



INTERNATIONAL FINANCIAL SERVICES CENTRES AUTHORITY
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Consultation Paper on proposed regulatory framework for Trust and Company Service Providers (TCSP) and Special Purpose Vehicles (SPVs) for Leasing Activities in IFSC

1. Objective

This consultation paper seeks public and stakeholder comments on the proposed regulatory framework for Trust and Company Service Providers ('TCSPs') under **IFSCA (TechFin and Ancillary Services) Regulations, 2025** and Special Purpose Vehicles ('SPVs') under the **IFSCA (Finance Company) Regulations, 2021**, in the leasing ecosystem at the International Financial Services Centre (IFSC). The objective is to strengthen the institutional, governance, and operational framework supporting leasing and financing, enhance global competitiveness, ensure regulatory clarity, and align IFSC with leading global leasing jurisdictions such as those for aircraft leasing.

2. Statement of Objects and Reasons

The aircraft leasing industry is a strategic component of global aviation finance. Leading jurisdictions such as Ireland, Singapore and UAE have developed strong ecosystems supported by corporate service providers, SPV regimes, tax neutrality, and regulatory clarity. The proposed framework aims to introduce specialised service providers in IFSC to support structuring, administration and governance of leasing transactions while ensuring transparency, AML/CFT safeguards and investor protection.

The International Financial Services Centres Authority (IFSCA) was established under the IFSCA Act, 2019 to regulate financial products and institutions in IFSC. The aircraft leasing framework in IFSC has evolved with regulatory support under Finance Company Regulations.

However, the leasing ecosystem (particularly aviation) requires specialised corporate, fiduciary and structuring support. Globally, aircraft leasing transactions rely on professional service providers to manage SPVs. The absence of a formal TCSP regime may limit scalability and institutional depth. The framework is expected to attract global investors and lessors. It also aims to address operational, governance and AML/CFT gaps.

3. Background

The aircraft leasing industry has emerged as a critical pillar of global aviation finance, enabling airlines to access high-value assets without significant upfront capital expenditure. Globally, this ecosystem is supported by specialised financial structures, professional service providers, and well-developed regulatory and legal frameworks. Jurisdictions such as Ireland, Singapore, Hong Kong and the UAE have established themselves as leading hubs by creating an enabling environment that supports efficient asset ownership, structured financing, strong investor protection, and regulatory certainty.

India is among the fastest-growing aviation markets, driven by increasing passenger demand, expanding connectivity, and rising private airline participation. Indian carriers have placed substantial aircraft orders, reflecting long-term growth prospects and the need for modern, fuel-efficient fleets. Despite this expansion, a significant share of aircraft operated by Indian airlines continues to be leased from offshore jurisdictions. This results in considerable foreign exchange outflows in the form of lease rentals, financing charges, and professional service fees. The primary reasons include access to global capital markets, established structuring capabilities, tax certainty, and availability of specialised corporate and fiduciary service providers in those jurisdictions.

In recent years, the Government of India and the International Financial Services Centres Authority (IFSCA) have taken several initiatives to develop a robust aircraft leasing ecosystem at the GIFT International Financial Services Centre (IFSC). These include the notification of aircraft leasing as a financial product, the introduction of a dedicated regulatory framework for lessors, and enabling

participation by global and domestic investors. These measures have led to the establishment of aircraft leasing entities in IFSC and have begun to position the jurisdiction as an emerging global hub. However, in the prevailing structure, IFSC entities often function as sub-lessors, while ownership and primary financing of aircraft largely remain in offshore jurisdictions. Consequently, the full economic and ecosystem benefits, including financing, structuring, and professional services, are yet to be fully realised within the IFSC.

Further, the global aircraft leasing industry relies on a comprehensive ecosystem comprising financial institutions, legal and accounting firms, asset managers, corporate administrators, and other specialised service providers. These participants play a vital role in facilitating structuring, governance, compliance, and ongoing administration of leasing transactions. At present, a dedicated regulatory framework for such specialised ancillary services in the context of aircraft leasing is evolving in IFSC. The absence of a formal and integrated framework may limit scalability, operational efficiency, and the ability to attract large global players.

