ELP ECONOMIC LAWS PRACTICE
ADVOCATES & SOLICITORS

IFSC NEWSLETTER: MAY 2026

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I. REGULATORY UPDATES

The table below presents official IFSCA publications for the period of May 2026.

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Circular	08-05-2026	Consumer Charter by Regulated Entities in the International Financial Services Centre (**IFSC**)
Circular	12-05-2026	Implementation services by Investment Advisers in the IFSC
Circular	12-05-2026	Master Circular for Broker Dealers and Clearing Members
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Regulation	12-05-2026	IFSCA (Finance Company) (Amendment) Regulations, 2026
Regulation	12-05-2026	International Financial Services Centres Authority (TechFin and Ancillary Services) (Amendment) Regulations, 2026
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Press Release	01-05-2026	IFSCA Corporate Treasury Conference – 2026 held on April 29-30, 2026
Press Release	08-05-2026	INDIA AIRCRAFT LEASING & FINANCING SUMMIT 2.0
Press Release	11-05-2026	Authority approves draft IFSCA (Managing General Agents) Regulations, 2026
Press Release	12-05-2026	IFSCA Issues Master Circular for Broker Dealers and Clearing Members
Press Release	16-05-2026	Secretary, Department of Commerce, Government of India, visits the IFSCA Headquarters at GIFT City

II. CIRCULARS – DETAILED ANALYSIS

A. FAQS ON ANNUAL RETURN ON FOREIGN LIABILITIES AND ASSETS ('FLA') UNDER FEMA, 1999 ISSUED BY THE RESERVE BANK OF INDIA ('RBI') (UPDATED AS ON MARCH 25, 2026)

Background

The Annual Return on FLA under FEMA, 1999, is a key reporting obligation administered through the RBI framework. RBI's updated FAQs dated 25 March 2026 raised interpretational issues for International Financial Services Centre (**IFSC**) financial institutions, particularly around question numbers 43, 44 and 45.

What The Circular Provides

Through a circular dated 01 May 2026, IFSCA has advised all IFSC financial institutions to wait while the matter is discussed with the RBI instead of requiring immediate implementation of these FAQ items.

The Circular specifically refers to RBI FAQ Q43, Q44 and Q45 as spelt out below:

- Q43 states that an IFSCA-registered GIFT City entity must file an FLA if it has foreign investment or overseas investment.
- Q44 applies FLA filing to an IFSC subsidiary set up by a foreign entity.
- Q45 treats an Indian entity's investment in an IFSC company as overseas direct investment (**ODI**) for the Indian investor and foreign direct investment (**FDI**) for the IFSC company.

Analysis & Comments

- The Circular does not remove FLA obligations; however, it temporarily defers action on the FAQs.
- This pause helps avoid inconsistent reporting positions until IFSCA clarifies the treatment.
- It also highlights IFSCA's role in coordinating FEMA reporting with IFSC-specific supervision.

Way forward

Financial Institutions should map whether Q43 to Q45 affect their current or proposed FLA position, preserve internal analysis and supporting data, and avoid altering filings or methodologies until IFSCA issues its clarification. The right approach is readiness without premature execution.

B. CONSUMER CHARTER BY REGULATED ENTITIES IN THE INTERNATIONAL FINANCIAL SERVICES CENTRE (IFSC)

Background

As GIFT-IFSC expands into a fuller financial services ecosystem, consumer-facing conduct is also becoming important. IFSCA's Consumer Charter circular takes this a step forward by asking regulated entities to present consumer protection commitments in a clear, simple, and business-specific manner for retail customers.

What The Circular Provides

Through its Circular dated 08 May 2026, IFSCA has published a Consumer Charter. In effect:

- Setting out the vision and mission for consumer-protection, and the rights and responsibilities of financial consumers. Further reflecting the entity's business model, product complexity, delivery channels, etc.
- Regulated entities dealing with retail consumers are encouraged to develop and publish their own Consumer Charters on their GIFT-IFSC websites or provide a link to a dedicated webpage of a group entity.
- "Retail consumer" and "group entity" shall have the same meanings as assigned to them in the IFSCA circular titled *"Complaint Handling and Grievance Redressal by Regulated Entities in the IFSC"* dated December 02, 2024.
- The charter may either be independently developed or adapted from IFSCA's Consumer Charter with modifications based on business activities.

