

Public comments on draft IFSCA (Capital Market Intermediaries) Regulations, 2025

S. No.	Regulation no./sub regulation no.	Text of the Regulation/ sub-Regulation	Suggestion	Detailed Rationale
1	Regulation 4	4. Obligation To Seek registration - 1)	We are okay with the proposed addition of new categories in the New CMI Regulation as earlier it was not under a obligation now that it also comes up with guidelines for it.	Credit Rating Agency, Debenture trustee, ESG Ratings and Data Products Provider, Research Entities are newly added under the obligation to obtain a certificate of registration.
2	Regulation 4	4. Obligation To Seek registration - 1)	We agree with the formation of a designated category for Research Entity.	k) Research Entity - Entities providing research reports on securities or financial products including issuing 'buy/sell/hold' recommendations, setting price targets etc. will now be regulated under the proposed CMI framework - Newly formed category.
3	Regulation 9	9. Appointment of Principal Officer, Compliance Officer & other human resources.	We agree with the proposal of - At least one person designated as Principal Officer based out of IFSC - having professional qualification/post graduate degree/post graduate diploma (minimum 1 year) in law, finance etc.	Earlier it was min 2 years
4	Regulation 9	9. Appointment of Principal Officer, Compliance Officer & other human resources.	We also agree with the proposal of having the prospective officers with an experience of at least 5 years in related activities provided, A principal officer of ESG ratings & data products provider shall be at least 1 year in related activities.	
5	Regulation 15	15 - Maintenance of books of accounts	Minimum 8 years	Earlier it was minimum 10 years.
6	Regulation 25	25- Global Access by Brokers Dealers	This is a positive move for such 'broker dealers' who are willing to access the global markets for expanding their market perspective directly as previously it was routed by getting a compulsory trading member registration of RSE	It now permits 'broker dealer' interested in having its own cross-border arrangement for accessing global markets to directly obtain registration from the Authority.
7	Schedule I	Net worth Requirements	Revised Net worth Table provided appears to be okay	
8	Regulation 4	4. Obligation to seek registration (1) Any entity desirous of setting up operations in an IFSC for undertaking any of the below mentioned activities shall obtain a certificate of registration: (h) ESG Ratings and Data Products Provider (ERDPPs);	To preserve the spirit of flexibility that underpins the functioning of the IFSC as a globally competitive financial centre, we respectfully raise the following recommendations and request for clarification vis-a-vis amendments to the current draft proposal: • The framework should unambiguously provide that registration remains optional for ERDPPs, particularly for third country ERDPPs. With that, the framework should apply only to entities opting for registration and not impose registration and associated obligations on unregistered ERDPPs. • To further aid flexibility, innovation and third country access, if the ESG Rating or ESG Data Product is distributed at the own initiative of a relevant user (see further our comments regarding scope of the Definitions in section 2 below), or if such user proactively contacts a provider to request a license or generation of an ESG Rating or ESG	The framework outlined in the Annexure to the Consultation Paper indicates a mandatory registration, irrespective of the entity's intention to seek such registration, which conflicts with the principle of flexibility. In our view, a mandatory local licensing / registration regime for ERDPPs would: • Create and drive-up costs for ERDPPs, as they must establish local infrastructure, and create logistical challenges in complying with these regulations, especially for ERDPPs operating in multiple jurisdictions. • Restrict flexibility and deter ERDPPs from accessing the local market or offering cross-border services. • Limit competition, stifle innovation, and reduce access to global services particularly envisage a voluntary adherence to frameworks.

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			Data Product (on an issuer-paid basis), such provider should be exempt from the mandatory registration requirement. Moreover, any future mandatory registration regime should include a mutual recognition/equivalence framework for third country ERDPPs. As long as the conduct and standards of a third country EDRP fulfils a substantially equivalence set of requirements and expectations as the IFSCA upholds (e.g., established via adherence to a Code of Conduct), market participants in the IFSC jurisdiction should be able to use their services.	Impose an unnecessary compliance burden on the entities and a supervisory burden on the regulator, thereby reducing the appeal of the IFSC as a hub for financial services. The consultation paper’s provisions appear to be divergent from the overarching regulatory philosophy of the IFSC to foster innovation and ease of doing business.
9	Regulation 3	(s) “ESG Data Products” shall include products and services relating to ESG-related information; (t) “ESG Ratings” shall include the broad spectrum of rating products relating to sustainable finance and include ESG scorings, ESG rankings, Sector ESG Ratings, and Thematic scores; (u) “ESG Ratings and Data Products Provider” or “ERDPP” shall mean an entity engaged in the activity (ies) of providing services relating to ESG Rating or ESG Data Product: Explanation: The services relating to independent external review for ESG labelled bonds listed on the recognised stock exchanges in an IFSC are included as permitted services by ERDPPs;	- We strongly believe the scope of framework should be limited to ESG ratings provision only. Users of ESG Data Products should be responsible for assessing the quality of any ESG Data Product they use, consistent with how financial services laws apply to financial entities using third -party tools. We have elaborated further on this point below *. - Further to above, based on the proposal, it is unclear which products would fall under the IFSCA’s ESG provisions due to the current broad drafting. To help ensure clarity, avoid ambiguity, and extra-territorial application, we would recommend the IFSCA to insert an applicability clause relating to ESG provisions under the framework, which, inter-alia, includes the asset class proposed to be brought under the ambit of the framework. Our suggestion on this is that the scope should be limited to ESG ratings which are (i) provided to the entities regulated by the IFSCA (except when such ESG ratings are solicited by such entities at their own initiative, per our comments above); (ii) based on securities issued by the entities operating in the IFSC jurisdiction. A similar approach to define applicability has been adopted by SEBI [Ref. Reg. 28A of SEBI (Credit Rating Agencies) Regulations, 1999].	
	Others		*In addition to the comments above, and notwithstanding the proposed approach towards registration (mandatory registration for all vs. optional), Bloomberg is of the view that in the context of ESG, there are various components, each of which have different objectives and therefore warrant independent consideration in relation to the establishment of regulatory standards. Bloomberg strongly believes that Data Products, or any other tools used to create ESG Data Products, ESG Ratings, or ESG Scores, should remain outside the scope of the regulation. As mentioned above, users of ESG Data Products should be responsible for assessing the quality of any ESG Data Product they use, consistent with how financial services laws apply to financial entities using third-party tools. In the present form, the broad drafting of “ESG Data Product” would have tremendous consequences in the context of a mandatory regulatory and registration regime. A whole array of traditional financial and non-financial products may be brought into scope, exploding the regulatory perimeter. As an unintended consequence, imposing such regulations risks prompting international players to not offer their data products / withdraw their data products instead of becoming regulated, thereby reducing market competition and innovation. By refraining from regulating these products directly, this policy would enable the market to innovate freely, achieving the objective of better ESG Data Products	

