce51b&fileName=Press_Release___Grant_of_QCCP_status_to_IIBX_20260325_0611.pdf

Lesson 9
Overview of Fintech and Service Providers in IFSC

1. IFSCA FinTech Sandbox Framework (Circular no. eF.No.: 505/IFSCA-FTec0FTEF/1/2023 dated March 16, 2026)

The Authority has approved the IFSCA FinTech Sandbox Framework for applicants who are desirous of seeking access to the IFSCA's Sandboxes. The Framework aims to foster innovation in financial services by providing structured innovation facilitator like Regulatory/Innovation/ Inter-Operable Regulatory Sandbox/Oversees Regulatory Referral Mechanism(s) for FinTech/ TechFin ideas(s)/ product(s)/ solution(s) that shall be directly or indirectly linked to activities spanning across Banking, Capital Market, Insurance, Funds, Pension, Metals and Commodities , Foreign University, Financial Support Services etc. A brief of the Sandbox Framework is placed below:

SANDBOX PROCESS -GENERAL CONDITIONS

Applicability of the Framework

The Framework shall apply to all entities desirous of obtaining Limited Use Authorisation as a **FinTech Sandbox Entity (FSE)** from IFSCA. Further, the entities which have a valid limited use authorisation issued under the 2022 Framework shall continue to be governed under the said Circular till the validity of their existing limited use authorisation.

Key Concepts

- **'Foreign FinTech'** means a non-resident entity, engaged in the FinTech activities, and established/incorporated outside India;
- **''FinTech'** means financial technology ideas/ products/ solutions, and innovative technology ideas/ products / solutions, which either result in financial business models/ applications/ processes, or aid and assist activities, respectively, in relation to financial products, financial services and financial institutions regulated or likely to be regulated by the IFSCA.
- **'FinTech Sandbox Entity'/'FSE'** means an entity which has been granted Limited Use Authorisation by the IFSCA under this Framework.
- **'IFSCA FinTech Innovation Sandbox (FIS)'** refers to a testing environment wherein a FinTech Sandbox Entity can develop and/ or test its innovative idea(s)/product(s)/solution(s), in isolation from the live market, which may add value to the financial products or financial services offered in IFSCs, based on market related data made available to them by Financial Institutions operating in IFSCs.
- **'IFSCA FinTech Regulatory Sandbox (FRS)'** refers to a controlled live testing environment with a limited set of real customers for a limited timeframe, wherein a Fintech Sandbox Entity may be granted certain exemptions/relaxations from applicability of certain regulatory provisions for the purpose of experimenting the proposed product(s)/ solution(s).

- **'Inter-Operable Regulatory Sandbox' or 'IORS'** refers to a mechanism to facilitate testing of innovative hybrid financial products/ solution falling within the regulatory ambit of more than one Domestic Financial Sector Regulator.
- **'Limited Use Authorisation'** means the authorisation granted by the Authority to a FinTech Sandbox Entity for developing and/or testing innovative financial idea(s)/product(s)/solution(s), as the case may be, within a controlled environment under this Framework.
- **'Overseas Regulatory Referral'/'FinTech Bridge'** refers to a co-operation mechanism between the Authority and an overseas financial sector regulator for facilitating the FinTech Sandbox Entities desirous of operating in each other's jurisdiction.

Eligibility

An Applicant desirous of making an application to the IFSCA for obtaining a Limited Use Authorisation under this Framework shall satisfy the following eligibility conditions:

(i) The Applicant shall propose the use of innovative technology:

a) in its core product or service, business model, distribution model or methodology to provide financial products or financial services regulated or likely to be regulated by the IFSCA; or

b) products and/or solutions which directly or indirectly aid and assist activities in relation to financial products, financial services and financial institutions regulated or likely to be regulated by the IFSCA.

(ii) The proposed FinTech idea(s)/ product(s)/ solution(s) shall have the potential to significantly enhance existing financial services or products and there must be a genuine need for testing the idea(s)/ product(s)/ solution(s) in a controlled environment.

