

## Public Comments on Draft IFSCA (TechFin and Ancillary Services) Regulations, 2025.

The consultation paper seeking comments/suggestions from the public on the IFSCA (TechFin and Ancillary Services) Regulations, 2025 was issued by IFSCA on May 9, 2025. The General public, market participants and stakeholders are requested to forward their comments / suggestions latest by 1<sup>st</sup> June, 2025. The following comments/suggestions were received:

Sr. No.	Submitted by	Regulation	Comment / Suggestion	Rationale	Global Benchmark
	Reesecure	Schedule ii	Include "Smart contract-powered insurance infrastructure" and "AI-based underwriting tools" as recognized TechFin services.	Reesecure operates programmable vaults and AI triage for climate-triggered risk — critical for regulated ecosystems.	Bermuda ILS, MAS Sandbox Plus
2	Reesecure	10	Permit INR in smart contracts for domestic risk pricing and payouts, while maintaining FX settlement for cross-border reinsurers.	Required to meet IRDAI obligations under premium localization for Indian insureds, while supporting international investment via IFSC.	RBI-IRDAI-IFSCA coordination on digital insurance vaults
3	Reesecure	New Clause	Permit API-based integration with licensed brokers, reinsurers, custodians, and fund managers under audited workflows.	Reesecure's infrastructure serves as a TechFin layer — APIs enable compliant scaling across multiple stakeholders.	FCA's RegTech Sandbox, NAIC US broker ecosystems
4	Reesecure	Schedule ii	Explicitly include "climate-linked ancillary services" such as actuarial pricing engines, oracle feeds, and IoT-based risk analytics.	Ensures non-insurance vendors can serve the insurance ecosystem without requiring broker or insurer licenses.	ASIC (Australia), BaFin (Germany)
5	Reesecure	New Clause	Clarify eligibility of structured climate-linked instruments like ETRBs under TechFin scope and escrow logic.	Supports development of regulated tokenized insurance and risk products for domestic and global markets.	MAS Project Guardian, Swiss Re CAT bond index
6	Reesecure	New Clause	Offer programmable insurance tokenization as a sandbox track; Reesecure can pilot cross-border reinsurance and settlement logic.	Enables iterative compliance while promoting innovation in parametric and tokenized risk transfer tools.	MAS Sandbox Express, IRDAI Sandbox Cohort 3

7	IQ EQ	4	<p>We humbly submit that existing entities shall get an auto-transition into the new regulation without being subjected to additional registration process or fee</p>	<p>The existing entities have already submitted the requisite details and documents at the time of application.</p> <ul style="list-style-type: none"> <li>• These entities have also been submitting periodical reports and compliance declarations to the Authority.</li> <li>• There is no change with respect to the regulatory authority.</li> <li>• From the perspective of ease of doing business, a fresh certificate of registration shall be issued to existing Ancillary services providers under the proposed regulations, mentioning the permissible activities</li> </ul>	
8	IQ EQ	8	<p>Given that Ancillary service providers already have a principal officer and a designated director as per IFSCA AML KYC Guidelines, we suggest to exempt Ancillary service providers from appointment of PO and CO in the proposed regulation.</p>	<p>The Ancillary service providers are generally private limited companies and also governed by the provisions of Companies Act 2013. These companies do not accept any public deposit and hence do not warrant the need to appoint a Compliance Officer to protect the fiduciary responsibility.</p> <ul style="list-style-type: none"> <li>• The clientele of Ancillary services providers are usually regulated entities in GIFT IFSC or other jurisdictions.</li> <li>• Ancillary service providers generally provide post-facto services i.e., they are responsible to keep a record of transactions already executed by their clients and not execute any transaction per-se.</li> </ul>	
9	IQ EQ	New Clause	<p>Our view is that the proposed regulation shall bifurcate the regulatory and compliance requirements for Ancillary Service providers and Techfin Service providers or provide exemptions to Ancillary service providers.</p>	<p>The nature of services provided by Techfin entities and Ancillary services providers are very distinct from one another, hence these must be treated differently from a regulatory and compliance perspective</p>	

10	IQ EQ	New Clause	We request to restrict imposition of an additional cost on the ancillary service providers	The entities in GIFT IFSC are not mandated to appoint a GIFT IFSC based ancillary service provider for their business requirements. • The Authority has not mandated on outsourcing many functions by entities in GIFT IFSC. • Hence, without an increase in opportunities, introduction of additional cost can be detrimental to existing businesses of Ancillary service providers.	
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11	Teak Jasmine	8	<p>Exemption for appointment of Principal Officer in case of captive Trustee Company ('Trustee') set-up by Sovereign Wealth Funds ('SWFs').</p>	<p>The proposed regulation requires appointment of a Principal Officer, who shall be responsible for the Trustee's overall activities in IFSC. Further, the regulation also requires appointment of a Compliance Officer, who shall be responsible for reporting to the Board of Directors or Chief Compliance Officer of the organisation, as the case may be. The Compliance Officer is also responsible for compliance with policies, procedures, maintenance of records and the implementation of the requirements specified under these regulations and other applicable laws in force.</p> <p>SWFs looking at setting up captive Trustee in IFSC would typically intend for these entities to provide trusteeship services to fund set up in IFSC where the SWF is the sole contributor and would not be involved in providing trusteeship services to trusts holding third party funds. Thus, the activities of such Trustee would be captive in nature.</p> <p>Given the limited business activity of the captive Trustee, the appointment of a Compliance Officer alone should be adequate to ensure regulatory and other compliances.</p> <p>The Principal Officer of the captive Fund Management Entity ('FME') set up by the SWF along with the board of directors of the Trustee can undertake and oversee the investment-related decisions and overall activities in GIFT IFSC.</p> <p>Further, given the captive nature of activities to be performed by both the FME and Trustee, there may be overlap between the work to be performed by the Principal Officer of the captive FME and the employee of the Trustee.</p> <p>Further, since the intention of IFSCA is to bring / maintain IFSC platform at par with other offshore fund</p>	
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			<p>jurisdictions and international financial centres, it is worthwhile to note that captive trustee companies set up by SWFs in such other jurisdictions (e.g. Abu Dhabi Global Market, Cayman Islands) do not contemplate any conditions for having a minimum of two employees at the trustee company level especially in a captive structure which are ultimately held by SWFs and where the said entities provide trusteeship services to funds where such SWF is the sole contributor.</p> <p>In view of the above, we request that the condition for appointment of Principal Officer be waived for Trustees which are ultimately held by SWFs and are managing funds in GIFT IFSC in which SWF is the sole contributor. In such cases, the appointment of a Compliance Officer should be considered sufficient to meet the regulatory intent. Alternatively, the role of Principal Officer of Trustee may be performed or overseen by the Principal Officer of another IFSCA registered entity of the SWFs, such as the FME in this case.</p>	
12	Ohm	4	<p>For the existing Service providers, do not run a re – registration process. Automatic registration to be granted</p>	<p>Already regulated by IFSCA and hence makes it easier to transition</p>

13	Ohm	8	Why do TAS entity need compliance officer?	They are service providers and hence no need for compliance officers for such entities	<p>Administrators are not regulated by MAS in Singapore.</p> <p>Dovetail has just started its Administration operations in SG without any regulatory approval and / or requirement of PO and CO.</p> <p>Admin in other financial centres do not need CO.</p>
14	Ohm	Schedule -i	Please elaborate what all is included in advisory services. Left very broad	Can fund advisory be undertaken here? I believe that is not the intention here.	
15	Ohm	Schedule -i	<p>Ability to offer outsourced compliance services / corporate compliance services.</p> <p>Compliance officer to be based out of GIFT IFSC</p>	<p>Currently there is a dearth of compliance officers at GIFT IFSC. With these solutions more entities can go live quickly.</p> <p>Entity and compliance officer (CO) specializing in certain areas can bring in competence and deep understanding of the subject matter. For example, a CO which understand IFSCA regulations might not understand the fund raise compliances globally</p> <p>This can also be a time bound activity and can be reviewed after maybe 3 years</p>	<p>DIFC allows outsourcing of compliance officer.</p> <p>They have restricted one compliance officer to offer these services to 5 entities.</p>
16	Ohm	Schedule -iii	'Not to undertake financial transactions on behalf of its clients'. – typically, a maker right is offered in the bank accounts to the administrator	Admins offer maker and signatory services to the bank accounts.	

17	Apex	3	Intermediaries' are defined under Section 3(1)(v). However, Section 9 may requires the explicit inclusion of 'Intermediaries' as Service Recipients.	We believe the intent is to encompass intermediaries, and defining them within Section 9 would help eliminate ambiguity	
18	Apex	Schedule -i	There is a list of 25 services, and a group like Apex is expected to provide 5–10 of these services now or in the future. Is there a possibility of bundling them into a single fee/ registration rather than charging for each service individually?	Suggested Slabs with bundled fee model 0-5 Services 5-10 Services 10-15 Services 15-25 Services	This will have ease of doing the business

19	Apex	Schedule -i	In the First Schedule you have mentioned under section (xix) Ship Leasing activities, please add Aircraft Leasing as service as well .	Adding Aircraft Leasing	
20	Apex	Schedule -i	Point (ix) defines 'Fund Administration Services, including Fund Accounting.' We suggest, Accounting for SPV and Lease Accounting for Aircraft/Ship to be included in section (ix).	Clarification	
21	Globe op	5	Application for Registration - Regulation calls for re-registration; however, it would be prudent to include a provision for the automatic transition of any existing regulated ancillary business licenses to the new framework. Also, The draft regulations do not clearly outline the proposed fee structure. It would be helpful to understand how existing fees will be treated in relation to re-registration fees under the new framework.	Requiring all existing entities to re-register without an automatic transition mechanism could lead to operational disruptions and uncertainty, especially for businesses that are already in compliance under the current framework. Including a provision for automatic migration or a simplified transition pathway would promote regulatory certainty and reduce unnecessary administrative overhead. Moreover, clarity on the fee structure - Transparent and advance communication of any financial implications will help stakeholders prepare adequately and ensure a smooth transition to the revised regulatory regime.	