Accordingly, there is a need to strengthen the institutional and regulatory ecosystem supporting aircraft leasing in IFSC by introducing a structured framework for Trust and Company Service Providers (TCSPs) and Special Purpose Vehicles (SPVs) for leasing. Such a framework is expected to enhance operational efficiency, provide clarity on governance and compliance standards, align IFSC with global best practices, and facilitate greater participation from international investors, lenders, and aviation stakeholders. It would also support capital inflows, reduce foreign exchange outflows, promote high-skilled employment in financial and professional services, and contribute to the long-term development of IFSC as a global aviation financing hub.

4. Proposed TCSP–SPV Framework in IFSC

Under the proposed framework, regulated Trust and Company Service Providers (TCSPs) in IFSC would be permitted to support the incorporation, administration, governance and ongoing compliance of Special Purpose Vehicles (SPVs) established for undertaking aircraft leasing and financing activities. The SPV, registered as a Finance Company with IFSCA, would function as the asset-owning and leasing entity, while the TCSP would provide a range of ancillary and fiduciary services including entity formation, provision of registered office,

corporate administration, compliance support, and, where required, nominee and trustee services in accordance with applicable regulatory safeguards.

This arrangement is intended to enable efficient transaction structuring, operational continuity, and robust governance while ensuring clear segregation between financial and ancillary service activities. The proposed framework also envisages a proportionate regulatory approach for such SPVs, recognising their limited and transaction-specific role, alongside strong oversight of TCSPs in areas such as client due diligence, transparency, and AML/CFT compliance. Overall, the framework aims to facilitate the establishment of globally comparable structuring capabilities within IFSC, strengthen investor confidence, and support the development of a comprehensive and competitive aircraft leasing ecosystem in India.

Proposed Regulatory Changes in the IFSCA (Finance Company) Regulations, 2021 are placed at **Annexure- 1**.

Proposed Regulatory changes in the IFSCA (TechFin and Ancillary Services) Regulations, 2025 are placed at **Annexure- 2**

5. Public Comments

1. Comments and suggestions from public are invited on the amendments proposed to IFSCA (Finance Company) Regulations, 2021 as listed as Annexure 1 and to IFSCA (TechFin and Ancillary Services) Regulations, 2025 as listed as Annexure 2.

2. Comments may be sent by email to Mr. Harish Jhajharia, Manager, IFSCA at Harish.jhajharia@ifsc.gov.in and Mr Lobhas Prakash Khairnar, Manager, IFSCA at Lobhas.khairnar@ifsc.gov.in with a copy to Mr. C M Sathyaraj, General Manager, IFSCA at sathyaraj.cm@ifsc.gov.in and Ms. Riddhi Bhandari, General Manager, IFSCA at riddhi.bhandari@ifsc.gov.in latest by April 6, 2026.

3. The comments may be provided in the following format (MS Word or MS Excel only):

| Name and details of the Person / Entity (Organization name (if applicable), contact no., Email address) | | | | | |
|--|--|----------------|--------------------------------|--------------------|------------------------------|
| S.No. | Please mention Annexure (Annexure-1 or | Regulation No. | Comments/ Suggestion/ Proposed | Detailed rationale | Other supporting information |

| | Annexure-2) | | amendment | | / global best practices |
|--|---------------|--|-----------|--|-------------------------|
| | Paragraph No. | | | | |
| | | | | | |

Annexure- 1

Proposed Regulatory Changes in the IFSCA (Finance Company) Regulations, 2021

International Financial Services Centres Authority (Finance Company) (Amendment) Regulations, 2026

IFSCA/GN/2026/ XXX. - In exercise of the powers conferred by sub-section (1) of section 28 read with sub section (1) of Section 12 and sub-section (1) of Section 13 of the International Financial Services Centres Authority Act, 2019, the International Financial Services Centres Authority hereby makes the following regulations, further to amend the International Financial Services Centres Authority (Finance Company) Regulations, 2021 (hereinafter referred to as the principal regulations), namely:-

1. (1) These regulations may be called the International Financial Services Centres Authority (Finance Company) (Amendment) Regulations, 2026.

