



JSA Newsletter

International Financial Services Centres Authority

July 2025

June 2025 witnessed a continued momentum at the International Financial Services Centres Authority (“**IFSCA**”) with key regulatory updates, strategic initiatives and high-level engagements. On [June 26, 2025](#), the Finance Minister visited the Gujarat International Finance Tec-City (“**GIFT City**”) International Financial Services Centre (“**IFSC**”) and participated in roundtable interaction with senior executives from various institutions. The discussion laid emphasis on bringing foreign capital into India through structured and well-regulated channels. Key focus areas included the need for faster reforms, cost optimisation, and talent development to boost High-Net-Worth Individual investments, mobilise sovereign funds, and need to scale up operations at the India International Bullion Exchange.

IFSCA held its 24th meeting on June 24, 2025, where it approved several forward-looking measures such as the Transition Bonds Framework to support Environmental, Social, and Governance -linked finance in heavy-emitting sectors, and new regulations enabling TechFin and ancillary service providers to establish operations seamlessly. IFSCA also introduced a framework for third-party fund management services, allowing global fund managers to operate through platform entities without setting up physical offices, thereby enhancing ease of doing business.

Additionally, reflecting its focus on capacity building, IFSCA and the National Institute of Securities Markets (“**NISM**”) signed a Memorandum of Understanding on [May 2, 2025](#),¹ to advance training initiatives within GIFT City IFSC. Under this collaboration, NISM will support certification programmes, e-learning content, and standardised training and exam frameworks to build a world-class securities markets ecosystem within the IFSC.

This edition of May-June 2025 newsletter captures the key regulatory developments aim to reinforce GIFT IFSC’s role as a dynamic and competitive international financial centre. Notably, these developments underscore IFSCA’s commitment to enhancing GIFT IFSC’s position as a global financial hub through regulatory reforms, sector-specific initiatives, and strategic engagements.

Registered stock brokers to undertake securities market related activities in Gift City²

The Securities and Exchange Board of India (“**SEBI**”), *vide* circular dated May 2, 2025, has introduced measures to enhance ease of doing business for SEBI-registered stock brokers seeking to undertake securities market-related activities in the GIFT-IFSC. Previously, SEBI registered stock brokers were required to obtain explicit approval from SEBI for establishing a subsidiary or joint venture to operate in GIFT-IFSC. Pursuant to the amendment, SEBI registered stock brokers proposing to undertake securities market related activities in GIFT-IFSC are permitted to do

¹ Press release dated May 2, 2025.

² SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/61.

so under a Separate Business Unit (“SBU”) of the stock broking entity itself without SEBI approval. These activities can also be carried out if the branch qualifies as an SBU. Some of the key provisions are as follows:

1. SBUs in GIFT-IFSC must be exclusively engaged in providing securities market related activities as permitted by IFSCA;
2. stock brokers must prepare and maintain a separate account for the SBU on arms-length basis;
3. the net worth of the SBU must be kept segregated from the net worth of the stock broker in the Indian securities market;
4. SBUs must maintain separate financial accounts and the net worth of the SBU must be independent of the domestic entity and adhere to IFSCA’s regulatory requirements;
5. grievance redressal mechanism and investor protection fund of the stock exchanges and SEBI Complaints Redress System (SCORES) will not be available for investors availing the services of the SBU; and
6. stock brokers that have already established subsidiaries or joint ventures for GIFT-IFSC operations may opt to dissolve those structures and continue such services through an SBU.

Additional requirements for carrying out the permissible activities by finance company as a lessor under the ‘framework for ship leasing’³

The IFSCA has issued clarification under the Framework for Ship Leasing (“SL Framework”) issued *vide* Circular⁴ dated August 16, 2022. Pursuant to the clarification, an applicant under the SL Framework or a lessor, who has obtained a certificate of registration under Regulation 3 of the IFSCA (Finance Company) Regulations, 2021 is prohibited from undertaking any transaction involving transfer of the ownership and/or leasehold right of a ship or ocean vessel in any form, from a person resident in India to an entity established in the IFSC, for the sole purpose of providing services to persons resident in India. However, the applicant or lessor, may still acquire a new ship or ocean vessel, or enter into a new leasehold contract with person resident outside India, to cater to persons resident in India.

