INTERPRETIVE LETTER

Date: 27-11-2025

To,

Shri Supriyo Bhattacharjee
Chief General Manger
Division of Payment and Settlements
International Financial Services Centres Authority (IFSCA)
Gift City, Gandhinagar, Gujarat

Sub: Request for Informal Guidance under the IFSCA (Informal Guidance) Scheme, 2024, regarding the equivalence of e-Wallet issued by IFSCA Authorised Payment Service Providers (PSPs) to Bank Accounts for Capital Market Transactions in IFSC.

I. Introduction and Applicant Details

We are **Betafront Financial Services IFSC Pvt Ltd.**, an entity duly authorised by the International Financial Services Centres Authority (IFSCA) to operate as a Payment Services Provider (PSP) in the IFSC, holding Authorisation No. **IFSC/PSP/2025-26/003.**

In the course of our operations, we issue segregated, customer-owned USD e-money accounts to residents and non-resident customers after proper CDD and KYC for facilitating investment activities within IFSC, including investments in IFSC registered funds operated by Fund Management Entities (FMEs) and transacting in securities via IFSC registered Capital Market Intermediaries (CMIs).

II. Background and Scope of Concern

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.

We recognize the forward-looking amendment introduced by the Authority vide **Circular File No. IFSCA-PLNP/80/2024-Capital Markets dated September 12, 2025.** This amendment judiciously permits **Global Access Providers and Introducing Brokers in IFSC** the option to:

*"...either open bank account(s) with an IFSC Banking Unit licensed by the Authority or open account(s) with a **PSP authorised under the IFSCA (Payment Services) Regulations, 2024** for payments / movement of funds..."*

While this circular establishes the **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 but not limited to AIFs and mutual funds, for handling client subscriptions and redemptions.

III. Specific Guidance Requested

In light of the above, we respectfully request the IFSCA to provide guidance on the following points to ensure compliance and operational efficiency across the IFSC ecosystem:

1. **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.
2. **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.
3. **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.

IV. Conclusion

Your authoritative clarification on these points is essential for facilitating the adoption of digital payment solutions in the IFSC while ensuring that all regulated entities maintain compliance with the requirements stipulated by IFSCA.

We confirm that this application is accompanied by the prescribed fee as per the IFSCA (Informal Guidance) Scheme, 2024.

We shall be grateful for your kind consideration and guidance on the above matter.

AChoudhary

For Betafront Financial Services IFSC Private Limited,

BETAFRONT FINANCIAL SERVICS (IFSC) PTD. LTD. GIFT IFSC UNIT

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