Analysis & Comments

- The Circular moves consumer protection beyond complaint handling and places emphasis on setting expectations from the start of the consumer relationship.
- Although the Circular uses the language of encouragement, the expectations are substantive as it clearly requires the entities to think through the rights, responsibilities, dos and don'ts, and other consumer-facing safeguards related to business, operational models, product complexity and delivery channels in the context of their own offerings.
- Overall, the Circular highlights that transparency and clear communication with consumers are critical to building trust and credibility in the IFSC.

Way forward

Regulated entities dealing with retail consumers should review their existing consumer disclosures, grievance materials and website architecture, and prepare a concise Consumer Charter that is specific to their IFSC activities. The immediate focus should be on clarity, accessibility and consistency between what is promised to consumers and how the entity services them.

C. IMPLEMENTATION SERVICES BY INVESTMENT ADVISERS IN THE IFSC

Background

The IFSCA (Capital Market Intermediaries) Regulations, 2025 permit an Investment Adviser (**IFSC**) to provide implementation services to its advisory clients in the securities market, subject to prescribed conditions. In simple terms, this allows an adviser to assist a client not only in deciding what to invest in, but also in giving effect on that advice, provided the execution is routed through regulated channels.

Investment advice and transaction execution are connected in practice and without a clear framework, implementation support could drift into informal execution or distribution activity. IFSCA's latest Circular now closes this gap.

What The Circular Provides

Through its Circular dated 12 May 2026, IFSCA provides clarification on the following:

- Implementation services mean services provided for the purpose of executing or giving effect to the Investment Advice rendered by the Investment Adviser.
- Based on the nature of the financial product involved, the Circular prescribes the following routes:
  - For financial products listed on stock exchanges in foreign jurisdictions, implementation must be routed through a Global Access Provider or an Introducing Broker in IFSC.
  - For financial products listed on a recognized stock exchange in IFSC, implementation must be routed through a member of such recognized stock exchange.
  - For unlisted financial products, the adviser must enter into formal arrangements with platforms and/or asset management companies regulated by a financial sector regulator in a foreign jurisdiction.

Analysis & Comments

- The circular recognizes a practical market reality; i.e. advisory clients often expect support beyond the advice itself. By permitting implementation services, IFSCA is enabling a more complete advisory offering, while ensuring that execution remains within a regulated framework.
- The prescribed channel-based approach brings clarity and discipline to the adviser-client relationship. Advisers will need to first identify the type of product and then ensure that the execution is consistent with the Circular, reducing ambiguity on responsibility, conflicts and client communication.
- The treatment of unlisted products is particularly significant. By requiring formal arrangements with regulated platforms or asset managers in foreign jurisdictions, IFSCA is seeking to improve transparency.
- Overall, the Circular reflects that the GIFT-IFSC's advisory ecosystem is evolving by operationalizing and standardizing an activity that was already permitted under the regulations.

Way forward

Investment Advisers should review their current implementation flows, classify products as per the three categories identified in the Circular, and update advisory agreements, client disclosures and internal SOPs accordingly. The objective should be to ensure that implementation support is clearly documented, transparent to the client and aligned with the regulated advisory relationship.

D. MASTER CIRCULAR FOR BROKER DEALERS AND CLEARING MEMBERS

Background

The IFSCA (Capital Market Intermediaries) Regulations, 2025 superseded the earlier 2021 framework bringing everything under a more streamlined and unified regulatory structure for capital market intermediaries in the IFSC, including Broker Dealers and Clearing Members.Over the years, the operating framework for these entities had been built through multiple circulars and SEBI guidelines, making compliance navigation increasingly fragmented.

IFSCA has now pulled together the previously dispersed framework into one master circular, making the IFSC capital markets framework easier to navigate.