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			without overextending regulatory intervention and fostering the development of superior offerings in a competitive landscape. We hope the IFSCA considers this feedback to ensure the regulatory environment remains conducive to attracting diverse ERDPPs, while retaining the hallmark flexibility expected of a leading international financial centre. Thank you for your attention to this matter. We are available to discuss this further and provide additional inputs, if required.	
10	Others	Broker Dealers desirous of accessing global markets only. Several representations have been received in the past from broker dealers that are interested only in accessing (directly / clients) global markets to permit Authority without necessarily becoming a trading member of a registration as a “broker dealer” directly with the recognised stock exchange in the IFSC. Accordingly, the New CMI Regulations now permit ‘broker dealer interested in having its own cross-border arrangement for accessing global markets to directly obtain registration from the Authority.	We are of the view that the facility should be allowed to the broker dealer registered with the recognized stock exchange in the IFSC.	Exchange oversight will be better way to monitor the activities. Also the networth criteria. This may also result in an unintended use of unregulated investment / trading in the instruments which are not permitted by the government.
11	Regulation 9	D. Principal Officer, Compliance Officer and Other Human Resources The Principal Officer of every capital market intermediary shall be based out of the IFSC and shall have the following minimum qualification and experience: a) A professional qualification or post-graduate degree or post graduate diploma (minimum one year in duration) in finance, law, accountancy, business management, commerce, economics, capital market, banking, insurance or actuarial science from a university or an institution recognised by the Central Government or any State Government or a..... and	We feel the present requirement for Principal Officer should continue for another 5 years to stabilize the industry.	We feel that the registered Units under IFSCA are still in the development stage and quality manpower with required experience which can shift to Gift City still not available. Otherwise the proposed change may make maximum number of present Units non-compliant. And also the experienced manpower can monitor these activities / operations of the Gift City Units - remotely and besides physically visiting the Gift City Office periodically as needed.

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		(b) An experience of at least five years in related activities for which the entity has applied for or taken registration with the Authority:				
12	Regulation 7	Net worth requirements. An entity seeking registration as a capital market intermediary shall comply with the net worth requirements as specified in Schedule I of these regulations, and the same shall be maintained at all times: <i>Provided that</i> an entity operating as a capital market intermediary in multiple categories shall maintain the highest of the applicable minimum net worth requirements.	We recommend to retain the existing minimum Network requirement of US\$ 3.0 million. Currently, Clause 6 (read with Schedule II) of the International Financial Services Centres Authority (Capital Market Intermediaries) Regulations, 2021 mandates entities seeking registration as a Capital Market Intermediary in the Credit Rating Agency Category shall maintain the Net Worth of USD 3 million at all times. The Consultation Paper on Draft IFSCA (Capital Market Intermediaries) Regulations, 2024 dated 21st November 2024 proposes reduction in Net worth requirement to USD 500,000 (US\$ 0.5 Million) for CRAs.	We recommend against the proposed reduction of capital for CRAs for the following reasons: 1. A higher capital requirement acts as a filtration tool, ensuring that only financially stable, well-resourced and experienced entities can enter highly regulated and licenced domain like Credit Rating Agency. 2. The proposed reduction in capital has a potential to diminish the credibility and effectiveness of Credit Rating Agencies operating within the jurisdiction of the IFSC. 3. CRA needs to invest upfront in technology, expert manpower, infrastructure, methodologies and reliable data sources for credible rating outcomes. As per our estimate, for any Credit Rating Agency to effectively undertake and sustain its business operations, the current capital requirement is not only essential but inevitable. 4. The proposed threshold of US\$ 0.5 million may not even cover the expenditure for initial one year of operations. Given the critical role that Credit Rating Agencies (CRAs) play in the capital markets, SEBI has not only increased the capital requirement for CRAs to Rs. 25 crore but has also tightened the eligibility criteria for entities wishing to establish a CRA. Only public commercial banks, foreign banks operating in India, foreign credit rating agencies, or any corporation with a net worth of over Rs. 100 crore for the past five years are now eligible to set up a CRA. This ensures that only financially robust and credible entities can operate in this crucial sector. Additionally, if a CRA in the IFSCA is also eligible to provide ESG ratings and data products, the net worth threshold set by IFSCA is significantly lower. SEBI recommends a net worth of Rs. 10 crore for ESG rating providers, while IFSCA has recommended only USD 25,000. Thus, we believe, if such low thresholds are maintained, it could allow many non-serious players to enter the market, posing a reputational risk for the regulator. <table><tr><td>Capital Base of CRAs</td><td>USD Mn.</td></tr></table>	Capital Base of CRAs	USD Mn.
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				<table><tr><td>S&P Global Inc.</td><td>38,100</td></tr><tr><td>Moody's Corporation</td><td>3,476</td></tr><tr><td>CRISIL Ltd.</td><td>270</td></tr><tr><td>ICRA Ltd.</td><td>114.6</td></tr><tr><td>CARE Ratings Ltd.</td><td>94.4</td></tr></table>	S&P Global Inc.	38,100	Moody's Corporation	3,476	CRISIL Ltd.	270	ICRA Ltd.	114.6	CARE Ratings Ltd.	94.4	
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				Given the substantial net worth of existing players, it is evident that maintaining a high-net-worth threshold is crucial for ensuring the credibility and stability of CRAs. Lowering the net worth requirement could allow less financially robust entities to enter the market, potentially undermining the integrity and reliability of the ratings provided. Therefore, regulators should consider these global benchmarks and avoid reducing the net worth threshold to maintain market confidence and protect investors. We would further like to point out that as per the existing SEBI regulations, an initial combined capital of Rs. 35 crore (approximately US\$ 4 million) is required to establish both a CRA and an ESG Rating agency (Rs. 25 Cr for CRA + Rs.10 Cr for ESG Ratings provider), along with other necessary prerequisites, for operations within India. However, the revised capital recommendation under the draft IFSCA CMI regulations proposes a significantly lower threshold (just US\$ 0.5 million) for a CRA to offer both services, and that too for global markets, which demand considerably more expertise and upfront investment. This approach appears to be misaligned with the realities of operating in such a complex and demanding sector. Consequently, we respectfully express our strong opposition to the proposed reduction in the minimum capital requirements for CRAs under IFSCA. We would like you to note that, CareEdge Global has already invested US\$ 3.6 million anticipating the investment needs for business in initial year. The infused capital is even higher than the threshold prescribed by the regulators.											
13	Schedule II Code of Conduct	PART A 15. A registered capital market intermediary shall ensure that it or any of its principal officers, directors, or employees having power of management shall not either on its own account or through their relatives or friends indulge in insider trading.	The word ‘friends’ may be removed.	Suggest removing ‘friends’ from Clause No. 15 as it is not practical to track the investment pattern for ‘friends’.											
14	Regulation	A registered capital market	A registered capital market intermediary shall take adequate steps for	It is suggested to add the term “ consumer ” under this regulation in terms of the											

