



JSA Newsletter International Financial Services Centres Authority

May 2026

The International Financial Services Centres Authority (“**IFSCA/Authority**”), India’s unified regulator for International Financial Services Centres (“**IFSCs**”), is focused on developing a world-class financial hub at the country’s first IFSC, Gujarat International Finance Tec-City (“**GIFT City**”).

To foster a stable, efficient, and business-friendly regulatory environment within GIFT IFSC, the office of the administrator IFSCA, *vide* [press release](#) dated March 9, 2026, has commenced a structured series of open house sessions starting from January 6, 2026. The aim is to strengthen stakeholder engagement and enhance clarity on Special Economic Zone (“**SEZ**”) compliance within GIFT IFSC, by providing a formal platform for interaction with Regulated Entities (“**REs**”) and for addressing SEZ operational/compliance related matters. Detailed discussions were held on procedural requirements, documentation standards, timelines for approvals, periodic reporting obligations, and operational aspects across the life cycle of REs. Further, through a [press release](#) dated March 25, 2026, Qualifying Central Counterparty status was granted to the India International Bullion Exchange (IFSC) Limited operating in GIFT IFSC.

Additionally, IFSCA *vide* [circular](#) dated April 1, 2026, has specified a certificate course, Regulatory Framework for Capital Market Intermediaries (“**CMIs**”) in IFSC, offered by the Institute of Company Secretaries of India. CMIs must ensure that its key managerial personnel and all other employees discharging core business activities successfully complete the said certification course on or before September 30, 2026.

Further, setting an important milestone in the development of GIFT IFSC as a global financial hub, IFSCA, through a [press release](#) dated April 20, 2026, has granted registration to the first foreign Family Office (Family Investment Fund) under the IFSCA (Fund Management) Regulations, 2025.

IFSCA and the Financial Services Commission of Korea have signed a [Memorandum of Understanding](#) (“**MoU**”), on April 20, 2026, to strengthen regulatory cooperation and to advance the development of financial services ecosystem in both the jurisdictions. The objective of the MoU is to facilitate the sharing of information on recent trends and best practices in development, regulatory and business structures in the financial markets in the respective jurisdictions.

The 28th [meeting](#) of the Authority was held on April 17, 2026¹, where IFSCA, *inter alia*, approved the following:

1. framework for preferential issues and Qualified Institutions Placements (“**QIPs**”) under the IFSCA (Listing) Regulations, 2024;
2. framework for rights issue under the IFSCA (Listing) Regulations, 2024;
3. draft amendments to the IFSCA (TechFin and Ancillary Services) Regulations, 2025 and the IFSCA (Finance Company) Regulations, 2021, which are aimed at enabling the structuring of special purpose vehicles entirely within GIFT IFSC for development of leasing and financing ecosystem.

¹ Press release dated April 24, 2026

This edition of the March and April 2026 newsletter captures the key regulatory developments aim to reinforce GIFT City IFSC's role as a dynamic and competitive international financial centre.

Fee structure for the entities undertaking or intending to undertake permissible activities in IFSCs

To develop and regulate the financial products, financial services and financial institutions in IFSCs, IFSCA, *vide* its circular dated March 2, 2026, has prescribed a revised fee structure for entities undertaking or intending to undertake permissible activities in IFSC or persons seeking guidance under the IFSCA (Informal Guidance) Scheme, 2024 ("**IG Scheme**") ("**Fee Circular**"). Further, the Authority may, *suo moto* or on an application by the applicant or RE, relax any of the provision of the Fee Circular for the reasons to be recorded in writing. Some of the key provisions are as follows:

1. each application by an entity seeking licence(s), registration(s), recognition(s) or authorisation(s), will be treated as separate applications and will attract separate specified application fees for each such application, as prescribed under Schedule-I of the Fee Circular;
2. upon approval by the Authority, the applicant is required to pay the applicable fee before the grant of the licence, registration, recognition or authorisation, within 15 (fifteen) days of such intimation, as specified;
3. the fees paid by an applicant seeking a licence, registration, recognition or authorisation will not be refunded, if the Authority subsequently decides not to grant licence, registration, recognition or authorisation to an applicant who had received provisional or in-principle approval;
4. if the RE fails to pay the outstanding dues or fees, in part or full, within the specified time, such dues or fees will accrue a simple interest of 0.75% for every month; and
5. an applicant seeking informal guidance under the IG Scheme must pay a fee of USD 1,000 (US Dollars one thousand) per application. If the application is not maintainable under the IG Scheme, an amount of USD 250 (US Dollars two hundred and fifty) i.e. 25% of the total fees will be deducted as processing fee and the remaining amount of USD 750 (US Dollars seven hundred and fifty) i.e. 75% of the total fee will be refunded.