(2) These regulations shall come into force on the date of their publication in the Official Gazette.

2. In the principal regulations, after clause (m) of sub-regulation (1) of regulation 2, the following clauses shall be inserted, namely, -

“(n) “Special Purpose Vehicle (SPV)” means a Finance Company which is promoted or managed or administered by a Trust and Company Service Provider for undertaking one or more of the permissible activities specified under sub-regulation (1) of regulation 5 of these regulations as permitted by the Authority;

(o) “Trust and Company Service Provider (TCSP)” means an entity authorized to provide Trust and Company Service Provider services for leasing activity under the International Financial Services Centres Authority (TechFin and Ancillary Services) Regulations, 2025.”

3. In the principal regulations, after sub-clause (m) of clause (iii) of sub-regulation (1) of regulation 5, the following clause shall be inserted, namely, -

“(ma) leasing or financing activity undertaken by a Special Purpose Vehicle; and

4. In the Schedule of the principal regulations, after serial number 3, the following shall be inserted as serial number 4, namely, -

| No. | Activity | Minimum Owned Fund Requirement (in USD or equivalent amount in any other freely convertible currency) | Exempted Regulations, if Any |
|-----|---|---|--|
| 4 | leasing or financing activity undertaken by an SPV, as permitted by the Authority | The minimum owned fund shall not be less than the paid-up share capital requirement under the Companies Act, 2013, <i>Provided that</i> the Authority may, depending upon the circumstance of the matter, revise the minimum net own fund requirement from time to time. | (i) Regulation 4 (ii) Regulation 8. |

Annexure- 2

Proposed Regulatory Changes in the IFSCA (TechFin and Ancillary Services) Regulations, 2025

International Financial Services Centres Authority (TechFin and Ancillary Services) (Amendment) Regulations, 2026

IFSCA/GN/2026/ XXX. In exercise of the powers conferred by sub-section (1) of section 28 read with sub section (1) of Section 12 of the International Financial Services Centres Authority Act, 2019, the International Financial Services Centres Authority hereby makes the following regulations, further to amend the International Financial Services Centres Authority (TechFin and Ancillary Services) Regulations, 2025 (hereinafter referred to as the 'principal regulations'), namely:-

1. In the principal regulations, after Chapter V, the following Chapter shall be inserted namely: -

“CHAPTER- V(A)

10A. Definition

(a)“Trust and Company Services Provider (TCSP)” means an entity which has been granted registration as TechFin and Ancillary Services Provider(TCSP) under these regulations to provide TCSP services for leasing activity in accordance with provisions of this Chapter.

10 B. Obligation to seek registration

- (1) An entity desirous of undertaking TCSP services for leasing activity under IFSCA(TechFin and Ancillary Services) Regulations, 2025 shall not commence its operations in the IFSC, unless it has obtained a

certificate of registration from the Authority, in accordance with these regulations under Chapter-VA.

- (2) An entity desirous of undertaking Trust and Company Services Provider services shall make an application to the Authority in such form and manner as specified under sub-regulation (1) of regulation 6 of these regulations.
- (3) The certificate of registration shall be valid for a period of 5 (five) years or such other period as specified by the Authority.
- (4) Existing TechFin and Ancillary Service Provider desirous of providing Trust and Company Services Provider services shall seek separate registration from the Authority in accordance with this Chapter.

10 C. Eligibility criteria

- (1) The applicant shall be an entity incorporated as a company or limited liability partnership in the IFSC.
- (2) A partnership firm registered under the Indian Partnership Act, 1932, wherein all its partners are members of professional body or institute constituted under any Act of Parliament, shall also be eligible to make an application under these regulations.
- (3) All the promoters or partners of the applicant entity shall be from a jurisdiction which has not been identified in the public statement of Financial Action Task Force (FATF) as “High-Risk Jurisdictions subject to call for action”.

