Public Comments on Consultation Paper on Review of IFSCA (Fund Management) Regulations, 2022

The Consultation Paper seeking comments/suggestions from the public on review of IFSCA (Fund Management) Regulations, 2022 was issued by IFSCA on August 05, 2024. The following comments/suggestions were received:

S. No	Regulation No.	Comments/ Suggestions/ Proposed amendment	Detailed Rationale	Other supporting information
1	132	Explanation. – The Custodian appointed under this regulation shall be based in an IFSC, ~~unless the local laws of the jurisdiction where the securities have been issued do not permit the same, in which case~~, notwithstanding anything contained in this regulation the FME may appoint a custodian in the jurisdiction where securities have been issued and such custodian is regulated by the financial sector regulator of that jurisdiction.	We, <Name of FME>, a registered fund management entity(non-retail) had launched 2 outbound investment schemes and our target geography is East Asian Markets. At the time of filing our scheme registration application, we had discussed with IFSCA authority that since none of the IFSCA registered custodian are providing custodian services in our target markets, we will be appointing an overseas custodian based out of the jurisdiction where securities are issued. IFSCA agreed on the same and registered our schemes. Subsequently, we have Onboarded a Hong Kong based bank as our custodian, which is offering services for those regions. As on June 30, 2024, we have invested USD 56.38 Million into East Asian Markets cumulatively under both our schemes. It is pertinent to note that till date none of GIFT based service providers are offering custody services for East Asian markets.	
2	3(4)(a)	FIF can have either Fund alone or FME + Fund, is what we understand from this clarification. Suggestion : A FIF investing directly or through	Better clarity	

		a FME setup by a single family, to create or manage ……..		
3	7 (1)	Since AUM is based on valuation of the underlying assets, this may fluctuate – so what happens if the valuation comes down the next financial year? Are they required to continue with the Principal Officer or not?. It is suggested that if the AUM does not meet the threshold prescribed for continuous period of 3 years, this requirement can be relaxed. Finalization of valuation and AUM ascertainment would be known only after 2 months of the close of the financial year. So technically there would be only 1 month to appoint KMP. Hence it is suggested that 6 months period be given for appointment of additional KMP.		
4	24 (2)	within 30 days from the end of any one of the half-year ending September or March, as the case may be. Whether one half year is chosen, can there be a flexibility to change the half year. _____ Reg 24 (3) provides the following timeline: (3) The aforesaid disclosures shall be made within one (1) month of the end of each financial year. Clarity on requirement for Reg 24(3) to be given.		It may be noted that for Category I and II AIFs, SEBI AIF Regulations allow reporting within 180 days from the end of the year and for Category III AIFs, the same is to be done on quarterly basis within 60 days from the end of the quarter. It may be clarified that the disclosures to investors by VC Schemes may be made by FMEs within 210 days from the end of financial year.
5	26 (2) 38 (2)	Credit Rating Agencies have already been allowed to value the assets vide circular dated 25/07/2024. The same has to be included		

6		“accreditation agency” means an entity permitted by the Authority to undertake the activity of accrediting accredited investors. Explanation.- For the purpose of accreditation, the Authority may specify the eligibility criteria for an accreditation agency and also the process for accreditation by such agency; This definition is not used in the regulations		
7		Materiality. There are so many places, the word material is used. There is no guidance for the same. The regulations may provide for the FMEs to adopt a materiality policy for various purposes given in the regulation		
8	65(5)	Physical verification of gold underlying the Gold ETF units shall be carried out by an independent agency capable of undertaking such activities and reported to the Board of FME and fiduciaries on half yearly basis. By when should this be submitted?		
9	66(5)	Physical verification of silver underlying the Silver ETF units shall be carried out by an independent agency capable of undertaking such activities and reported to the Board of FME and fiduciaries on half yearly basis. By when should this be submitted?		
10	79	The portfolio accounts managed and administered by the FME in its capacity as a portfolio manager shall be audited annually and a copy of the certificate shall be given to the client. A) Audited by whom?		