22	Globe Ops	8	<p>Appointment of principal officer and compliance officer- The description of the Principal and Compliance Officer's responsibilities appears to be insufficiently detailed. We would expect a clearer and more comprehensive outline of these duties. Specifically, it would be helpful to clarify whether the responsibilities include annual, quarterly, or ongoing obligations, and to identify the key policies and procedures that the IFSCA expects us to have in place. Providing this clarity would ensure better alignment with regulatory expectations.</p>	<p>All current employees at the location possess the necessary qualifications and relevant experience to effectively carry out the business requirement activities. As such, Imposing strict requirements for a particular formal qualification may not be necessary.</p>	
23	Globe Ops	9	<p>Eligibility Criteria for Service Recipients- As per our understanding on the eligibility criteria for service recipients includes any Group entities servicing BFSI entities outside India is also included. Request you to highlight the same on the draft under section " 9. Eligibility Criteria for Service Recipients"</p>	<p>A clear and explicit reference within the circular would enhance clarity and assist in more effectively strategizing our business operations.</p>	

24	Globe ops	12	<p>Power to relax strict enforcement of the regulations - We seek further clarity on the proposed relaxation of enforcement provisions. Specifically:</p> <ol style="list-style-type: none"> <li>1. Scope of Relaxation: What is the intended scope of the enforcement relaxation being proposed?</li> <li>2. Eligibility Requirements: What criteria or supporting information would an applicant need to provide in order to be considered for such a relaxation?</li> <li>3. Procedure and Communication: Where will the applicable fee, if any, and the contact details for notifying or applying to the relevant authority be specified? Will these be included in the regulations or communicated separately?</li> </ol>	<p>Clear guidance on the above points would be helpful in understanding the practical implications and application process for such relaxations.</p>	
25	Globe ops	15	<p>Payment of fees - clarity is requested on the nature of any new or additional fees being introduced. Will prior notice be provided for such fees, and through what mechanism will stakeholders be informed of their applicability and due dates?</p>	<p>A clear understanding of the fee structure is essential for accurate financial planning and compliance. Uncertainty around potential additional fees, their timelines, and communication mechanisms can lead to operational and budgeting challenges. Transparent disclosure will ensure predictability, facilitate effective cost management, and help stakeholders plan their transition to the new regulatory regime in a timely and efficient manner.</p>	

26	Globe ops	16	Action in case of default - In relation to enforcement actions in the event of default, the draft primarily refers to suspension or cancellation of registration. We request clarification on whether any other forms of enforcement actions are envisaged under the proposed framework.	Understanding the full spectrum of potential enforcement actions is important for assessing compliance risks and establishing appropriate internal controls. Greater clarity will enable entities to better align their governance and risk management frameworks with regulatory expectations.	
27	Globe ops	17	Power to inspect- The provision granting the power to inspect should ideally be subject to prior notice and triggered only under defined circumstances. It is concerning that the authority to initiate inspections rests solely with the Chairperson, without a clearly outlined list of scenarios or thresholds that would warrant such action.	To ensure transparency, fairness, and accountability, regulatory inspections should be conducted based on predefined and objective criteria. The absence of such criteria may lead to uncertainty or the perception of discretionary enforcement. Requiring prior notice and setting out specific grounds for inspection would provide greater regulatory clarity and allow entities to maintain readiness without undue operational disruption.	

28	GIFT CO.	2	The term 'making arrangements for carrying on any of the financial services' is not defined/ elaborated and does not seem to address the core intention.	Its essential to provide an objective criteria on what will constitute as 'making arrangements for carrying on any of the financial services' in order to avoid any ambiguity in the future.	
29	GIFT CO.	3		There is no reference of group entities and intermediaries in the entire TAS Regulations, 2025. Accordingly, IFSCA may provide the references at relevant places, or these definitions may be removed	

30	GIFT CO.	4	<p>The TAS Regulations, while aiming for simplification, introduce significant ambiguity regarding the treatment of TechFin entities, particularly concerning sandbox provisions and the distinction between FinTech and TechFin. The TAS Regulations should explicitly address these points to ensure clarity and avoid potential confusion and regulatory overlap. The rationale for consolidation must be strengthened, demonstrating the specific benefits for both TechFin and Ancillary Services and justifying the modification of the existing FinTech framework.</p>	<p>The existing FinTech Framework includes provisions for sandbox registration, allowing TechFin entities to test innovative solutions in a controlled environment. The TAS Regulations does not mention sandbox provisions. It's unclear whether these will be incorporated into the new regulations, if sandboxed TechFin entities will remain under the existing framework, or if the sandbox mechanism is being discontinued altogether. This needs explicit clarification.</p>	
31	GIFT CO.	5	<p>We suggest the TAS Regulations should revise this provision to explicitly provide an opportunity for applicants to complete their applications before rejection is considered.</p>	<p>Minor omissions or errors should not automatically lead to rejection without giving a chance to correct them. This aligns with the principles of natural justice, ensuring fairness and providing a reasonable opportunity to be heard</p>	