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	17	intermediary shall take adequate steps for redress of grievances of the investors in accordance with the requirements as may be specified by the Authority.	redress of grievances of the investors/ consumers in accordance with the requirements as may be specified by the Authority.	latest circular of IFSCA on Complaint Handling and Grievance Redressal by Regulated Entities, which provides the mechanism for grievance redressal for clients or customer of Regulated Entities.
15	Regulation 9	A registered capital market intermediary shall designate a person based out of IFSC, as its Compliance Officer for ensuring compliance with the regulatory requirements	We propose that the Compliance Officer should be permitted to also act as the Compliance officer for its branch in IFSC. Alternatively, if the above suggestions is not at all feasible then, we request that the Compliance Officer of a group Company within the IFSC region may be allowed to serve as the Compliance Officer for	Simplification of Compliance Structure: A Single Compliance Officer managing both the Company and its branch would simplify the compliance structure, ensuring better coordination and monitoring of compliance activities, and reducing unnecessary administrative burden. Operational Continuity: Given that the branch operations are an extension of the Company, it would be more effective for the same Compliance Officer, who is already familiar with the Company's operations, policies, and regulatory requirements, to manage compliance for both the Company and its branch. Efficient Utilization of Resources: The mandatory requirement to appoint a Compliance Officer in the IFSC will lead to resource duplication, as this role is already fulfilled at the entity level. We propose to permit us to leverage existing personnel to oversee IFSC compliance, avoiding redundant staffing. Rationale: Streamline Compliance Processes: A single Compliance Officer overseeing multiple entities of the same group in IFSC will ensure streamlined processes and better implementation of the compliance framework across all group companies/branches. This minimizes the risk of regulatory non-compliance and enhances operational efficiency. Consistency in Regulatory Reporting and Policies: With a single Compliance Officer in IFSC, all group companies or branches can adopt consistent regulatory reporting practices, internal policies and compliance measures. This standardization helps ensure that the group complies with all applicable regulations in a uniform manner, reducing regulatory scrutiny and mitigating reputational risks. Faster Response Time to Regulatory Changes: A common Compliance Officer who oversees multiple entities of the same group in the IFSC region can swiftly respond to regulatory changes affecting the entire group. The familiarity with the group's operations will enable to implement changes in a coordinated manner across all Companies and branches in the IFSC,

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			another group Company's branch in the IFSC. <u>Please note that the suggested change is for and limited to branch operations only.</u>	ensuring compliance with new or updated regulations.
16	Others	Broker Dealers desirous of accessing global markets only Several representations have been received in the past from broker dealers that are interested only in accessing (directly / clients) global markets to permit Authority without necessarily becoming a trading member of a registration as a "broker dealer" directly with the recognized stock exchange in the IFSC. Accordingly, the New CMI Regulations now permit 'broker dealer interested in having its own cross-border arrangement for accessing global markets to directly obtain registration from the Authority.	While it is a welcome step to permit broker dealers who are only interested in accessing global markets be permitted registration directly with the authority without becoming trading member of an exchange. It is important to distinguish between use cases where the model is agency based i.e. where the trades will be undertaken for customers and cases where the trades will occur on the prop account of the firm. While agency based model may not have significant liability any trading on prop account by the firm could result into significant profit and loss and responsibility for that oversight will lie with the IFSCA.	At present members who wish to trade on prop account need to register with one of the exchanges at IFSC for the purpose of ensuring adequate oversight over their operations by ensuring they adhere to some standards and also that their networth remains above the minimum stipulated. In absence of oversight by exchange it will be necessary that IFSCA maintains direct oversight on these firms. Presently under FEMA IFSCA units can be setup including as LLP and use the limits under LRS (including upto 400% of networth of a parent corporate). Subsequently if the large funds brought are sent for trading in global derivatives without adequate oversight including the counter parties with whom such trades are executed this may result into some bad actors using the route send money outside India including for trading in unlisted instruments such as swaps and also for the purpose of trading in Crypto exchanges and other unregulated platforms (such as CFDs) which are presently not allowed under LRS. Presently entities who are regulated by onshore regulators like SEBI/IRDA/RBI only are permitted to remit funds after a profitability track record, however no such restriction will apply to individuals remitting money under LRS to say their LLP in IFSCA to trade global markets. Thus guardrails to ensure that these provisions are not abused need to be considered prior to making this radical change.
17	Regulation 9	D. Principal Officer, Compliance Officer and Other Human Resources The Principal Officer of every capital market intermediary shall be based out of the IFSC and shall have the following minimum qualification and experience: a) A professional qualification or postgraduate degree or post graduate diploma (minimum one year in duration) in finance, law,	We submit that the IFSCA units are in the nascent stage of development and getting quality manpower to move to GIFT city who has the relevant experience is a challenge, so the present conditions on principal officers may be allowed to continue for another 5 years.	Principal officers are expected to have 5 years prior experience in the same field may not be easy to find, many activities are being undertaken for the first time in India. Further such professionals maybe already settled at some other location and while they may travel often enough to ensure direct oversight of the operations ensuring that they are always operating from GIFT may be hard to achieve specially when professionals are used to remote working environments. Further

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		accountancy, business management, commerce, economics, capital market, banking, insurance or actuarial science from a university or an institution recognised by the Central Government or any State Government or a..... and (b) An experience of at least five years in related activities for which the entity has applied for or taken registration with the Authority:		the qualification standards may be limited to graduation at present. These may be refined at a later date when more experienced personnel have settled in GIFT.
18	Regulation 9	The Principal Officer shall have a professional qualification or postgraduate degree or certification (e.g., CFA, FRM) in finance, law, etc.	Inclusion of the CERTIFIED FINANCIAL PLANNER ® (CFP®) certification as a recognized qualification for the Principal Officer.	The CFP® certification, owned by FPSB Ltd. and offered in India by FPSB India (a wholly-owned subsidiary of FPSB Ltd.), is a globally recognize gold-standard credential in financial planning. This postgraduate-level certification prepares professionals in key areas such as Investment Planning, Retirement and Tax Planning, Risk and Estate Planning, and Integrated Financial Planning. To attain the CFP® certification, candidates must undergo a rigorous 4-E framework: 1) Education: Comprehensive coursework covering all aspects of financial planning. 2) Examination: A challenging examination to test candidates' knowledge and application of the subject. 3) Experience: Practical experience requirements to ensure the candidate's real-world competency. 4) Ethics: Adherence to the highest standards of ethics, ensuring a commitment to client-first principles. With 223,700 CFP professionals worldwide across 28 territories, it equips candidates with the skills necessary to provide ethical, client-centric advice, manage portfolios effectively, and address complex financial needs comprehensively. The CFP® credential is recognized by regulatory bodies and financial institutions globally, ensuring adherence to high standards of integrity, competency, and professionalism. FPSB India is actively working towards setting the standards of professionalism in financial planning. In span of an year, we have sign MoUs with prestigious institutions such as Indian Institutes of Management (Ahmedabad, Bangalore) and Indian Institute of Foreign Trade, among others. This collaboration will significantly contribute to professionalizing the way business is conducted in the domain of financial services. Including the CFP® certification as a qualification for Principal Officers would not only align the regulatory framework with global best practices but also elevate the professionalism of financial intermediaries. It reinforces a commitment to investor protection and market integrity while endorsing a globally respected designation that emphasizes "client-first" ethics and comprehensive financial