What The Circular Provides

Through its Circular dated 12 May 2026, IFSCA consolidates the regulatory requirements applicable to Broker Dealers and Clearing Members operating on recognized stock exchanges in IFSC into a single document. The Master Circular covers, among other things:

- Exclusion of activities relating to global access undertaken by Broker Dealers.
- Covers the full lifecycle of these intermediaries, including registration through the SWIT system, fees, validity of registration, eligibility criteria, permissible activities, net worth, governance, compliance officer requirements and code of conduct.
- Brings together provisions on supervision and oversight, technology, market access through authorized persons, internal policy on outsourcing, complaint handling and grievance redressal and reporting requirements.
- The Master Circular supersedes specified IFSCA circulars and pre-October 2020 SEBI circulars and guidelines for Broker Dealers and Clearing Members registered with IFSCA, while preserving prior actions and applications under the corresponding new provisions.

Analysis & Comments

- The Master Circular reduces the need for intermediaries to track multiple circulars across time and providing certainty, while allowing IFSCA to supervise market access, client protection and technology risk through a single regulatory lens.
- The Circular also strengthens the role of Market Infrastructure Institutions in supervision. Inspection protocols, information sharing between MIIs and defined action timelines suggest that IFSCA expects frontline supervision to become more coordinated and outcome oriented.

Way forward

Broker Dealers and Clearing Members should treat the Master Circular as the principal compliance reference for IFSC exchange-facing activities and undertake a review of their internal policies, client documentation, technology controls, inspection preparedness, outsourcing arrangements and reporting calendars.

E. CLARIFICATION ON THE FEE STRUCTURE APPLICABLE TO EXISTING ANCILLARY SERVICE PROVIDERS AND EXISTING TECHFIN ENTITY

Background

The IFSCA (TechFin and Ancillary Services) Regulations, 2025 (**TAS Regulations**) bring TechFin and ancillary service activity within the regulatory framework for GIFT-IFSC. Regulation 4 recognizes the transitional position of existing Ancillary Service Providers ('ASPs') and existing TechFin entities by permitting them to continue under their respective erstwhile frameworks until a certificate of registration is granted under the TAS Regulations.

IFSCA's Fee Circular dated 02 March 2026 prescribed the fee structure for entities undertaking, or intending to undertake, permissible activities in the IFSC, including TechFin and Ancillary Services Providers. However, it did not specifically prescribe the fees for existing ASPs and TechFin entities registered under the old framework.

What The Circular Provides

Through its Circular dated 21 May 2026, addresses a narrow but important transition question on whether existing ASPs and TechFin entities that are registered under the old framework must also follow the new TAS fee structure for FY 2026-27.

- IFSCA clarifies that the fee structure specified for TAS Providers under the 02 March 2026 Fee Circular applies to existing ASPs and existing TechFin entities continuing operations under the July 31, 2025, transition circular.
- The clarification indicates that the issue was treated as an interpretational gap during migration to the TAS regime, rather than as a fresh substantive licensing condition.
- As a one-time measure, applicable fees for FY 2026-27 may be remitted to IFSCA on or before 31 May 2026 in the manner specified under the Fee Circular.

Analysis & Comments

- Regulation 4 preserves operational continuity for existing entities, but the Circular makes clear that transitional status does not place them outside the harmonized fee framework.
- The clarification helps maintain consistency in treatment between existing participants and new TAS applicants. Without this clarification, entities already operating in IFSC could have faced uncertainty about whether their earlier status allowed a different fee treatment during the transition.

Way forward

Existing ASPs and TechFin entities should immediately identify the fee category applicable to their activities under the Fee Circular and make remittance before the 31 May 2026 deadline.

III. REGULATIONS – DETAILED ANALYSIS

F. IFSCA (FINANCE COMPANY) (AMENDMENT) REGULATIONS, 2026

Background

The IFSCA (Finance Company) Regulations, 2021 constitute the foundational regulatory framework for finance companies and finance units undertaking permitted activities in GIFT-IFSC. As the ecosystem has evolved, market participants have increasingly tried to look for transaction-level structuring options aligned with global leasing and financing practices.

However, the original framework did not explicitly cater to such structures, creating a gap between global practice and the IFSC regime. The recent amendments now aim to bridge this gap.