32	GIFT CO.	9	<p>The scope of service recipients under the TAS Regulations, should be broadened. Currently, Regulation 9 limits recipients to entities in GIFT-IFSC, BFSI entities outside India supporting IFSC financial services, and Indian entities setting up GIFT IFSC offices. This is inconsistent with both the IFSCA's stated objective of making GIFT City a global financial hub and previous IFSCA circulars for ancillary service provider. Moreover, the service recipient for the TechFin entities and ancillary service providers are distinct in nature. Further, a TechFin entity currently provides services to BFSI sector clients located outside India. However, for ancillary service providers, the proposed client base may also include entities within India that are exploring opportunities in the IFSC to avail permitted services, among others. Accordingly, the list of service recipients should be revised. Additionally, as per the IFSCA circular dated June 10, 2021, the scope of service recipients was expanded to include 'entities from foreign jurisdictions for various permissible ancillary services in the IFSCs in India or overseas'. Furthermore, Clause E(iii) of the IFSCA Framework for enabling Ancillary Services at IFSCs allows service providers to offer</p>	<p>Indian entities seeking to establish or operate within IFSCs or foreign jurisdictions, with consideration received in specified currencies, should have access to comprehensive legal support, including advisory, dispute resolution, arbitration, and mediation services. This recommendation is based on the increasing number of Indian entities seeking guidance on the GIFT IFSC regime, particularly in light of recent changes to FPI regulations for NRIs, the LRS regime, and other advisories concerning ODI norms and direct listing. Therefore, IFSCA is urged to amend its regulations to explicitly allow GIFT IFSC ancillary service providers to offer advisory services to Indian entities regarding all aspects of the GIFT IFSC regulatory regime, not just those limited to operational setup. Example 1: Indian FinTech Startup Seeking Legal Advisory Prior to IFSC Entry Scenario: A Bengaluru-based Legal advisory firm provides legal and regulatory consulting to Indian startups and VC-backed FinTech companies. One such client—a FinTech startup operating in cross-border payments—is exploring the possibility of setting up an Alternative Investment Fund (AIF) and an international treasury unit in GIFT IFSC. Business Need: Before committing to establish a presence in GIFT IFSC, the startup requires: 1. Guidance on the appropriate legal structure within the IFSC framework (e.g., LLP vs Company vs Branch), 2. FDI and FEMA compliance advisory (in view of recent ODI and LRS regulatory changes), 3. Evaluation of tax implications under Indian and IFSC tax regimes, and 4. Legal opinion on dispute resolution mechanisms, including arbitration options available within GIFT IFSC. Regulatory Gap: Under current Regulation 9 of the IFSCA (TAS) Regulations, the startup is not considered an eligible service recipient unless it has already begun the process of establishing its office in the IFSC. However, this advice is a prerequisite for making such a decision. Justification for Change: This example highlights the</p>	
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33	GIFT CO.	11	<p>The Regulation 11 should be enhanced to mandate more specific reporting to the IFSCA, including prescribed timelines.</p>	<p>This enhanced reporting should encompass the following:</p> <ul style="list-style-type: none"> <li>(i) the submission of audited annual financial statements, with the required format, a deadline for submission (e.g., within six months of the financial year-end), and the specified currency (e.g., USD);</li> <li>(ii) prompt reporting of any material regulatory actions taken against the registered entity by any regulatory authority, detailing the nature of the action, the authority involved, any penalties imposed, and requiring reporting within a specific timeframe (e.g., within 15 days of the action); and</li> <li>(iii) notification of changes in key personnel, including the principal officer, compliance officer, directors/partners/designated partners, and controlling shareholders. This personnel change notification should detail the specific change and require submission within a defined timeframe (e.g., within 30 days of the change) to facilitate IFSCA's maintenance of accurate records and support ongoing fit and proper assessments.</li> </ul> <p>Thus, the more detailed and time-bound reporting requirements will significantly enhance the IFSCA's ability to supervise, assess, and respond to developments within the IFSC. This, in turn, supports the IFSCA's mandate to maintain a robust, transparent, and trustworthy financial ecosystem.</p>	<p>The Service Recipients under these regulations, shall be as follows:</p>
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34	GIFT CO.	Schedule -i	<p>We suggest that although the First Schedule lists permitted ancillary services, greater clarity and specificity are needed to ensure effective implementation and avoid confusion among applicants. A more elaborated and defined list of activities under each service category, building upon the existing framework established in earlier circulars should be considered</p>	<p>Currently, the First Schedule provides a broad categorization of ancillary services, leaving room for interpretation and potential confusion among applicants. This ambiguity can lead to uncertainty during the application process and hinder operational efficiency. Therefore, a more elaborated and defined list of activities under each service category is crucial. This detailed list should. build upon the foundation established by earlier IFSCA circulars, providing concrete examples of permissible activities within each category, such as (i) Actuarial Services, (ii) Advisory Services, and so on through (xxiv) Outsourced Services and (xxv) Any other services. This specificity will not only enhance clarity for applicants, ensuring they understand the scope of permissible activities, but also streamline the IFSCA's review and approval process. A clearly defined scope minimizes the risk of unintentional non-compliance and fosters a more predictable regulatory environment, promoting market integrity and aligning with international best practices. This clarity is essential for the successful implementation of the regulations and the growth of the IFSC ecosystem.</p>	Entities in GIFT-IFSC;
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35	GIFT CO.	new clause	Proposal to Establish a Centre of Excellence under Section 8 Company Framework	<p>In alignment with the objective of promoting innovation, capacity building, and sustainable ecosystem development within the GIFT IFSC, it is proposed that the regulations enable or explicitly recognize the establishment of Centres of Excellence (CoEs) by Ancillary Service Providers or industry associations. These Centres of Excellence may be set up under the framework of a Section 8 Company, which, under the Companies Act, 2013, is a not-for-profit entity established to promote fields such as education, research, commerce, science, environment protection, and similar areas of public interest. CoEs established in this manner could serve as institutional anchors for knowledge sharing, regulatory sandbox support, domain-specific training, ecosystem engagement, and innovation acceleration within the IFSC. This proposal is particularly relevant for domains like Legal / Tech, RegTech, EduTech, Green Finance, and Sustainable Investment Advisory—where ecosystem wide collaboration and capacity development are essential. IFSCA may consider enabling such centres either by recognizing them within the regulatory framework or by including their formation as an eligible ancillary service activity</p>	Entities located outside India for delivery of financial services covered under clause (e) of sub- section (1) of section 3 of the Act.
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36	Dhruva	6	<p>It is suggested to define the term "material change" and provide certain events which shall be deemed to a "material change" such as change in ownership at IFSC entity level as well as at a ultimate parent entity level, change in the management of IFSC entity level, change of address, etc.</p> <p>It is also suggested to lay down a specific procedure / forms / mode of communication, timelines etc. for intimating the IFSCA in relation to any material change.</p>	A structured approach to help determine whether a particular event is a material change which have a bearing on the COR or not and the defined process and timeline would enhance clarity, regulatory oversight, and operational preparedness for entities.	Indian entities only for the purpose of setting up of their office in IFSC in India or overseas.
37	Dhruva	8	<p>It is suggested that the requirement to appoint a Principal Officer (PO) and a Compliance Officer (CO) under Regulation 8 shall be deemed to be satisfied if the IFSC unit has already appointed a PO and CO pursuant to any other IFSCA Regulations under which it holds a registration, in addition to the registration obtained under these Regulations; and it meets the requirements prescribed under Regulation 8(3). Further, professionals on a retainer basis or consulting firms may be permitted to discharge such functions until a particular size of operation is reached.</p>	This would assist the IFSC units to avoid duplication of compliances required under the Regulations and at the same time, it would ensure that the IFSC units meet the specific educational background criteria prescribed under this Regulation. Full time qualified professionals may add to the cost of compliance. Hence, the suggestion for part time /consultants to discharge these functions.	

38	Dhruva	9	<p>It is suggested that, while retaining the focus on the BFSI domain, the scope of eligible non-resident service recipients be expanded to include non-resident entities from non-BFSI sectors as well, in line with the approach adopted under the existing Ancillary Services Framework. The simultaneous reading of these two provisions may create an ambiguity as to how can an Indian entity evaluating to set up a unit in IFSC be regarded as a non-resident. To address this, the language of Regulation 9(2) can be modified to "Subject to Regulation 9(1)(iii), the Service Recipient shall be non-residents."</p>	<p>Limiting service recipients to only BFSI entities may unduly restrict the growth potential of IFSC units. Broadening the scope would promote a more inclusive and competitive ecosystem. The potential overlap or contradiction between the provisions of Regulations 9(1)(iii) and 9(2) can lead to interpretational confusion / ambiguity.</p>	<p>The Service Recipient shall be a non-resident, except in the case of Indian entities, which shall be permitted to act as Service Recipients solely for the limited purpose of establishing their office in an IFSC in India or at an overseas.</p>
39	Dhruva	6	<p>It is suggested to define the term "material change" and provide certain events which shall be deemed to a "material change" such as change in ownership at IFSC entity level as well as at a ultimate parent entity level, change in the management of IFSC entity level, change of address, etc.</p> <p>It is also suggested to lay down a specific procedure / forms / mode of communication, timelines etc. for intimating the IFSCA in relation to any material change.</p>	<p>A structured approach to help determine whether a particular event is a material change which have a bearing on the COR or not and the defined process and timeline would enhance clarity, regulatory oversight, and operational preparedness for entities.</p>	<p>The Service Recipient shall not be located in a jurisdiction which has been identified in the public statement of Financial Action Task Force and High-Risk Jurisdiction – subject to call for action.</p>