(iii) An Applicant from India, including IFSC shall be:

a) An entity incorporated in India as a company or a LLP or a partnership firm

b) 'Branch' of an Indian company, LLP, or partnership firm in IFSC; or

c) An entity registered with Department for Promotion of Industry and Internal Trade (DPIIT) as a start-up entity relating to FinTech; or

d) an entity which is regulated by a Domestic Financial Sector Regulator; or

e) an individual or a group of individuals affiliated with duly recognised research or academic institution(s), incubator(s), or accelerator(s) established in India.

(iv) An Applicant from outside India shall be:

a) based or incorporated in, or operating from, a jurisdiction that is not identified by the Financial Action Task Force as 'High-Risk Jurisdictions subject to a Call for Action'; and

b) a legal person, or an individual or a group of individuals affiliated with duly recognised research or academic institution(s), incubator(s), or accelerator(s).

(v) The proposal shall contain complete details of the direct benefits to the users or the financial ecosystem and shall also include adequate risk management strategies to prevent any adverse impact.

(vi) Before applying under this Framework, the Applicant shall explore suitability/ applicability of the IFSCA (TechFin and Ancillary Services) Regulations, 2025, in relation to the proposed product(s)/ solution(s).

Permissible Activities

An Applicant may be permitted to develop and/or test FinTech idea(s)/ product(s)/ solutions falling within the prescribed activities, in any one of the following sandboxes:

a) IFSCA FinTech Regulatory Sandbox (FRS);
b) IFSCA FinTech Innovation Sandbox (FIS);
c) Inter- Operable Regulatory Sandbox (IoRS); or
d) Overseas Regulatory Referral Mechanism/FinTech Bridge offered by IFSCA

Application Process

- The Applicant shall submit a Preliminary Application through the SWIT portal. The Preliminary Application shall be examined by the IFSCA within thirty (30) days for the purpose of assessing the suitability of the proposed FinTech idea(s)/ product(s)/ solution(s) under this Framework.
- The Applicant shall be eligible to submit a Final Application through the SWIT portal, after receipt of communication from the IFSCA confirming acceptance of the Preliminary Application.
- The Applicant, while submitting the Final Application, shall pay the applicable application fee.

Regulatory Relaxations/ Exemptions

Requests for relaxations/ exemptions from the regulatory requirements can be considered by the Authority after analysing specific sandbox testing applications. The Applicant seeking such relaxations or exemptions shall specify the regulatory relaxations/ exemptions sought and submit the relevant documents during the application process. The IFSCA reserves the right to grant, or refuse, or grant with such modifications, the exemptions or relaxations requested by the Applicant, as it may deem fit.

Approval Process

- After examining the Final Application, if the **Authority** is satisfied that the said Final Application fulfills the conditions for granting Limited Use Authorisation, the IFSCA may grant an "In-Principle Approval" to the Applicant within a period of 60 days.

- The Applicant to whom "In-Principle Approval" is granted shall fulfill such conditions as may be specified in the "In-Principle Approval", before the grant of Limited Use Authorisation, within a period of thirty (30) days, unless extended by the IFSCA. One of the conditions of the "In-Principle Approval" may require the Applicant to have at least one Testing Partner.

- The grant of Limited Use Authorisation to an Applicant who has been issued "In-Principle Approval" shall be at the discretion of the IFSCA. If the Applicant fails to fulfill the specified conditions, the IFSCA may revoke the "In-Principle Approval" after providing the Applicant an opportunity of filing written submissions.

- The IFSCA may, on being satisfied that the Applicant has complied with the conditions of "In-Principle Approval", grant a Limited Use Authorisation as FinTech Sandbox Entity (FSE) to the Applicant, to develop and/or test the proposed idea (s)/ product(s)/ solution(s) in sandbox, subject to such Boundary Conditions, and other terms and conditions, as it may deem fit.

Testing Stage

- Upon obtaining the Limited Use Authorisation, the FinTech Sandbox Entity shall proceed to the Testing Stage, during which it shall operate within the Boundary Conditions and other terms and conditions specified by the IFSCA.

- The FinTech Sandbox Entity shall disclose to its users the idea(s) /product(s) /solution(s) being tested within the sandbox and shall also inform them in writing about the potential key risks involved. The FinTech Sandbox Entity shall obtain acknowledgment from users, confirming that they have read and understood the associated key risks. The Testing Stage may also involve FinTech Sandbox Entity testing any developed products in financial services market in IFSC.

