



Press Release

IFSCA's Measures in relation to ensuring substance in Capital Market Intermediaries in the GIFT IFSC

The International Financial Services Centres Authority (IFSCA) has been continuously undertaking supervisory measures to assess compliance by Capital Market Intermediaries (CMIs) operating in the GIFT International Financial Services Centre (IFSC).

As part of these measures, IFSCA has been conducting multiple rounds of market intelligence visits at the registered office premises of CMIs to verify the presence of substance, such as presence of Principal Officer and Compliance Officer, adequacy of infrastructure, etc. in accordance with the provisions of the IFSCA Capital Market Intermediaries Regulations, 2025.

During these supervisory visits, certain CMIs were observed to be non-compliant with the applicable regulatory requirements. Below are key observations noted during the market intelligence visits:

1. Some CMIs were found to be closed or unattended on multiple occasions, during business hours.
2. In some CMIs, neither the Principal Officer nor the Compliance Officer was present. Moreover, no authorized personnel were available to respond to queries from the IFSCA's supervision team regarding business operations. In some CMIs, one common person was appointed both as Principal Officer and Compliance Officer. In a few cases, these instances were repeated despite the issuance of Warnings/Advisories by the Authority to the CMIs.
3. In some CMIs, the designated Principal Officers/Compliance Officers lack adequate awareness of the regulatory framework applicable to Capital Market Intermediaries. Additionally, it was observed that in some cases, only back-office staff were present during inspections.

4. Some CMIs were found lacking necessary infrastructure required to effectively carry out their business activities.
5. IFSCA also identified certain practices within some CMIs that are inconsistent with the regulatory requirements of the jurisdiction such as trading carried out using remote access software like *Anydesk*, *Ultraviewer* etc. In some cases, IFSCA officials also observed that the compliance officer was also handling the trading desk, which is a conflict of interest.

Such observations indicate non-compliance with the requirements stipulated under the IFSCA Capital Market Intermediaries Regulations, 2025, specifically the Regulations 9(1), 9(6), 11(b) and clause 16 of Part A of Schedule II of the CMI Regulation relating to the presence of designated KMPs in IFSC and the maintenance of adequate operational infrastructure.

Based on the supervisory findings, IFSCA has initiated appropriate regulatory action against the concerned CMIs in accordance with the applicable regulatory framework.

All CMIs are advised to ensure substance, including strict adherence to the provisions of the IFSCA Capital Market Intermediaries Regulations, 2025 and the circulars and guidelines issued thereunder. IFSCA reiterates its commitment to maintaining high regulatory standards, in letter and spirit and ensuring a transparent and robust financial ecosystem within the IFSC.

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