

Consolidated list of Public Comments on the proposed IFSCA (Finance Company) (Amendment) Regulations, 2026

No	Regulation no	Comments/Suggestion/Proposed amendment	Detailed rationale	Other supporting information / global best practices
1.	General	It is suggested that clarity may be provided that compliance with minimum owned fund shall be the responsibility of the SPV / sponsor and shall not impose additional capital adequacy monitoring obligations on the trustee beyond supervisory oversight.	Trustees act in a fiduciary and oversight capacity and do not have operational control over the capital structuring or funding decisions of SPVs. Clear allocation of responsibility ensures that accountability for capital adequacy remains with the SPV and its sponsors, while trustees continue to perform their supervisory role without assuming operational or financial management responsibilities.	This approach is consistent with the established trustee framework, wherein trustees are not responsible for day-to-day financial management or capitalization decisions, and aligns with principles of proportional regulation and role clarity under existing regulatory regimes.
2.	General	<p>Minimum capital requirement for SPVs: The proposed minimum is only share capital under Companies Act (₹1 lakh / USD equivalent).</p> <p>(i)Observations & Questions: Is this sufficient for economic substance and global credibility?</p> <p>(ii)Will there be:</p> <ul style="list-style-type: none"> (a) Safe harbour substance thresholds? (b) Minimum employee/director presence rules? 	Ireland, Singapore and ADGM require clear substance guidelines.	Nil

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3.	Schedule I	<p>Exemption of Regulation 4 & 8 for SPVs –</p> <p>Request for clarity: (i)These exemptions relate to: Net Owned Fund (NOF) Prudential regulations</p> <p>Query: Should SPVs with large asset sizes (USD 100M+aircraft) be subject to enhanced prudential requirements? Or is the intent that all risk sits with the lessor/financier, not the SPV?</p>	Nil	Nil
4.	2(o)	<p>Proposed definition:</p> <p>"Trust and Company Service Provider (TCSP)" means a body corporate whose main objects is to provide Trust and Company Service Provider services to Special Purpose Vehicle (SPV) for providing ancillary and fiduciary services including entity formation, registered office provision, corporate administration, compliance support and nominee and trustees services wherever required in relation to the leasing activity under the International Financial Services Centres Authority (TechFin and Ancillary Services) Regulations, 2025.</p>	<p>The definition is formulated to provide a formal, regulated "institutional backbone" that manages the fiduciary and administrative needs of Special Purpose Vehicles (SPVs) in the aircraft leasing sector. By aligning with global hubs like Ireland and Singapore, this framework ensures high standards of governance and compliance while reducing the reliance on offshore jurisdictions for leasing structures. This would ensure operational flexibility without diluting regulatory oversight</p>	<ul style="list-style-type: none"> • The definition mirrors the global hubs thereby formally introducing the market to IFSC. • Clear demarcation between the roles of SPV and the TCSP. By allowing TCSPs to handle the fiduciary services, SPVs can handle the financing and leasing aspects. <p>Definition allows direct IFSCA supervision thereby attracting international and global players.</p>
5.	General	<p>In our view, the core issue of bankruptcy remoteness of the SPV still remains to be addressed.</p>	Nil	Nil

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		<p>The TCSP may hold shares of the SPV as a trustee for and on behalf of either a charitable trust or the Investor Education and Protection Fund to be set up under the IFSCA statutes.</p> <p>If the beneficiary is any for-profit vehicle, or if the shareholder is a for-profit vehicle directly holding for its own behalf and not in trust for a not-for-profit, the issue of bankruptcy remoteness does not get addressed. The key roadblock to a not-for-profit being a beneficiary was also stemming from KYC requirements for such no-for-profit and our original suggestion to have something akin to a statutory fund being a beneficiary may be a better option.</p>		
6.	2(o)	<p>“Trust and Company Service Provider (TCSP) means an entity authorized to provide Trust and Company Service Provider services for leasing or financing activity under the International Financial Services Centres Authority (TechFin and Ancillary Services) Regulations, 2025.”</p>	Nil	Nil
7.	Regulation 2 (Definition of Special Purpose Vehicle)	<p>(i)From the proposed definition of the SPV it appears that the form of an SPV can only be a company to be incorporated under the Companies Act, 2013.</p> <p>Under the Companies Act, one can incorporate public company, private company and a one-person company.</p>	<p><u>Structure of the SPVs</u></p> <p>The present proposed regulations restrict the SPVs structure to a company to be incorporated under the Companies Act, 2013.</p> <p>In aircraft financing transactions, the SPV structures used commonly are</p>	<p>In Ireland the most commonly used company type for aircraft owning entities is a Designated Activity Company (DAC), a form of private limited company that is permitted to have its securities admitted to trading or listed on any market.</p>