The Fee Circular will be applicable for financial year 2026-27 and onwards.

Further, IFSCA *vide* its [circular](#) dated March 13, 2026, has clarified that the following circulars will stand superseded from the date of commencement of the Fee Circular:

1. [circular](#) IFSCA-DTFA/1/2025 dated April 8, 2025;
2. [circular](#) IFSCA-DTFA/2/2025 dated April 23, 2025;
3. [circular](#) IFSCA/CMD/DMIIT/KRA/2025-26/1 dated June 13, 2025; and
4. [circular](#) F. No. IFSCA-AIF/104/2024-Capital Markets/08092025 dated September 8, 2025.

Amendment to the guidelines on cyber security and cyber resilience for REs in IFSCs

To address the challenges faced by the REs regarding compliance with certain provisions of the [circular](#) titled "Guidelines on Cyber Security and Cyber Resilience for REs in IFSC" ("**Cyber Security Circular**"), dated March 10, 2025, IFSCA *vide* its circular dated March 10, 2026, has amended the Cyber Security Circular. Some of the key amendments are as follows:

1. **Mandatory Submission of Annual Cyber Security Audit Reports:** All REs are required to submit their annual cyber security audit report to IFSCA;

2. **Revised Exemptions under Paragraph 22:** Para 22 of the Cyber Security Circular (*pertaining to audit – conditions for exemption of REs from the requirements of the Cyber Security Circular*) has been substituted to include the following categories of REs that are exempted from the applicable requirements of the Cyber Security Circular for a period of 3 (three) years from the date of its issuance:

- a) foreign university set up in the IFSC;
- b) an RE established as newly incorporated standalone entity within the IFSC, which does not have any parent organisation; and
- c) credit rating agency.

The designated officer of such RE is required to certify that the RE has implemented adequate cybersecurity measures proportionate to its risk exposure, and must submit the same to IFSCA within 90 (ninety) days of the end of each financial year; and

3. **Revised Exemptions under Paragraph 21:** Para 21 of the Cyber Security Circular (pertaining to audit – REs exempted from certain requirements of the Cyber Security Circular) has been substituted to include the following categories of REs that are exempted from the applicable requirements for a period of 3 (three) years from the date of its issuance:

- a) RE operating in the form of a branch of a regulated Indian or foreign entity;
- b) RE providing services to its group entities only; and
- c) RE having less than 10 (ten) employees;

Previously, foreign universities set up in the IFSC were also covered under the exemption provided under para 21 of the Cyber Security Circular.

IFSCA proposes dedicated regulatory framework for Managing General Agents in IFSCs

The consultation paper issued by IFSCA proposes a standalone regulatory framework for Managing General Agents (“MGAs”) and sets out the scope and parameters governing MGA activities within the IFSC. The draft framework introduces, *inter alia*, key operational, capital, and governance requirements and reflects a shift towards a more structured regulatory regime for MGAs.

For a detailed analysis, please refer to the [JSA Prism of March 24, 2026](#).

IFSCA FinTech sandbox framework

The IFSCA, *vide* its circular dated March 16, 2026, has issued the IFSCA FinTech Sandbox Framework (“**Framework**”), replacing the earlier framework for FinTech entities issued on April 27, 2022. The Framework provides a comprehensive structure for entities seeking Limited Use Authorisation as FinTech Sandbox Entities and enables access to multiple sandbox mechanisms across banking, capital markets, insurance, fund management, and other financial services regulated by IFSCA. The Framework enables applicants to undertake market exploration for developed products within the financial services market in IFSCs. Some of the key features of the Framework are as follows:

1. **Introduction of Multiple Sandbox Models:** The Framework introduces different categories of sandbox environments, including:

- a) Regulatory Sandbox;
- b) Innovation Sandbox;

- c) Inter-Operable Regulatory Sandbox; and
- d) Overseas Regulatory Referral Mechanism.

These mechanisms are intended to facilitate testing, experimentation, and deployment of innovative financial products and solutions in a controlled regulatory environment.

2. **Expanded Scope of Eligible Applicants:** The Framework broadens the categories of eligible applicants to include domestic and foreign entities, start-ups, regulated financial institutions, and individuals or groups associated with recognised academic institutions, incubators, and accelerators.
3. **Two-Stage Approval:** The Framework introduces a structured two-stage approval process comprising:
 - a) preliminary/in-principle approval; and
 - b) grant of Limited Use Authorisation.