What The Circular Provides

Pursuant to the notification dated 05 May 2026 and as uploaded on the IFSCA website on 12 May 2026, the IFSCA (Finance Company) (Amendment) Regulations, 2026 addresses the structuring need by formally recognizing Special Purpose Vehicles (**SPVs**) within the finance company framework. In effect:

- The amendment inserts a definition under Regulation 2(1)(m) of “Special Purpose Vehicle (**SPV**)” as a Finance Company incorporated or administered or both, by a Trust and Company Service Provider, in such manner as may be specified by the Authority, for undertaking permissible activities.
- It also inserts and defines under Regulation 2(1)(n) “Trust and Company Service Provider (**TCSP**)” as an entity authorized under the IFSCA (TechFin and Ancillary Services) Regulations, 2025 to provide TCSP services.

This hereby links the SPV model with the regulated service-provider framework.

- Regulation 5(1)(iii)(m) is amended by omitting the word “and” and accordingly Regulation 5(1)(iii)(ma) is added to expressly include “leasing or financing activity undertaken by an SPV, as permitted by the Authority”, as permissible non-core activities under the Finance Company Regulations.
- The minimum owned fund or paid-up share capital requirement for leasing or financing activity undertaken by an SPV is tied to the amount prescribed under the Companies Act, 2013, or such other amount as may be specified by IFSCA, with exemptions from Regulations 4 (Prudential Regulatory Requirements) and Regulation 8 (Corporate Governance and Disclosure Requirements).

Analysis & Comments

- This amendment gives statutory recognition to a transaction-specific structuring route within the IFSC finance company framework, allowing asset-finance deals to be housed in dedicated SPVs rather than being forced into a one-size-fits-all operating entity model.
- By requiring SPVs to be incorporated or administered by regulated TCSPs, IFSCA is creating controlled support architecture around entity formation, administration, governance and ongoing compliance.
- Strategically, the amendment supports the broader objective of onshoring international leasing and financing structures into GIFT-IFSC. If implemented with clear operational guidance, it can help IFSC compete more credibly with established global leasing jurisdictions while preserving regulatory supervision through IFSCA-permitted activity and TCSP oversight.

Way forward

Existing and proposed lessors, financiers and TCSPs should identify transactions suitable for IFSC SPVs, review TCSP roles, assess capital requirements, and strengthen controls around governance, documentation and reporting. The focus should be on leveraging flexibility while continuing to align with IFSCA-permitted activities and compliance.

G. INTERNATIONAL FINANCIAL SERVICES CENTRES AUTHORITY (TECHFIN AND ANCILLARY SERVICES) (AMENDMENT) REGULATIONS, 2026

Background

IFSCA's TechFin and Ancillary Services Regulations, 2025, created a unified framework for support services in GIFT-IFSC. With the IFSC leasing ecosystem now moving towards transaction-specific SPV structures, supporting corporate administration layer has become equally important.

Pursuant to the notification dated 05 May 2026 and as uploaded on the IFSCA website on 12 May 2026, the IFSCA (TechFin and Ancillary Services) (Amendment) Regulations, 2026 insert a dedicated Chapter VA for Trust and Company Services Providers (**TCSPs**). This amendment, read with the Finance Company amendment recognizing SPV-led leasing and financing, provides the framework needed to administer IFSC leasing structures in a regulated manner.

Definition and Registration Requirement

- A 'Trust and Company Services Provider' or (**TCSP**) means an entity registered as a TechFin and Ancillary Services Provider under the TAS Regulations to undertake TCSP services for leasing activities permitted by IFSCA.
- No entity may commence TCSP operations in the IFSC unless it has obtained a certificate of registration from IFSCA.
- The applicant must apply in the form and manner specified under the principal regulations and submit a declaration that it will maintain an arm's length relationship between its TCSP activities and any other services.
- The registration remains valid unless suspended, cancelled or voluntarily surrendered, with surrender taking effect only after IFSCA's acceptance.
- Existing TechFin and Ancillary Service Providers cannot treat TCSP as an automatic extension of their approvals and must seek separate approval before undertaking TCSP services.