- The FinTech Sandbox Entity shall ensure that, prior to onboarding, users have read, understood, and acknowledged the associated risks of using the idea(s)/ product(s)/ solution(s) in the sandbox. The FinTech Sandbox Entity shall disclose whether any compensation will be provided for potential losses during the sandbox testing stage, along with the applicable protection and compensation terms, and obtain express consent in writing from the users before engaging them in the sandbox testing. **(This clause shall not apply to the Fintech Sandbox Entity intending to operate under IFSCA FinTech Innovation Sandbox).**

- The duration of the Testing Stage shall be a maximum of 12 months, which may be extended for a further period of 06 months at the discretion of the IFSCA, upon receipt of a written request from the FinTech Sandbox Entity in this regard.

- During the Testing Stage, the FinTech Sandbox Entity shall take prior written approval from the IFSCA to affect any material changes which may have a bearing on the Limited Use Authorisation granted to it.

Sandbox Exit

- The Limited Use Authorisation granted by the IFSCA under this Framework, including the legal and regulatory exemptions/ relaxations granted, shall expire at the end of the Testing Stage.

- The FinTech Sandbox Entity may, with reasons to be detailed in writing, apply to the IFSCA for exiting the sandbox prior to completion of the duration of the sandbox. The FinTech Sandbox Entity shall be allowed to exit the sandbox only if so permitted by the IFSCA.

- The FinTech Sandbox Entity shall ensure that all existing obligations to the users of the FinTech innovation(s) in the sandbox are fully complied with or addressed before exiting the sandbox or discontinuing testing.

Revocation of Limited Use Authorisation

- The IFSCA may revoke the Limited Use Authorisation granted by it, at any time prior to completion of the duration of the sandbox, if the FinTech Sandbox Entity :
  - i is found to have obtained the Limited Use Authorisation on the basis of incomplete or wrong information /disclosure;
  - ii fails to put in place risk mitigating measures;
  - iii submits false, misleading or inaccurate information in any of the reports or other submissions made to the Authority;
  - iv contravenes or violates any statutory and/or regulatory requirement which adversely affects its functioning in IFSC;
  - v suffers a loss of reputation that is likely to impact on the engagement of the users with the idea(s)/ product(s)/ solution(s);
  - vi is subjected to an order for initiation of insolvency or liquidation process that has been passed against it or its parent;
  - vii compromises the digital security and integrity of the financial services market in IFSC;
  - viii carries on business in a manner detrimental to users or the public at large;
  - ix fails to effectively address technical defects or vulnerabilities in the idea/product/ solution which gives rise to recurring service disruptions or fraudulent activities;

x fails to implement any directions given by the Authority; or

xi fails to comply with any of the requirements under this Framework and/or any other applicable laws.

- Before revoking the Limited Use Authorisation, the IFSCA shall give the FinTech Sandbox Entity prior notice and provide an opportunity to file written submissions.

- If the IFSCA is of the opinion that in the interest of the financial services market or the public in general, it is necessary or expedient to do so, it may, as an interim measure, suspend the Limited Use Authorisation at any point of time without prior notice, and later give an opportunity to the FinTech Sandbox Entity to make its written submissions.

- In case the IFSCA decides to revoke the Limited Use Authorisation, the same shall be communicated to the FinTech Sandbox Entity in writing. On receipt of such communication, the FinTech Sandbox Entity shall:

  i. immediately implement its exit plan and discontinue the usage of the idea(s)/ product(s)/or solution(s) by all users

  ii. notify its users about its exit plan and their rights of grievance redressal

  iii. comply with obligations imposed by the Authority, the obligations under the agreement signed with the users, and also under any other applicable law;

  iv. dispose of all confidential information including user's personal information collected during testing;

  v. submit a report to the IFSCA Authority on the actions taken regarding its exit plan, within thirty days from the revocation; and

  vi. comply with any other directions of the IFSCA.

IFSCA FINTECH REGULATORY SANDBOX (FRS)

The FinTech Sandbox Entity intending to operate under the IFSCA FinTech Regulatory Sandbox (FRS) may remotely undertake the testing of its proposed product(s) /solution(s) in the International Financial Services Center.

