



PRESS RELEASE

IFSCA Authority Meeting

The 24th meeting of the IFSCA Authority (Authority) was held on June 24, 2025. The Authority, *inter alia*, approved the following:

1) Framework for Transition Bonds

In recent years, ESG labelled debt securities (Green, Social, Sustainability and Sustainability-linked) have seen substantial growth globally and at GIFT IFSC. While ESG-labelled debt securities have played a key role in mobilizing climate finance, it is generally seen that their application is often limited to sectors/projects that are at near/net zero. Transition finance provides a structured pathway for hard-to-abate industries to reduce their emissions progressively.

2. The Authority in its meeting today approved issuance of a circular towards the framework for issuance and listing of Transitions Bonds under the IFSCA (Listing) Regulations, 2024. The “Framework for Transition Bonds” was prepared based on the recommendations of the Expert Committee on Climate Finance set up by the IFSCA, comments made by the public in response to a consultation paper, further analysis of the global development on the subject, and keeping in mind the needs of developing countries such as India.

3. The important pillars of the “Framework for Transition Bonds” are as under:

- i. A credible transition plan at the entity level
- ii. Alignment with globally recognized taxonomies / technology roadmaps
- iii. Mechanism for Independent External Review
- iv. Disclosure Requirements (Initial & Annual)

4. The said framework will enable the issuers, specifically from hard-to-abate sectors, to raise capital and list their securities at GIFT IFSC, while committing to a credible transition plan and making enhanced disclosures to ensure the interests of the investors are protected.

2) Third-Party Fund Management Services

The Authority has approved a proposal to enable the Third-Party Fund Management Services in IFSC (popularly known as “platform play”) by carrying out certain amendments to the IFSCA (Fund Management) Regulations, 2025.

2. The amendments will allow Registered Fund Management Entities (FMEs) in IFSC to launch and manage Restricted Schemes on behalf of overseas or domestic third-party fund managers who are not required to establish physical presence in IFSC.

3. The Third-Party Fund Management Services model is aimed at enhancing the competitiveness of IFSC by providing a cost-efficient, operationally scalable and globally aligned platform for international asset managers. The enablement of the Third-Party Fund Management Services is also a testimony to the IFSCA’s commitment to foster innovation by nurturing the new and emerging fund managers to offer their services to a global audience in a cost-efficient and regulated manner.

4. The framework incorporates a number of safeguards to ensure regulatory oversight and investor protection, including:

- i. Mandatory authorisation of the FME offering Third-Party Fund Management Services
- ii. Additional net worth requirement of USD 500,000 for FMEs offering Third-Party Fund Management Services
- iii. Dedicated Principal Officer for each scheme set up the Third-Party Fund Management Services to ensure adequate governance and accountability
- iv. Clearly defined eligibility criteria for third-party fund managers
- v. Strong risk management, requirement of internal audit and disclosure obligations
- vi. Full liability and supervisory responsibility resting with the IFSC-based FME

- vii. Adequate oversight of the fiduciaries
- viii. Restriction of corpus under such arrangement to USD 50 Mn per scheme

Aligned with global best practices, this model is expected to attract international fund managers and further deepen the fund management ecosystem within GIFT IFSC.

3) IFSCA (TechFin and Ancillary Services) Regulations, 2025

The International Financial Services Centres Authority (IFSCA) has approved the IFSCA (TechFin and Ancillary Services) Regulations, 2025, marking a pivotal step in establishing a unified regulatory framework under section 3(1)(e)(xii) of IFSCA Act, 2019 for making arrangements by providing TechFin and Ancillary services to institutions, which are engaged in carrying on any of the financial services stipulated under sub-clause (i) to (xi) of clause (e) of sub-section (1) of Section 3 of IFSCA Act, 2019.

- 2) The new regulations aim to promote innovation, operational efficiency, and regulatory clarity for entities that support the delivery of financial services in GIFT-IFSC and beyond. These regulations consolidate and replace the existing frameworks issued via circulars dated February 10, 2021 and April 27, 2022, with a transition period of up to 24 months for existing service providers to obtain formal registration under the new framework.
- 3) The framework outlines a clear registration process through the Single Window IT System (SWIT), and mandates entities to meet “fit and proper” criteria, designate a Principal Officer and Compliance Officer, and adhere to a prescribed Code of Conduct.
- 4) With a detailed list of permitted services categorized under Ancillary Services in Schedule-I and TechFin Services in Schedule-II, the regulations enable a wide range of functions such as fund administration, auditing, risk management, cybersecurity, regulatory technology, digital banking support, and artificial intelligence-based solutions. Foreign entities are also permitted to establish a presence in GIFT-IFSC, provided they are not from jurisdictions identified by the Financial Action Task Force (FATF) as high-risk.
- 5) These regulations are expected to further strengthen India’s strong presence in the Global Capability Centres, making effective use of India’s skilled and technology-capable manpower. The regulations are expected to play a transformative role in

making GIFT-IFSC a global financial capability hub, creating high-value employment opportunities, and attracting specialized service providers. They also facilitate a structured approach for governing outsourced activities of financial institutions, improve transparency, and support investor confidence.

- 6) The regulations will come into effect upon publication in the Official Gazette and will be supported by a dedicated online portal, Single Window IT System (SWIT), for registration and ongoing compliance.

4) IFSCA (Regulation making Regulations and Subsidiary instructions) Regulations, 2025

IFSCA had adopted the stakeholder engagement through public consultation and the same has been hardcoded in the earlier notified IFSCA (Procedure for Making Regulations) Regulations, 2021 (PMR Regulations, 2021).

2. The afore mentioned regulations laid down the principles and process for public consultation and regulatory making. The PMR Regulations, 2021 were a step towards adopting the best global practices and encouraging a participative approach to regulation-making.

3. It is also pertinent to note that, in the Budget Speech 2023–24 of the Hon’ble Finance Minister, stated that:

“To meet the needs of Amrit Kaal and to facilitate optimum regulation in the financial sector, public consultation, as necessary and feasible, will be brought to the process of regulation-making and issuing subsidiary directions.”

4. Pursuant to the budget announcement and with a view to further institutionalize a participative framework for stakeholder consultation, particularly in relation to subsidiary instruments *inter-alia* in the nature of circulars and guidelines, a review of the PMR Regulations, 2021 was necessitated.

5. Based on the regulatory and operational experience gained, the Authority has undertaken a review of the PMR Regulations, 2021. This review highlighted the need for comprehensive and updated regulations that:

- a) expands the scope of public consultation to include both regulations and subsidiary instructions which are in the nature of substantive policy matters;
- b) provides for structured procedures on public consultation and exploring additional avenues of stakeholder engagement; and
- c) provides exemptions for those situations requiring urgent interventions and other

incidental matters.

5) IFSCA's induction as the Governing Member of International Organisation of Pension Supervisors (IOPS).

The Executive Committee of IOPS in its meeting held on February 17, 2025, in San Jose, Costa Rica granted IFSCA 'Governing Membership' in IOPS.

The notifications relating to items 1 to 4 will be released in due course on www.ifsc.gov.in

June 24, 2025

Gift City, Gandhinagar