Participation of IFSC Banking Units in international payment systems⁵

IFSCA has issued the following policies for permitting IFSC Banking Units (“IBUs”) to participate in international payment systems:

1. IBUs are permitted to either participate as, or become members of international payment systems for making or receiving payments, to or from banks and financial institutions outside IFSC, without requiring prior approval from IFSCA;
2. an international payment system that permits IBUs to make or receive payments among themselves affecting domestic (i.e., IFSC) transactions, will need an authorisation from IFSCA; and
3. IBUs may also participate as or become members of international payment systems for making or receiving payments with other IBUs, without prior approval of IFSCA, after being satisfied that such international payment system complies with the condition specified in point 2 above.

Further, IBUs are required to review their participation in the international payment systems and intimate the Department of Banking Supervision about its compliance within 30 (thirty) days from the date of the circular.

³ Circular no. - F. No 496/IFSCA/FC/SLF/2024-25/02, dated May 8, 2025.

⁴ Circular no. - No. 496/IFSCA/FC/SLF/2022-23/001

⁵ Circular no. - E.File.No.IFSCA-FMPP0BR12/2023/Banking-Part(2), dated May 21, 2025.

Additionally, IBUs are required to share the list of all the international payment systems in which the IBU was participant as of March 31, 2025, with the IFSCA.

Framework to facilitate co-investment by venture capital scheme and restricted scheme⁶

IFSCA has issued a framework for all Fund Management Entities (“**FMEs**”) under the IFSC, which provides for a mechanism and manner for facilitating co-investment by venture capital scheme and restricted scheme through special purpose vehicle (hereinafter referred to as the “**Special Scheme**”). Some of the key provisions of the Special Scheme are as follows:

1. an FME registered with IFSCA, having either an operational venture capital scheme or restricted scheme or both (hereinafter referred to as the “**Existing scheme**”), will be eligible to launch a Special Scheme, in accordance with the terms and conditions of the placement memorandum of the Existing Scheme;
2. The Special Scheme will be established as a company, limited liability partnership, or trust under the applicable laws of India and will be classified as a Category I, II, or III Alternative Investment Fund (AIF), consistent with the classification of the Existing Scheme.
3. The Existing Scheme will, at all times, hold a minimum of atleast 25% of the equity share capital, interest, or capital contribution in the Special Scheme;
4. in line with the investment strategy of the Existing Scheme, as recorded by IFSCA, the Special Scheme must be used for making co-investment with or without leverage. Further a Special Scheme must be permitted to invest only in a single portfolio company. However, the Special Scheme will be permitted to hold securities of more than 1 (one) entity if such securities are issued as a result of 1 (one) or more corporate actions or restructurings at the portfolio company level, including but not limited to amalgamation, demerger, slump;
5. any person will be eligible to co-invest in the Special Scheme, subject to the minimum contribution requirements as mentioned in the IFSCA (Fund Management) Regulations, 2025 (“**FM Regulations**”);
6. a term sheet containing minimum disclosures as prescribed must be duly filed with the IFSCA within a period of 45 (forty-five) days from the date of investment;
7. The investors of the Existing Scheme must be duly informed of the establishment of the Special Scheme prior to seeking capital contribution. The term sheet must be provided to the investor(s) and should contain the specified disclosures under the FM Regulations; and
8. activities of the Special Scheme may be consolidated with the reporting of the Existing Scheme for the purpose of reporting to IFSCA.

Extension of timeline for appointment of custodian under Regulation 132 of the FM Regulations⁷

In terms of Regulation 132⁸ of FM Regulations, FMEs are required to appoint an independent custodian to provide the custodial services for the prescribed schemes. The custodian to be appointed is required to be based in IFSC, unless

⁶ Circular no. - F. No. IFSCA-AIF/6/2025-Capital Markets, dated May 21, 2025.

⁷ Circular no. - F. No. IFSCA-IF-10PR/7/2024-Capital Markets, dated May 24, 2025.

⁸ Regulation 132, inter alia, requires the FME to appoint an independent custodian to provide the custodial services for the following schemes:-

(a) Retail schemes; (b) Open ended restricted schemes; and (c) All other schemes managing assets under management above USD 70 Million.

the local laws of the jurisdiction where the securities of the investee company have been issued mandate the appointment of a custodian in that jurisdiction. In this regard the following has been decided:

1. an additional time period of six (6) months from the date of the issuance of this circular is granted for the appointment of an independent custodian for the schemes: (a) taken on record by IFSCA after the FM Regulations came into effect (i.e., February 19, 2025), or (b) taken on record by IFSCA prior to the FM Regulations coming into effect but which did not enter into an agreement with a custodian as on February 19, 2025;
2. during the period of six (6) months, the FMEs of the aforementioned schemes 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 IFSCA whenever directed to do so; and
3. FMEs must make necessary arrangements to ensure strict compliance with Regulation 132 on or before the expiry of the 6 (six) months period.