However, the FinTech Sandbox Entity shall be required to establish its physical presence in the International Financial Services Centre where the testing involves the holding of customer's fund that necessitates the opening of a bank account with an IFSC Banking Unit, or in such other use cases as the IFSCA may so direct.

General Conditions of the Framework as mentioned above shall also apply to the Fintech Sandbox Entity intending to operate under IFSCA FinTech Regulatory Sandbox.

IFSCA FINTECH INNOVATION SANDBOX (FIS)

The FinTech Sandbox Entity intending to operate under the IFSCA FinTech Innovation Sandbox (FIS) may remotely undertake the testing of its proposed idea(s)/product(s)/solution(s) without establishing its physical presence in the IFSC.

General Conditions of the Framework as mentioned above shall also apply to the Fintech Sandbox Entity intending to operate under IFSCA FinTech Innovation Sandbox.

INTER-OPERABLE REGULATORY SANDBOX (IoRS) WITH IFSCA AS PRINCIPAL REGULATOR

- Domestic FinTechs having global ambitions and Foreign FinTechs seeking entry into India may be considered for the testing under IoRS where the entity has financial technology product(s) / solution(s) and its business models/activities/features fall within the remit of one or more Domestic Financial Sector Regulator and IFSCA. IFSCA shall serve as the Principal Regulator for all such applications, while the concerned domestic financial sector regulator(s) shall function as the Associate Regulator(s) under the IoRS.
- The application received by IFSCA from Co-ordination Group of IoRS, where IFSCA is the Principal Regulator shall be subjected to the same application and screening process, for entry into IoRS, as mentioned under IFSCA FinTech Regulatory Sandbox (FRS).
- IFSCA reserves the right to the admissibility of the hybrid product(s)/solution(s) as per this Framework and shall accordingly communicate its decision to the Applicant.
- Post successful exit from the IoRS, the entity shall approach IFSCA and/or the Associate Regulator(s), as the case may be, for authorisation and seeking regulatory dispensation before launching the product(s)/ solution(s) in the market.
- The whole process shall be in compliance with Standard Operating Procedure (SOP) as specified by co-ordination group for IoRS (under the aegis of Inter Regulatory Technical Group on FinTech).

OVERSEAS REGULATORY REFERRAL MECHANISM /FINTECH BRIDGES OF IFSCA

Domestic FinTechs and Foreign FinTechs seeking access to the Overseas Regulatory Referral Mechanism/ FinTech Bridges of the IFSCA shall be governed in terms of the Memorandum of Understanding (MoU) or FinTech Cooperation Agreement (FCA) or collaboration or special arrangement, if any, between IFSCA and corresponding overseas financial sector regulator(s).

For details:

https://ifsca.gov.in/CommonDirect/GetFileView?id=d575554ec59b09e7fde503d3a8539e03&fileName=Approval_of_IFSCA_FinTech_Sandbox_Framework_20260316_0341.pdf

2. **International Financial Services Centres Authority (Global In-House Centres) Regulations, 2025 [e-gazette notification no. CG-GJ-E-31122025-268967 dated December 24, 2025]**

IFSCA vide this notification brought out International Financial Services Centres Authority (Global In-House Centres) Regulations, 2025. These regulations are aimed at providing a regulatory framework-

1. To operationalize the Global In-House Centres (GICs) as a financial service for developing International Financial Services Centres (IFSCs) as global hub for delivery of high-value financial and related services, generating employment opportunities, and strengthening India's integration within the global value chain of financial services;
2. To bring back the India centric financial services and transactions that are currently carried out in offshore financial centres to International Financial Service Centre by offering world class business and regulatory environment.

A brief of the IFSCA (Global In-House Centres) Regulations, 2025 is as under:

"Global-In-House Centre (GIC)" means a service provided by a GIC Unit for delivering services relating to financial products and financial services to a Financial Institution Group.

"Global-In-House Centre Unit (GIC Unit)" means a unit set up in International Financial Services Centre by an entity of a Financial Institution Group, either directly or through a third party service provider, and registered under these regulations for undertaking the activities of Global In-House Centres under any of the operating models, viz Captive Centre, Build-Operate-Transfer, Joint Venture, Hybrid or any other model as may be permitted by the IFSCA.