Legal Form, Eligibility and Fit & Proper Requirements

- The applicant must be incorporated in the IFSC as a company or limited liability partnership, or in any other form permitted by IFSCA.
- All promoters or partners must be from jurisdictions that have not been identified by the Financial Action Task Force as "High-Risk Jurisdictions subject to call for action".
- The TCSP, together with its principal officer, compliance officer, directors, partners, designated partners and controlling shareholders, must remain "fit and proper" at all times in accordance with the principal regulation.

Permissible Services

The Fifth Schedule specifies the services that a TCSP may undertake for leasing activities permitted by IFSCA. These include:

- acting as an agent for setting up trusts, companies, limited liability partnerships or any other body corporate;
- acting as, or arranging for another person to act as, trustee, director, company secretary, nominee shareholder, partner, designated partner or an equivalent person, depending on the legal form involved;
- providing a registered office, business address, correspondence address or administrative address for a trust, company, limited liability partnership or body corporate, as permitted by applicable law; and
- undertaking any other services that may be permitted by IFSCA.

Governance, Controls and Record Keeping

- Every TCSP must have a governing body that formulates a governance framework.
- It must also establish an internal audit or independent review mechanism to assess governance and controls, AML/CFT/KYC systems, accuracy and completeness of client and entity records, and adherence to regulatory approvals and approved service scope. IFSCA may appoint an external auditor for special audits where the risk profile so warrants.

- Record-keeping requirements are detailed as the TCSPs are required to maintain accurate and up-to-date physical or electronic records.
- These records must be readily available for inspection and should be retained for at least five years after cessation of the client relationship or longer where applicable law requires, and protected through data security and confidentiality safeguards.
- TCSPs must maintain policies, procedures and system-based controls ensuring segregation of duties so that no single function or individual has end-to-end control over client acceptance, service delivery, transaction execution and compliance oversight.
- TCSP services for leasing activities must operate as a distinct and adequately resourced line of business, supported by governance arrangements, systems, controls and key personnel.

Principal Officer and Compliance Officer

- Every TCSP must appoint a principal officer and compliance officer in accordance with the principal regulations.
- Both must be based out of the IFSC and must be full-time employees of the TCSP. They must hold a professional or post-graduate qualification in finance, law, commerce or a related field. In addition, the principal officer must have at least five years of post-qualification experience in financial services activity.
- A compliance officer appointed under any other applicable law or regulations may be redesignated as the compliance officer for TCSP business, provided the minimum requirements are met.

Eligible Service Recipients

- A TCSP may provide services to a service recipient that is a non-resident and from a jurisdiction not identified by FATF as a high-risk jurisdiction subject to call for action.
- The amendment, however, contains an important carve-out for IFSC special purpose vehicles. A TCSP may provide services listed in the Fifth Schedule to an SPV in the IFSC where the SPV is the primary service recipient, even if the services are undertaken at the request of, or for the benefit of, a person resident in India.
- An Indian resident who sponsors, originates or finances an IFSC SPV will not be treated as the TCSP's service recipient merely because of that association. The TCSP's contractual and fiduciary obligations remain owed only to the IFSC SPV under the relevant service agreements. This gives transaction parties a workable route for Indian-originated leasing structures while preserving the regulatory position that the TCSP's client is the IFSC vehicle.

Reporting, Indemnity and Conflict Management

- TCSPs must furnish operational information to IFSCA in the manner, interval and form specified by IFSCA.
- Any financial reporting to IFSCA must be in US dollars unless IFSCA specifies otherwise.
- Every TCSP must maintain professional indemnity insurance commensurate with the scale and risk profile of its business.
- TCSPs must also identify and, wherever appropriate, disclose conflicts of interest arising in the course of business and maintain a documented conflict management policy.

Action in Case of Default

- A TCSP that contravenes the TAS Regulations, or any guidelines, circulars or directions issued under them, may face enforcement action under the IFSCA Act, 2019, including suspension or cancellation of registration.
- No such enforcement action may be taken without giving the TCSP a reasonable opportunity of being heard by way of written submissions.