Modifications under the IFSCA (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022⁹

The IFSCA has notified amendments to the IFSCA (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022. Some of the key amendments are as follows:

1. Proof of address for verification of identity: Customers submitting any documents other than the post office savings bank account statement or statement of a bank account (including that of a foreign bank) for the purpose of address proof are now required to submit updated officially valid document reflecting their current address within 3 (three) months of the submission of the alternative document.
2. Know Your Customer (“KYC”) information retrieval and on-going due diligence: For the purposes of establishing an account-based relationship, verification of identity of a customer and undertaking on-going due diligence, Regulated Entities (“REs”) are required to either obtain the KYC Identifier from its customer, or retrieve it from the Central KYC Records Registry (“CKYCR”) with the customer's consent and access the KYC records online. Provided however that, REs are prohibited from requiring their customers to submit the same KYC records or additional identification documents unless:
 - a) there has been a change in the customer's information in CKYCR;
 - b) the retrieved records are incomplete or non-compliant with applicable KYC norms;
 - c) the validity period of the documents has lapsed; and
 - d) further verification is deemed necessary for identity, address (including current address), enhanced due diligence, or risk profiling.
3. Updating KYC records with CKYCR: REs are required to submit the updated information obtained from the customer to the CKYCR, within 7 (seven) days. The CKYCR will then electronically notify all the REs dealing with such customers about the updated information and the concerned REs will then be required to update their KYC records basis the updated CKYCR records.
4. Applicability to specific REs: The updated guidelines are applicable to the REs engaged in the following activities:
 - a) Payment Service Provider (“PSPs”);
 - b) finance company undertaking core activities;
 - c) IBUs;

⁹Circular number F. No. IFSCA-DAC/7/2024-AMLCFT/01, dated June 5, 2025.

- d) bullion trading /clearing member;
 - e) broker dealer;
 - f) clearing member;
 - g) depository participant;
 - h) investment advisor;
 - i) fund management entity;
 - j) general insurance; and
 - k) life insurance.
5. KYC records for foreign nationals: REs are not required to submit KYC records of foreign nationals to the CKYCR. However, if an RE intends to submit the KYC records of a foreign national to the CKYCR, the documents issued by the relevant Government departments of the foreign jurisdiction (such as passport, driving license, or voter identity card) and/or letters issued by the Foreign Embassy or Mission in India will be acceptable as the current address proof.

Participation of PSPs in international payment systems¹⁰

IFSCA has issued the following policies for PSPs participating in international payment systems:

1. PSPs may either participate as or become members of international payment systems for making or receiving payments to or from banks and financial institutions outside IFSC, after obtaining prior approval of IFSCA;
2. any international payment system permitting PSPs to make or receive payments among themselves or among other financial institutions in IFSC affecting domestic (i.e. IFSC) transactions, will require authorisation from IFSCA; and
3. PSPs may also participate as or become members of international payment systems for making or receiving payments with other PSPs or to/from other financial institutions in IFSC with the prior approval of the IFCA, after being satisfied that such international payment system complies with the specified conditions.

Further, PSPs are required to review their participation in the international payment systems and inform the Department of Banking Supervision with the same within 30 (thirty) days from the date of the circular. Additionally, PSPs are required share a list of all the international payment systems in which the PSP was participant as of May 31, 2025, with the IFSCA.

Amendment to the 'Framework for Finance Company/Finance Unit undertaking the activity of Global/Regional Corporate Treasury Centres'¹¹

The IFSCA has made amendments to the 'Framework for Finance Company/Finance Unit undertaking the activity of Global/ Regional Corporate Treasury Centres',¹² by inserting a proviso to Clause 3(2)(ii), which prescribes the conditions for grant of registration to undertake global or regional corporate treasury centre activities. The newly inserted proviso empowers the chairperson of IFSCA to grant a relaxation from the conditions prescribed under Clause 3(2)(ii), if a request is made by an applicant for seeking relaxation. The chairperson may consider providing such relaxation depending upon the permissible activities proposed to be undertaken by the applicant and the projected business volume for a period not exceeding 1 (one) year from the date of commencement of operations.

¹⁰ Circular No. E.File.No. IFSCA-FMPP0BR/3/2023-Banking, dated June 6, 2025.

¹¹ Circular no. F. No. IFSCA/24/2024-Banking-FC/02, dated June 9, 2025.

¹² Circular No. IFSCA/24/2024-Banking-FC/01, dated April 4, 2025.