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				knowledge. This makes it a highly valuable qualification for leadership roles in capital market intermediaries. In line with the International Financial Services Centre's (IFSC) objectives of developing and regulating financial products, services, and institutions in India's IFSC, particularly in areas such as banking, insurance, securities and fund management, we seek to contribute towards these goals. Therefore, we would like to formally request that the CFP® certification be recognised as an accredited qualification for Principal Officers.
19	Regulation 9	Appointment of P.O.	Qualifications - should be any recognised PG degree/ MBA	Gradually universities are adding degrees/ courses and therefore to give all candidates a level playing field a uniform basic qualification will justify better rather than keep on adding subjects/ discipline every 3 years
20	Regulation 9	Experience of at least 5 years in related activities	in place of related activities, should be financial domain	related activities will restrict the candidates having exposure of once stream to enter all domains of the financial stream;
21	Regulation 9	Experience of at least 5 years in related activities	5 years should be increased to 10 years	10 years of experience will bring sufficient value to the post since PO is quite responsible designation seeing the complexities in AMLA/ Cyber and other related fields
22	Regulation 9	C.O.	Should have 10 years of experience working in financial markets	By having experienced PO & Co will bring sufficient depth in understanding of the business and would help eventually in the growth of the company
23	Others			Changes proposed in Global Access, new addition of Research entities, Distributors and Net worth criteria are extra ordinary and welcome steps and are very forward looking with outreaching results
24	Others			1. Cost of doing business in IFSC – Many expenses related to office gets unnoticed. An avg 300 sft carpet office involves a monthly cost of rental, chilled water, electricity bill, fixed telephone rent, lease line, office boy salary etc to the tune of Rs. 85000/- per month. Annual City level maintenance of around 60 k - 75 k is an add on. 2. Manpower expenses with a must have of PO/CO and others would be an avg. of 6 lacs per month to its minimum. 3. Increasing compliance-related requirements has its costs involved too. 4. Scope of revenue - as a broker dealer RE has only two products - GIFT NIFTY & Global Access. REs having prop trades are relatively in a better position. These above-mentioned points are just illustrative ones. 2. Way Out -1. only keeping broker dealer license won't bring break-even not even till 5 yrs of business. One way could be to introduce more products at exchanges levels, but this is up to exchanges to do. 2. Broker dealer can add more business streams like insurance, advisory, distribution, research etc in its fold. By doing so the chances of earning more revenue will increase. However, for this IFSCA need to think on net worth required along with the requirement of multiple PO/CO.
25	Regulation 9	A capital market intermediary shall have at least one person designated as	Existing provisions with regard to Principal Officer may be allowed to continue.	IFSC is a newly developed financial service centre with the object of providing seamless access to international players of the Indian securities market. IFSC is

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		Principal Officer based out of IFSC and shall have the following minimum qualification and experience:		gaining traction fast, but it is still in developing stage and with help of Regulator and Market participants, the same will be achieved in the near future. In the current scenario, the required person who mentioned qualification may be difficult to be identified in GIFT city, which may restrict the market participant's growth prospects in IFSC. Further, in the present set up of technology, while sitting at a distant place also, an individual is very well in a position to handle the overall assignment.
26	Regulation 9	Principal Officer To be located in IFSCA	If the ERDPP is opening only a Branch Office in IFSCA, it can locate Principal Officer in IFSCA from April 2027 onwards (FY28).	1. ERDPP is all together a new category and currently does not have adequate business in IFSCA, making it premature to place an expensive resource in IFSCA in case of ERDPP, especially if it is opening up a Branch Office in IFSCA. 2. IFSCA is requested to assist new Intermediaries to set up business by promoting an environment which is conducive for Ease of doing business.
27	Regulation 3	Definition of ERDPP Services that can be provided	Please "Append" after Explanation -; additionally, services required by Investors/ Companies for Sustainable Finance may also be provided by ERDPP like - GHG/ Carbon Footprint Assessment, ESG Assessment, Materiality Assessment, ESG Report, Sustainability/ ESG Roadmap, LCA (Life Cycle Assessment), Decarbonisation Plan, Emission Reduction Roadmap, GHG Inventory Framework etc.	<u>Must-Have Services for Sustainable Finance</u> All Organisations seeking Sustainable Finance borrowings or any Bank mandated to Lend Sustainable Finance, Both would need to seek these Services for themselves or for their Clients.
28	Regulation 9	Qualification of Principal Officer	Please "Append" in the end of the paragraph - or is a Certified Independent Director from Ministry of Corporate Affairs having passed mandatory test from Indian Institute of Corporate Affairs (IICA); and	Principal Officer is going to be a Business Leader/ owner of Business. Since CA or CS or FRM or Accountancy or Commerce are primarily Line/ specialised Functions, these qualifications are not apt 'mandatory' qualifications for a business controlling Principal Officer.
29	Regulation 5	Application for Registration Change in Process of taking Provisional Letter of Allotment (PLOA) from Developer in GIFT City, in case of a Branch Office.	1. CMIs intending to open a Branch Office in GIFT City, can apply directly without taking PLOA from a Developer. 2. On successful scrutiny of Application, IFSCA will give "Provisional Registration" to CMI on deposition of Registration Fees and give a time period of 3 months in which, CMI will have to open the Branch Office in GIFT City and place mandatory staff.	1. While intent of not allowing Shell companies to come up in GIFT city is fully understandable however, the current application process does not lend "Ease of Doing Business" to potential CMIs who intend to open a Branch Office. It is instead Easing Developers to make money. Please see proof & detailed justification below. 2. Developers are charging exorbitant rates of INR 15000/ Seat, for giving PLOA since they know that PLOA is mandatory for CMI application. 3. In addition they are seeking 3-month non-refundable Security. 4. To top it all, they are seeking 36 month Lock-in period. 5. All above has to be paid & agreed to get a PLOA. 6. Further, if a Branch office needs 1 seat, it is being forced to take a Cubicle of 6 seats jacking up monthly rental from INR 15000 to INR 90000. 7. Proposal of one Developer is attached as Proof.

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			3. CMI would have to submit Lease Deed of space hired and Appointment Letters of Staff deployed, within this period of 3 months, as proof of opening up of a Branch Office in GIFT City. Based on this, IFSCA would then give "Registration Certificate" to the CMI. 4. In no case, CMI can commence any business activity in GIFT City, till it receives the Final Registration Certificate from IFSCA. 5. CMI may seek an extension in the 3-month time period, through a formal application citing justified reasoning. IFSCA may decide to give an extension or not. 6. If CMI fails to open up Branch Office and place mandatory staff in GIFT City within 3 months/ extension thereof, its Provisional Registration would be cancelled and Registration Fees forfeited. 7. Common Application Form, is also requested to be suitably amended (Para 5 of Section A1 - General Information)	
30	Others	Common Application Form	ERDPPs already registered as ESG Rating Providers with SEBI, need not submit a separate NOC from SEBI.	Since SEBI vide its Circular No. SEBI/HO/DDHS/DDHS-POD3/P/CIR/2024/103 dated 19 July 2024, has already allowed its registered ESG Rating Providers, to work with IFSCA, such ERDPP applicants need not take any separate NOC from SEBI (Financial Regulator with which registered)
31	Others	Common Application Form	Following information in Application Form is not required for ESG Rating Providers already registered with Market Regulator of India (SEBI), which itself is a Member of IOSCO too: Para 16: Describe the procedures and measures that will be taken to ensure that the client's assets and/or funds are adequately protected. Para 28: IT Systems - Describe (functions, capability, location etc.) the IT systems (Hardware, Software and Network) that the Applicant will use to support its business activities regarding	1. Relieves load from IFSCA staff to vet long Application Forms. 2. Avoids both document duplication & verification process since, such Companies have already undergone detailed Due Diligence & Scrutiny by Indian Market Regulator SEBI, which itself is a Member of IOSCO too.