41	Dhruva	Schedule -i	It is suggested to describe in detail each category of the services listed under the First Schedule and the Second Schedule (similar to the existing Ancillary Services Framework). This will give increased clarity to stakeholders to help determine which services are permissible activities under the Regulations.	A detailed explanation of the services permissible under each category listed under TAS Regulations would help address any potential interpretational ambiguities and questions whether a particular kind of services are covered within the listed categories or not. This would enable applicants to better assess their eligibility under the TAS Regulations without the need to seek any formal or informal clarification from the IFSCA.	IFSCA has provided detailed description under the Ancillary Services Framework as well.
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41	Consulven	4	<p>Introduce a clause that explicitly grants deemed registration status to existing Ancillary Service Providers (ASPs) already authorised by IFSCA, subject to submission of a compliance gap analysis, an independent compliance confirmation, and, if necessary, an implementation plan for full alignment with the new regulations.</p> <p>It is recommended that the proposed clause to also clarify that no new registration fees will apply for the remainder of their initial 5-year approval period.</p> <p>In support of this proposal, we draw attention to the fact that existing ASPs have already been granted a 10-year tax holiday under the IFSCA's original Ancillary Services Framework. This incentive was designed to promote long-term establishment and business continuity within GIFT IFSC. Requiring these entities to re-register under a new regulatory architecture could undermine the policy stability and predictability underpinning the jurisdiction's initial value proposition.</p>	<p>Smoother Transition Encourages Compliance: Most international regulatory transitions adopt a non-disruptive onboarding model. Rather than treating existing ASPs as new applicants, they are deemed registered and required to submit:</p> <ol style="list-style-type: none"> <li>1. A Gap Analysis between old and new requirements;</li> <li>2. An Independent Compliance Confirmation ;</li> <li>3. A Remediation/Implementation Plan if full compliance is not immediately feasible.</li> </ol> <p>Risk of Operational Disruption: Many ASPs are still in the early stages of establishing operations and may face disproportionate administrative burdens if required to re-register from scratch, especially without operational traction or established revenue streams.</p> <p>Reduces Regulatory Friction: Existing ASPs like Consulven have already been vetted and authorized under IFSCA's onboarding process. Re-registering from scratch adds redundant burden.</p>	<p>Singapore (MAS): Under Section 13 of the Payment Services Act 2019, existing payment service providers were granted a "Deemed Licence" status during the transition period, allowing them to continue operations while seeking full licensing. Source: <a href="https://sso.agc.gov.sg/Act/PSA2019#pr13">https://sso.agc.gov.sg/Act/PSA2019#pr13</a></p> <p>DUBAI (DFSA): The DFSA's General Module (Sc 10.1) includes transitional rules that allow existing authorised firms to continue their activities under previous authorisations while complying with new requirements within specified timeframes.</p> <p>Source: <a href="https://dfsaen.thomsonreuters.com/rulebook/gen-10-transitional-rules">https://dfsaen.thomsonreuters.com/rulebook/gen-10-transitional-rules</a></p>
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42	Consu Iven	8	For the purposes of these regulations, the Authority may permit, upon application, the Principal Officer and/or Compliance Officer to be located outside IFSC provided they are employed by the IFSC entity and maintain robust oversight mechanisms. This is especially relevant during the initial growth phase of the IFSC ecosystem.	GIFT City's ability to attract international or even domestic (State) compliance talent is currently constrained. Payroll or legal employment in IFSC provides economic substance, while allowing physical flexibility increases the available talent pool. Many global financial centres have similar transitional arrangements	he DFSA allows authorised person to be based outside the DIFC , particularly for new or smaller firms, if robust oversight is maintained and the arrangement is justified.SOURCE: <a href="https://dfs.ae/thomsonreuters.com/entiresearch/22847#:~:text=RPP%20%2D2%2D6,on%20business%20in%20the%20DIFC">https://dfs.ae/thomsonreuters.com/entiresearch/22847#:~:text=RPP%20%2D2%2D6,on%20business%20in%20the%20DIFC</a> .
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43	Consu lven	8	<p>It is recommended to amend Regulation 8(3)(b) to require at least five (5) years of relevant experience for the Principal Officer and Compliance Officer.</p> <p>We propose that the Authority consider applying a proportionate approach based on the licensee's annual turnover. Specifically, for entities with limited operational scale and lower systemic exposure—as evidenced by modest turnover levels</p>	<p>Alignment with Leading Financial Centres:</p> <p>Most recognised IFC require at least 5 years' relevant experience for senior role, including Compliance Officer. Reflecting the critical role played by these positions in upholding market integrity and regulatory compliance.</p> <p>Investor and Regulator Confidence:</p> <p>A 5-year experience threshold is now widely seen as the “global minimum” for these roles, supporting robust governance and demonstrating a credible commitment to effective compliance culture.</p>	<p>Mauritius (FSC) and Dubai (DFSA): Require at least 5 years of relevant compliance experience for Compliance Officer:</p> <p>Source:  <a href="https://www.fscmauriti.us.org/media/127924/amendments-to-competency-standards-with-respect-to-money-laundering-reporting-officer-and-compliance-officer-june-2022.pdf">https://www.fscmauriti.us.org/media/127924/amendments-to-competency-standards-with-respect-to-money-laundering-reporting-officer-and-compliance-officer-june-2022.pdf</a> </p> <p><a href="https://dfsae.thomsonreuters.com/rulebook/what-kind-expertise-and-resources-does-dfsa-expect-compliance-adviser-have#:~:text=The%20DFSA%20expects%20key%20employees,least%205%20years%20relevant%20experience.">https://dfsae.thomsonreuters.com/rulebook/what-kind-expertise-and-resources-does-dfsa-expect-compliance-adviser-have#:~:text=The%20DFSA%20expects%20key%20employees,least%205%20years%20relevant%20experience.</a></p> <p>UK (FCA): Requires experience to be proportionate to the firm's risk, size, and</p>
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					<p>complexity—market norm is 5+ years for significant roles.</p> <p>Source: <a href="https://www.fca.org.uk/firms/approved-persons/heads-compliance-mlros">https://www.fca.org.uk/firms/approved-persons/heads-compliance-mlros</a></p>
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44	Consulven	8	Request clarification on the specific compliance timeline for appointment of Principal Officer and Compliance Officer by existing Ancillary Service Providers such as Consulven, under Clause 8 of the draft regulations. Specifically, should these appointments be made at the point of application for registration, or only upon grant of registration within the 12/24 month window?	To ensure practical, timely, and effective compliance planning in alignment with regulatory expectations and transitional provisions.	
45	Consulven	9	<p>Reinstate flexibility to serve Indian entities engaging in overseas operations, provided consideration is received in freely convertible foreign currency.</p> <p>Revise Regulation 9(1)(iii) to read:</p> <p>"(iii) Indian entities proposing to set up operations in IFSC or in foreign jurisdictions, provided the consideration for services is received in a freely convertible foreign currency."</p>	Allowing IFSC-based service providers to cater to Indian entities with overseas operations fosters continuous engagement, increasing the likelihood of these entities considering the IFSC for future activities. This approach aligns with the IFSC's objective of becoming a global financial hub and prevents potential business diversion to competing international financial centres.	<p>1. The DFSA in Dubai allows Ancillary Service Providers to offer services to both local and international clients, without restrictions based on the client's jurisdiction</p> <p>Source:  <a href="https://dfsaen.thomsonreuters.com/sites/default/files/net_file_store/DFSA_ASP_VER5.pdf">https://dfsaen.thomsonreuters.com/sites/default/files/net_file_store/DFSA_ASP_VER5.pdf</a> </p>

46	Consu Iven	5	Explicitly reinstate foreign incorporated entities' eligibility to operate via branch or subsidiary in IFSC.	Many ancillary and TechFin services operate regionally or globally through branch structures to maintain brand, governance control, or consolidated compliance. This is particularly relevant in fields like fund administration, risk tech, KYC/AML outsourcing, and compliance process automation—key domains within the TAS scope. By explicitly enabling foreign entities to establish a branch or subsidiary in IFSC, IFSCA will: -Project itself as a commercially enabling and globally integrated regulator-Attract multinational compliance and TechFin players, enhancing domain depth and ecosystem maturity-Reinforce its strategic ambition to become a trusted cross-border hub for outsourced financial services- Differentiate IFSC from protectionist jurisdictions that inhibit foreign institutional participation	United Arab Emirates (DIFC): The DIFC allows foreign firms to establish a branch or subsidiary to conduct financial services, regulated by the Dubai Financial Services Authority (DFSA). Source: <a href="https://www.difc.com/business/non-retail-activities-guide">https://www.difc.com/business/non-retail-activities-guide</a>
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47	VSM	8	requirement of PO and CCO	<p>While this requirement of PO and CCO is essential for regulated entities (REs) providing products and services to customers, it should not apply to TechFins.</p> <p>TechFins offering software solutions—such as regulatory reporting, Cyber security and fraud detection—may not have dedicated compliance officer roles.</p> <p>Additionally, mandating a physical presence may not be necessary for TechFins in a future-oriented, globally connected business landscape.</p> <p>As a suggestion, the qualification criteria could be expanded to include MBA/PGP holders as well as professionals with 10+ years of experience as a CFO, as an alternative to the existing requirements.</p>	
48	VSM	Schedule -iii	(iv). The Entity shall deploy manpower resources and adequate infrastructure in IFSC commensurate with the business operations.	<p>This should be relaxed for TechFins services specifically Cyber Security, Fraud Detection, AML/CFT and Regulatory Reporting fintech providers</p>	This creates a barrier to start a business.

49	VSM	5	<p>TechFin and Ancillary services shall be required to be set up its office in IFSC, in the form of a company</p>	<p>Techfin services, as outlined in the Second Schedule—encompassing Regulatory Technology (RegTech), Cyber Security and Fraud Detection Technology—may lack the necessary resources to fully comply with the proposed requirements.</p> <p>Without adequate support or consideration, these companies could face an uneven playing field, hindering their ability to deliver high-quality, innovative solutions that Regulatory Entities (REs) rely on.</p> <p>This imbalance may ultimately discourage Techfin providers from offering the cutting-edge technological services essential for efficient and secure financial operations.</p>	<p>- Singapore apply proportionality principles, where compliance obligations are scaled based on a firm's size, risk profile, and market impact</p>
50	PwC	3	<p>The definition of Group entities should be amended to include "part of the network". The IFSCA BATF regulations recognize "part of network" as a criterion for defining group entities.</p>	<p>In today's professional services landscape, many firms operate not just as standalone entities or traditional groups, but as part of broader networks. These networks enable firms to pool resources, share technology, and collaborate for mutual benefit. Importantly, it is not always necessary for professional bodies or firms within a network to operate under the same brand name. In fact, certain professional bodies specifically prohibit the use of a common brand or coordinated marketing among member firms. Despite this, these firms still function as a cohesive network, sharing policies, resources, and best practices while maintaining distinct identities. Including networks in the definition of group entities acknowledges the practical reality that collaboration and resource sharing can occur even in the absence of unified branding. By doing so, the definition remains relevant and adaptable to the diverse ways in which professional service firms organize and operate, regardless of branding restrictions imposed by professional bodies.</p>	