Applicants are required to demonstrate testing readiness, innovation potential, consumer benefit, and appropriate safeguards before being permitted to undertake live testing activities.

4. **Remote Testing:** The Framework permits limited remote participation and testing under the Innovation Sandbox, thereby reducing entry barriers for early-stage innovators, academic institutions, and overseas participants.
5. **Enhanced Compliance and Governance Requirements:** The revised Framework introduces additional compliance obligations, including periodic reporting requirements, maintenance of records, appointment of authorised representatives, and adherence to applicable regulatory and cybersecurity standards.

NIRYAT PROTSAHAN Scheme

The Directorate General of Foreign Trade, *vide* Trade Notice No. 25/2025-26 dated February 20, 2026, announced the Support for Alternative Trade Instruments under Export Promotion Mission (EPM) – NIRYAT PROTSAHAN Scheme on a pilot basis. Further, IFSCA, *vide* circular dated March 19, 2026, has issued a detailed policy framework, procedural and operational guidelines (“**NIRYAT Scheme**”). The NIRYAT Scheme aims to improve access to export finance for Micro, Small, and Medium Enterprises (“**MSMEs**”) involved in international value chains by providing support for alternative trade finance instruments with focus on export factoring.

All IFSC banking units and finance companies/ units undertaking activity of factoring must extend the benefits under the NIRYAT Scheme, in the form of interest subvention or equivalent cost support on the export factoring interest cost element, to eligible MSME exporters, in accordance with the provisions of the NIRYAT Scheme, and subject to applicable directions/ circulars/ instructions issued by IFSCA.

Amendment to circular on appointment and change of key managerial personnel by a fund management entity

IFSCA, *vide* circular dated April 1, 2026, has omitted Paragraph 4 of the circular dated February 20, 2025, on Appointment and Change of Key Managerial Personnel by a Fund Management Entity (“**FME**”). Through this amendment, the requirement for IFSCA to provide comments on the proposed appointment or change of key managerial personnel within 7 (seven) working days has been removed. Accordingly, FMEs are no longer required to wait for comments from the IFSCA before effecting such appointment or change.

IFSCA (Pension Fund) Regulations, 2026

IFSCA, *vide* notification dated April 2, 2026, has issued the IFSCA (Pension Fund) Regulations, 2026 (“**PF Regulations**”), to provide the regulatory framework for registration, regulation and supervision of the pension funds

in IFSC in India. The objective of the PF Regulations is to establish a robust framework for long-term retirement savings, promoting a secure and transparent environment for subscribers, protecting their interests and maintaining the integrity of the pension ecosystem in IFSC. Some of the key provisions of the PF Regulations are:

1. the process of obtaining a certificate of registration from the Authority is outlined. An entity must submit an application form through SWIT, accompanied by the prescribed fees and documents. Any incomplete application will not be processed;
2. eligibility criteria for registration mandates an applicant to be an entity incorporated as a company in the IFSC, or a branch of a company incorporated outside the IFSC, provided that the branch structure is permitted only for a pension fund which is already registered or regulated by a financial sector regulator in India or a foreign jurisdiction.

Further, the applicant is required to have a board comprising at least 4 (four) directors, with at least one-half being independent directors; the applicant and its promoters must not be from a jurisdiction identified by the Financial Action Task Force (“FATF”) as a “High-Risk Jurisdiction subject to call for action”; and the applicant, its parent, or associate must have a minimum of 10 (ten) years’ experience in managing a pension fund, retail fund, insurance business, or commercial bank;

3. applicant must appoint a minimum of 2 (two) key managerial personnels who will be responsible for the activities of the pension fund. Additionally, a compliance officer will be appointed by the applicant who will be key managerial personnel for overall compliance of the regulations and other applicable laws;
4. a registered pension fund may offer voluntary pension schemes to any individual above the age of 18 (eighteen) years, including persons resident outside India, thereby facilitating access to global retirement solutions through the IFSC;
5. a pension fund must provide subscribers with the flexibility to determine the frequency and amount of their contributions and may fix a minimum contribution amount, with the prior approval of the Authority;
6. the ‘fit and proper’ requirements have been laid out extensively in the framework for all the director(s), key managerial personnel(s) and controlling shareholders;
7. pension fund will maintain a comprehensive, secure and electronic recordkeeping system for all subscriber’s data and transactions and always ensure the confidentiality by assigning a unique pension account number. Subscriber will have online access to their pension account details including transaction history, current valuation and investment allocation; and
8. at retirement or superannuation (after 10 years of contribution or attaining 60 years of age), subscribers can opt for a Systematic Withdrawal Plan with a minimum 20% of the corpus, while the balance can be withdrawn as lump sum. The corpus can be deferred till age 75, and in case of the subscriber’s death, the entire amount shall be paid as lump sum to the nominee(s).