		B) When the certificate has to be given?		
11		a) “At all times” is used in multiple places. How do we ensure that the same is complied with? b) Similarly the words “yearly basis” is used without mentioning the time limit for compliance c) Roles and responsibilities - across the document spelling is incorrect.		
12		Registered Valuers in Ancillary Service Framework 1. Absence of a Specific Category for Valuers under Ancillary Service Providers: • The current Ancillary Service Provider framework does not include a separate category for valuers, leading to ambiguity regarding their services in GIFT. • Consequently there's a need to create a new category specifically for valuers within the framework. 2. Interim Solution for Valuers: • Until a separate category is created, it's suggested to include valuers under the "Management Consultancy" category, as it is the closest fit. 3. Restrictions on Registered Valuers (RVs): a. Registered valuers, as per extant IBBI regulations, can certify either in their individual capacity or through a Registered Valuer Entity (RVE). b. The absence of a RVE in GIFT City restricts entities based in GIFT from rendering valuation services. c. Consequently the mode of invoicing by an IFSC entity for RV services in GIFT needs clarity. 4. Impact on certified RVs who are part of IFSC unit: a. Individual RVs associated with an IFSC entity can certify only in their individual capacity, which means they cannot invoice under the IFSC entity.		

		5. Recommendation regarding valuation: a. In order to be aligned with the IFSC framework and to ensure quality of valuation services, it is suggested that only branches of RVEs should be allowed to issue certificates in the IFSC.		
13		If the tenure of employee CS is likely to be reduced, then compliance has to be tightened through an Annual certification of compliance by a Practicing CS, preferably based out of GIFT. Note on Challenges for Company Secretaries: • Similar to Registered valuers, Company Secretaries (CS) face restrictions under the ICSI guidelines, which allow certification only by CS who are individuals, LLPs or firms. • However in the case of IFSC units, approvals are not being granted for branches of firms. Rather, it is insisted that such entities be formed either as a branch of a company. • In this scenario, CS can certify only through their firm in mainland and not through the IFSC unit. • This limitation discourages Company Secretaries from setting up operations in GIFT City, as they can render the same services from the mainland without these restrictions.		
14		Approval route mechanism may be provided in addition to the green channel mechanism. FMEs be provided with the option to choose either of the mechanisms.		
15	7(3)	FME may be exempted from additional KMP, if the funds are feeder funds.	In Feeder Funds, active fund management occurs at the Master Fund level. Meanwhile, the designated fund manager is responsible for selecting the underlying funds, as well as continuously monitoring and deploying the capital.	

16	7 (3)	The KMP of the FME shall be excluded from the requirement of certification(s) from such institution(s) as may be specified by the Authority.	Considering the stringent qualification and having expertise knowledge and experience, the Principal Officer, Compliance Officer and Fund Manager will be excluded from the requirement of certification(s) from such institution(s) as may be specified by the Authority.	
17	7(4)	Inclusion of wider array of institutions (recognised stock exchange/regulator, etc.) issuing certifications should be done for Key Managerial Personnel (KMP) to manage funds operating within IFSCA.	Wider inclusion could attract a broader pool of qualified professionals, thereby enhancing the attractiveness and competitiveness of the IFSC. This approach should be balanced to ensure it does not compromise the quality of fund management.	
18	7(4)	Number of years experience criteria should be removed for all KMPs appointed under the FME Regulations	Recently, SEBI has replaced relevant number of years' experience with the certification requirement for key investment team in SEBI (Alternative Investment Funds) Regulations, 2012. In this consultation paper, it is envisaged that the KMPs of FME are required to undergo certification requirement. Therefore, it is proposed that the criteria of relevant number of years' experience may be removed. The certification can have a validity period, necessitating renewal to ensure KMPs possess specialized and up-to-date knowledge.	

19	7 (4) (a)	We would like to submit that the language of the proposed amendment may be modified as below. *(a) A professional qualification or post-graduate degree or post graduate diploma ~~(minimum two years one year in duration)~~ in finance, law, accountancy, business management, commerce, economics, capital market, banking, insurance or actuarial science from a university <u>which is recognized by University Grants Commission or by any other commission/ council/ board/body established under an Act of Parliament in India for the purpose or an institute/association affiliated with such university or an institution recognized/established by the Central Government or any State Government or autonomous institute falling under administrative control of Government of India or a recognised foreign university or institution or association</u> or a CFA or a FRM from Global Association of Risk Professionals; or <u>any other qualifications may be specified by the Authority</u> and*	Ease of Doing Business	