51	PwC	3	<p>It is proposed that Techfin and Ancillary services be defined as financial services under the IFSCA Act</p>	<p>At present, these services, though essential to the functioning and support of financial services, are not explicitly defined as "financial services" under the Act.</p> <p>This creates a regulatory gap, as the activities performed by TechFin and Ancillary Service providers are integral to the financial ecosystem but may not be subject to the same oversight or regulatory requirements as core financial services.</p> <p>To address this gap, it is proposed that the definition of financial services under the Act be expanded, similar to the approach taken for BATF (Book-keeping, Accounting, Taxation, and Financial crime compliance) services. The Central Government, exercising its powers under sub-clause (xiv) of clause (e) of sub-section (1) of section 3 of the Act, has the authority to notify additional activities as financial services.</p>	
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52	PwC	3	<p>It is suggested that the service recipients definition be expanded to include intermediaries</p>	<p>Expanding the definition of "service recipients" to explicitly include intermediaries is a significant suggestion, particularly in the context of regulatory frameworks governing financial services. Currently, "intermediaries" are defined under the regulations as entities within a group that receive services from a registered Service Provider, with the purpose of delivering those services to a Service Recipient for financial services as specified under the IFSCA Act, 2019.</p> <p>In many cases, professional bodies or service providers enter into Master Service Agreements (MSAs) with intermediaries, rather than directly with the ultimate service recipients. The intermediaries then deliver the services to the end clients. If the definition of "service recipient" does not include intermediaries, such arrangements may fall outside the intended regulatory scope, potentially creating compliance ambiguities.</p> <p>By expanding the definition, the regulations would more accurately reflect the operational realities of service delivery chains in the financial sector</p>	
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53	PwC	3	Explanation to service recipient must be clarified as the current explanation is unclear	<p>The current explanation attached to the definition of "service recipient" appears to be creating confusion, particularly regarding the scope and application of the term. The explanation states that the end usage of TechFin and Ancillary Services must have a "close connection/nexus with the financial services or bearing on the decision-making process in the delivery of these financial services." This language introduces ambiguity about what constitutes a sufficient connection or nexus, and may lead to inconsistent interpretations or unnecessary compliance hurdles. The main definition already specifies that the recipient must be receiving services for the purpose of making arrangements for delivery of financial services as covered under the Act. Accordingly, it is suggested to clarify the explanation for better interpretation</p>	
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54	PwC	8	<p>Under the educational qualifications mentioned for PO and CO in Reg. 8. 3) a, the term “IT” can be replaced with term “engineering and science”</p>	<p>Considering, TechFin entities are also allowed in these regulations, the PO can be someone who is an engineering or science graduate/post graduate. Accordingly, the term “engineering and science” will allow multiple disciplines in the related field that may qualify for such post.</p>	
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55	PwC	9	<p>It is proposed to amend the regulation as follows:</p> <p>Service Recipients under these regulations shall include:</p> <p>(i) Any entities in GIFT-IFSC;</p> <p>(ii) Any financial services entity located outside India for the purpose of making arrangements for delivery of financial services covered under clause (e) of sub-section (1) of section 3 of the Act.</p> <p>(iii) Any entity located outside India for the purpose of setting up their office in IFSC in India.</p> <p>(iv) Indian entities only for the purpose of setting up of their office in IFSC in India</p> <p>For the purposes of clause (ii), a "financial services entity" shall mean an entity considered to be engaged in the business of financial services activity if it undertakes an activity which, if carried out by an entity in IFSC, would require registration with or be regulated by the IFSCA or any other financial regulator in India. This includes its holding, subsidiary, or associate companies, as well as any branch or subsidiary of a holding company to which it is also a subsidiary. In case of any doubt</p>	<p>By allowing ancillary service providers to serve non-resident entities from sectors beyond BFSI, the regulations support the establishment and growth of a wider range of businesses within the International Financial Services Centre (IFSC). This is particularly relevant for global corporations in sectors like IT, logistics, and shipping, which may wish to set up operations or regional headquarters in the IFSC.</p> <p>Example – Serving Microsoft US: Under the proposed regulation, an ancillary service provider in the IFSC would be restricted from assisting a non-BFSI entity like Microsoft US in establishing a presence in GIFT IFSC.</p> <p>The amended clause removes this restriction, enabling such service providers to facilitate the entry and operations of major global players from any sector. The proposed amendment expands the scope of "service recipient" to include a wider range of non-resident entities, thereby supporting the growth and diversity of the IFSC ecosystem. This approach aligns with the objective of making IFSC a global hub for various sectors, not limited to BFSI, and enhances the ability of professional bodies to serve international clients effectively.</p> <p>The provision for Authority determination allows for case-by-case assessment, ensuring that unique or complex group structures can be appropriately classified.</p>	
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			<p>as to whether a group constitutes a "financial services entity" or whether any entity within the group qualifies as such, an application may be made to the Authority for determination, whose decision shall be final.</p> <p>Further, the clause "Service recipients should be non-residents only" to be removed as the above suggested clause also provides the clarity.</p>		
56	PwC	Misc	<p>The Techfin service covered as "Outsourced Services, which are not covered above, but are permitted to be outsourced by Regulated Entity of the respective financial sector regulator of its home jurisdiction" needs to be simplified</p>	<p>The techfin activity is not very clear and so if it can be reworded to bring out the actual permissible activity.</p>	<p>to be included in FAQ</p>

57	Axis Trustee	Schedule -i	<p>Inclusion of Facility agent in the list of services mentioned in First Schedule of regulation eF. No. 1829/IFSCA/ GIC/1/2024</p>	<p>We have witnessed substantial growth in ECB issuances done and the amount raised through such issuances by Indian companies, banks and NBFCs in last 2 years. As the rated companies are diversifying the areas of fund raising, they find ECBs are good source. We envisage strong growth in ECB market in next 5 years. 2. All the syndicated loan transactions requires Facility Agent. This is one of the core activity required by the global lenders to be performed in such transactions. It facilitates lenders in monitoring the compliances (CP &amp;CS), fixation of interest period and calculation of interest. Appropriate distribution of funds among the lenders and keeping records. Maintaining real time information of lenders and their bank accounts which helps them to syndicate it further. 3. This causes high cash inflows in GIFT City jurisdiction which otherwise being lost to players outside GIFT City/ India. 4. We will be able to cater to Non India transactions as well viz. borrower in Singapore is taking loan from lender in HK, we can act as Facility Agent. 5. RBI recognizes Facility Agent as ancillary service which can be played by Trustee company. Attach copy of Letter dated 3rd January, 2008 (attached as Annex II) issued to Axis Bank giving approval to float Trustee Services Subsidiary. You may refer clause 3 of such letter giving approval for Facility Agency activity. 6. Axis Trustee has applied to SEBI for setting up branch at GIFT City. While applying to SEBI (attached as Annex III), we have mentioned Facility Agent as one of the activity being proposed to carry at GIFT City. We attach our application filed with SEBI and SEBI approval (attached as Annex I) for setting up of branch at GIFT City which clarifies SEBI's approval for carrying out Facility agent activities. 7. All the ECB transactions being dealt by Indian Facility Agents (via GIFT City) are FEMA compliant transactions and can happen only after obtaining Loan Registration Number (LRN) from RBI and after doing all necessary compliances. 8. The Facility Agent doesn't hold any</p>	<p>1. Globally, Facility Agent is appointed for all syndicated loan transactions. Facility Agent activity is being carried out by banks, bank's subsidiary and other companies. For example: A. GLAS   Loan Agency, Debt Administration &amp; Trustee Services B. Agency services – Capital Markets   TMF Group C. Administrative and Facility Agent Services   CSC the leading players offering these services globally and having no bank parentage. 2. The Facility Agent activity is akin to Escrow Agent activity wherein we do hold the funds for the benefit of beneficiary and release it pursuant to terms of Facility Agreement. The term "Facility Agent" is universally used by all the global lenders and is defined under APLMA format of Facility Agreement. (Ref.:</p>
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				<p>financial asset while doing these functions as the funds are remitted to respective beneficiaries/ lender on the same date of receipt. This is scalable business. We booked 63 transactions in FY24 and 74 in FY25. We could cause remittances to the extent of USD 10 Bn in FY24 and USD 13 Bn in FY25. That has caused business to banking system in IFSCA, GIFT City. It added some allied businesses like hedging, forex to GIFT City based banks. It has accordingly served the basic purpose of GIFT City formation i.e. onshoring the offshore.</p>	<p><a href="https://www.aplma.com/do-cumentation?topic=6">https://www.aplma.com/do-cumentation?topic=6</a>) APLMA stands for Asia Pacific Loan Market Association, the body which works for development of loan market in Asia Pacific region and have standardized the loan documents for having uniform approach. 3. Globally, Facility Agent also helps lenders to have co-ordinated approach to deal with NOC requests received from borrower in case of ceding of pari passu charge over assets, relaxation in financial covenants, merger/ hive off proposal etc.</p>
58	Cyril	2	<p>The term '<i>making arrangements for carrying on any of the financial services</i>' is not defined.</p>	<p>To maintain clarity and prevent ambiguity in the future, it is imperative to establish well-defined and objective criteria outlining what constitutes "<i>making arrangements for carrying on any of the financial services</i>".</p>	

59	Cyril	8	<p>For certain ancillary service providers, particularly consulting and law firms, the necessity of Principal Officer (“PO”) and Compliance Officer (“CO”) requirements should be reconsidered and potentially waived.</p>	<p>The mandatory requirement for a PO or CO for certain ancillary service providers, such as law firms is unwarranted. A comparative analysis of India’s regulatory framework and FATF standards for Designated Non-Financial Businesses and Professions (“DNFBPs”) indicates that regulatory oversight for such entities is, in fact, limited.</p> <p>Under the Prevention of Money Laundering Act, 2002 (“PMLA”), DNFBPs are subject to reporting obligations only in specific circumstances. For example, Chartered Accountants, Company Secretaries, and Cost and Works Accountants qualify as DNFBPs only when conducting financial transactions such as property dealings, client fund management, or entity formation. Advisory and compliance services alone do not trigger these obligations.</p> <p>Similarly, legal professionals are regulated solely by the Bar Council of India and are not classified as reporting entities under the PMLA. Since they do not manage client funds, their professional fees and services do not typically warrant suspicious transaction reporting.</p> <p>Imposing broad KYC requirements on these professionals, especially when they are not engaged in activities that pose a significant money laundering or terrorist financing risk, creates unnecessary compliance burdens. Such obligations misallocate resources, diverting attention from actual risk areas while increasing regulatory complexity without proportional AML/CFT benefits.</p> <p>A more effective and proportionate approach would be to introduce specific DNFBP categories aligned with the PMLA and FATF guidance, ensuring that compliance obligations are imposed only in relation to relevant activities. This targeted framework would</p>	
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60	Cyril	9	<p>Please clarify the rationale for restricting ancillary service providers, particularly legal service providers, from onboarding clients from FATF non-compliant or high-risk jurisdictions. The IFSCA KYC AML Guidelines, 2022, already establish comprehensive compliance requirements, enabling appropriate client classification and onboarding based on risk assessment</p>	<p>Such restrictions may be more pertinent to financial service providers rather than ancillary service providers. Accordingly, we recommend that specific ancillary service providers, such as law firms, be exempted from these limitations and addressed separately under a distinct chapter or section within the regulations.</p>	
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61	Cyril	9	<p>The scope of service recipients under the TAS Regulations should be expanded. Regulation 9 currently limits recipients to entities within GIFT-IFSC, BFSI entities outside India supporting IFSC financial services, and Indian entities establishing offices in GIFT IFSC. This restriction contradicts the IFSCA's goal of making GIFT City a global financial hub and prior circulars on ancillary service providers. Moreover, TechFin entities and ancillary service providers serve distinct client bases. TechFin entities primarily cater to BFSI sector clients outside India, while ancillary service providers may also serve Indian entities exploring IFSC opportunities. Given this, the list of service recipients should be revised. Additionally, the IFSCA circular dated June 10, 2021, expanded eligibility to foreign entities for permissible ancillary services within IFSCs in India or overseas which further allows service providers to assist Indian entities intending to operate in IFSCs or foreign jurisdictions, provided payments are made in freely convertible foreign currency. To align with these provisions, the TAS Regulations should incorporate these allowances, including advisory</p>	<p>Indian entities establishing or operating within IFSCs or foreign jurisdictions, with consideration received in specified currencies, should have access to comprehensive legal support, including advisory, dispute resolution, arbitration, and mediation services. Given the increasing demand for guidance on the GIFT IFSC regime—particularly in light of recent changes to FPI regulations for NRIs, the LRS framework, and advisories on ODI norms and direct listing—it is essential to broaden the scope of permitted services. Therefore, IFSCA is urged to amend its regulations to explicitly authorize GIFT IFSC ancillary service providers to offer advisory services covering all aspects of the GIFT IFSC regulatory framework, rather than limiting support to operational setup alone.</p>	
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			services for Indian entities establishing offices in GIFT IFSC.		
62	Cyril	Misc	IFSCA may include provision for flexible working provision for consultants/ employees of TechFin/ Ancillary Service Providers by allowing flexible work permit which would include appointment of consultants/ employee for a short-term period or for specific assignment.	Introduction of such provision will facilitate consultants/ employees of TechFin/ Ancillary Service Providers from other states in India. Additionally, it will allow them to hire seasonal consultants/ employees for short term period or for specific assignments	

