



ECONOMIC
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ADVOCATES & SOLICITORS

The background of the entire page is a dark blue, semi-transparent financial chart. It features a grid of light blue lines. A prominent orange line trends upwards from the bottom left towards the top right. Below this, there are several candlestick-style bars in red and teal. A white dotted line is visible near the top of the chart area.

IFSC NEWSLETTER: APRIL 2026

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I. ALL OFFICIAL PUBLICATIONS

The table below presents all 16 official IFSCA publications for the period of April 2026.

Type	Date	Title
Circular	01-04-2026	Amendment to Circular on Appointment and Change of KMP by an FME
Circular	01-04-2026	Circular on Specification of Certification Course for KMPs/Employees under IFSCA (Fund Management) Regulations, 2025
Circular	02-04-2026	Specification of Certification Course for KMPs and other employees of Capital Market Intermediaries under the IFSCA (Capital Market Intermediaries) Regulations, 2025
Circular	08-04-2026	Reporting Norms for Capital Market Intermediaries
Circular	10-04-2026	Governance and oversight of Schemes in IFSC - Segregation of the role of Fiduciaries
Circular	10-04-2026	Requirements for Payment Service Providers entering into Rupee Drawing Arrangement (RDA)
Circular	20-04-2026	Guidelines on Cyber Security and Cyber Resilience for Market Infrastructure Institutions (MIIs) in IFSC
Circular	22-04-2026	Amendment to the Circular titled 'Framework for Ship Leasing'
Circular	22-04-2026	Framework for preferential issues and QIP under the IFSCA (Listing) Regulations 2024
Circular	22-04-2026	Framework for rights issue under the IFSCA (Listing) Regulations, 2024
Circular	30-04-2026	Norms and manner of reporting for the IBCs of foreign universities in GIFT IFSC
Regulation	06-04-2026	IFSCA (Pension Fund Regulations), 2026
Press Release	20-04-2026	IFSCA Issues Comprehensive Cybersecurity Guidelines for Market Infrastructure Institutions in GIFT IFSC
Press Release	20-04-2026	IFSCA Sets New Benchmark for Private Wealth with First Foreign Family Investment Fund Registration
Press Release	20-04-2026	IFSCA, India and Financial Services Commission, Korea sign MoU at the Korea-India Financial Cooperation Forum held in New Delhi.
Press Release	24-04-2026	IFSCA Authority Meeting

II. CIRCULARS – DETAILED ANALYSIS

A. AMENDMENT TO CIRCULAR ON APPOINTMENT AND CHANGE OF KEY MANAGERIAL PERSONNEL (KMP) BY A FUND MANAGEMENT ENTITY (FME)

Background

Under the erstwhile Fund Management (FM) Regulations, 2022, any appointment or change of KMP by a FME required IFSCA's prior approval. This process was often time-consuming and operationally burdensome for FMEs situated in IFSC.

With the introduction of the FM Regulations, 2025, IFSCA shifted to a prior intimation model, allowing FMEs to proceed with the appointments or changes in KMP subject to regulatory oversight. Paragraph 4 of the February 2025 circular further introduced a 7 working day window within which IFSCA could raise objections, after which the FME could treat the appointment as cleared.

What The Circular Provides

Through Circular dated April 01, 2026, IFSCA has deleted Paragraph 4 of the February 2025 Circular in its entirety. In effect:

- The 7-working-day deemed clearance window has been removed.
- The FMEs can now intimate IFSCA of a KMP appointment or change at any time before such appointment with no minimum lead time.
- All the other provisions regarding eligibility, qualifications and fit and proper requirements shall remain in full force.

Analysis & Comments

- IFSCA can now raise objections at any point after appointment, creating perpetual uncertainty for KMPs and FMEs, which results in a significant departure from the earlier comfort of a time-bound clearance.
- FMEs gain flexibility to onboard KMPs without a mandatory waiting period, but face the risk of post-appointment objections.
- Paragraph 5 of the earlier circular remains operative, and the FMEs and person(s) in control of the FME continue to bear full responsibility for ensuring KMPs meet eligibility criteria.
- Moreover, the circular takes away the certainty that came with the 7-day clearance window.

Way forward

FMEs should respond to the revised framework by strengthening the internal due diligence processes for KMP eligibility. It should further maintain comprehensive documentation of fit-and-proper assessments. Given the possibility of post-appointment objections by IFSCA, the KMP engagement terms should include appropriate exit or contingency clauses. For senior appointments, FMEs may also consider entering into informal engagement with IFSCA prior to onboarding in order to reduce regulatory risk and ensure smoother regulatory alignment going forward.

B. SPECIFICATION OF CERTIFICATION COURSE FOR KMPs/EMPLOYEES UNDER THE IFSCA (FM) REGULATIONS, 2025

Background

Regulation 7(6) of the IFSCA (FM) Regulations, 2025, empowers IFSCA to specify certification courses for employees of FMEs operating in GIFT-IFSC. Until now, this power had not been exercised.

What The Circular Provides

With the introduction of Circular dated April 01 2026, such powers have been exercised by IFSCA by mandating that KMPs and all other employees discharging the core fund management activities shall complete a specific certification course administered by the Institute of Company Secretaries of India (ICSI). This is the first time IFSCA has prescribed a mandatory professional certification for the employees of FME. In effect:

- FME employees must complete the course titled “Regulatory Framework for Fund Management in IFSC: AIFs and Retail Schemes” offered by ICSI.
- All KMPs of FMEs (i.e., Principal Officers and Compliance Officers) and all employees discharging core fund management activities must obtain certification.
- The course must be completed on or before September 30, 2026, giving the existing KMPs and eligible employees approximately six months from the date of the Circular.
- The FME and person(s) in control of the FME shall be responsible for ensuring the timely completion of the certification by their personnel.
- Employees in support functions and ecosystem participants, including trustees, intermediaries, and fund administrators, are also encouraged via circular to undertake the course to enhance professional competence and regulatory preparedness.