10 D. Permissible services to be provided by TCSP in IFSC

- (1) A TCSP may undertake one or more of the following services:
 - (i) acting as an agent for setting up of trusts, companies, limited liability partnerships or any other body corporate;
 - (ii) acting as (or arranging for another person to act as) (a) trustee, in case of express trust or performing the equivalent function for any

other type of trust (b) a director or company secretary or a nominee shareholder, in case of a company,(c) a partner or a designated partner, in case of limited liability partnerships, or (d) any equivalent person, in case of a body corporate;

(iii) providing a registered office, business address or, correspondence or administrative address for a trust, company or limited liability partnership or body corporate;

(2) The applicant shall demonstrate that Trust and Company Services Provider services for leasing activity are conducted as a distinct and adequately resourced line of business, supported by appropriate governance arrangements, policies, systems, controls and key personnel. The applicant shall submit a declaration (as part of the application form) that it shall maintain an arm's length relationship between its activities as TCSP and other services by undertaking that the Trust and Company Services Provider services through a separately identifiable business unit.

10 E. Fit and Proper Requirements

The Trust and Company Services Provider shall ensure that the entity and its principal officer, compliance officer, directors/ partners/ designated partners, and controlling shareholders are 'fit and proper' persons, at all times, in accordance with Regulation 7 of these regulations.

10 F. Governance and Control

(1) Every Trust and Company Services Provider shall establish and maintain a governance framework commensurate with the scale, nature, complexity and risk profile of its TCSP activities.

(2) The governing body or Governing Board of the Trust and Company Services Provider shall be responsible for:

- (a) approving the business strategy, and service offerings relating to TCSP activities;
- (b) approving policies relating to client acceptance (including guidelines for classification of clients into high, medium, low risk), beneficial ownership verification, nominee arrangements and trusteeship services;
- (c) overseeing compliance with applicable laws, regulations and directions issued by the Authority, provided that the Compliance Officer shall be responsible for ensuring compliance as set out in para 6(4) of this schedule.
- (d) ensuring that adequate resources, systems and controls are in place to ensure effective conduct of TCSP business.

(3) The Trust and Company Services Provider shall establish and maintain internal policies, procedures, and system-based controls to ensure effective segregation of duties so that no single function or individual has end-to-end control over client acceptance, service delivery, transaction execution, and compliance oversight. Without prejudice to the generality of the above, the TCSP shall ensure that:

- (a) Client onboarding and client due diligence functions** are performed independently, such that personnel responsible for sourcing or onboarding clients shall not undertake or approve KYC, CDD, or enhanced due diligence processes.
- (b) Provision of TCSP services**, including nominee, director, shareholder, trustee, or similar fiduciary functions, shall be operationally separate from client acceptance and KYC, CDD due diligence functions.

(c) Transaction processing, record-keeping, and administrative services shall be segregated from approval and control functions and shall be subject to maker–checker and supervisory review mechanism.

Provided that, where due to the size or nature of operations complete segregation is not feasible, the TCSP shall implement alternative controls approved by the governing board and documented in internal policies.

(4) The Trust and Company Services Provider shall establish an internal audit or independent review mechanism, commensurate with the scale, nature, complexity and risk profile of its TCSP operations, to periodically assess:

- (a) adequacy of governance and control framework;
- (b) effectiveness of AML/CFT/ KYC systems and procedures;
- (c) accuracy and completeness of client and entity records; and
- (d) adherence to regulatory approvals and service scope.

Provided that the Authority may prescribe appointment of an external auditor or conduct of special audits for such class of TCSP entities where risk profile so warrants.