Way forward

Existing and proposed TechFin and Ancillary Service Providers should assess whether their service model falls within the TCSP framework, obtain separate approval where required, and build a ring-fenced TCSP compliance architecture. Lessors, financiers and sponsors using IFSC SPVs should also diligence the TCSP's registration status and service agreements, because the quality of SPV administration will become a key execution and supervisory risk in IFSC leasing transactions.

IV. GUIDANCE

H. GUIDANCE ON AVAILING VOICE BROKING SERVICES BY IBUS FROM TECHFIN AND ANCILLARY SERVICE PROVIDERS REGISTERED WITH IFSCA.

Background

IFSC Banking Units (**IBUs**) undertake permissible transactions through an Electronic Trading Platform (**ETP**) and by using services of voice brokers. While the IFSCA Banking Handbook already permits the use of voice broking in this context, the regulatory framework has now evolved to clarify how such services can be availed within the broader IFSCA-regulated ecosystem.

What the Guidance Provides

Through its Guidance dated 20 May 2026, IFSCA clarifies that the existing IBU conduct framework is to be read in conjunction with the IFSCA (TechFin and Ancillary Services) Regulations, 2025. In effect:

- IFSCA reiterates that Module 5 of the IFSCA Banking Handbook: Conduct of Business Directions v 6.0 permits IBUs to avail of voice broker services, subject to the conditions specified in that Module.
- It notes that a voice broker is an entity, whether located inside or outside IFSC, that brings together buyers and sellers of a financial asset for the purpose of executing a transaction in that financial asset.
- The Guidance links this with the TAS Regulations 2025, which permits a registered TechFin and Ancillary Service Provider to provide voice broking services under the First Schedule.
- IBUs may accordingly avail voice broking services from entities registered as TechFin and Ancillary Service Providers with IFSCA, provided such entities offer the service of voice broking and the other Module 5 conditions are satisfied.

Analysis & Comments

- The Guidance improves regulatory certainty at the intersection of banking activity and ancillary market services by clarifying that IBUs can engage IFSCA-registered TAS Providers for voice broking, thereby removing ambiguity around the use of IFSC-regulated entities
- This signals a broader shift towards building market infrastructure within GIFT-IFSC by encouraging reliance on onshore, regulated service providers instead of offshore or external brokerage channels, improving supervisory visibility and conduct oversight.

Way forward

IBUs should update their broker and service-provider engagement frameworks to expressly cover IFSCA-registered TAS Providers offering voice broking services as per module 5 requirements.

V. PRESS RELEASES – INSTITUTIONAL AND MILSTONE ANNOUNCEMENTS

I. IFSCA CORPORATE TREASURY CONFERENCE

IFSCA's two-day Corporate Treasury Conference placed GIFT-IFSC within the wider shift from 'onshoring the offshore' to becoming India's gateway to global capital. The discussion was not limited to regulatory availability; it moved into practical treasury architecture such as cash concentration across borders, adoption of virtual accounts, treasury centralization, optimization of operations through IFSC structures, payments technology, AI-enabled automation and the Foreign Currency Settlement System. GIFT-IFSC is being positioned as a location where corporates can centralize treasury, liquidity and risk management functions with foreign-currency flexibility and a supportive tax and regulatory ecosystem.

J. INDIA AIRCRAFT LEASING & FINANCING SUMMIT 2.0

The aircraft leasing summit reinforced aviation finance as one of GIFT-IFSC's most visible sectoral opportunities. With policymakers, lessors, airlines, financiers and service providers in the same room, the focus has shifted to execution: aircraft leasing through IFSC platforms, SPV and trust structures, tax certainty, single-window facilitation and wider institutional participation. The key announcements indicate that GIFT-IFSC is no longer only a reform story; it is beginning to show a measurable transaction pipeline.

Key Announcements:

- Air India (AI Fleet) plans to expand its IFSC-leased fleet in FY 2027 by way of USD 2.5 to USD 3 billion.
- IndiGo targets fleet growth from 75 to 150 aircraft by March 2027 by way of a USD 3.5 to USD 4 billion investment.
- Star Air to set up an IFSC leasing entity that plans to lease 6 to 8 additional aircraft in FY 2027.
- Akasa Air established an IFSC leasing arm, which aims to lease up to 60 aircraft over 5 years.
- Vistra will support lessors via SPV structuring for aircraft leasing in IFSC.
- KPMG, in collaboration with MoCA & FICCI, will release a report on scaling India's aircraft leasing ecosystem.