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		<p>Under Indian law, SPVs can be incorporated in the form of a company, limited liability partnership and partnership.</p> <p>IFSC Authority to clarify if the intention is to allow only a company structure for SPVs. If so, would one person company be allowed to be incorporated as an SPV.</p> <p>(ii)Requirements of bankruptcy remote/ orphan SPV:</p> <p>The proposed regulations are silent on the requirements/ prerequisite of bankruptcy remoteness of the SPVs/ orphan SPVs. This needs to be considered by the IFSC Authority as to how SPVs will be structured so that the bankruptcy remoteness point is addressed. Without this clarity, the lenders might not feel comfortable in financing assets to be held by the SPVs.</p>	<p>subsidiary companies, orphan SPVs and limited partnerships.</p> <p><u>Bankruptcy remoteness/ orphan SPVs</u></p> <p>The proposed regulations do not provide requirements for an SPV to be bankruptcy remote or orphan SPV.</p> <p>The basic requirements for bankruptcy remote or orphan SPV are as under:</p> <ul style="list-style-type: none"> • The SPV must be an independent entity separate from its originator. • The investors should solely with no recourse to the originator, connect with the SPV for payment of interest and principal on their securities. • Should have independent directors, which would in turn reduce the likelihood of the board seeking to commence voluntary insolvency proceedings. • Requirement of investors approval and from rating agencies for any change in the SPVs originating documents. • Properly structuring the SPV to ensure non-inclusion of its financial assets in the bankruptcy estate. 	<p>Aviation SPV structures typically fall into two categories: on-balance sheet and off-balance sheet.</p> <p>An on-balance sheet SPV is a wholly-owned subsidiary of the parent company, with its assets and liabilities consolidated into the parent's financial statements.</p> <p>An off-balance sheet SPV, often referred to as an orphan SPV, is structured to be legally independent, with its shares held by charitable trust. This creates a bankruptcy-remote vehicle that isolates risk, enhances tax efficiency and facilitates cross-border leasing arrangements.</p> <p>The rating agencies in a securitization transaction, would expect the following for an SPV (from a bankruptcy remoteness perspective):</p> <ul style="list-style-type: none"> • The SPV should be for 'single-purpose'. • Incur no additional debt (beyond that sized into the rating and necessary for routine business purposes, such as trade debt and
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				<p>ordinary working-capital facilities to pre-stated levels).</p> <ul style="list-style-type: none"> • Not merge or consolidate with a lower-rated entity. • Not dissolve. <p>Have an independent director.</p>
8.	Regulations 3 & 4 (permissible activities)	<p>(i)The proposed permissible activities under the amended regulations for the SPV is <u>aircraft leasing and financing</u>.</p> <p>The regulation should further clarify that the leasing and financing would include Aircraft Lease (as defined under the principal regulations. The SPVs should be allowed to undertake all the aircraft related transactions such as aircraft sale and purchase, leasing, financing, securitization (asset backed securitization), novations, title transfer etc.</p> <p>Limiting the permissible activities for the SPVs to aircraft leasing and financing might defeat the purpose and objective these amendments.</p> <p>(ii)Also, IFSC Authority to clarify on the following points:</p> <p>(a) Commercial substance point</p> <p>Would IFSC Authority require the SPVs to have any commercial</p>	Nil	Nil

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		<p>substance for the SPV? If yes, please specify in the form of any regulation/ circular and what all those requirements would be?</p> <p>(b) Whether the SPVs would be allowed to lease out or undertake any transaction involving foreign operators?</p> <p>(c) Can single SPV undertake multiple leasing/ financing transactions?</p>		
9.	Reg. 2(1)(n) – Definition of “SPV”	1. The SPV definition should be narrowed and conceptually tightened.	The present wording defines an SPV as a Finance Company “ promoted or managed or administered ” by a TCSP. For a structure that may be expected to support orphan or bankruptcy-remote characteristics, that language is too wide. The words “promoted” and “managed” can blur lines around ownership, control, agency, and substantive independence. In cross-border structured finance, the legal architecture of the vehicle should reduce ambiguity, not create it.	Replace with: “Special Purpose Vehicle (SPV) means a Finance Company established in IFSC for undertaking one or more permissible leasing or financing activities, and which may be incorporated and administered by a Trust and Company Service Provider in accordance with applicable law and regulatory safeguards.”
10.	Reg. 2(1)(o) – Definition of “TCSP”	The TCSP definition should make clear that the role is administrative and fiduciary, not commercial control of the SPV.	The current definition is functional, but the framework would benefit from expressly clarifying that the TCSP’s role is to provide structuring, administration, governance support, and other permitted fiduciary services	Add explanation: “For the avoidance of doubt, the role of a TCSP in relation to an SPV shall not, merely by reason of incorporation, administration, nominee, trustee, or registered