"Financial Institution Group" means entity(ies) of a group engaged in providing financial services or carrying out financial activities, including but not limited to banks, non-banking financial companies, financial intermediaries, investment banks, insurance companies, re-insurance companies, actuaries, brokerage firms, funds, stock exchanges, clearing corporations, depositories, custodians, and any other similar financial institutions.

For the purpose of this regulation, the group entities of a Financial Institution Group shall include arrangements involving two or more entities related to each other through any of the following relationships:

i. parent–subsidiary (as per Ind-AS 110/AS 21)
ii. joint venture (as per Ind-AS 28/AS 27)
iii. associate (as per Ind-AS 28/AS 23)
iv. common brand name
v. investment in equity shares or capital contribution of 20% and above

vi. being part of a network; or
vii. any other arrangement as may be permitted by the IFSCA.

Registration of a Global In-House Centre Unit

Eligibility Criteria

- An entity exclusively falling under the definition of 'Financial Institution Group' may make an application. However, in models where third-party is permitted, an application may be submitted by the third party, subject to the prior authorization of the Financial Institution Group, and the applicant shall furnish to the Authority an authorization letter evidencing such prior authorization.
- In case where the 'GIC Unit' is intended to be set up in the form of branch, the applicant (i.e., parent entity) shall be from a jurisdiction which has not been identified in the public statement of Financial Action Task Force (FATF) as "High-Risk Jurisdiction subject to call for action".

Legal Form of the Applicant

The applicant shall be an entity incorporated as a company or a limited liability partnership in the IFSC, or a branch of a company or of a limited liability partnership incorporated outside the IFSC, or in any other form as may be permitted by the IFSCA.

All the promoters or partners of the applicant entity shall be from a jurisdiction which has not been identified in the public statement of Financial Action Task Force (FATF) as "High-Risk Jurisdictions subject to call for action".

Functioning of a Global In-House Centre Unit

Permissible Services

The GIC Unit shall provide services in relation to financial product(s) and financial service(s).

The GIC Unit shall provide services to the entities of the Financial Institution Group which are 'non-resident' and are located in the jurisdictions which have not been identified in the public statement of Financial Action Task Force (FATF) as "High-Risk Jurisdiction subject to call for action".

However, a GIC Unit may provide services to any entity(ies) of its Financial Institution Group in India for the purpose of delivery of GIC service from IFSC, not exceeding 10% of total revenue of the GIC Unit for the relevant financial year.

An entity located outside India providing GIC services to any entity(ies) of its Financial Institution Group in India may undertake the same activities from the International Financial Service Centre, subject to the prior approval of the IFSCA.

The GIC Unit shall not be set up in International Financial Service Centre by way of transferring of existing contracts or work arrangements from any entity (ies) of its Financial Institution Group in India.

Fit and Proper, and Requirements related to Principal Officer and Compliance Officer

Fit and Proper Requirements

1) The GIC Unit shall ensure that the entity and its principal officer, compliance officer, directors/ partners/ designated partners, and controlling shareholders are ‘fit and proper’ persons, at all times.
2) A person shall be deemed to be a ‘fit and proper’ if,-

   (i) such a person has a record of fairness and integrity, including but not limited to-
   - (a) financial integrity;
   - (b) good reputation and character; and
   - (c) honesty.

   (ii) such a person has not incurred any of the following disqualifications:

   - (a) the person has been convicted by a court of law for any offence involving moral turpitude or any economic offence or any offence, under the Act or Acts mentioned in the First Schedule of the Act, in last five (5) years;
   - (b) charge sheet has been filed against such person by any Indian or foreign enforcement agency in matters concerning economic offences and is pending;
   - (c) charges have been framed by a court of law or an equivalent institution in matters concerning economic offences;
   - (d) a recovery proceeding has been initiated against the person by a statutory body or financial regulatory authority and is pending;
   - (e) an order has been passed against the person for malfeasance;
   - (f) the person has been declared an undischarged insolvent;
   - (g) An order, restraining, prohibiting or debarring the person from accessing, providing or dealing in financial product (s) or financial service (s), has been passed by any regulatory authority, in any matter concerning financial services market and such order is in force;
   - (h) any other order, which has a material bearing on the financial services market, has been passed against the person by the Authority or any other regulatory authority, and a period of three (3) years from the date of the order has not elapsed.
   - (i) the person has been found to be of unsound mind by a court of competent jurisdiction, and the finding is in force;
   - (j) the person is financially not sound or has been categorized as a wilful defaulter;
   - (k) the person has been declared a fugitive economic offender; or
   - (l) any other disqualification as may be specified by the Authority.

