



CIRCULAR

F. No. IFSCA-IF-10PR/7/2024-Capital Markets

May 24, 2025

To,

All Fund Management Entities (FMEs) in International Financial Services Centres (IFSCs)

Dear Sir / Madam,

Sub: Extension of timeline for appointment of Custodian under Regulation 132 of the IFSCA (Fund Management) Regulations, 2025

1. Reference is drawn to IFSCA (Fund Management) Regulations, 2025 ("FM Regulations, 2025"), in particular regulation 132, which *inter alia*, requires the FME to appoint an independent custodian to provide the custodial services for the following schemes:-
 - a) Retail schemes;
 - b) Open ended Restricted schemes; and
 - c) All other schemes managing AUM above USD 70 Million.

2. In terms of the aforesaid regulation, the custodian to be appointed is required to be based in IFSC, unless the local laws of the jurisdiction where the securities of the investee company have been issued mandate the appointment of a custodian in that jurisdiction.

3. For the schemes that were taken on record by the Authority and had entered into an agreement with a custodian which is not based in IFSC, before FM Regulations, 2025 came into effect, a transition period of twelve (12) months has been provided to appoint a custodian in IFSC, if required, in terms of Regulation 132 of FM Regulations, 2025.
4. In this regard, the FME(s) which have already filed scheme with the Authority or entered into agreement with Custodian not based in IFSC, have expressed difficulties and sought additional time period for ensuring compliance in this regard.
5. Upon examination of the matter, the following has been decided that:
 - a. An additional time period of six (6) months from the date of the issuance of this Circular is granted for the appointment of an independent custodian based in IFSC, if required, in terms of Regulation 132 for the schemes which are –
 - i taken on record by the Authority after the FM Regulations, 2025 came into effect (i.e., February 19, 2025), or
 - ii taken on record by the Authority prior to the FM Regulations, 2025 coming into effect but which did not enter into an agreement with a custodian as on February 19, 2025.
 - b. During the period of six (6) months, the FMEs of the aforementioned schemes may appoint an independent Custodian in India or any foreign jurisdiction which is regulated by the financial sector regulator in that jurisdiction and make necessary arrangement to provide such information to Authority whenever directed to do so.
 - c. The FMEs shall make necessary arrangements to ensure strict compliance with Regulation 132 on or before the expiry of the 6 months period.

6. This Circular is issued in exercise of the powers conferred under sections 12 and 13 of the International Financial Services Centres Authority Act, 2019, read with regulation 146 of the FM Regulations, 2025 and shall come into force with immediate effect.

A copy of this circular is available on the website of International Financial Services Centres Authority at www.ifsc.gov.in.

Yours faithfully

Sd/-

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