Analysis & Comments

- This is IFSCA’s first exercise of its certification power under the FM Regulations, signalling a broader push towards professionalizing fund management in IFSC.
- FMEs should ensure that their Principal Officer (‘PO’) and Compliance Officer (‘CO’) enrol for this course at the earliest and complete the same on or before September 30, 2026.
- With a September 30, 2026, deadline, FMEs should act promptly. Late enrolment may create unnecessary compliance risk, particularly if ICSI faces capacity constraints in processing registrations and examinations on a scale.
- FMEs should also assess if any other employees are involved in “core fund management activities”, including members of the investment team that is responsible for deploying the monies of the funds managed by the FME and/or obtaining exits from portfolio companies of funds managed by the FME, which would likely fall within scope, even if not named in the fund’s PPM. FMEs with branches or operations outside GIFT-IFSC need to carefully evaluate which employees are captured.
- Since the FME and its person(s) in control are responsible for ensuring compliance, any failure could have consequences beyond the individual employee, potentially impacting the FME’s regulatory standing.

Way forward

The introduction of a certification course marks a significant regulatory step towards building an institutional compliance culture in GIFT-IFSC. FMEs should immediately identify all personnel who fall within the mandatory category and ensure they register for the ICSI course.

FMEs may also consider enrolling support function staff and ecosystem partners (trustees, fund administrators) on a voluntary basis to serve as a goodwill measure and strengthen the overall compliance posture of the fund structure.

C. SPECIFICATION OF CERTIFICATION COURSE FOR KMPS AND OTHER EMPLOYEES OF CAPITAL MARKET INTERMEDIARIES ('CMI') UNDER THE IFSCA (CMI) REGULATIONS, 2025

Background

Regulation 9(5) of the IFSCA (CMI) Regulations, 2025, empowers IFSCA to specify certification courses for employees of CMIs operating in GIFT-IFSC. Until now, this power had not been exercised.

What The Circular Provides

With the introduction of Circular dated April 02, 2026, such powers have been exercised by IFSCA by mandating that KMPS and all other employees discharging the core business activities shall complete a specific certification course administered by the ICSI. This is the first time IFSCA has prescribed a mandatory professional certification for the employees of CMI. In effect:

- CMI employees must complete the course titled "Regulatory Framework for Capital Market Intermediaries in IFSC" offered by ICSI.
- All KMPS of CMIs and all employees discharging core business activities must obtain certification. Unlike the FME circular, which refers to "core fund management activities", this Circular uses the broader phrase "core business activities", casting a wider net.
- The course must be completed on or before September 30, 2026, giving the existing KMPS and eligible employees approximately six months from the date of the Circular.
- The CMI and person(s) in control of the CMI shall be responsible for ensuring the timely completion of the certification by their personnel.
- Employees in non-operational or support services are also encouraged via circular to undertake the course to enhance professional competence and regulatory preparedness.

Analysis & Comments

- While the structure of the circular mirrors the FME certification circular issued on April 01, 2026, the course itself is different. The course is tailored to the capital markets regulatory framework rather than fund management.
- With the deadline of September 30, 2026, CMIs should act promptly. Late enrolment may create unnecessary compliance risk, particularly if ICSI faces capacity constraints in processing registrations and examinations on a scale.
- The non-compliance risk does not rest with the individual employee alone. The CMI and its person(s) in control bear primary responsibility, with potential implications for the entity's regulatory standing.

Way forward

CMIs should immediately identify all personnel falling within the scope of KMPS and employees involved in core business activities and prepare for registration under the course. CMIs that are part of a group operating FMEs should coordinate compliance efforts across both circulars, noting that the courses and underlying regulations are distinct.

D. REPORTING NORMS FOR CAPITAL MARKET INTERMEDIARIES IN IFSC

Background

IFSCA's prior reporting framework for CMIs, governed by the circular dated February 08, 2024, under the IFSCA (CMI) Regulations, 2021, required quarterly submissions in an Excel format via email to IFSCA's supervision division. The format covered operational data, complaint handling, Video Customer Identification Procedure (**V-CIP**) reporting and AML/CFT/KYC compliance.

Two developments rendered that framework inadequate. First, the notification of the IFSCA (CMI) Regulations 2025 introduced new intermediary categories (Global Access Providers (**GAPs**), Credit Rating Agencies (**CRAs**), ESG Ratings and Data Products Providers (**ERDPPs**) and Research Entities) without corresponding reporting formats. Second, IFSCA's enhanced supervisory posture, including substance inspections and show-cause notices to non-compliant CMIs, demanded greater data granularity and consistency.

What The Circular Provides

With the introduction of Circular dated April 08, 2026, the mentioned gaps have been addressed. In effect:

- CMIs must submit data in a specified Excel format (provided at <https://ifsc.gov.in/Download>) in an editable Excel file comprising (i) common sheets for all CMIs, including General Information, Complaint Handling, V-CIP, AML/CFT/KYC compliance, and signed undertaking; and (ii) registration-specific sheets.
- AML/CFT/KYC compliance sheet is required to be submitted half-yearly, i.e. with quarterly reports for quarters July-September and January-March only.
- Broker Dealers, Clearing Members and Depository Participants report to their respective MIIs whose membership the CMI is holding. All other CMIs (GAPs, Custodians, IBs, IAs, DTs, Distributors, CRAs, ERDPPs, Research Entities) report directly to IFSCA via email to <mailto:cmi-supervision@ifsc.gov.in> with a marked copy within 21 calendar days of quarter-end. Multi-registration entities must route each registration's report to the correct recipient.
- MIIs must create digital infrastructure for member submissions and furnish consolidated data to IFSCA. Thus, MIIs effectively become intermediary data aggregators between CMIs and the regulator.
- For the period ending March 31 2026, the quarterly report is to be submitted in accordance with the circular dated February 08, 2024. This circular shall come into force from April 01, 2026.