K. AUTHORITY APPROVES DRAFT IFSCA (MANAGING GENERAL AGENTS) REGULATIONS, 2026

The approval of the draft Managing General Agents (**MGA**) Regulations marks an important step in widening IFSC's insurance architecture. MGAs can become a bridge between foreign insurers and IFSC-based insurance opportunities by operating under delegated authority for underwriting direct insurance business or settlement of claims. The policy direction is to deepen insurance intermediation without diluting policyholder protection. The notification related to IFSCA (MGA) Regulations, 2026, will be released soon.

L. IFSCA ISSUES MASTER CIRCULAR FOR BROKER DEALERS AND CLEARING MEMBERS

The Master Circular converts a dispersed set of circulars and requirements into a single operating reference for Broker Dealers and Clearing Members. This has been covered in detail in point number 2.3

M. SECRETARY, DEPARTMENT OF COMMERCE, GOVERNMENT OF INDIA, VISITS THE IFSCA HEADQUARTERS AT GIFT CITY

The visit of the Commerce Secretary to IFSCA highlights the increasing policy linkage between GIFT-IFSC and India's international trade and commerce agenda. Discussions covered global capital flows, trade financing, cross-border financial services, SEZ-related enhancements, leasing, metals and commodities, and stakeholder issues across banks, bullion, leasing, FMEs, ITFS platforms, factoring and trade-finance participants. This positions IFSC as both a financial gateway and a trade-enablement platform.

N. ACCESS TO E-KYC SETU PLATFORM EXTENDED TO RES IN GIFT IFSC

The National Payments Corporation of India (**NPCI**) has developed an e-KYC Setu system that enables Aadhaar-based digital verification. Access has now been extended to all regulated entities in GIFT-IFSC, allowing faster client onboarding through a single interface while reducing operational burden and eliminating the need to store sensitive Aadhaar data.

VI. THOUGHT LEADERSHIP PIECE

O. BUILDING THE BACKBONE OF LEASING: SPVS, TCSPS AND THE GIFT-IFSC SHIFT

Growth of Leasing and Gaps in the Earlier Framework

The International Air Transport Association (**IATA**) has noted that leased aircraft increased from about 10% of the global fleet in the 1970s to 58% by the end of 2023[1]. In India, the Directorate General of Civil Aviation (**DGCA**) had granted in-principle approval to Air India Limited and InterGlobe Aviation Limited (IndiGo) for import of 470 and 500 aircrafts, respectively, over 2023-2035[2]. Similarly, on the maritime side, around 95% of India's trade by volume is moved through Maritime Transport[3] and yet, Indian shipowners own less than 1% of global fleet value and rank 22nd worldwide[4]. Leasing has become central to both aviation and maritime sectors. These figures highlight the need for capital-intensive leasing and financing structures.

Globally, asset finance relies on Special Purpose Vehicle (**SPV**), professional management, and predictable enforcement. In sectors like aviation and shipping, assets are expensive, mobile, and heavily financed. Due to this, traditional balance sheet lending is often not suitable. Instead, each asset (or a pool of assets) is held within an SPV, separating it from the operator's overall risks, making the financing simpler and focused.

An SPV is a standalone company set up to own or finance specific asset. It contains the risks and cash flows within that structure, allowing lenders to act directly on that asset in case of default. At the same time, lessors have the flexibility to refinance or sell the asset, without affecting the assets housed under separate SPVs.

However, an SPV on its own is just a legal wrapper and for it to function effectively, administrative and compliance support is essential. This is where professional service providers, such as Trust and Company Service Provider (**TCSP**) come in. The TCSP provides the structure, oversight, and credibility needed to make the SPV work smoothly.

While GIFT-IFSC had already enabled aircraft and ship leasing with a supportive tax and regulatory regime, the key elements of owning the assets through an SPV, financing and administration remained offshore. The key challenge for GIFT-IFSC was not awareness of this model, but whether it could be implemented within India's regulatory framework with sufficient clarity on ownership, financing, governance, and operations. This matters because India's leasing potential depends more on how efficiently transactions are executed than on demand.