Reporting norms for CMI in IFSC

Pursuant to the issuance of the IFSCA (CMIs) Regulations, 2025, several new categories of CMIs have been introduced which require corresponding reporting formats/norms. Consequently, to increase supervisory efficiency, the existing reporting formats have been reviewed, and formats for new categories of registrations, have also been incorporated. In view of the same, IFSCA, *vide* circular dated April 8, 2026, has specified the following:

1. in case of CMI holding registrations as broker dealer, clearing member and depository participants, the reports for those registrations must be submitted every quarter to the respective Market Infrastructure Institutions (“MIIs”) whose membership CMI is holding;
2. MIIs must provide information submitted in the quarterly reports by CMIs in the manner and format as specified by IFSCA; and

3. in case of CMI holding registrations as global access provider, custodian, investment banker, investment adviser, debenture trustee, registered distributor, credit rating agency, environmental, social, and governance ratings and data products provider and research entity, the reports must be submitted within 21 (twenty one) calendar days from the end of the quarter to IFSCA.

Governance and oversight of schemes in IFSCs

The IFSCA (Fund Management) Regulations, 2025 mandate that FMEs must appoint fiduciaries which includes trustees in case of a scheme set up in the form of a trust, board of directors for the scheme set up in the form of a company, and designated partners for the scheme set up in the form of a limited liability partnership. Pursuant to the same, IFSCA, *vide* circular dated April 10, 2026, has clarified that an FME must not appoint an entity acting as a fiduciary to a scheme, to provide fund administration, valuation, audit, and lending or financing services to that scheme, either directly or through its associate. Accordingly, for the schemes which have already been taken on record by IFSCA or filed with IFSCA as on the date of issuance of the circular, the FMEs must take necessary steps to comply with the provisions of the circular by September 30, 2026.

Requirements for payment service providers entering into Rupee drawing arrangement

In furtherance of the circular titled "*Participation of Payment Service Providers in International Payment Systems*" dated June 6, 2025, whereby Payment Service Providers ("PSPs") were directed to obtain the approval of IFSCA for membership to participate in international payment systems for transactions with banks/financial institutions outside IFSC, IFSCA, *vide* its circular dated April 10, 2026, has now clarified that prior permission from IFSCA will be required for PSPs proposing to participate in the Rupee Drawing Arrangement ("RDA") scheme, as a non-resident exchange house, in accordance with the Master Direction- Opening and Maintenance of Rupee/Foreign Currency Vostro Accounts of Non-resident Exchange Houses dated January 1, 2016 (issued by the Reserve Bank of India). Along with the request for prior permission, PSPs are required to additionally provide a comprehensive overview of the framework and processes put in place by it to ensure compliance with the requirements specified under the IFSCA (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022, and any other applicable law(s) of a similar nature for the time being in force, in respect of the transactions proposed to be undertaken under the RDA scheme.

Guidelines on cyber security and cyber resilience for MIIs in IFSC

To enhance cyber resilience, mitigating systemic cyber risks and ensure preparedness against evolving threat vectors, IFSCA, *vide* circular dated April 20, 2026, has issued the Guidelines on Cyber Security and Cyber Resilience for MIIs in IFSC ("**Cyber Guidelines**"). The key objective of the Cyber Guidelines is to establish a comprehensive cyber security and cyber resilience framework for the MIIs operating in IFSCs. The Cyber Guidelines prescribe a heightened, more granular set of obligations for MIIs, and are structured around 7 (seven) core cybersecurity functions i.e., govern, identify, protect, detect, respond, recover, and resilience, mirroring globally recognised frameworks while embedding the operational and jurisdictional realities of GIFT IFSC. Some of the key aspects are as follows:

1. MIIs are required to have a board-approved cyber security and cyber resilience policy, with a dedicated chief information security officer reporting directly to the managing director/chief operating officer;
2. MIIs must conduct annual cryptographic risk assessments and establish roadmaps for adopting post-quantum cryptography standards (e.g. NIST FIPS 203, 204 and 205) to future-proof critical systems against quantum computing threats;

3. all MIIs must conduct annual cyber security audits through auditors empanelled by CERT-In, for a maximum period of three consecutive years, and submit the audit reports to IFSCA;
4. all MIIs must have a round-the-clock C-SOC (24x7 cyber security operations) with contingent capabilities at disaster recovery sites, and implement user and entity behaviour analytics for advanced threat detection;
5. MIIs must notify IFSCA and Indian Computer Emergency Response Team within 6 (six) hours of detecting any cyber incident, submit an interim report within 3 (three) days, and provide a full root-cause analysis within 30 (thirty) days;
6. the Cyber Guidelines mandates a risk-based approach to third-party management, including concentration risk management and contractual cyber security obligations for all critical service providers; and
7. all MIIs must obtain ISO 27001 certification within 2 (two) years of issuance of the Cyber Guidelines.