Analysis & Comments

- This circular is not a mere format update but represents IFSCA's transition from a simple email-driven reporting system to a structured, MII-intermediated supervisory design.
- The compliance burden is non-trivial. Multi-registration CMIs now face split submissions to different recipients within a tight 21-day window. The direction to download the latest format from the IFSCA website at each quarter-end implies that reporting formats may change without a fresh circular, requiring standing compliance monitoring.
- The robust savings clause, read with IFSCA's recent show-cause actions against CMIs for non-compliance, makes clear that late or non-filing will attract immediate supervisory attention. Past non-compliance will continue to matter, even after the old circular is replaced.

Way forward

CMIs should put in place clear internal processes to track reporting timelines, identify the correct reporting recipient for each registration, and build a quarterly compliance calendar with 21-day deadlines. MIIs, in turn, should prioritise setting up robust digital submission systems, as timely and accurate reporting will be a key focus area of the IFSCA.

E. GOVERNANCE AND OVERSIGHT OF SCHEMES IN IFSC - SEGREGATION OF THE ROLE OF FIDUCIARIES

Background

Under the IFSCA (FM) Regulations, 2025, every FME must appoint fiduciaries for each scheme it manages, such as trustees for trust-structured schemes, a board of directors for companies, or designated partners for LLPs. Regulation 17(5) further mandates that these fiduciaries should abide by a Code of Conduct (Third Schedule), which requires them to exercise independent professional judgment, render high standards of service, and ensure proper care in overseeing the scheme.

In practice, however, it has been common in GIFT IFSC for an entity serving as a scheme's fiduciary, typically a trustee company, to also provide ancillary services such as fund administration, valuation, audit or financing services to that same scheme, either directly or through group entities.

This dual role creates a conflict, as a fiduciary cannot objectively oversee services provided by itself or its associate. IFSCA has now moved to address this structural gap.

What The Circular Provides

Through its Circular dated April 10, 2026, IFSCA has introduced a clear segregation mandate:

- An entity acting as a fiduciary to a scheme shall not simultaneously provide fund administration, valuation, audit, and lending or financing services to that same scheme.
- This prohibition extends to services provided not just directly, but also through associates of the fiduciary, thereby closing the door on indirect circumvention through group or related entities.
- For existing schemes already on record with or filed with IFSCA as on the date of this Circular, FMEs have been granted a transition period until September 30, 2026, to restructure their arrangements.
- For new schemes, the restriction applies with immediate effect.

Analysis & Comments

- The Circular addresses a basic governance issue: a fiduciary cannot provide independent oversight if it is also delivering operational services to the same scheme. By stepping in, IFSCA is aligning GIFT-IFSC with global standards that emphasize genuine fiduciary independence.
- By bringing associates within the prohibition, IFSCA ensures fiduciary entities cannot route conflicted services through related parties. FMEs and fiduciaries will need to carefully review their group structures and inter-entity service arrangements to assess exposure.
- Where a fiduciary or its associate is currently providing any of the four restricted services (fund administration, valuation, audit, and lending or financing), FMEs must move to independent service providers by September 30, 2026, which may involve contract renegotiation, onboarding new providers, and operational transition within a relatively short timeframe.

Way forward

FMEs should conduct an immediate audit of all existing schemes to identify where the fiduciary (or its associate) is also providing any of the four prohibited services. Where such conflicts are identified, FMEs should begin appointing independent service providers well before September 30, 2026, allowing sufficient time for due diligence, contract negotiation, and transition. Fiduciary entities and their group structures should also reassess their business models to ensure sustained compliance with the new segregation requirements going forward.

F. REQUIREMENTS FOR PAYMENT SERVICE PROVIDERS ENTERING INTO RUPEE DRAWING ARRANGEMENT (RDA)

Background

The IFSCA (Payment Services) Regulations, 2024 established a dedicated regulatory architecture for Payment Service Providers (**PSPs**) in GIFT-IFSC, enabling them to offer cross-border money transfer services, e-money issuance, merchant acquisition, and other payment services. Building on this, IFSCA's circular dated June 06, 2025, mandated that PSPs obtain prior approval from the Authority before participating as members of international payment systems for making or receiving payments to or from entities outside IFSC.

What that framework did not explicitly address was whether the prior approval requirement also extended to PSPs seeking to participate in the Rupee Drawing Arrangement (**RDA**). RDA is the RBI-governed mechanism through which non-resident exchange houses facilitate inward rupee remittances to India via Vostro accounts maintained with Authorized Category-I banks. IFSCA's latest Circular now closes this gap.

What The Circular Provides

Through its circular dated April 10, 2026, IFSCA provides that:

- Where a fiduciary or its associate is currently providing any of the four restricted services (fund administration, valuation, audit, and lending or financing), FMEs must move to independent service providers by September 30, 2026, which may involve contract renegotiation, onboarding new providers, and operational transition within a relatively short timeframe.
- PSPs proposing to participate in the RDA as non-resident exchange houses under the RBI's Master Direction on Vostro Accounts dated January 01 2016, must obtain prior permission from IFSCA before entering into such arrangements.
- Along with the permission request, the PSP must submit a comprehensive overview of the frameworks and processes it has put in place to ensure compliance with the IFSCA (AML, CFT and KYC) Guidelines, 2022, and any other applicable laws of a similar nature.