(5) The Trust and Company Services Provider shall maintain, in physical or electronic form, accurate and up-to-date records in respect of:

- (a) each legal person or legal arrangement administered;
- (b) full ownership and control chain, including ultimate beneficial owners as per the thresholds prescribed under the Companies (SBO) Rules, 2018, amended from time to time.
- (c) details of directors, trustees, protectors, partners and nominee shareholders;
- (d) trust deeds, constitutional documents, shareholders' agreements and similar instruments, where TCSP is involved.
- (e) services provided, service agreements and duration of engagement.

(6) Such records as mentioned under sub-regulation (7) shall be:

(a) readily accessible for inspection by the Authority or any government authority

(b) retained for a minimum period of five years after cessation of client relationship or such longer period as may be specified under applicable law and regulations; and

(c) protected through appropriate data security and confidentiality safeguards.

(7) The Trust and Company Services Provider shall implement information technology systems and access controls to ensure integrity and non-tampering of corporate records; and complete audit trails of changes in ownership, control or management of the legal structures administered by it.

(8) Every Trust and Company Services Provider shall put in place risk management framework and shall:

(a) identify, assess, monitor and mitigate legal, operational, reputational and AML/CFT risks associated with its client base and service offerings;

(b) adopt a documented risk-based approach to client acceptance and ongoing monitoring;

(c) ensure that its governance framework clearly allocates responsibilities and avoids conflicts of interest.

(9) Every TCSP shall:

(a) maintain confidentiality of client information except where disclosure is required by law or regulatory direction;

(b) implement adequate data protection and cybersecurity safeguards;

(c) ensure records are accurate, complete and capable of timely retrieval.

10 G. Appointment of Principal Officer and Compliance Officer.

(1) Every Trust and Company Services Provider shall appoint a Principal officer and Compliance officer in accordance with regulation 9 of these regulations.

(2) The Compliance Officer and Principal Officers shall be based out of IFSC, shall be a full-time employee of the Trust and Company Services Provider.

Provided that they shall possess minimum educational qualifications and experience as specified below:

(a) Must have a professional or post-graduate qualification in finance, law, commerce, or a related field and at least with (i) five years of experience in securities markets or financial product activities or (ii) three years of experience in compliance or risk management roles in listed companies or regulated entities.

Provided further that a compliance officer appointed under any other applicable law or regulations in IFSC can be redesignated as the Compliance Officer for TCSP business, subject to fulfilment of the above minimum requirements.

10 H. Eligible Services Recipients

(1) A TCSP may provide services for leasing activity only and to a service recipient who is a non-resident and is not from a jurisdiction identified in the public statements of the Financial Action Task Force (FATF) as a *high-risk jurisdiction subject to a call for action*, as updated from time to time.

(2) Notwithstanding sub-regulation (1), a TCSP may provide services in relation to the establishment, administration, or ongoing support of a special purpose vehicle in the IFSC, where such special purpose vehicle is the primary service recipient, even if such services are undertaken at the request of, or for the benefit of, a person resident in India, including, but not limited to, an airline, lessor, or lender, provided that:

(a) the TCSP's contractual relationship and fiduciary duties are owed to the SPV in IFSC;

(b) the resident person does not exercise ownership or control over the SPV, other than rights arising from contractual, financing, or security arrangements;

(c) until relevant governing body is appointed in the entity in IFSC, resident person may provide instructions to TSCP as may be necessary in relation to

Explanation:

For the avoidance of doubt, any person resident in India who sponsors, originates, or finances a SPV shall not be regarded as a service recipient of the TCSP merely by reason of such association, and the TCSP's contractual and fiduciary obligations shall be owed to the special purpose vehicle based in IFSC in accordance with the applicable service agreements.

(3) The TCSP shall ensure that the eligibility of the service recipient and the jurisdictional risk are assessed at the time of onboarding and on an ongoing basis as part of its customer due diligence framework.

10 I. Client Acceptance and Monitoring

(1) TCSPs shall adopt client acceptance policies approved by the board or its governing body.

(2) Ongoing monitoring of client structures, transactions and control shall be undertaken.

(3) Periodic review of client risk classification shall be mandatory.