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			Paras 29 to 33: Risk Management Paras 34 to 43: Compliance Arrangements Paras 44 & 45: Internal Audit	
32	Others	Common Application Form	Change required: Entire Form is Not-Applicable for a CMI opening a Branch Office except for Details of Applicant (0 to 2), which can be furnished after CMI receives Provisional Registration.	Irrelevant since a CMI opening a Branch Office would not be incorporating a Company in GIFT City
33	Others	Common Application Form	Needs Revision based on Approved changes in Application Form	Changes approved in Common Application Form to be incorporated in the Document Check List
34	Others	Common Application Form	Para 1 to 3: Minimum experience period required is 1 year	To be changed from current 3 years to 1 year, in synch with the mandatory experience of the Principal Officer
35	Others	Common Application Form	If CMI applicant is a MSME having Udhyam Certificate, Fees structure applicable would be: Application Fees: Nil Registration Fees: USD 1500 Annual Fees (post year of Registration): USD 1500	Across all Orders/ Registrations/ Tenders of Government of India, registered MSME is waived off all such fees. So is the case if a Company is a Recognised Startup from DPIIT under Ministry of Commerce of Government of India.
36	Schedule-II	E. Depository Participants 1. A registered depository participant shall not increase charges/fees for the services rendered without proper advance notice to the beneficial owners.	1, A registered depository participant shall not increase charges/fees for the services rendered without proper advance notice of 30 days to the beneficial owners.	Specified notice period will ensure correct adherence to stipulation and eliminates related grievances.
37	Regulation 33	(1) A registered investment banker shall enter into an agreement with the issuer of securities specifying the roles and responsibilities of the investment banker in the issue.	Investment banker roles and responsibilities may be mentioned clearly about issue management comprising investor subscribing to securities process, issue subscription fund reconciliation, basis of allotment in consultation with designated stock exchange and preparation of necessary report and submission.	
38	Regulation 27	Suggestion to include.	As only few custodians registered currently, suggestion to grandfather custodians registered in mainland as more custodians like foreign bank custodian will give fillip to custodial services in the jurisdiction.	Overseas clients availing foreign bank custodian services could be potential clients to participate in the jurisdiction.
39	Others	Suggestion to include.	Issuers of mainland India and overseas jurisdictions should be	

S. No.	Regulation no./sub regulation no.	Text of the Regulation/ sub-Regulation	Suggestion	Detailed Rationale
			permitted through existing RTA to connect to IFSC depository for their issuance in the IFSC jurisdiction.	
40	Regulation 3	“broker dealer” means a person which is primarily in the business of buying and selling securities and other permitted financial products for its own account or on behalf of its customers and includes a trading member of a recognised stock exchange;	It is suggested to remove the below text from the definition part: "and includes a trading member of a recognised stock exchange”	Already replaced the word Trading Member with Broker Dealer in IFSCA (MII) Regulations, 2021
41	Regulation 6	the minimum net worth requirements specified in these regulations for its activities in an IFSC may be maintained at the parent level.	The below mentioned explanation can be added in regulation 6 (b), as the same is already included in existing IFSCA (CMI) Regulations, 2021 Explanation: The minimum net worth requirements for its activities in IFSC shall be separate in addition to the minimum net worth requirements applicable for other activities outside IFSC;	It will help in segregation of business activities & operations.
42	Regulation 9	Appointment of Principal Officer, Compliance Officer and other human resources	It is suggested that educational qualification and experience requirements for compliance officer can be specified as well.	It will be helpful for better compliance and corporate governance perspective
43	Regulation 9	Appointment of Principal Officer, Compliance Officer and other human resources	Request clarity on whether same person can be the principal officer and compliance officer in case of Broker dealers.	Ease of doing business
44	Regulation 9	A capital market intermediary shall have at least one person designated as Principal Officer based out of IFSC, who shall have: (c) A professional qualification or post-graduate degree or post graduate diploma (minimum two years in duration) in finance, law, accountancy, business management, commerce, economics, capital market, banking, insurance or actuarial science from a university or an institution recognised by the Central Government or any State Government or a recognised foreign university or institution or association or a CFA or a FRM from Global Association of Risk Professionals; and (d) An experience of at least five years in related activities for which the entity has applied for or taken registration with the authority.	Seemingly a typo error in numbering. Request to please check. The educational qualification requirement is a welcome move. However, many broker dealers already registered and operational in GIFT IFSC may be impacted. Further, for the existing brokers who are already operational, the existing principal officer may be grandfathered for some period in order to enable them to comply with the said requirements.	

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				The change may impact the existing broker dealers and hence the suggestion of grandfathering.
45	Regulation 25	Given that IFSCA will be directly regulating the global access broker dealers under Regulation 25(1),	it is suggested that Regulation 25(2) may be phased out over a period of time. We are happy to have a discussion on the same as per your convenience.	
46	Others		Additionally, market access through Authorised persons has been permitted by IFSCA vide circulars F.No.68/IFSCA/MRD-AP/2020-21 dated October 14, 2020 and IFSCA/CMD-DMIIT/AP/2022-23/1 dated April 29, 2022. This concept is akin to introducing broker as specified in regulation 25 (1) of the consultation paper. To draw a parallel, it is like broker dealers replacing the term trading members. Hence, it is suggested that introducing broker terminology can also be additionally specified for authorised persons.	
47	Regulation 9	Appointment of Principal Officer, Compliance Officer and other human resources	All Clearing Members have already appointed a Compliance Office. It is therefore suggested that the Compliance Officer may be permitted to be appointed as the Principal officer for Clearing Members. Given the challenges associated with acquiring qualified talent in IFSC zone, this is suggested.	Ease of doing business
48	Regulation 9	A capital market intermediary shall have at least one person designated as Principal Officer based out of IFSC, who shall have: (c) A professional qualification or post-graduate degree or post graduate diploma (minimum two years in duration) in finance, law, accountancy, business management, commerce, economics, capital market, banking, insurance or actuarial science from a university or an institution recognised by the Central Government or any State Government or a recognised foreign university or institution or association or a CFA or a FRM from Global Association of Risk	The educational qualification requirement is a welcome move. However, we anticipate that some of the clearing members in GIFT IFSC may be impacted. Given the challenges associated with acquiring qualified talent in IFSC zone, we suggest that the qualification requirement may be postponed for 3 years in order to enable members to comply.	The change may impact the existing clearing.