Operation of foreign currency accounts of Indian resident individuals opened under the liberalised remittance scheme in IBUs¹³

The IFSCA has made amendments to the 'Directions to IBUs for operations of the foreign currency accounts of Indian resident individuals opened under the Liberalised Remittance Scheme ("LRS")'¹⁴. Under the amended directions, IBUs are required to collect a declaration from resident individuals confirming that:

1. any amount spent from their foreign currency accounts for availing financial services or financial products in the IFSC is for the purpose declared at the time of remittance under the LRS or for a purpose otherwise permissible under the LRS; and
2. any amount remitted from their foreign currency accounts aligns with the purpose declared while remitting funds under the LRS or with a purpose allowed under the LRS.

Office memorandum on recommendations for streamlining the incorporation process of IFSC companies¹⁵

To speed up the incorporation of IFSC companies, the Ministry of Corporate Affairs had issued an office memorandum dated January 20, 2025, setting up a process to prioritise the applications of the IFSC entities. In this connection it is stated as follows:

1. in case a company wants to incorporate its subsidiary in IFSC area and the only distinction in the name is the addition of the word 'IFSC', then the application for the name approval/incorporation of the IFSC company may be accompanied by a no objection certificate from the parent company, which will then be duly considered by the Central Registry Centre;
2. the Corporate Identification Number of the holding company cannot be entered twice in the Form SPICE+ Part B, while entering the details of the subscribers of the wholly owned subsidiaries, as the details of second subscriber [nominee shareholder] is required to be filled for complying the minimum shareholding requirement in case of a private company. Wholly owned subsidiaries must provide due compliance of the provisions of Section 89 of Companies Act 2013;
3. IFSC entities will get 60 (sixty) days (*instead of 30 (thirty) days*), to submit their documents to the Registrar for the verification of the registered office. Thus, it is not necessary that the details of registered office be disclosed at the time of filing of an application for incorporation of a company; and
4. the requirement to attach a photograph of the registered office in Form INC-20A is a one-time compliance and must be completed within 180 (one hundred and eighty) days from the date of incorporation. Additionally, Form INC-22 needs to be filed only when the registered office is notified for the first time or when it is shifted and IFSC companies have 60 (sixty) days to complete the filing of Form INC-22, as compared to the 30 (thirty) day timeline applicable to other companies.

¹³ Circular no. F. No. IFSCA-FMPP0BR/1/2021-Banking-Part(1)/3, dated June 23, 2025.

¹⁴ Circular F. No. IFSCA-FMPP0BR/1/2021-Banking-Part (1)/3 dated December 13, 2024.

¹⁵ Office memorandum issued by Ministry of Corporate Affairs dated June 24, 2025.

IFSCA Practice:

JSA's IFSC Practice is designed to support clients in navigating the legal, regulatory and operational landscape of India's IFSCs, such as GIFT City. As part of this practice, we assist clients in incorporating and setting up entities in the IFSCs, including fund management companies, banking units, and capital market and insurance intermediaries, educational institutions and guide them through the licensing and registration processes under IFSCA regulations. Our team provides comprehensive regulatory advisory services, ensuring compliance with key frameworks such as the IFSCA (Fund Management), (Capital Market Intermediaries), (Banking) Regulations and Foreign Exchange Management (IFSC) Regulations. We specialise in structuring and launching investment vehicles such as Alternative Investment Funds, Family Investment Funds, and Exchange Traded Funds, while also advising on cross-border transactions, capital market listings, and structured finance.

Our practice integrates seamlessly with Indian finance and corporate laws, offering specialised advisory in areas such as M&A, joint ventures, and foreign investment compliance. We also represent clients, ranging from investment funds, investment advisory companies, financial institutions and fintech companies to high-net-worth individuals, in navigating complex legal requirements related to fund setup, cross-border transactions, foreign currency account management, regulatory proceedings, arbitration, enforcement matters, and provide strategic counsel to fund management companies and fintech entities leveraging IFSC's innovation-friendly environment. With a multidisciplinary team and strong regulatory relationships, we deliver tailored, forward-looking solutions that help clients unlock the full potential of operating within India's global financial gateway.

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41 Ranked Lawyers



7 Ranked Practices,
21 Ranked Lawyers



14 Practices and
12 Ranked Lawyers



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Lawyers



20 Practices and
22 Ranked Lawyers



8 Practices and
10 Ranked Lawyers
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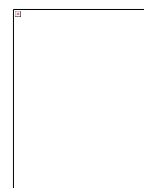
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