63	EY	3	<p>The definition of Service recipient can be simplified to include as following:</p> <p>“Service Recipient” means the end users which receive services from the Service Provider registered under these regulations for providing services listed at First Schedule and Second Schedule to these regulations</p> <p>Explanation: The end usage of the TechFin and Ancillary Services must have close connection/ nexus with the financial services or bearing on the decision-making process in the delivery of these financial services covered under Section 3 (1) (e) of the IFSCA Act, 2019.</p>	It is suggested to simplify the language of definition	
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64	EY	Schedule -i	It is suggested to reduce the number of years of experience for compliance officer to 1 years instead of 3 years	The techfin and ancillary entities are not directly engaged into provision of any financial services. Therefore, it is suggested to reduce the number of experience to 1 years for compliance officer. This shall increase the ease of doing business in GIFT IFSC.	
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65	EY	Schedule ii	<p>First schedule of draft IFSCA (TAS) Regulations, 2025 presently does not cover taxation services. The Unit set up in IFSC is resident from Indian Income Tax law perspective. Thus, all the IFSC unit shall have to adhere to comply with provisions of Indian Income Tax Act, 1961. Similarly, the IFSC unit is also required to comply with Accounting standards as prescribed by the Companies Act, 2013 and the Institute of Chartered Accountants of India (ICAI) for preparing the books of accounts. Thus, it is requested to cover advisory and compliance services in relation to Indian Income Tax law, Accounting standards (as required by the Companies Act, ICAI) etc. in First schedule of IFSCA (TAS) Regulations, 2025. Additionally, IFSCA may separately notify to cover global taxation, accounting etc. (i.e., other than India) under the BATF Regulations</p>	<p>The suggested change shall enable ancillary entities in GIFT IFSC to serve IFSC units (which are otherwise also regulated by IFSCA) with much more flexibility and lesser restrictions as compared to BATF Regulations.</p>	
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66	EY	Misc	<p>The TechFin and Ancillary entities registered under the applicable regulations are not engaged in the direct provision of financial services. Moreover, these entities do not handle or take possession of any financial instruments, securities, bank account or cash on behalf of clients.</p> <p>Furthermore, the aforementioned TechFin and Ancillary entities provide services exclusively to regulated financial institutions located within the IFSC, overseas, or in India, all of which are subject to and compliant with the Anti-Money Laundering (AML), Countering the Financing of Terrorism (CFT), and Know Your Customer (KYC) requirements of their respective jurisdictions.</p> <p>In light of the above, it is submitted that TechFin and Ancillary entities registered under the IFSCA (TechFin and Ancillary Services) Regulations should be exempted from the provisions of the IFSCA (AML, CFT, KYC) Guidelines, 2022.</p>	Exempting TechFin and Ancillary entities from the IFSCA (AML, CFT, KYC) Guidelines, 2022, provides regulatory clarity by recognizing their limited role in financial services. These entities do not directly offer financial services or handle client assets, so imposing full AML/CFT/KYC requirements would create unnecessary compliance burdens. The exemption allows them to focus on providing technological and support services to regulated financial institutions already compliant with relevant regulations. This reduces costs and encourages innovation within the IFSC framework. Ultimately, it ensures efficient regulation by aligning oversight with actual risk exposure while maintaining financial system integrity.	
67	Dentons Link Legal	3	It is suggested to insert after the words “20 per cent and above”: “, computed on an aggregate basis, taking into account any direct or indirect holding (alone or acting in concert) by one or more entities within the group.”	Clarifies that the 20% (twenty percent) threshold is measured on a combined basis, thereby preventing circumvention where several affiliates each hold < 20% (twenty percent) but collectively exercise ≥ 20% (twenty percent) voting / economic interest.	United Kingdom’s Financial Conduct Authority (“FCA”) prescribes the “qualifying holding” test.

68	Dento ns Link Legal	5	It is suggested that additional clarification should be provided by the authority in this clause as to the nature of applicant – whether the applicant can set up an office in the IFSC (in the form of a company or LLP) pursuant to a joint venture agreement between an existing Indian company (outside the IFSC) and a foreign entity?	Additional clarification in this regard will help Indian and foreign businesses to better position themselves and choose optimal methods of entering in GIFT IFSC	
69	Dento ns Link Legal	5	It is suggested to insert in the clause: “The promoters and significant beneficial owner(s) (as defined under the Companies Act, 2013 and the rules made thereunder) of the applicant entity shall be from a jurisdiction which has not been identified in the public statement of Financial Action Task Force as “High Risk jurisdiction-subject to call for action.”It is suggested to insert a clause requiring the licensee to notify the International Financial Services Centres Authority (“IFSCA”) within 10 (ten) business days if any promoter’s / significant beneficial owner’s home jurisdiction is later placed on the FATF high-risk. The IFSCA may impose additional conditions or require divestment.	This will ensure timely risk-mitigation if jurisdictional risk escalates post-licensing.	