Analysis & Comments

- The June 2025 circular covered PSP participation in international payment systems but did not clearly address RDAs, which fall under a separate RBI framework. The new circular closes this gap by requiring IFSCA's prior approval for RDA participation, ensuring proper regulatory oversight of how GIFT-IFSC PSPs access India's inward remittance channels.
- The Circular also establishes a clear dual-regulatory architecture, requiring PSPs to comply with both IFSCA's approval process and the RBI's conditions applicable to non-resident exchange houses.
- Importantly, the measure is not merely restrictive; by formally recognising and regulating the RDA pathway for GIFT-IFSC PSPs, IFSCA is positioning IFSC as a credible and regulated hub within India's cross-border remittance ecosystem, signalling readiness for scale and institutional participation.

Way forward

PSPs currently operating or planning to participate in RDAs should initiate the prior permission process with IFSCA immediately, ensuring their AML/CFT documentation is comprehensive. Given the dual oversight by IFSCA and the RBI, early engagement with both regulators is advisable to clarify approval sequencing and avoid delays.

More broadly, PSPs should view this circular as part of IFSCA's steady build-out of a closely supervised payments ecosystem and invest early in compliance infrastructure to stay ahead of further regulatory developments.

G. GUIDELINES ON CYBER SECURITY AND CYBER RESILIENCE FOR MARKET INFRASTRUCTURE INSTITUTIONS IN IFSC

Background

In March 2025, IFSCA issued 'Guidelines on Cyber Security and Cyber Resilience for Regulated Entities in IFSCs', based on broad principles and designed to suit entities of different sizes and risk levels.

MIIIs such as stock exchanges, clearing corporations, depositories and the bullion exchange play a critical role in the financial system, and any cyber incident affecting them can disrupt the entire market. Recognizing this higher risk, IFSCA has now introduced a separate and more detailed cybersecurity framework specifically for MIIIs, which is much stricter than the general guidelines applicable to other regulated entities.

What The Circular Provides

Through its Circular dated April 20, 2026, the guidelines are structured around seven core functions: Govern, Identify, Protect, Detect, Respond, Recover, and Resilience, spanning 125 granular provisions.

Key requirements include:

- A Board-approved cyber security and cyber resilience policy; a dedicated CISO reporting directly to the MD/CEO; bi-annual review by the Standing Committee on Technology (**SCOT**); and Board members with requisite cyber risk knowledge.
- Any cyber-attack, incident, or breach must be notified to both IFSCA and CERT within 6 hours of detection.
- A mandatory Cyber Security Operations Centre (**C-SOC**) operates 24x7x365, with a contingent C-SOC at the DR site. Shared models across groups or fellow MIIIs are permitted.
- Annual cryptographic risk assessments against quantum advances, PQC-focused staff training, and a migration roadmap to NIST post-quantum standards (FIPS 203, 204, 205).
- Annual penetration testing, yearly cyber resilience drills (with results shared with IFSCA), and mandatory ISO 27001 certification within 2 years.
- IFSCA may at any time access MII IT infrastructure, applications, data, and documents, including those held by third-party service providers.

Analysis & Comments

The March 2025 framework was principle-based, but the new MII framework is detailed and prescriptive. IFSCA is building a layered approach where stricter rules apply to higher systemic risk.

By requiring post-quantum readiness, cryptographic reviews, and transition plans now, IFSCA is preparing GIFT-IFSC's market infrastructure for future threats.

The rules also make cybersecurity a governance responsibility, with Board-approved policies, direct reporting by the CISO to the CEO, and cyber-aware Board oversight, not just an IT task. Finally, IFSCA can access data held by third-party vendors, so outsourcing does not reduce compliance obligations, and strong vendor risk management is essential.

Way forward

MIIIs should align with the new cybersecurity requirements by operationalising a 24x7 C-SOC, appointing a CISO, enabling six-hour incident reporting, planning early for ISO 27001 certification, initiating post-quantum readiness, and updating vendor contracts to ensure IFSCA's access and audit rights.

H. AMENDMENT TO THE CIRCULAR TITLED 'FRAMEWORK FOR SHIP LEASING'

Background

IFSCA's 'Framework for Ship Leasing' (August 16, 2022) enabled Finance Companies and Finance Units registered under the IFSCA (Finance Company) Regulations, 2021, to undertake ship leasing activities in IFSC.

The Framework [Clause 3.D.(ii)] permitted lessors to provide Asset Management Support Services for ships owned or leased by them (or by their wholly owned subsidiaries), allowing hands-on physical asset management.

IFSCA notified the IFSCA (TechFin and Ancillary Services) Regulations, 2025 in July 2025, which, through its Third Schedule, expressly listed "management of physical assets" among services not permitted to be provided by TechFin and Ancillary Service (TAS) Providers in IFSC. This created a regulatory inconsistency, which is being addressed by the April 2026 Circular now.

What The Circular Provides

The Explanation to Clause 3.D.(ii) of the Ship Leasing Framework, which enabled ship lessors to provide Asset Management Support Services, now stands omitted with immediate effect.

The omission is a consequential amendment triggered by the inclusion of "management of physical assets" in the Third Schedule of the TechFin and Ancillary Services Regulations, 2025.

All other provisions of the Ship Leasing Framework remain in force and unaffected.

Analysis & Comments

- The omission of the Explanation permitting Asset Management Support Services is viewed as a regulatory alignment. Once the "management of physical assets" was expressly prohibited for ancillary service providers under the TAS Regulations, the Ship Leasing Framework's carve-out allowing the same activity became internally inconsistent.
- Entities that relied on the Explanation to provide vessel management services alongside their leasing activities will need to restructure their operating model. Physical asset management for leased ships will now need to be either outsourced to third-party service providers outside the IFSCA-regulated perimeter or undertaken through arrangements not captured by the prohibition.
- The change reinforces IFSCA's intent to confine IFSC entities to core financial services, while excluding operational and physical asset management.
- While regulatory rationality is achieved, the removal of this flexibility may affect commercial competitiveness, as bundled leasing-cum-management models are common in established ship-leasing jurisdictions.

