



PRESS RELEASE

IFSCA Authority Meeting

The 23rd meeting of the IFSCA Authority (Authority) was held on March 26, 2025. The Authority, *inter alia*, approved the following:

1) The IFSCA (Capital Market Intermediaries) Regulations, 2025

The new IFSCA (Capital Market Intermediaries) Regulations, 2025 (“New CMI Regulations”) will replace the extant IFSCA (Capital Market Intermediaries), 2021. The New CMI Regulations provide the revised regulatory framework for registration, regulation and supervision of capital market intermediaries set up in the IFSC, based on experience gained, stakeholder consultation and benchmarking with global standards.

The key changes in the New CMI Regulations include the following:

a) Category of intermediaries

The New CMI Regulations provide the regulatory framework for ‘Research Entity’ as a new category of intermediary, while the ‘Account Aggregator’ category has been removed.

The regulatory framework for ‘Distributors’ and ‘ESG Ratings and Data Products Providers’ (ERDPP), which are currently outlined through circulars, has been incorporated in the New CMI Regulations.

A Credit Rating Agency will be permitted to undertake activities relating to ERDPP only after obtaining a separate registration as ERDPP with the Authority under the New CMI Regulations.

b) Principal Officer and Compliance Officer

The New CMI Regulations specify the minimum qualification and experience requirements for Principal Officer and Compliance Officer applicable for all categories of capital market intermediaries.

Further, where an entity has multiple registrations under the New CMI Regulations, the principal officer shall be appointed/ designated for each such activity separately. However, the entity may have common Principal Officer for multiple activities at this stage, which may be reviewed later depending upon the size, scale and complexity of the business, in respect of the following:

- a) An entity registered as broker dealer, clearing member and depository participant;
- b) An entity registered as CRA and ERDPP.

Further, where an entity has multiple registrations under these regulations, the entity may have the same person as compliance officer at this stage, which may be reviewed later depending upon the size, scale and complexity of the business.

c) Global Access

On Global Access, it has been decided that further deliberations would be required for policy changes to global access by entities in the IFSC. Accordingly, it has been decided that *status quo* shall maintain w.r.t. global access till such time.

d) Net Worth

The net worth requirements have been revised in the New CMI Regulations, including the following:

- i. In case of entities operating in branch, the minimum net worth requirements maintained at the parent level in the home jurisdiction shall be earmarked for its branch in IFSC.
- ii. In respect of broker dealers, clearing members and investment bankers, net worth maintained in the form of “liquid assets” shall only be considered.
- iii. The minimum net worth requirements have been rationalized for the following categories:
 - a. Credit Rating Agency - USD 200,000/-

b. Investment Adviser - USD 25,000/-

c. Investment Banker - USD 100,000/-

iv. The minimum net worth requirements under these regulations shall be separate and in addition to the minimum net worth requirements applicable for other activities outside IFSC or within IFSC under any other regulations or framework.

e) Submission of Annual Compliance Audit

The New CMI Regulations specify that all the intermediaries shall file a copy of their annual compliance audit with IFSCA by the 30th of September every year.

The capital market ecosystem in IFSC has made substantial progress in last 3-4 years in the IFSC. The New CMI Regulations will facilitate intermediation of financial services in a more regulated manner consistent with the three core objectives of securities regulation by IOSCO i.e. (a) Protecting the interests of investors; (b) Ensuring that markets are fair, efficient and transparent; and (c) Reduction of systemic risk, to the extent applicable on the intermediaries in the IFSC.

The New Regulations are aimed at enhancing the substance requirements in the IFSC by specifying detailed norms and requirements for appointment of Principal Officer and Compliance Officer by the capital market intermediaries in the IFSC. The New CMI Regulations also aim to promote ease of doing business for the entities participating in the capital markets by simplifying and rationalizing requirements based on feedback and suggestions received from the stakeholders.

2) IFSCA (KYC Registration Agency) Regulations, 2025

To register and regulate the KRAs in IFSC, the Authority has approved the IFSCA (KYC Registration Agency) Regulations, 2025 its 23rd meeting held on March 26, 2025. These Regulations, *inter-alia*, provide for the following:

- i. Eligibility requirement for a KRA to be registered with IFSCA
- ii. Registration requirements including net worth for a KRA
- iii. Qualification and Experience for a KRA
- iv. Functions and Obligations of a KRA
- v. Functions and Obligations of a Regulated Entity in IFSC
- vi. Code of Conduct to be followed by a KRA

While it shall be mandatory for all the IFSCA regulated entities to upload the KYC records of their clients to the KRA, the regulations empower the Authority to exempt certain classes of regulated entities from applicability of these regulations.

The KRA in IFSC shall lead to smooth onboarding of clients/customers by Regulated Entities and enhance their efficiency with respect to Customer Due-Diligence (CDD).

3) Transition to IFSCA (Fund Management) Regulations, 2025

The authority approved the proposal towards one-time opportunity to extend the validity of the private placement memoranda whose validity has expired subject to certain conditions and a clarification towards the filing of the updated private placement memorandum consequent to the changes in the regulations.

March 26, 2025

Gift City, Gandhinagar