70	Dento ns Link Legal	6	<p>The draft implies that once granted, the Certificate of Registration is valid indefinitely unless suspended, cancelled, or surrendered. This open-ended validity (no fixed renewal date) reduces administrative burden, which is positive.</p> <p>It would be beneficial to confirm if there are any ongoing renewal requirements or fees (Regulation 15 hints that fees may be specified, possibly including annual fees). We suggest adding a provision that the registration remains valid subject to payment of prescribed fees and continued compliance.</p>	<p>Permanent validity aligns with many professional registrations and it signals that as long as the provider plays by the rules, they can operate without bureaucratic hurdles of periodic relicensing. However, regulators usually tie this to ongoing compliance (including fee payment, filing requirements, etc.).</p>	<p>Many jurisdictions issue licenses without an expiry but with annual reporting and fee obligations. For example, Monetary Authority of Singapore ("MAS") licenses do not expire annually, but the firms pay annual fees and are subject to continuous supervision and failure to pay or serious non-compliance can lead to revocation.</p>
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71	Dento ns Link Legal	12	<p>Regulation 12 allows the IFSCA, in the interest of market development, to relax the application of any provision of these regulations for a specific case, with reasons recorded and on application with a non-refundable fee. This is essentially a regulatory sandbox or exemption clause, which we support. It provides needed flexibility to accommodate unique business models or innovative approaches that might not fit squarely in the rules. The process (written application, decision in 60 (sixty) days, reasons for grant/refusal) is transparent.</p> <p>One suggestion is to ensure that any relaxation granted is published or at least disclosed in some form (perhaps anonymized) to ensure transparency and a level playing field. IFSCA might consider issuing guidance on the criteria for granting exemptions (e.g., genuinely innovative services, or cases where compliance causes undue hardship without undermining regulatory objectives).</p>	<p>This clause is essentially a safety valve to encourage innovation and not stifle business unnecessarily. In a fast-evolving TechFin landscape, rules can quickly become outdated or inadvertently restrictive. Having the ability to grant exceptions allows IFSCA to adapt in real-time and foster novel services in IFSC that might otherwise go elsewhere. It also signals to industry that IFSCA is open-minded and pragmatic which is important for a new financial centre aiming to attract startups and global firms. By requiring reasons in writing and an application process, it guards against arbitrariness. The inclusion of a fee is fine (perhaps to deter frivolous requests).</p> <p>To maintain fairness, the IFSCA will likely use this sparingly and consistently. Publishing the fact that an exemption was granted (without revealing trade secrets) would help other market players understand the regulatory flexibility and perhaps encourage them to apply if they have similar needs.</p>	<p>Many leading regulators have similar powers or sandbox frameworks. For example, MAS has a FinTech Regulatory Sandbox where certain regulatory requirements can be relaxed for sandbox entities to test innovative products.</p> <p>FCA similarly operates a sandbox and has Modification by Consent - a process where firms can request waivers or modifications of rules in particular circumstances, which the FCA may publish for transparency.</p>
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72	Dentons Link Legal	Schedule -iii	<p>The Code of Conduct in Schedule 3 lays down essential obligations, i.e., compliance with all laws and IFSCA directives, prompt reporting of material changes, not misusing the “Registered” status, maintaining adequate manpower and infrastructure in IFSC, obtaining separate licenses if doing any regulated financial activity, not handling client assets or money, notifying commencement of business, keeping the Letter of Approval valid, and complying with any other conditions. These are all excellent and we strongly support them. They ensure providers act within scope and maintain high standards. We suggest a few following additions: (a) Add a general principle of integrity and skill: e.g., “The entity shall conduct its operations with integrity, professionalism and due skill, care, and diligence.” This kind of overarching duty, common in many codes, would cover expectations such as honesty, fair dealing, avoidance of misrepresentation, etc. (b) Confidentiality: Include a clause that the provider must maintain confidentiality of client information and data, except where disclosure is required by law. Given these providers will handle sensitive financial data or client business information, a</p>		<p>Codes of conduct for regulated entities often include general principles of integrity, due care, and customer confidentiality. For example, DIFC Financial Services Authority Rulebook, Ancillary Service Providers Module has principle of Integrity and it states that “<i>An Ancillary Service Provider must observe high standards of integrity and fair dealing.</i>”</p>
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			<p>confidentiality obligation is key (subject to regulatory sharing). (c) Conflict of interest: If applicable, a clause to manage conflicts is suggested. For example, if an entity serves competing clients or is itself part of a group that could have conflicts, they should have policies to handle that. (d) Cybersecurity and risk management: It is suggested to require the provider to have adequate risk management, especially IT/cybersecurity measures, commensurate with their services.</p>		
73	Dentons Link Legal	Schedule -iii	It is suggested to define or issue a guidance note with an illustrative list of “material changes” requiring prompt notification, e.g., changes in directors, UBOs ≥ 10 %, adverse regulatory findings, etc.	It will prevent both under- and over-reporting, and promote consistent regulatory disclosures.	FCA Handbook SUP 15 prescribes notifiable events, e.g., change in controller, senior management, etc.

74	Catalyst	Schedule-i	Facility Agent Role exceptionally to be added as a separate role	<p>The regulations should expressly recognize Facility Agent services. This role is vital in syndicated loan arrangements and is increasingly being utilized in multi-lender and cross-border loan structures, particularly involving Fund Managers, NBFCs, and FME entities operating through GIFT City and global jurisdictions.</p> <p>“Facility Agent” means a service provider appointed under a financing arrangement to coordinate loan servicing, manage communications between borrowers and lenders, monitor covenants, and ensure adherence to agreed terms under the financing documentation and to accept and remittance of funds as a facility agent</p>	
75	Catalyst	3	Definition Inclusion in ancillary services	An explicit definition of “Facility Agent” should be considered in the regulations to clarify the responsibilities and allow for seamless onboarding and regulatory clarity. Suggested inclusion: “Facility Agent” means a service provider appointed under a financing arrangement to coordinate loan servicing, manage communications between borrowers and lenders, monitor covenants, and ensure adherence to agreed terms under the financing documentation and to accept and remittance of funds as a facility agent	No Comments
76	Catalyst	Misc	Ancillary Activity Recognition:	In the final notification or guidance note, the IFSCA may list Facility Agent functions (such as coordination, compliance monitoring, payment scheduling, inter-creditor communications) as permissible within the Facility Agent Services to ensure no ambiguity.	No Comments
77	Catalyst	Misc	Cross-border Flexibility:	Given the increasing cross-border transactions involving Indian/ GIFT City borrowers and offshore lenders, we suggest allowing Facility Agent services to be rendered to both IFSC-based and foreign financial institutions in compliance with applicable KYC and AML standards to ensure comfort provided to Lenders across borders.	No Comments

78	BDO	Misc	Introduce risk-based categorization of service providers (Tier 1/2/3) with proportional compliance	Likely to encourage innovation and ease of entry, especially for startups and low-risk players.	FCA (UK) and MAS (Singapore) adopt proportional risk-based approaches
79	BDO	4	Create a Regulatory Sandbox for Ancillary Service innovations	Allows new solutions to be tested safely without full regulatory burden.	MAS (Singapore) has expanded sandbox to regtech and support services
80	BDO	Schedule -i	Add an illustrative list of permitted outsourced services with clear boundaries	Reduces ambiguity and legal risk for applicants; helps standardize submissions.	SEC (USA) and ESMA (EU) provide detailed outsourcing guidelines
81	BDO	5	Create a Fast-track approval mechanism for globally regulated firms from well rated and ranked jurisdictions	This move will likely encourage reputed firms from the US, EU, Singapore, UK etc to participate in IFSC.	MAS offers fast-track licensing to regulated entities in trusted jurisdictions
82	BDO	4	Allow dual licensing or cross-functional approvals for entities delivering both Ancillary & TechFin services	Enables operational flexibility and cost efficiency.	Similar models exist in DIFC (Dubai) and FCA (UK) for multi-licensed firms
83	BDO	8	Expand educational qualifications to include modern tech certifications and map the requirements to the activities planned for setup at IFSC	Reflects current market skillsets and improves access to tech-savvy professionals with relevant experiences. Also good for IFSCA in long term.	Recognized in Canada, UAE, and Singapore as part of regtech/fintech licenses
84	BDO	Schedule ii	Explicitly include ESG advisory, climate tech and sustainability-linked data services	Aligns GIFT-IFSC with global green finance goals and India's COP commitments.	European Union Green FinTech taxonomy and MAS' Greenprint project
85	BDO	11	Include specific data privacy and cybersecurity obligations	Helps avoid regulatory gaps and aligns IFSC with data-sensitive jurisdictions. This also helps in flow of data across the regulators seamlessly.	GDPR (EU), CCPA (California), DPDP (India) enforcement
86	BDO	6	Clarify renewal timelines, self-audit/reporting formats, and mandatory annual compliance reports	Brings clarity and predictability for long-term operators.	SEBI and RBI offer structured annual renewal/reporting templates.

87	BDO	Misc	Establish a client redressal or grievance escalation mechanism for service recipients	Builds trust and safeguards against misconduct or conflict	Included in DIFC (Dubai), FCA (UK) frameworks for regulated entities
88	BDO	Schedule ii	Include governance requirements for AI-driven services (e.g., explainability, bias checks, audit trails)	Aligns with global AI regulatory developments, promotes ethical and accountable AI use in financial decision-making	EU AI Act (2024), HKMA AI Guidelines
89	BDO	11	Permit cross-border data flows with data protection equivalence safeguards	Essential for cloud-based TechFin firms and encourages regional data centre hosting in GIFT IFSC	EU GDPR, Singapore PDPA, India DPDP Act
90	BDO	Schedule ii	Explore explicitly including digital identity and e-KYC verification systems (blockchain, API-based, national ID linked)	Supports cross-border onboarding, enables digital public infrastructure for financial inclusion	Singapore NDI, EU eIDAS 2.0
91	BDO	Schedule ii	Add sustainability and climate risk tech tools as approved TechFin services	Encourages development of ESG support services; aligns with global sustainable finance disclosure needs	MAS Greenprint, EU CSRD
92	BDO	Schedule ii	Permit tokenization-related support services (custody tech, smart contract audit, issuance consulting)	Prepares GIFT-IFSC to support digital assets under regulated frameworks	EU MiCA, HKMA/SFC tokenization guidance
93	BDO	Schedule ii	Include SupTech tools (regulatory dashboards, AML monitoring platforms) as permitted export-oriented services	Supports financial regulators globally with tech from GIFT-IFSC; high-value segment	HKMA SupTech Sandbox, EBA supervisory tech
94	BDO	Schedule ii	Encourage interoperability standards support (e.g., ISO 20022, open banking APIs)	Prepares service providers for global financial messaging and seamless cross-border integration	EU SEPA (ISO 20022), BIS Project Nexus, Singapore MAS interoperability standards
95	BDO	Misc	Include Open Banking and API service management as a TechFin service	Encourages interoperability and innovation in digital banking platforms and fintech ecosystems	UK Open Banking regulations (PSD2), Ireland's adoption under EU PSD2

96	BDO	11	Require Sustainability Impact Metrics reporting (for ESG service providers)	Brings transparency and credibility to ESG/green service offerings	Luxembourg Green Exchange (LGX), ESG reporting standards in Dublin (Ireland)
97	BDO	8	Allow secondment of senior professionals from global firms to act as temporary Principal Officers / Compliance Officers	Attracts global talent for strategic leadership roles in early-stage IFSC setups rather than bump up costs upfront	Mauritius FSC permits secondment from regulated parent entities
98	BDO	Misc	Permit Regional Headquarter (RHQ) status recognition for global service firms	Supports global firms establishing hub-and-spoke operations across Asia/Africa	UK FCA RHQ licenses, Luxembourg's cross-border entity rules
99	BDO	Misc	Mandate Board-level outsourcing policy and third-party risk assessment	Mitigates risks in extensive outsourcing chains and enhances governance	UK SYSC 8, EBA Guidelines, Central Bank of Ireland outsourcing norms
100	BDO	9	Allow Fund Administrators and WealthTech firms to serve high-net-worth clients globally from IFSC	Expands permissible scope to cater to global UHNW clientele	Ireland & Luxembourg as global WealthTech and fund admin hubs
101	BDO	Misc	Add Family Office Support Services (e.g., estate planning, trust setup) to Ancillary list	High-value service cluster aligned with IFSC positioning as a regional wealth hub	UK HMRC's Family Office initiatives, Mauritius Global Business framework