Way forward

Ship lessors that are currently providing Asset Management Support Services should promptly review how the amendment affects their existing leasing arrangements and client commitments and shift to compliant service delivery models. In practice, this may require engaging independent, non-IFSC ship management companies to undertake physical asset management functions. The amendment also underscores the need for lessors to reassess whether IFSCA's regulatory scope appropriately aligns with the commercial and operational realities of asset-intensive ship leasing businesses.

I. FRAMEWORK FOR PREFERENTIAL ISSUES AND QUALIFIED INSTITUTIONS PLACEMENT UNDER THE INTERNATIONAL FINANCIAL SERVICES CENTRES AUTHORITY (LISTING) REGULATIONS, 2024.

Background

The IFSCA (Listing) Regulations 2024 laid down the regulatory architecture for listing securities and financial products on recognized stock exchanges in GIFT-IFSC. Regulation 57 empowered IFSCA to specify conditions for listed entities to raise capital through preferential issues and qualified institutions placements (**QIPs**), the two most widely used secondary capital-raising mechanisms in mature equity markets.

A 'preferential issue' is an issue of specified securities by a listed entity to any select person or group of persons on a private placement basis. A QIP is an issue of specified securities to qualified institutional buyers (**QIBs**) on a private placement basis and includes an offer for sale by promoters or controlling shareholders.

Regulation 57 of the IFSCA (Listing) Regulations, 2024, enabled preferential issues and QIPs by IFSC-listed entities but left the procedural framework to be specified by the Authority. Listed entities had regulatory permission in principle but lacked the rules to act on it.

What The Circular Provides

- **QIB definition:** Deliberately broad and includes regulated funds, banks, NBFCs, sovereign wealth funds, provident/insurance/pension/endowment/university funds, multilateral institutions, and non-individual accredited investors under the IFSCA (FM) Regulations 2025.
- **Applicability:** The circular is applicable to entities listed solely on IFSC exchanges (not secondary listings)
- **Eligibility:** No allotment to person(s) who sold or transferred issuer shares in the 30 trading days preceding the relevant date. Issuers with outstanding dues are barred (unless under appeal). All shares fully paid-up at allotment; special resolution and in-principle stock exchange approval mandatory.
- **Tenure of convertibles:** 18 months for preferential issue or 60 months for QIP from the date of allotment. Equity allotment on exercise within 15 days.
- **Payment of consideration:** Full consideration payable at allotment (except warrants and non-cash). For warrants: minimum 25% at allotment, balance 75% at exercise; forfeiture if option not exercised. All cash payments through the allottee's bank account (first-named holder for joint holders).

Additional requirements for preferential issue:

- **Disclosure to shareholders**
 - Explanatory statement to the general meeting must disclose the objects and fund deployment, subscription intent of promoter/controlling shareholder/director/KMP, pre and post issue shareholding pattern, completion timeframe, ultimate beneficial ownership of proposed allottees (as per IFSCA AML/KYC Guidelines 2022), any post-issue holding and change in control, and pricing based on a valuation report by an IBBI-registered valuer, IFSCA-registered independent service provider or IFSCA-registered credit rating agency.
 - compliance must be certified by an independent practising company secretary (or foreign equivalent), with the certificate placed before the general meeting and published on the issuer's website with a link in the meeting notice.
 - Preferential issues are permitted only as a share swap pursuant to a valuation report. The swap ratio calculation methodology must be disclosed in the explanatory statement.
- **Lock-up:** Specified securities allotted to promoters and controlling shareholders are locked for 6 months from the date of trading approval.

- **Allotment:** Must be completed within 30 days of the special resolution. Where regulatory approval is required: the later of (a) 30 days from resolution or (b) 30 days from receipt of such approval.

Additional requirements for QIP:

- **Appointment of lead manager:** The issuer must appoint one or more IFSCA-registered investment bankers as lead manager(s), who must conduct due diligence and ensure the accuracy and adequacy of disclosures.
- **Placement document:** The QIP is based on a preliminary and final placement document containing all material information, including home jurisdiction and Regulation 38 disclosures. These are circulated only to select investors and published on the stock exchange(s) and issuer websites with a public-offer disclaimer.
- **Allotment:** Must be completed within one year of the special resolution (or equivalent approval).

Analysis & Comments

- Transforming Regulation 57 into an operational fundraising channel provides the entities listed on IFSC exchanges with the ability to raise targeted capital without the cost of public offerings.
- The QIB definition is intentionally broad to attract a wide range of global investors, including SWFs, multilateral institutions, and foreign-regulated entities, making QIPs viable even for issuers with limited domestic investor access.
- The 30-day no-sale restriction prevents price manipulation ahead of preferential issues, aligning with SEBI principles and safeguarding existing shareholders.
- The CS certification was shaped by stakeholder feedback during public consultations, adding an independent professional compliance check that reduces post-issuance regulatory risk.

Way forward

Listed entities should review their capital-raising plans, as preferential issues and QIPs now provide a quicker and more focused alternative to public offerings for raising capital. Investment bankers registered with IFSCA should be ready to support QIPs by preparing placement documents and carrying out due diligence. Issuers should plan for valuation requirements by engaging IBBI-registered valuers and IFSCA-registered service providers.

J. FRAMEWORK FOR RIGHTS ISSUE UNDER THE INTERNATIONAL FINANCIAL SERVICES CENTRES AUTHORITY (LISTING) REGULATIONS, 2024

Background

A 'rights issue' is defined as an offer of specified securities by the issuer to shareholders as on the record date.