As a result, the much of the value stayed outside India. To compete with the global leasing hubs, GIFT-IFSC needed two essentials: ring-fenced asset vehicles and regulated professional administration.

Expansion of leasing framework: Structural Shift

The IFSCA (Finance Company) (Amendment) Regulations, 2026 addresses the structuring need by formally recognizing SPVs within the finance company framework. The amended Finance Company framework[5] defines SPVs as a Finance Company incorporated or administered, or both, by a TCSP in the manner specified by IFSCA, for undertaking permissible activities (leasing or financing activity undertaken by an SPV, as permitted by the Authority). Additionally, IFSCA has lowered capital requirements, allowing SPVs to maintain capital equivalent to the Companies Act, 2013, or any amount it may prescribe, instead of the higher thresholds applicable to finance companies. This is a substantive change as it gives a clear regulatory basis for transaction-specific SPVs in aircraft and ship leasing or financing.

With the IFSC leasing ecosystem now moving towards transaction-specific SPV structures, supporting corporate administration layer has become equally important. Pursuant to this the IFSCA (TechFin and Ancillary Services) Regulations, 2026 inserts a dedicated Chapter VA for Trust and Company Services Providers (**TCSPs**). The regulations[6] introduces the TCSP regime under which licensed providers can set up and manage these SPVs, handle administration, and ensure

[1] Air Passenger Market Analysis
[2] DGCA gave in-principle approval to AI & Indigo to import aircrafts
[3] Shipping | Ministry of Ports,Shipping and Waterways
[4] Review of maritime transport 2025: Staying the course in turbulent waters
[5] IFSCA (Finance Company) (Amendment) Regulations
[6] IFSCA (Techfin and Ancillary Services) (Amendment) Regulations

compliance. For a leasing market, this is not mere secretarial support. It is the control layer that gives comfort that the SPV will remain properly administered, compliant and separate from unrelated risks.

The amendments also clarify that TCSPs serve the SPV incorporated in IFSC as the primary client, even if an Indian resident initiates or benefits from the arrangement. Accordingly, the Indian sponsors or financiers are not treated as TCSP clients merely by association, preserving the SPV's regulatory status while enabling seamless use in Indian-originated transactions.

The May 2026 amendments address this gap. The two amendments therefore work together whereby, the SPV provides the ring-fence for default risk and the TCSP provides the operating discipline around that ring-fence. Globally, this combination is the basic architecture of asset finance. The GIFT-IFSC framework now gives that architecture an Indian regulatory home.

In simple terms, each aircraft and vessels can now be owned through dedicated SPVs within GIFT-IFSC and run by regulated professionals, bringing the transaction structure closer to global leasing hubs.

With the introduction of these amendments and the India Aircraft Leasing and Financing summit at GIFT City[7], early signs of market interest are already visible. Akasa Air plans to set up a leasing entity at GIFT-IFSC, targeting around 60 aircrafts over 5 years, while Star Air announced its own vehicle for regional fleet expansion. Also, Vistra, one of the world's largest trust and company services firms, announced that it would operate as a licensed TCSP, supporting the set up and management of SPVs, in GIFT-IFSC.

Vistra's entry highlights growing confidence that GIFT-IFSC now has the infrastructure to structure, manage, and govern leasing transactions at global standards. These are early moves, but they test the framework in the areas that matter: asset ownership, fleet financing, professional administration, and market confidence.

The Road Ahead

That said, regulation is only the starting point. GIFT-IFSC is gradually moving towards becoming a global leasing hub aligning itself with international practices such as ring-fenced structures, regulated administration, and clear processes. For India, this marks a shift from simply using leased assets to building an ecosystem that owns, finances, and manages them.

If implementation is consistent and market adoption follows, India can retain more of the value generated by its aviation and maritime growth, and position GIFT-IFSC as a strong alternative to global leasing hubs.

We hope you have found this information useful. For any queries/clarifications, please write to elpinsights@elp-in.com or write to our authors:

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