S. No.	Regulation no./sub regulation no.	Text of the Regulation/ sub-Regulation	Suggestion	Detailed Rationale
		Professionals; and (d) An experience of at least five years in related activities for which the entity has applied for or taken registration with the authority.		
49	Regulation 9	A capital market intermediary shall have at least one person designated as Principal Officer based out of IFSC, who shall have: (c) A professional qualification or post-graduate degree or post graduate diploma (minimum one year in duration) in finance, law, accountancy, business management, commerce, economics, capital market, banking, insurance or actuarial science from a university or an institution recognised by the Central Government or any State Government or a recognised foreign university or institution or association or a CFA or a FRM from Global Association of Risk Professionals; and (d) An experience of at least five years in related activities for which the entity has applied for or taken registration with the Authority: Provided that the experience requirement for a principal officer for ESG Ratings and Data Products Provider shall be at least one year in related activities.	The Principal Officer of every capital market intermediary shall be based out of the IFSC and shall have the following minimum qualification and experience: a) A Graduate degree in finance, law, accountancy, business management, commerce, economics, capital market, banking, insurance or actuarial science from a university or an institution recognised by the Central Government or any State Government or a recognised foreign university or institution or association or a CFA or a FRM from Global Association of Risk Professionals; and b) An experience of at least one year in related activities for which the entity has applied for or taken registration with the Authority:	The proposed requirements for the minimum qualification and experience of a Principal Officer in the IFSC appear to be stringent and challenging to comply with. Given that the applicable guidelines are new to all stakeholders; it will be difficult for intermediaries to identify suitable candidates who meet these qualification & experience requirements. In light of this, we respectfully request that you consider our feedback on the draft regulations shared by you. The minimum qualification and experience requirement applicable to Principal Officer should be revised as suggested.
50	Regulation 9	Capital Market Intermediaries, Regulations, 2024.	It should be B. Com or with minimum at least 2 years of experience sufficient for Principle Officer.	
51	Regulation 7	Net Worth Requirements	Include a provision for periodic review of net worth requirements to adjust for inflation and changing market conditions.	Periodic reviews ensure that net worth thresholds remain relevant, reflecting the evolving financial landscape and operational complexities of intermediaries.
52	Regulation 8	Fit and Proper Requirement	Implement risk-based periodic reviews for assessing the fit-and-proper status of intermediaries, prioritizing high-risk entities.	Risk-based reviews allow targeted oversight of entities with higher compliance risks while reducing the regulatory burden for compliant intermediaries. This ensures continuous alignment with high standards.
53	Regulation 15	Maintenance of Books of account, records and other documents	Require Research Entities to disclose conflicts of interest in research reports and implement robust internal controls to ensure reliability and transparency. Independence should be encouraged but not mandated.	Ensuring transparency in conflicts of interest enhances the credibility of research reports and aligns with IOSCO principles. Encouraging independence allows flexibility while maintaining market integrity.
54	Regulation		Introduce mandatory risk management systems, supervisory	Direct market access poses risks such as regulatory arbitrage and non-compliance

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	15		mechanisms, and reporting obligations for broker dealers accessing global markets directly.	with foreign laws. Strong risk management and supervisory controls ensure compliance and protect investor interests.
55	Regulation 19	Cyber Security and Cyber Resilience	Incorporate cyber resilience frameworks referencing ISO 27001 and NIST standards, detailing actionable steps for intermediaries.	A robust cyber resilience framework ensures intermediaries can safeguard against data breaches and cyber threats, bolstering investor confidence and market integrity.
56	Regulation 25	Global Access by Broker Dealers	Expand conditions for broker dealers accessing global markets to include mandatory risk disclosures and standardized agreements with international brokers.	Ensures protection for clients engaging in cross-border transactions, mitigating jurisdictional risks and aligning with global best practices.
57	Regulation 31	ESG Ratings and Data Products Providers	Strengthen the comply-or-explain approach for ESG Ratings and Data Providers by mandating clear, periodic disclosures on compliance with ESG standards.	Ensures transparency and builds trust in ESG methodologies, aligning with global standards to counter greenwashing.
58	Regulation 24	A broker dealer or a clearing member may have the following categories as clients: (a) a person resident outside India; (b) a non-resident Indian; (c) a non-individual resident in India who is eligible under FEMA to invest funds offshore, to the extent of outward investment permitted; and an individual resident in India who is eligible under FEMA to invest funds offshore, to the extent allowed in the Liberalized Remittance Scheme of Reserve Bank of India.	We hereby request the Authority to add one more category of client as under: (e) Foreign omnibus structure	The concept of omnibus structure is widely acceptable and prevalent in an international financial market. This will also attract foreign financial service firms to set up, operate and do business in IFSCA. <i>The underlying condition is that omnibus structure will be a registered regulated entity subject to AML/CFT and all relevant laws of that respective jurisdiction.</i> In an omnibus structure, IFSCA entity will only onboard <i>regulated entity's account</i> on its books as the omnibus account. And the regulated entity incorporated in another jurisdiction will onboard various customers on its account, subject to condition that regulated entity incorporated in other jurisdiction will be following all AML-KYC requirement of its end customers. Further, to satisfy AML-KYC requirement, the entity <i>registered in IFSCA</i> will undertake periodic sampling checks on KYC of clients onboarded by the entity of various jurisdictions. Full KYC details of end customer will be accessible to the IFSCA registered entity on need basis. For ease of the understanding, please refer Annexure -A attached herewith depicting presentation.
59	Regulation 25	The broker dealer shall comply with the IFSCA (Anti Money Laundering, Counter Terrorist-Financing and Know Your Customer) Guidelines, 2022.	We hereby request the Authority to amend 25(3)(e) as under: The broker dealer shall comply with the IFSCA (Anti Money Laundering, Counter Terrorist-Financing and Know Your Customer) Guidelines, 2022, subject to exemption that the foreign clients need not to submit certified true copy of KYC documents. However, self attestation of the same is mandatory.	For global business it would be very challenging for the Company incorporated in IFSCA to seek certified true copies of documents for all customers and it would also defeat the purpose of ease of doing business. Further, this relaxation will boost the speed of onboarding and hustle free process for foreign clients. Also, this will boost up revenue stream in GIFT city.
60	Regulation 25	Where a registered broker dealer having global access is also a trading member of a recognised stock exchange, the broker dealer shall submit such additional report to the recognised stock exchange(s), on an annual basis, within 30 days from the	We request the Authority that the clause be modified as under: Where a registered broker dealer having global access is also a trading member of a recognised stock exchange, the broker dealer shall submit such additional report to the recognised stock exchange(s), on an annual basis, within 30 days from the end of financial year, as may be specified by the Authority from time to time.	Major rationale to waive off this requirement is to reduce the compliance burden and costs involved in different reports.