Regulation 57 of the IFSCA (Listing) Regulations, 2024, enabled rights issues by IFSC-listed entities, but left the procedural framework to be specified by the Authority. On April 22, 2026, IFSCA released a rights issue framework designed to enable raising capital through rights issues.

This is the second of two companion circulars (the first being the Preferential Issue & QIP framework issued on the same day), completing the capital-raising toolkit for entities listed on GIFT-IFSC stock exchanges.

What The Circular Provides

- **QIB definition:** Deliberately broad and includes regulated funds, banks, NBFCs, sovereign wealth funds, provident/insurance/pension/endowment/university funds, multilateral institutions, and non-individual accredited investors under the IFSCA (FM) Regulations 2025.
- **Dual compliance:** Circular is applicable to entities listed solely on IFSC exchanges (not secondary listings), in case of any conflict, home jurisdiction law shall prevail.
- **Eligibility:** Issuers whose equity shares are under disciplinary suspension are barred from a rights issue. All partly paid-up shares must be fully paid or forfeited. In principle, listing approval from recognised stock exchange(s) (with one designated, if multiple) and filing of the letter of offer with IFSCA are mandatory.
- **Record date:** The issuer must announce and notify the stock exchange of the record date in advance, and any withdrawal of the rights issue after such announcement results in a six-month bar on applying for listing of specified securities, except for issuances under existing ESOPs, warrants, or convertible securities.
- **Pricing flexibility:** The issuer sets the issue price before the record date, in consultation with the designated stock exchange and discloses the same in the letter of offer.
- **Rights entitlements and renunciation:** Issuers must reserve proportionate equity for convertible debt holders and electronically circulate offer documents at least three days before issue opening, with rights entitlements credited in advance. Shareholders may renounce rights entitlements via (i) on-market trading through a registered broker on the stock exchange, or (ii) off-market transfer through a depository participant (must be completed before issue closing date). All in dematerialized form only.
- **Underwriting, monitoring and subscription:** Rights issues can be underwritten, with adequate disclosures in the letter of offer. No person connected with the issue may offer any incentive (cash, kind, or services) for making an application. The issuer may appoint a credit rating agency (IFSCA-registered or globally recognized) to monitor use of proceeds. Quarterly monitoring reports must be publicly disseminated within 45 days of quarter-end. The issue is successful only if the minimum subscription as disclosed in the letter of offer is received. The subscription is open for a minimum of 7 days.
- **Allotment:** Securities should not exceed the offer size. Full allotment is first made to eligible shareholders and renounce(s) (including partial applications where part-payment is to be called within 12 months). Any under-subscription is then allocated equitably to rights holders and proportionately to renounce(s) applying for additional securities, and finally to pre-disclosed specified investors, if any. All allotments, refunds, and payments must be completed within 8 working days of issue closure. Failure to obtain listing will result in full refund within 4 days with 15% p.a. interest if delayed.
- **Compressed timeline (T+20):** From Board approval to issue closure in approximately 20 working days. The issue shall be kept open for a minimum 7 days; right entitlement trading commences simultaneously with issue opening and closes 3 working days before issue closure.

- **Restriction and alteration of rights:** No further capital issues are permitted until listing or refund unless fully disclosed, and any adverse alteration of rights requires $\frac{3}{4}$ holder consent or a special resolution.
- **Post issue responsibilities and reporting:** The stock exchange monitors grievances and devolvement timelines, while the issuer must promptly report promoter transactions and submit a comprehensive post-issue report within prescribed deadlines.
- **Specified investor backstop:** Where the issue is under-subscribed after exhausting entitlements, additional shares, and renounce(s), allotment may be made to specified investors disclosed upfront, effectively a soft underwriting mechanism.

Analysis & Comments

- The T+20 timeline is compressed by any standard. For comparison, Indian rights issues under SEBI's framework typically take T+23 working days (March 2025 Faster Rights Issue Circular).
- By enabling secondary market trading of rights entitlements similar to the SEBI guidelines, IFSCA ensures that shareholders who do not wish to participate can still extract value from their entitlement. This enhances the overall attractiveness of an IFSC listing.
- The 'home jurisdiction prevails in case of conflict' principle is a pragmatic concession for multi-jurisdictional issuers, reducing the risk of regulatory deadlock and making IFSC listings more workable for foreign-incorporated entities.

Way forward

Listed entities should prepare early for the compressed T+20 rights issue timeline by aligning the Board, registrars, stock exchanges, and depositories well in advance. They should also consider using the specified investor backstop by identifying anchor investors upfront to absorb any unsubscribed portion of the issue. While trading of rights entitlements may initially be limited due to lower liquidity on IFSC exchanges, this is expected to improve as market volumes grow. Read together with the preferential issue and QIP framework, this circular completes IFSCA's capital-raising framework for IFSC-listed entities.

K. NORMS AND MANNER OF REPORTING FOR THE IBCS OF FOREIGN UNIVERSITIES IN GIFT IFSC

Background

IFSCA (Setting up and Operation of International Branch Campuses and Offshore Education Centres) Regulations, 2022, created a regulatory pathway for foreign universities to establish physical campuses within GIFT-IFSC. Regulation 15 of the International Branch Campuses (IBC) Regulations mandates that each IBC submit an annual report to the Authority. However, the format and timelines for this submission had not been formally specified, leaving a gap between the regulatory obligation and its operational enforcement. IFSCA's Circular dated April 30, 2026, now operationalizes Regulation 15 by prescribing precise norms and the manner of annual reporting by IBCs.