(4) A Trust and Company Services Provider shall:

(a) decline or terminate relationships where adequate due diligence cannot be completed;

- (b) ensure that the purpose and intended nature of the structure is legitimate and documented;
- (c) periodically reassess the commercial rationale and economic substance of administered entities.

10 J. Supervision and Reporting

(1) Every TCSP shall be subject to on-site and off-site supervision by the Authority, for the purpose of assessing compliance with these Regulations, and directions issued by the Authority, Government of India or any other regulatory or oversight authorities, from time to time.

(2) Without prejudice to the generality of sub-regulation (1), the Authority may conduct:

- (a) inspections, examinations or audits of records, systems and processes;
- (b) thematic or risk-based supervisory reviews; and
- (c) special inspections where risk profile or complaints so warrant.

(3) Every TCSP shall submit the following to the Authority, in such form and manner and within such timelines as may be specified:

- (a) Monthly Report;
- (b) A quarterly compliance certificate signed by the Compliance Officer;
- (b) AML/CFT audit reports or independent compliance reviews, where directed by the Authority;
- (c) such other statements, returns or information as may be required for supervisory purposes.

(4) The TCSP shall furnish information relating to its business operations, client profile, governance arrangements and risk exposures to the Authority at such intervals and in such manner as may be specified by the Authority.

(5) Any financial reporting by the TCSP to the Authority shall be in **USD**, unless otherwise specified by the Authority.

(6) The TCSP shall provide full access to its books, records, systems and personnel to officers authorised by the Authority for the purposes of supervision, inspection or investigation.

(7) A TCSP shall:

(a) deal with the Authority in an open, prompt and cooperative manner;

(b) promptly disclose any material breach, regulatory action, or significant risk event;

(c) provide access to records and information without undue delay.

10 K. Suspension and Cancellation

(1) The certificate of registration granted under these regulations shall be valid, unless suspended or cancelled by the Authority or voluntarily surrendered by the TCSP in accordance with these regulations:

(2) The Authority may suspend or cancel registration of TCSP in case it:

(a) fails to exercise due diligence or comply with any conditions subject to which a certificate of registration has been granted under this Chapter of these regulations;

(b) contravenes any of the provisions of the IFSCA Act or rules or regulations or circulars or guidelines or directions or instructions issued thereunder which relate to its activities as a TCSP;

(c) fails to furnish any information relating to its activity as a TCSP as directed by the Authority;

(d) furnishes to the Authority information which is false or misleading in any material particular;

- (e) does not submit periodic returns or reports as directed by the Authority;
- (f) does not co-operate in any enquiry, inspection or investigation conducted by the Authority;
- (g) commits any other act/omission which in the opinion of the Authority warrants such action or which is against the interest of the clients.

(2) Opportunity of being heard by way of written submissions shall be provided prior to cancellation of and a transition period shall be provided to ensure protection of clients interests.

(3) The voluntary surrender of certificate of registration shall be effective only after its acceptance by the Authority.

10 L. Capital Adequacy Requirement

Every TCSP shall maintain adequate financial resources, including capital and liquidity, commensurate with the nature, scale and complexity of its operations and sufficient to ensure orderly wind-down of its business.

10 M. Professional indemnity insurance

Every TCSP shall maintain professional indemnity insurance cover, commensurate with the scale and risk profile of its business, to protect against claims arising from negligence, errors, omissions or breach of duty.

10 N. Business Continuity Plan

- (1) Every TCSP shall establish, maintain and periodically test a documented business continuity and disaster recovery plan to ensure continuity of critical services.
- (2) It shall maintain arrangements to ensure orderly transfer or wind-down of administered structures in the event of cessation of business.

10 O. Complaints handling Mechanism

Every TCSP shall establish a documented complaints handling policy providing for fair, transparent and timely resolution of client complaints and maintain a complaints register.

10 P. Conflict of interest framework

Every TCSP shall identify, manage and wherever appropriate shall disclose conflicts of interest arising in the course of its business and maintain a documented conflicts management policy.