3) Where any person has been declared as not 'fit and proper' by an order of a regulatory authority, such a person shall not be eligible to apply for any registration, until such person satisfies the 'fit and proper' requirements.

Appointment or Designation of Principal Officer and Compliance Officer

(1) The GIC Unit shall appoint a principal officer or designate one of its existing officers as a principal officer, who shall be responsible for its overall activities.
(2) The GIC Unit shall appoint a compliance officer or designate one of its existing officers as a compliance officer, who shall be responsible for the compliance of policies, procedures, maintenance of records and other applicable laws, and shall report to the Board of Directors or head of the organization, as the case may be.
(3) The principal officer and compliance officer shall be full-time employees of GIC Unit and shall be based out of the International Financial Service Centre .

Currency and Mode for Conducting Business

(1) The GIC Unit shall carry out its operation in any of the Specified Foreign Currency. However, the GIC Unit may open an INR account to defray its administrative and statutory expenses and for such other purposes as may be permitted under the applicable laws.
(2) Every GIC Unit shall maintain its balance sheet in any of the Specified Foreign Currencies.

Reporting Requirements

1) The GIC Unit shall furnish information relating to its operations to the Authority, in such manner, interval and form, as may be specified by the IFSCA.
2) Any financial reporting by the GIC Unit to the Authority shall be in US Dollar, unless otherwise specified by the IFSCA.

For details: https://ifsca.gov.in/Legal/Index?MId=VYJYvcbEQ6E=

Lesson 10

Capital Market Intermediaries

1. **IFSCA (Capital Market Intermediaries) (Amendment) Regulations, 2026 [e-gazette notification no CG-GJ-E-13012026-269313 dated January 7, 2025]**

IFSCA notified the International Financial Services Centres Authority (Capital Market Intermediaries) (Amendment) Regulations, 2026, effective from their publication in the Official Gazette. Vide this notification, IFSCA introduced the following key changes:

1. **Proviso to Regulation 4(1):** A unit in IFSC desirous of undertaking multiple activities may obtain a unified registration for such multiple activities, in such manner as may be specified by the IFSCA.
2. **Regulation 9(2)(a):** Expanding the eligibility qualifications for Principal Officer and the Compliance Officer of Capital Market Intermediary by including fintech, science, technology, engineering or mathematics and foreign universities without the "recognised" requirement.
3. **First Proviso of Regulation 9(8)** is substituted with the following:
   i An entity with registration as a broker dealer, clearing member, depository participant, investment adviser, research entity, custodian or registered distributor may have the same person as principal officer for these activities.
   ii Further, an entity undertaking multiple activities, as mentioned in the above proviso, shall have a separate official as a vertical head for its distribution business activities
4. **Net Worth requirement for custodians** to USD 1 million, with compliance required by June 30, 2026.

For details: https://ifsca.gov.in/Legal/Index?MId=YT0xtB2KwA8=

2. **Format of Net Worth Certificate and Checklist for conducting Audit of GAPs (Circular no. eF.No. IFSCA-DSI/12/2025-Capital Markets dated February 12, 2026)**

IFSCA (Capital Market Intermediaries) Regulations, 2025 and circular titled "Regulatory Framework for Global Access in the IFSC" (GAP circular) dated August 12, 2025, in particular clauses 13 and 14 which, inter-alia, provides the requirement of maintaining minimum net worth by GAPs and other broker dealers accessing global markets on proprietary basis through GAPs.

IFSCA vide this circular specified the format of the net worth certificate to be submitted by GAPs and other broker dealers accessing global markets on proprietary basis through GAPs. Reference to clause 49 of the GAP Circular which mandates GAPs and Introducing Broker (IBs) to get its Global Access activities audited annually. In this regard, IFSCA directed that the annual audit shall be conducted, through a peer reviewed member of the ICAI or **ICSI** or ICMAI, by relying upon the indicative checklist of documents specified in this circular.

For details: https://ifsca.gov.in/Legal/Index?MId=JuIP6uY2klA=