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			without diluting the separate legal identity of the SPV. This matters for market confidence and to avoid future control-based recharacterisation.	office services, be construed as beneficial ownership or commercial control of the SPV.”
11.	Reg. 5(1)(iii)(ma)	The enabling clause is useful, but it should be accompanied by structural safeguards for SPVs undertaking leasing or financing activity.	Permitting leasing or financing activity through an SPV is directionally right. However, if the intention is to support internationally credible structuring, the framework should also clarify the expected safeguards for such SPVs, especially where they are intended to be transaction-specific or bankruptcy-remote vehicles. Without this, the regime remains permissive but incomplete.	Add a proviso or explanation stating that SPVs may be subject to conditions specified by the Authority regarding separateness, governance, record-keeping, continuity of administration, and transaction-specific restrictions.
12.	Schedule , Serial No. 4	The low-capital approach may be commercially acceptable, but only if the structural discipline of the SPV is strengthened explicitly.	A transaction-specific SPV can justifiably operate with light capital requirements. The issue is not the low threshold by itself. The issue is that where prudential burden is intentionally light, the legal and governance architecture has to be correspondingly clear. Otherwise, the framework risks being light on capital without being strong on separateness, continuity, and transaction integrity.	Add explanation: “The proportionate capital treatment for SPVs shall be without prejudice to the requirement to maintain appropriate governance, operational continuity, and structural safeguards commensurate with the nature of the transaction.”
13.	General	<p>Economic Substance Requirements for SPVs Change Required Introduce mandatory economic substance norms for SPVs, including:</p> <ul style="list-style-type: none"> • Minimum local directors (resident in IFSC) • Decision-making in IFSC 	<p>Rationale Currently, SPVs are treated as light-touch entities. However:</p> <ul style="list-style-type: none"> • Risk of being treated as “brass plate entities” • May face tax challenges globally (BEPS / OECD scrutiny) 	<p>Value Addition</p> <ul style="list-style-type: none"> • Enhances credibility with global investors & lessors • Enables tax treaty benefits • Prevents regulatory arbitrage perception ◆ Global Alignment

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		<ul style="list-style-type: none"> Minimum operational presence (board meetings, records, control) 		<ul style="list-style-type: none"> Ireland (Section 110 SPVs): Strong substance + local directors Singapore (Aircraft Leasing Scheme): Substance-linked tax incentives UAE (DIFC/ADGM): Mandatory local governance presence
14.	General	<p>Bankruptcy Remoteness & Ring-Fencing of SPVs</p> <p>Change Required Explicitly mandate:</p> <ul style="list-style-type: none"> Bankruptcy remote structures Legal ring-fencing of assets/liabilities Restrictions on cross-collateralisation 	<p>Rationale Current draft does not clearly define insolvency protection mechanics</p>	<ul style="list-style-type: none"> ◆ Value Addition <ul style="list-style-type: none"> Critical for credit rating & investor comfort Enables securitisation and structured finance participation ◆ Global Alignment <ul style="list-style-type: none"> Ireland: SPVs structured as orphan entities via charitable trusts Singapore: Bankruptcy remote SPVs widely used UAE (ADGM): Strong insolvency framework aligned with English law
15.	General	<p>Clarity on Tax Neutrality & Withholding Framework</p> <p>Change Required Explicit cross-reference / clarification:</p>	<p>Rationale Tax certainty is the single biggest driver of leasing location decisions</p>	<ul style="list-style-type: none"> ◆ Value Addition <ul style="list-style-type: none"> Reduces ambiguity for global lessors Prevents migration to competing jurisdictions