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		end of financial year, as may be specified by the Authority from time to time	However, this requirement shall not apply to the broker dealer who does not have any trading activity on IFSC Exchanges.	
61	Regulation 7	Provided that an entity operating as a capital market intermediary in multiple categories shall maintain the highest of the applicable minimum net worth requirements.	We hereby request the Authority to add proviso to this clause. Provided further that, an entity having broker dealer license may operate in any other trading related activity which are ancillary to main business (E.g. FinTech solutions for trading), under the same name, subject to necessary license/ registrations, if required.	The main motive behind this is that the Company does not need to open new Company to do another business activity, which will eventually increase burden on the Company and will defeat purpose of ease of doing business.
62	Regulation 9	“The Principal Officer of every capital market intermediary shall be based out of the IFSC and shall have the following minimum qualification and experience”	ANMI requests your good offices to consider allowing the present conditions on principal officers to continue for another 5 years.	Members are of the opinion that the IFSCA units are in the nascent stage of development and getting quality manpower to move to GIFT city who have the relevant experience is a challenge. Principal officers are expected to have at least 5 years prior experience in related activities may not be easy to find, many activities are being undertaken for the first time in India. Further such professionals may be already settled at some other location and while they may travel often enough to ensure direct oversight of the operations, ensuring that they are always operating from GIFT may be hard to achieve specially when professionals are used to remote working environments. Further the qualification standards may be limited to graduation at present. These may be refined at a later date when more experienced personnel have settled in GIFT city.
63	Regulation 9	Eligibility requirements for the Principal Officer	While we fully appreciate the intent of ensuring qualified and experienced personnel oversee operations in the IFSC, we respectfully request reconsideration of the stipulation that the Principal Officer must specifically be based out of GIFT City. We propose that instead of mandating the physical presence of the Principal Officer in GIFT City, the regulations could allow entities the discretion to base the Principal Officer in a location that best supports operational needs, provided they remain accessible and accountable for all IFSC-related activities.	Operational Flexibility: Many capital market intermediaries operate in a dynamic and distributed manner. Requiring the Principal Officer to be physically based in GIFT City could potentially limit operational efficiency, especially for entities leveraging advanced communication technologies to maintain seamless oversight and governance remotely. Alignment with Global Best Practices: Globally, regulators focus on the qualifications, experience, and accountability of key personnel rather than mandating their physical location. A similar approach in this context would foster competitiveness and align with international standards. Enhanced Oversight Through Technology: With advancements in technology, Principal Officers can effectively discharge their duties irrespective of physical location. Modern compliance tools and virtual communication platforms ensure that all operational and regulatory requirements are met without compromising oversight.
64	Regulation 31	A registered ERDPP may undertake services relating to ESG Ratings and ESG Data Products in an IFSC or a Foreign Jurisdiction.	We request clarification on the following: Whether registration with IFSCA is mandatory for ERDPPs located outside the IFSC, whether in India or in a foreign jurisdiction, if the users of the products provided by the ERDPP are located within IFSC?; and	A number of market participants have stated to us that there is a lack of clarity on the registration requirements as an ERDPP in IFSC depending upon where the location of the ERDPP is, where the location of the user is and where the location of the securities regarding which the products are provided is.

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			Whether registration with IFSCA is mandatory for ERDPPs located outside the IFSC, whether in India or in a foreign jurisdiction, if the securities regarding which the data or ratings or products provided by the ERDPP are located in IFSC? In terms of regulations within the jurisdiction of India, the Securities and Exchange Board of India (“SEBI”) has issued SEBI (Credit Rating Agencies) Regulations, 1999 (“SEBI CRA Regulations”). Schedule IV of the SEBI CRA Regulations prescribes the various factors which can make licensing requirement mandatory for an ERDPP. We suggest that IFSCA publishes a similar tabular representation which demonstrates the various combinations between the location of the ERDPP, the location of the user, and the asset class and whether the securities are in the IFSC or otherwise.	It would be helpful if the proposed regulations could shine light on this. This would assist market participants to improve their compliance with IFSCA regulations pertaining to registration of the ERDPP and remove any lingering confusion or doubts regarding registration requirements in IFSC.												
65	Others	Accordingly, the New CMI Regulations now permit “broker dealer” interested in having its own cross-border arrangement for accessing global markets to directly obtain registration from the Authority.	The Authority’s New CMI Regulations allow broker-dealers to obtain direct registration for cross-border market access. While this addresses market demands, careful elevation of potential outcomes and safeguards is essential to prevent unintended consequences.	Current Regulatory Framework In India NBFC Classification and Oversight • Companies with over 50% financial income and assets must register as NBFCs with RBI • SEBI-regulated entities are exempt from NBFC registration to avoid dual regulation • Non-corporate entities (proprietorships, partnerships, LLPs, HUFs) can conduct capital market activities for self-directed trading/investment. Investment Routes to IFSCA Units <table><tr><th>1. Corporate</th><th>Investment</th><th>Path</th></tr><tr><td></td><td> ○ Companies can invest up to 400% of net worth under LRS. ○ Initially limited to profit-making, regulated parent companies ○ Exchange membership requirement provides operational oversight </td><td></td></tr><tr><th>2. Individual Investment Path</th><td></td><td></td></tr><tr><td></td><td> ○ Recent allowance for individual investment under LRS. ○ Permitted to establish units including LLPs. ○ Creates potential for less-regulated market participants. </td><td></td></tr></table> In the above backdrop there are some use cases which may evolve over a period of time and may pose challenges for example: 1) A foreign company (say Chinese Company) with revenue offshore instead of repatriating profits as dividend/loyalty may choose to invest its funds into a GIFT broker dealer (including upto 400% of networth by borrowing 300% onshore). Such a broker dealer may in turn invest into multi year structured products at Hong Kong which may not be easy to withdraw funds from. Subsequently even if there are loses or liabilities of the foreign company in India such funds may not be recoverable. 2) There are several foreign corporate who have INR balances due to trade in	1. Corporate	Investment	Path		○ Companies can invest up to 400% of net worth under LRS. ○ Initially limited to profit-making, regulated parent companies ○ Exchange membership requirement provides operational oversight		2. Individual Investment Path				○ Recent allowance for individual investment under LRS. ○ Permitted to establish units including LLPs. ○ Creates potential for less-regulated market participants.	
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				rupees with India (say for example Russian Oil companies). Similar to the use case above such entities may chose to invest into broker dealers for investment in various equity shares on the Russian exchanges. 3) There may be treaty shopping by some entities. For example UAE entities when they trade in brazil are subject to withholding tax. However Indian entities due to DTAA are not subject to withholding taxes and UAE entities may setup broker dealers to avail of DTAA benefits while trading at Brazil. 4) Currently individuals in India are permitted to use the LRS route only for investment and not for speculation. This means that while they can buy stocks of say tesla they cannot invest into speculative assets such as Dow futures or S&P options. Under the new broker dealer arrangement such individuals may float a LLP which can become a broker dealer and they may be able to trade in derivatives using the broker dealer. Further since no product is specified as being limited such broker dealers may invest into crypto currencies or atleast crypto futures. This has been avoided in principle by RBI due to concerns that LRS is designed to be an investment tool and not a tool for speculation. The present proposals are enabling broker dealers not only for agency business (ie enabling customers to trade) but also enabling such broker dealers to trade on their own account. It is important to distinguish the operational environment in India (onshore) versus the global environment. For example in India SEBI does not permit any dark pools and internalisation and therefore all trades must be routed via a lit exchange venue. It is not clear from the text of the CMI regulations whether the broker dealers will function with limitations similar to onshore or will function like units overseas. Will the broker dealers be allowed to issue contracts to the clients from their own book (so that effectively the broker dealers can run CFD type products from their own book). If this is permitted it needs to be evaluated what controls will be available to ensure capital adequacy for the contracts which such an entity may enter into with other counter parties including customers. Thus the CMI regulations in respect of such entities which do not report to any exchange must clearly specify the scope of their operations which is currently unclear from the regulations. Is it possible that such entities will therefore become places where profit /loss can move across the various customers of such a broker dealers ? Will the broker dealers be permitted to engage in agency and own business concurrently or two different types of registrations will be granted under the rules by the regulator Even if we assume some regulatory controls will be put in place to ensure that such internalisation is not possible, will the entities be limited in terms of the type of venues and the contracts which they can enter into. For example many a times TRS (total return swaps) on equity or index or a basket of underlying are permitted to many broker dealers. Such underlying products may or may not be listed on some venue. Similarly whether such broker dealers will be allowed to invest into structured products which may large contract periods of several years without easy exit possible during the period of the contract.

