Nodal Co-ordination Cell

Informal Guidance

सत्यमेव जयते
Government of India

20/07/2026

To,
Mr. Ankur Choudhary,
Director,
Beta front Financial Services IFSC Pvt Ltd.

Sir,

Subject: Request for informal guidance by way of an interpretative letter under the IFSCA (Informal Guidance) Scheme, 2024, submitted by Betafront Financial Services IFSC Pvt Ltd. ("the applicant") seeking guidance, *inter-alia,* on whether the FMEs may accept customer's e-wallet account issued by an IFSCA authorised PSP for subscription of units of funds and securities and redemption thereof.

1) This has reference to your request letter received dated November 27, 2025, on the captioned subject seeking interpretative letter under the *IFSCA Informal Guidance Scheme, 2024,* on whether the Fund Management Entities in IFSC (FMEs) may accept customer's e-wallet account issued by an IFSCA authorised Payment Service Provider (PSP) for subscription of units of funds and securities and redemption thereof.

2) In the said letter, you have, *inter-alia*, represented as under:

   a) A critical operational and compliance concern has been raised by several IFSC-based Fund Management Entities (FMEs) and other regulated financial institutions regarding the acceptance of e-wallet account as a source of funds at par with bank accounts.
   b) Reference has been made to the IFSCA Circular No. IFSCA-PLNP/80/2024-Capital Markets dated September 12, 2025, wherein the Global Access Providers and Introducing Brokers in IFSC were permitted the option of either opening the bank account(s) with an IFSC Banking Unit licensed by the Authority or open account(s) with a PSP authorised with a PSP authorised under the IFSCA (Payment Services) Regulations, 2024 for payment and movement of funds.

INTERNATIONAL FINANCIAL SERVICES CENTRES AUTHORITY
Second & Third Floor, PRAGYA Tower, Block 15, Zone 1, Road 1C, GIFT SEZ, GIFT City,
Gandhinagar-382 355, Gujarat, India. **P:** +91 79 6180 9800

c) It is also stated that, the aforementioned circular establishes regulatory acceptance of PSP accounts for client fund management in the Global Access/Broking space, a similar explicit provision has not yet been extended for other IFSC registered capital market product, including AIFs and mutual funds, for handling client subscription and redemption.

3) On the basis of the above facts and circumstances, you have sought for clarification on the following queries:

a) ***Subscription Mechanism:*** *Whether Fund Management Entities (FMEs) or other regulated financial institutions operating in the IFSC may accept subscription amounts from a customer's e-wallet account issued by an IFSCA-authorised PSP, provided the PSP has conducted appropriate KYC/AML checks complaint with IFSCA standards.*

b) ***Redemption Mechanism:*** *Whether redemption proceeds from investment and other financial products (units in funds, securities, etc.) may be credited back to a customer's e-wallet account issued by an IFSCA authorised PSP.*

c) ***Regulatory Equivalence:*** *Whether, for the purpose of receiving/ disbursing funds for financial transactions (including subscription and redemption of units in investment products), a customer's e-wallet account issued by an IFSCA authorised PSP may be considered at par with a customer's bank account.*

4) The departments have considered the submissions made in your letter and the views on the queries raised in your letter are as under:

a) In regard to the **Queries No.1 and 2**, it may be noted that the Fund Management Entities may accept subscription amounts from a customer's e-wallet account issued by a Payment Service Provider authorised by IFSCA ('authorised PSP') for investing in units in funds and securities and may credit back the proceeds of investment to the said customer's e-wallet account. This is subject to the condition that the authorised PSP has performed the applicable AML/CFT/KYC compliances.

b) In regard to the **Query No.3** the response is as follows:

"*Account issuance service*" in regulation 2(1)(a) of the IFSCA (Payment Services) Regulations, 2024 (as amended) ("the regulations") means the activity of a Payment Service Provider (PSP) issuing a payment account to a payment service user as well as enabling money to be placed into such account and/or withdrawn from such account. Account issuance service is one of the "*payment services*" (defined in regulation 2(1)(y) of the regulations") that a PSP may undertake. It may further be noted that proviso to regulation 4(1) read with Schedule IV of the regulations exempts an IBU or IBC from the requirement of authorisation under the regulations for the purpose of providing "payment services" including account issuance service. Therefore, while both IBU/IBC and PSP may offer account issuance service, only the latter is required to seek authorisation under the regulations for doing so. Therefore, an account issued by a PSP may be considered to be equivalent to that issued by an IBU/IBC only to the extent of the activities permitted under the definition of "*account issuance service*" under the regulations.

5) Please note that the above position is based on the information furnished in your letter under reference. Different facts or conditions might lead to a different interpretation. Please also note that this letter expresses the views of the concerned departments based on the facts placed before them and does not express the decision of the IFSCA (herein after referred as 'Authority') on the question referred through your letter.

6) The views expressed herein are only with respect to the guidance sought in your letter and do not affect the applicability of any law and any other regulations, guidelines and circulars framed or administered by the Authority or laws administered by any other authority.

Yours sincerely,

Ankit Bhansali

Digitally signed byAnkit Bhansali
DN: CN=Ankit Bhansali, O=Personal, SERIALNUMBER=248fb44aea897eadabff1ad970fe61665551946e88bba7d958264ff73316ef5f, T=6253, OID.2.5.4.65=5115a96da9d041e092d958c8aa616c02, STREET=104 A Wing Aspen Garden Walbhat Road Behind Nirlon Near Sharma Industrial Estate Goregaon East Mumbai, PostalCode=400063, Phone=2ca3929d202be7a4be9740d229df3824f664b528a45d6e70ff43e095f46bc74c, S=Maharashtra, C=IN
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(Ankit Bhansali)
General Manager