10 2	Cognizant	Misc	<p>Retail Banking : Multi-channel customer engagement &amp; servicing, account onboarding and maintenance, fraud detection, monitoring, and dispute management, deposit operations, compliance &amp; reconciliation, Lending Operations: Loan processing, underwriting support document verification, payment handling, escrow, customer communications, collections, foreclosure, loss mitigation, reverse mortgage lifecycle management</p> <p>Capital Markets: Trade processing, fund accounting, NAV calculations, portfolio servicing, compliance, deal lifecycle, KYC/AML, regulatory documentation, clearing, custody, and post-trade reporting</p> <p>Insurance Operations: Property &amp; Casualty, Life &amp; Annuities, Retirement Services, Wealth Management.</p> <p>Cards &amp; Payments ; Risk &amp; Compliance, Retail payments, Merchant acquisition</p> <p>Corporate Banking: Commercial Lending, Trading, Finance</p> <p>Investment Banking: Wealth Management, Mutual Funds</p>		
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10 3	Deloitte	3	<p>To cover “Intermediaries” in the scope of the definition of “Service Recipient” defined in proposed regulation 3(xi). Therefore, the following modifications as indicated in amber should be made in clause (xi) of proposed regulation 3: “Service Recipient” means the end users which receive services from the Service Provider registered under these regulations or Intermediaries, for the purpose of making arrangements for delivery of financial services covered under clause (e) of subsection (1) of section 3 of the Act;</p> <p>Explanation: The end usage of the TechFin and Ancillary Services must have close connection/ nexus with the financial services or bearing on the decision making process in the delivery of these financial services covered under Section 3 (1) (e) of the IFSCA Act, 2019.”</p>	<p>Intermediaries are defined in the proposed regulation at 3(v) which states “Intermediaries” for the purpose of these regulations shall mean such an entity within its group entities, which receives the services from the Service Provider registered under these regulations, in order to deliver the services to a Service Recipient for the purpose of delivery of financial services specified under clause ( e) of subsection (1) of Section (3) of IFSCA Act, 2019;</p> <p>Explanation. - The delivery of services by Intermediaries to Service Recipient shall have close connection with any of the financial services covered under clause (e) of sub- section (1) of section 3 of the Act;</p> <p>From the definition of Intermediaries in the proposed regulation, it appears that the intent is to permit Intermediaries to offer closely related financial services within group entities. However, the current definition of Service Recipient indicates that only those entities explicitly covered can receive services from providers registered under this regulation. To fully align with the intended scope, it is recommended that the term "Intermediaries" be explicitly included within the definition of Service Recipient. This inclusion would ensure that the regulatory framework effectively supports the provision of intra-group financial services by registered service providers.</p>	
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10 4	Deloitte	9	<p>The term “Service Recipient” under these regulation inter-alia refers:</p> <p>“1(i)Any entities in GIFT-IFSC.”</p> <p>We suggest that ‘GIFT-IFSC’ should be replaced with IFSC</p>	<p>Section 4(4) of the IFSC Act, 2019, empowers the Authority, with prior approval from the Central Government, to establish its offices in other parts of India or abroad.</p> <p>Accordingly, the eligibility criteria for “Service Recipients should not be limited solely to GIFT City (Gujarat International Finance Tec-City).</p> <p>To avoid restriction, reference to "GIFT" should be omitted from the regulation.</p>	
10 5	Deloitte	9	<p>The term “Service Recipient” under the proposed regulation inter alia refers:</p> <p>1(ii) Any BFSI Entities located outside India for the purpose of making arrangements for delivery of financial services covered under clause (e) of sub- section (1) of section 3 of the Act.</p> <p>We suggest BFSI should be replaced with “Financial Services Entities”</p>	<p>The term "BFSI" is currently undefined in the proposed regulation. To ensure clarity and consistency, we recommend that the term either be clearly defined or replaced with "Financial Services Entities," which aligns with the terminology used in the existing regulatory framework.</p> <p>Moreover, the IFSC Act, 2019 does not define "BFSI." Therefore, to avoid ambiguity, we suggest substituting "BFSI" with "Financial Services Entities".</p>	
10 6	Deloitte	9	<p>The Service Recipient scope is restricted to Non-resident which should be expanded and therefore we suggest modification in proposed regulation Eligibility Criteria for Service Recipients as under:...(1) (2) The Service Recipient shall be resident or non-resident.</p>	<p>Under sub-clause (2) of Regulation 9 in the proposed regulation, the eligibility criteria for Service Recipients is currently limited to non-residents. We recommend that this scope be expanded to include resident entities as well, ensuring broader applicability and alignment with practical business needs. Additionally, since sub-clause (1)(iii) of Regulation 9 already includes Indian entities, it is important that sub-clause (2) also explicitly references "Residents" to eliminate any ambiguity and maintain consistency across the regulation.</p>	

10 7	Deloitte	9	<p>To expand the scope of “Eligibility criteria for Service Recipients”, we suggest below mentioned changes in amber:</p> <p>1) The Service Recipients under these regulations, shall be as follows:</p> <p>(i). Any entities in GIFT-IFSC;</p> <p>(ii). Any BFSI Entities located outside India for the purpose of making arrangements for delivery of financial services covered under clause (e) of sub- section (1) of section 3 of the Act as well as other related activities overseas.</p> <p>(iii). Indian entities only for the purpose of setting up of their office as well as carrying out operations of such offices in IFSC in India</p> <p>(iv) Indian entities for the purpose of setting up of their branch or representative offices as well as carrying out operations of such offices in foreign jurisdiction.</p>	<p>Definition of Service Recipient as per Existing Framework for Ancillary services (F. No. 206/IFSCA/Anc.Aux/2020-21) dated 10 February 2021 states as under:</p> <p>E. Service Recipients:</p> <p>Service providers can provide permissible services to any one or more of the following:</p> <p>(i) Entity(ies) set up in the IFSC;</p> <p>(ii) Financial services entities from foreign jurisdictions for various activities in the IFSCs in India or other related activities overseas;</p> <p>(iii) Indian entities who propose to open, set up or carry out operations in IFSCs or foreign jurisdiction, provided consideration is received in freely convertible foreign currency.</p> <p>It is observed that the eligibility criteria for Service recipient under the proposed regulation has been narrowed down as compared to the existing framework.</p> <p>Based on the above, it is evident that sub-clause (iii) encompasses a broad range of Indian entities as Service Recipients. Accordingly, we propose that clause (iv) in the draft regulation should explicitly include Indian entities for the purpose of establishing offices in foreign jurisdictions.</p> <p>Furthermore, the eligibility criteria defining the scope of Service Recipients should not be unduly restrictive. Instead, they should align with globally accepted practices to ensure consistency and competitiveness. One of the key reasons for broadening the eligibility criteria is that clients typically expect comprehensive service offerings from a single consultant. Therefore, it is suggested that the scope of services be inclusive — covering both IFSC and international (outside India) services.</p>	<p>As per the DFSA Rulebook Ancillary Service Provider Module (ASP) by Dubai Financial Services Authority (DFSA), DFSA does not restrict the scope of Service Recipient.</p>
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108	Deloitte	Schedule -i	<p>We suggest following additional services should be added in List of Ancillary Services in First schedule of the proposed regulation:</p> <p>Compliance Services means providing advice, consultancy assistance or other related services for fulfilling legal obligations/compliances under various laws for the time being in force.</p>	<p>The proposed regulation does not currently include compliance services that are part of the existing Ancillary Services framework. We recommend that these services be explicitly incorporated into the draft regulation to ensure continuity coverage.</p> <p>At present, the draft regulation only includes managed compliance services. However, consulting and advisory services related to various laws—which are recognized under the existing framework—are not addressed. To maintain consistency and support the full range of compliance-related offerings, these services should also be included.</p>	
109	Saigal	Schedule ii	<p>Recommend explicit inclusion of “Commercial Ship Management Services” covering financial, operational, and performance oversight of vessels under lease, charter, or pooling arrangements</p>	<p>While the scope of such services appears to align with existing entries such as advisory, management consulting, risk management, and ship broking, a specific mention would provide regulatory clarity and certainty for service providers seeking to operate within GIFT-IFSC. This clarity would also support the operational framework of emerging shipping pool and leasing ecosystems.</p>	<p>Global maritime finance hubs such as Singapore, Marshall Islands, and Dubai formally recognize commercial ship management as a professional and regulated ancillary function within the offshore leasing and finance architecture. Regulatory alignment with these jurisdictions would further bolster GIFT-IFSC’s competitiveness in the global maritime finance space.</p>
		Misc.	<p>Addition of Global Immigration Centre Services</p>		

**IFSCA Response:**

The above comments/ suggestions received within the prescribed timeline (9<sup>th</sup> May, 2025 -1<sup>st</sup> June, 2025) were considered and placed before the Competent Authority. Necessary modifications / changes have been carried out on the Regulations.