Framework for preferential issues and QIP under the IFSCA (Listing) Regulations, 2024

IFSCA, *vide* circular dated April 22, 2026, has specified the framework for a listed entity desirous of raising capital through a preferential issue or QIP. The framework is applicable to listed entities whose specified securities are listed solely on the recognised stock exchange(s) in the IFSC and will not apply to the issuers with secondary listing on such recognised stock exchange(s). Some of the key features of the framework are:

1. it sets out the general conditions for preferential issue and QIP including the eligibility criteria - preferential issue or QIP of specified securities will not be made to any person who has sold or transferred any equity shares of the issuer during the 30 (thirty) trading days preceding the relevant date;
2. listed entity may make a preferential issue or QIP pursuant to certain conditions prescribed in the regulations;
3. the tenure of the convertible securities issued by the issuer must not exceed 18 (eighteen) months from the date of allotment, in case of a preferential issue; and 60 (sixty) months in case of a QIP;
4. the specified securities allotted on a preferential basis to the promoters and controlling shareholders will be locked-up for a period of 6 (six) months from the date of trading approval granted for such specified securities; and
5. the allotment for issuance of capital must be completed within a period of 1 (one) year from the date of passing of special resolution or such other resolution as may be applicable in the jurisdiction of incorporation of the issuer.

Framework for rights issue under the IFSCA (Listing) Regulations, 2024

IFSCA, *vide* circular dated April 22, 2026, has specified the framework for a listed entity desirous of raising capital through rights issue. This will apply to listed entities whose specified securities are listed solely on the recognised stock exchange(s) in the IFSC and will not apply to issuers with secondary listing on such recognised stock exchange(s). Some of the key features of the frameworks are:

1. the issuer must abide by all applicable laws of its home jurisdiction and such other requirements as may be specified by the Authority;
2. an issuer will not be eligible to make a rights issue of specified securities if the equity shares of the issuer are suspended from trading as a disciplinary measure;
3. general conditions are outlined for issuer making a rights issue of specified securities, such as:

- a) make an application to 1 (one) or more recognised stock exchanges, along with the draft letter of offer to seek an in-principle approval for listing of its specified securities;
 - b) ensure that all of its existing partly paid-up equity shares have either been fully paid-up or have been forfeited; and
 - c) file a letter of offer along with the specified fees with IFSCA for information and dissemination on the website of Authority;
4. issuer must decide the issue price before determining the record date after consulting with the designated stock exchange and disclose the issue price in the letter of offer filed with the Authority and the recognised stock exchange; and
 5. the framework specifies the various conditions and procedure for issuance of equity shares.

Norms and manner of reporting for the International Branch Campuses of foreign universities in the GIFT-IFSC

Regulation 18 of the IFSCA (Setting up and Operation of International Branch Campuses and Offshore Education Centres) Regulations, 2022, mandates the submission of an annual report by the International Branch Campuses (“IBCs”). IFSCA, vide circular dated April 30, 2026, has specified the norms and manner of annual reporting by an IBC set up in the IFSC by a foreign university, to the Authority. An IBC must submit:

1. the requisite information annually, in the specified format;
2. the requisite information must be submitted in an editable excel workbook, while the annexures may be submitted in portable document format;
3. an undertaking, duly signed by its authorised person, affirming that the information submitted is true, complete and accurate; and
4. requisite information within a period of 30 (thirty) days from the date of closure of academic year i.e., the period ending on March 31 every year.

Further, the details relating to 'Graduation Outcomes' must be submitted within 30 (thirty) days from the date on which degrees, diplomas or certificates are formally issued.

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.

This Newsletter has been prepared by:



Nand Gopal Anand

Partner



Rajul Bohra

Partner



Harshit Dusad

Partner



Tanishq Sharma

Associate



19 Practices and
40 Ranked Lawyers



8 Ranked Practices,
22 Ranked Lawyers



15 Practices and
20 Ranked Lawyers



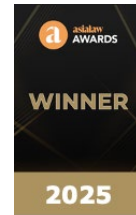
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49 Ranked Lawyers



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