What The Circular Provides

- The T+20 timeline is compressed by any standard. For comparison, Indian rights issues under SEBI's framework typically take T+23 working days (March 2025 Faster Rights Issue Circular).
- IBC shall submit annual information in a prescribed editable Excel workbook (format available at <https://ifsc.gov.in/Downloadfile/Index>), with annexures in portable document format (PDF).
- The IBC must simultaneously submit an undertaking duly signed by its authorised person, affirming that the information is true, complete, and accurate.
- The submission is due within 30 days from the closure of the Academic Year (ending March 31st every year).
- Details relating to 'Graduation Outcomes' specified in Section B of Table 1.3 shall be submitted within 30 days from the date degrees, diplomas, or certificates are formally issued by the foreign university/parent entity to the students.
- All information and documents shall be submitted electronically to <mailto:reporting.abc@ifsc.gov.in>
- For Academic Years 2024-25 and 2025-26, the submission deadline is extended to May 30th 2026.

Analysis & Comments

- This Circular puts into effect a requirement that has existed since 2022 but could not be enforced earlier due to the absence of clear formats and timelines. It reflects IFSCA's broader effort of strengthening the operational enforceability of its regulations across areas such as CMI reporting, KMP governance, and cyber security.
- The signed undertaking requirement imports personal accountability into the reporting process, signalling that IFSCA expects IBCs to approach compliance with the same consistency as regulated financial entities.
- Standardized data collection (prescribed Excel templates) helps IFSCA ensure consistency in data collection, making it easier to analyze trends and support evidence-based policy making.

Way forward

IBCs should treat the May 30, 2026, transitional deadline for Academic Years 2024-25 and 2025-26 as an immediate compliance priority by downloading the prescribed template, mapping existing data to the specified fields, and establishing an internal review and sign-off process. The circular signals a shift towards a more structured supervisory relationship between IFSCA and IBCs.

III. REGULATIONS

A. INTERNATIONAL FINANCIAL SERVICES CENTRES AUTHORITY (PENSION FUND) REGULATIONS, 2026

Background

On March 30, 2026, IFSCA notified the IFSCA (Pension Fund) Regulations, 2026, creating the first dedicated pension framework for GIFT-IFSC. A July 2024 Expert Committee recommended enabling pensions, and in December 2024, the GoI notified 'schemes operated by a pension fund' as a financial product under the IFSCA Act; and a November 2025 consultation paper refined the proposals. Targeting NRIs and foreign citizens, the regulations seek to provide a clear and well-regulated retirement savings option, with a focus on transparency, strong governance, and protection of subscribers' interests.

Registration Requirement & Process

No person can act as a Pension Fund without an IFSCA registration certificate. Applications must be filed through SWIT with prescribed fees, corporate structure details, 3 years' audited financials, business plan, key personnel, and risk management framework. IFSCA may seek further information, call for personal hearings, and inspect offices before granting registration.

Form of Entity & Eligibility

- **Entity form:** Company incorporated in IFSC or a branch of a foreign company already regulated as a pension fund by a financial sector regulator. The fund must have a minimum of 4 directors, of which at least half must be independent.
- **Experience:** Applicant or its parent/associate ('associate' covers entities exercising control over at least 50% of voting power), must have at least 10 years of experience in pension/retail fund management, insurance, or banking. Net worth of USD 1 million to be maintained at all times.

Key Managerial Personnel & Fit & Proper

The fund should have a minimum of 2 KMPs (one must be a CO, responsible for overall compliance and direct reporting to the Board). The KMP/CO must have a postgraduate or professional qualification with 3 years of relevant work experience (or a bachelor's degree with 10 years of relevant experience). Qualifying disciplines: finance, law, accountancy, economics, CFA, FRM, or equivalent.

All directors, KMP, and controlling shareholders must satisfy "fit and proper" criteria (First Schedule), i.e., fairness, integrity, no conviction for moral turpitude, no pending charge-sheets, no debarment, no insolvency, wilful default, or fugitive economic offender status, etc.

Ongoing Compliance Obligations

Maintain a fully functional IFSC office with adequate infrastructure. Develop comprehensive policies for investment decisions, risk management, compliance, and grievance redressal. Comply with IFSCA AML/CFT/KYC Guidelines, 2022. Maintain clear organizational structure with segregated duties and defined reporting lines.

Schemes & Scheme Structure

Each scheme requires IFSCA's prior approval, must be constituted as a trust, and launched within 12 months. A Scheme Information Document (**SID**) disclosing investment objectives, asset allocation, and risk profile is mandatory. Material modifications also need prior approval.

An independent Trustee (IFSCA-registered, meeting fit & proper criteria) must be appointed before filing the SID. Trustees should be independent of the fund and act in a fiduciary capacity solely in subscriber's interest, ensuring care, diligence, and ensure priority of subscribers interests in conflict situations.

Permissible Investments, Limits & Concentration

- Up to 100% of a scheme's portfolio may be allocated in sovereign debt such as Gov bonds and highly rated public sector bonds.
- Maximum 40% of portfolio may be allocated to corporate bonds; at least 70% must be rated BBB and above. If security is downgraded below the permissible rating, the investment must be restored to investment grade within 12 months.
- Up to 100% of the portfolio may be allocated to equities. Minimum 50% of domestic equity allocation in large-cap stocks; maximum 40% in mid/small-cap (12-month curing for reclassification breaches).
- Up to 100% of the portfolio may be allocated to foreign equities, subject to appropriate diversification across developed and emerging markets.
- Concentration limits: Single corporate issuer (debt + equity) cannot exceed 10% of scheme value (govt securities exempt). Sponsor group debt: 5% of net worth or AUM (lower). Non-sponsor group debt: 10%. Industry sector: 15% of total AUM. Equity single company: sponsor 5%, non-sponsor 10% of paid-up capital. Term deposits: 10% per eligible bank.