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				To summarize the CMI regulations thus require additional clarity on following points to appreciate how principle 29 and 30 of IOSCO guidelines will be met: 1. Specific operational boundaries for broker-dealers 2. Product and venue restrictions 3. Capital adequacy requirements 4. Segregation rules for agency and proprietary trading 5. Risk management framework 6. Monitoring and reporting requirements Without these specifications, assessing potential adverse outcomes remains challenging. A comprehensive regulatory framework should address these gaps to ensure market stability and prevent misuse of the new provisions.
66	Regulation 9	The Principal Officer of every capital market intermediary shall be based out of the IFSC and shall have the following minimum qualification and experience	We believe that the IFSC units are just coming up and the present rules should be continued for another 5 years rather than insistence on new proposed regulations	Currently the talent pool of senior level is limited at IFSC units. Most of the parent units onshore have deputed senior personal as principal officers of the GIFT units as they have significant experience which is required to ensure oversight on the new units which are competing globally. At present many of the principal officers therefore visit the GIFT units periodically for oversight though they may not be functional all the time from the GIFT premises. Post COVID WFH has become a reality and senior persons prefer to work remotely in addition to working from office In such a scenario not only will a large number of units become non compliant but it may lead to serious dearth of manpower which can take the full responsibilities sitting out of the GIFT office. Also any new qualification requirements being visualised may reduce the manpower pool further Therefore for another 5 years atleast till adequate experienced manpower is available in GIFT the requirements should be maintained as at present
67	Others (IFSCA Circular)	That the entity shall not obtain any consideration by way of remuneration or compensation or any other form whatsoever, from the client, in respect of the capital market products or services distributed to the client.	The IBU hereby request your good self to allow to obtain consideration in form of remuneration or compensation or fees or commission for providing distribution services from the client and IBU shall ensure appropriate declaration and explicit consent from the client relating to such consideration.	The IBU shall be undertaking the activities as permitted under the Registration shall abide by the terms and condition mentioned therein. Particularly, IBU is planning to arrange transactions in offshore bonds on omnibus basis on behalf of the clients against consideration in form of commission or fees from the clients. Since all trades would be executed by the IBU with overseas counterparties in OTC market and there is no fees/commission paid by any issuer/counterparty to IBU. Additionally, as a global practise all private banks charge clients for arranging bond trades for them in OTC markets, in line with global practices, the IBU would

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				also like to have similar charge structure.
68	Regulation 9	IAs are required to obtain certifications from NISM-(series XA and XB)	The requirement of appearing for the same certification exam again before the expiry period/validity period should be done away with. A mechanism may be developed wherein the IAs attends a seminar/learning session(or a series of them) of the changes/developments and obtains a certificate of participation.	<u>This key change is also on the cards by SEBI so that Investment Advisory business can be promoted.</u>
69	Regulation 9	an experience of 5 years is required along with the necessary qualification	Once an IA obtains the certification by clearing the exams held by NISM-series XA and XB, they should be free to set up and start their operation in GIFT city as such restriction for experience are not prescribed under SEBI(Mutual fund regulations)1996.The IA can be directed to IAs attend seminar/learning session(or a series of them) for any learning's. Also, an alternate can be that along with the necessary qualification of either an ICAI degree or NISM certification, the principal officer would qualify, if he has an exposure to the equity markets by way of investing, in his personal capacity or family members, in the equity markets since five years. In short, if a principal officer has been investing in the equity markets for himself or family members, for more than five years, it should be considered as having experience in the markets.	This is a big hindrance since even after obtaining the necessary qualification by clearing the NISM series-XA and XB exams, IAs are not in a position to start the activity of providing IA services to their client for 5 years. This is a major deterrent for IAs to set up their base in GIFT city.
70	Regulation 9	A capital market intermediary shall have at least one person designated as Principal Officer based out of IFSC.	The Principal Officer will be the Key person who will be the driving force of the Setup in GIFT city. He will be meeting clients in many cities in India and abroad too ,and also the management of various companies. As such, the Principal Officer to be based out of GIFT city will restrict his movements and his growth too. This clause should be done away with. The team based out of GIFT city should suffice these criteria.	
71	Others		Rental Space in GIFT city.	The rent for the cubicles/co working space are on the higher side and there should be provision to rationalise these rates. As a business owner, these are the challenges/apprehension faced by the business owner and hence they are a bit reluctant to start their operation in GIFT city. The rules related to experience are very stringent and is not enabling newer units to open their offices in GIFT city. As a result India, as a country , is losing valuable foreign exchange. Sir, SEBI is proposing to relax this clause of experience, we too should relax the same in GIFT city as well.
72	Regulation 7	An entity seeking registration as a capital market intermediary shall comply with the net worth requirements as specified in Schedule I of these regulations, and		We welcome the proposed amendments for the reduction in net worth requirements from USD 3 million to USD 500,000. This change will provide an opportunity for new entrants to establish CRAs within the IFSCA framework.

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		the same shall be maintained at all times: Provided that an entity operating as a capital market intermediary in multiple categories shall maintain the highest of the applicable minimum net worth requirements		
73	Regulation 4	A registered credit rating agency may act as an ESG Ratings and Data Products Provider, without a separate registration, in accordance with the requirements as specified by the Authority from time to time.		We welcome the decision to not mandate separate registrations for CRAs wishing to offer ESG ratings. These changes reflect a progressive step towards enhancing the ease of doing business in the IFSCA jurisdiction.
74	Regulation 9	Appointment of Principal Officer, Compliance Officer and other human resources	All Clearing Members have already appointed a Compliance Officer. It is therefore suggested that the Compliance Officer may be permitted to be appointed as the Principal officer for Clearing Members. Given the challenges associated with acquiring qualified talent in IFSC zone, this is suggested.	Ease of doing business
75	Regulation 9	A capital market intermediary shall have at least one person designated as Principal Officer based out of IFSC, who shall have: (c) A professional qualification or post graduate degree or post graduate diploma (minimum two years induration) in finance, law, accountancy, business management, commerce, economics, capital market, banking, insurance or actuarial science from a university or an institution recognised by the Central Government or any State Government or a recognised foreign university or institution or association or a CFA or a FRM from Global Association of Risk Professionals; and (d) An experience of at least five years in related activities for which the entity has applied for or taken registration with the authority.	The educational qualification requirement is a welcome move. However, we anticipate that many of our clearing members in GIFT IFSC may be impacted. Given the challenges associated with acquiring qualified talent in IFSC zone, we suggest that the qualification requirement may be postponed for 3 years in order to enable members to comply.	The change may impact the existing clearing member and hence the suggestion of grandfathering.

IFSCA Response: During the public consultation, comments were received from various stakeholders. The draft IFSCA (Capital Market Intermediaries) Regulations, 2025 were suitably modified and placed before the Authority in the meeting held on March 26, 2025. The above comments/ suggestions were also placed before the Authority.