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		<ul style="list-style-type: none"> • Tax neutrality for SPVs • Withholding tax clarity on lease rentals • GST implications 		<ul style="list-style-type: none"> ◆ Global Alignment <ul style="list-style-type: none"> • Ireland: Section 110 ensures tax neutrality • Singapore: Concessionary tax regime • UAE: Zero/low tax regime clarity
16.	General	<p>Cross-Border Recognition & Treaty Benefits</p> <p>Change Required Provide:</p> <ul style="list-style-type: none"> • Recognition of IFSC SPVs under international tax treaties • Guidance on double taxation avoidance 	<ul style="list-style-type: none"> ◆ Rationale Without treaty clarity: <ul style="list-style-type: none"> • IFSC SPVs may not be globally competitive 	<ul style="list-style-type: none"> ◆ Value Addition <ul style="list-style-type: none"> • Attracts foreign capital • Improves lease pricing competitiveness ◆ Global Alignment <ul style="list-style-type: none"> • Ireland: Extensive tax treaty network • Singapore: Strong treaty access • UAE: Expanding treaty base
17.	General	<p>Independent Directors / Governance for SPVs</p> <ul style="list-style-type: none"> ◆ Change Required Mandate: <ul style="list-style-type: none"> • At least 1–2 independent directors for large SPVs • Board governance guidelines 	<ul style="list-style-type: none"> ◆ Rationale SPVs may be controlled by sponsors → governance risk 	<ul style="list-style-type: none"> ◆ Value Addition <ul style="list-style-type: none"> • Improves transparency • Supports institutional investor participation ◆ Global Alignment <ul style="list-style-type: none"> • Ireland: Independent directors standard practice • Singapore: Governance expectations for structured vehicles • UAE: Strong corporate governance codes

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18.	General	<p>Explicit Legal Framework for Orphan Structures</p> <ul style="list-style-type: none"> ◆ Change Required Enable: <ul style="list-style-type: none"> • Use of charitable trusts / foundations to hold SPV shares 	<ul style="list-style-type: none"> ◆ Rationale Currently missing — critical for: <ul style="list-style-type: none"> • Bankruptcy remoteness • True off-balance sheet structuring 	<ul style="list-style-type: none"> ◆ Value Addition <ul style="list-style-type: none"> • Enables securitisation & structured leasing • Attracts global lessors ◆ Global Alignment <ul style="list-style-type: none"> • Ireland: Orphan SPVs via trusts • Singapore: Foundation structures • ADGM: Foundations regime
19.	General	<p>9. Operational Flexibility for SPVs</p> <ul style="list-style-type: none"> ◆ Change Required Provide exemptions / clarity on: <ul style="list-style-type: none"> • Staffing requirements • Physical presence • Outsourcing permissions 	<ul style="list-style-type: none"> ◆ Rationale SPVs are transaction-specific entities, not full operating companies ◆ Value Addition <ul style="list-style-type: none"> • Reduces cost of doing business • Improves ease of structuring 	<ul style="list-style-type: none"> ◆ Global Alignment <ul style="list-style-type: none"> • All major hubs allow lean SPV structures
20.	General	<p>10. Global Market Access & Listing Enablement</p> <ul style="list-style-type: none"> ◆ Change Required Enable: <ul style="list-style-type: none"> • Listing of leasing SPVs / instruments on IFSC exchanges • Access to global capital markets 	<ul style="list-style-type: none"> ◆ Rationale Missing link between leasing + capital markets 	<ul style="list-style-type: none"> ◆ Value Addition <ul style="list-style-type: none"> • Boosts IFSC as financial hub • Encourages securitisation, bonds, ABS markets ◆ Global Alignment <ul style="list-style-type: none"> • Ireland: Strong securitisation market • Singapore: Capital markets integration

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				<ul style="list-style-type: none"> • UAE: NASDAQ Dubai listings
21.	General	<ul style="list-style-type: none"> ◆ Introduce a “Global Leasing Competitiveness Framework” IFSCA may consider: <ul style="list-style-type: none"> • Publishing a comparative positioning note vs Ireland, Singapore, UAE • Providing end-to-end regulatory + tax clarity in one place ◆ Impact <ul style="list-style-type: none"> • Positions IFSC as serious global alternative • Reduces reliance on offshore leasing hubs 	Nil	Nil

IFSCA Response: Based on the comments received, the proposed draft IFSCA (Finance Company) (Amendment) Regulations, 2026, was suitably modified and placed before the Authority in the meeting held on April 17, 2026. The above comments/ suggestions were also placed before the Authority.