Fees, Valuation & NAV

- **Fees:** All subscriber charges, including account opening, annual maintenance, investment management fee (as % of AUM) and transaction charges, require prior IFSCA approval and SID disclosure.
- **Valuation:** Scheme of assets valued daily at market prices. Daily per-unit NAV must be calculated and declared. Pension Funds may appoint an IBBI or IFSCA-registered valuer.

Withdrawal & Exit Options

- **Pre-retirement:** After 5 years lock-in, up to 75% withdrawable for specified purposes (education, marriage, critical illness, housing). In case of critical illness - no minimum lock-in period.
- **At retirement (age 60 or contribution for a minimum of 10 years):** at least 20% via SWP; balance as a lump sum. Deferral up to age 75 permitted in case of superannuation. For early exit, minimum 25% via SWP. In case of death, the entire corpus is paid to the nominee(s) or legal heir(s).

Portability & Nomination

Subscribers may change the Pension Fund up to 2 times per year. IFSCA may prescribe interoperability with other pension systems. Subscribers may nominate/change nominees at any time.

Healthcare Benefit Option

Pension Funds may offer a Healthcare Sub-Account by complying with the following requirements: maximum 10% of contributions into the sub-account, separate from the main corpus, invested in low-risk, highly liquid instruments. Use restricted to hospital expenses per SID. Pre-retirement access for medical emergencies. At retirement, the unused balance may purchase health insurance or roll into the main pension corpus.

Grievance Redressal, Audit, Custody & Distributors

- **Grievance redressal:** Must comply with IFSCA's Complaint Handling circular (December 2, 2024) and maintain a periodically reviewed Grievance Redressal Policy.
- **Audit:** To be conducted by an independent auditor. Report to be submitted to IFSCA within 30 days. IFSCA may order special or concurrent audits.
- **Custody:** All scheme assets with an independent regulated Custodian for safekeeping, settlement, and reporting.
- **Distributors:** Pension Funds may appoint distributors, but remain fully responsible for their conduct and compliance.

Overriding Effect vis-à-vis PFRDA

IFSCA is the primary regulator for IFSC pension schemes. PFRDA regulations apply only to the extent of no inconsistency. Section 25 of the PFRDA Act (prohibiting overseas investment) has been disappplied to IFSC pension funds via Gol notification (October 1, 2025), enabling global investment.

Comments & Way Forward

These Regulations introduce a new product category in GIFT-IFSC by enabling global pension funds for NRIs and foreign citizens, strengthening the IFSC's product offering. Eligible entities with over 10 years of experience in pensions, fund management, insurance, or banking should assess early-mover opportunities. The healthcare sub-account stands out as a unique feature that can enhance product appeal for NRI investors. Dual-regulated entities must clearly assess the PFRDA–IFSCA regulatory divide, as most domestic pension rules will not directly apply. Overall, the five-year lock-in with flexible withdrawals and SWP options strikes a balance between long-term retirement discipline and subscriber flexibility.

IV. PRESS RELEASES – INSTITUTIONAL AND MILESTONE ANNOUNCEMENTS

IFSCA Issues Comprehensive Cybersecurity Guidelines for Market Infrastructure Institutions in GIFT IFSC

IFSCA has issued a dedicated, prescriptive cybersecurity framework for MIIs (stock exchanges, clearing corporations, depositories, and the bullion exchange), going well beyond the baseline applicable to other regulated entities. The Guidelines mandate Board-level governance, a 24x7 Cyber SOC, 6-hour incident reporting, ISO 27001 certification within 2 years, and notably, post-quantum cryptography readiness, which in turn makes the GIFT-IFSC's market infrastructure future-proof against emerging threats.

IFSCA Sets New Benchmark for Private Wealth with First Foreign Family Investment Fund Registration

IFSCA has granted registration to the first foreign Family Office (Family Investment Fund) under the FM Regulations 2025. This milestone shows that GIFT-IFSC is increasingly being seen as an attractive destination for global private wealth. It also reflects IFSCA's focus on creating a strong, international-level ecosystem where foreign families can smoothly manage and invest their wealth through well-regulated fund structures, both in India and overseas.

IFSCA, India and the Financial Services Commission, Korea, sign an MoU at the Korea-India Financial Cooperation Forum held in New Delhi.

IFSCA and the Financial Services Commission (FSC) of Korea have signed a Memorandum of Understanding at the Korea-India Financial Cooperation Forum in New Delhi, on the sidelines of the Korean Presidential visit. The MoU establishes a structured platform for regulatory cooperation, information exchange, and the sharing of expertise on emerging technologies. Thus, deepening bilateral financial ties and reinforcing GIFT-IFSC's international standing.

IFSCA Authority

- The Authority approved the regulatory framework for Preferential Issues and QIPs under the International Financial Services Centres Authority (Listing) Regulations, 2024, to provide entities listed on recognised stock exchanges in IFSC mechanisms to raise additional capital.
- The Authority approved the regulatory framework for Rights Issue under the International Financial Services Centres Authority (Listing) Regulations, 2024, to provide listed companies with a mechanism for raising capital through rights issue in a fast-track and streamlined manner.
- The Authority has approved draft amendments to the TechFin & Ancillary Services Regulations 2025 and the Finance Company Regulations, 2021, to enable Special Purpose Vehicle (**SPV**) structuring within GIFT-IFSC for leasing and financing activities. With over 370 aviation assets already leased from IFSC as of March 2026, the amendment allows Trust and Company Service Providers (**TCSPs**) to set up and manage SPVs in GIFT-IFSC for end-to-end aircraft leasing transactions, bringing structures that were earlier routed offshore back onshore and further strengthening GIFT-IFSC's position as a globally competitive aviation finance hub.

We hope you have found this information useful. For any queries/clarifications, please write to us at insights@elp-in.com

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Disclaimer: The information provided in this update is intended for informational purposes only and does not constitute legal opinion or advice.



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