20	7(4) (b)	The exception of 3 years of experience requirement for Compliance Officer should be extended to all candidates having professional qualification. We would like to submit that the language of the proposed amendment in the proviso should be modified as below. Provided that for the KMP provided under sub-regulation (2), the experience as provided above shall be required for a minimum period of 3 years if such KMP ~~is a member of Institute of Company Secretaries of India~~ is a member Institute of Chartered Accountants of India, Institute of Company Secretaries of India, Institute of Cost Accountants of India or Bachelor of Laws (LLB) from a university or an institution recognised by the Central Government or any State Government or any institution equivalent thereto in a foreign jurisdiction or any institution equivalent thereto in a foreign jurisdiction and has experience in compliance or risk management in an entity regulated by a financial sector regulator or a listed company.	Ease of Doing Business	
21	7(4)(b)	It is proposed to waive off the requirement of minimum experience.	The requirement for minimum experience which forms part of the current FME Regulations is similar to the provisions to SEBI (Alternative Investment Funds) Regulations, 2012 (AIF Regulations). SEBI had vide its Gazette notification dated June 15, 2023 deleted the provisions of the requirement for minimum experience. Further, SEBI vide its consultation paper dated August 6, 2024 for Investment Adviser and Research Analyst has proposed to remove the requirement for minimum experience for the key personnel. In this regard, the rationale provided in the aforesaid consultation papers is as follows: "The requirement of having minimum experience for Principal Officer and other KMPs (Personnel) may	

			act as a barrier for new age/ first generation Personnel who may not have requisite experience to satisfy the regulatory requirement but have new models to carry out fund management and related activities to generate returns for the investors. Incidentally, no specific experience requirements have been prescribed under the SEBI (Mutual Funds) Regulations, 1996 for directors and key personnel of a mutual fund/Asset Management Company even though there is retail investor participation. With respect to Investment Adviser Regulations, the proposed certification requirements under Regulation 7(5) for the employees of FMEs in IFSC shall ensure that such employees possess relevant knowledge and skills desired to provide their services". In view of the above, it is proposed to dispense with the experience requirements for registration of FME."	
22	7 (5)	1. The certification requirements should not be applicable for all employees of the FME. The requirement of undergoing specified certifications should be applicable only to specific KMPs of the FME. 2. KMPs/ Employees of the FME with professional qualifications (as defined in the explanation of the regulation) should be exempt from the requirement of undergoing certification.	Certification Requirement should be made applicable for specific roles/ KMPs of the FME as there can be employees appointed for back office/ admin functions who are not directly involved in fund related activities. Further, exemption should be provided to those who already have professional qualifications as they would already be subject matter expert or have practical experience of the same.	

23	7	The requirement to take prior approval from IFSCA regarding appointment of KMP is proposed to be done away with.	1) The regulations already mandate Fit and Proper requirement, educational qualification and experience for the KMP and also provides a code of conduct for them. 2) The FME itself will check and satisfy the requirement of qualification and experience and intimate to the authority along with Biodata and FME certification to comply the requirement of KMP within 15 working days of appointment/change of the KMP.	
24	7(7)	Instead of a prior approval, the FME may be advised to submit a declaration along with an affidavit from the relevant KMP confirming compliance with fit and proper standards, educational qualification and relevant experience.	There is no such requirement to obtain prior approval under the relevant SEBI regulations for the appointment of KMP.	
25	24(2)	The below statement seems to contain a discrepancy regarding the timing of disclosures : *The FME shall ensure that the portfolio under the scheme and Net Asset Value (NAV) is disclosed to the investors at least on a yearly basis within 30 days from the end of half-year*". It should be 30 days from the end of financial year or something similar.		
26	24 (2)	In case of half yearly disclosure, we suggest to rephrase the provision as "The FME shall ensure that the portfolio under the scheme and Net Asset Value is disclosed to the investors on half-yearly basis within 30 days from the end of half-year.	The statement can be confusing in order to determine whether the portfolio has to be disclosed on annual basis or half yearly.	

27	31(1), 31(2)	The IFSC Fund Management Regulations explains the structure of the fund to be launched under Category I, II, III in one liner. The regulation is interpreted differently by different experts. In the absence of approval of PPM by IFSCA, there is a risk of adverse comments from IFSCA during inspection at a later date which would be a point of concern for both Investors and FME. Category II AIF is defined as the fund which does not qualify under Category I and III. Category III is defined as the fund which uses complex structure to invest in listed and unlisted securities. Cat III can be both open-ended or close-ended. Can Category II fund invest in Units of Master Fund or Participating shares of Feeder Fund under Master Feeder Structure. Here the units / share are unlisted?	These grey areas can become a matter of concern at a later date if LOR is not issued by IFSCA.	
28	31(2)	The option of one time extension by IFSCA up to 12 months to the time line for declaring the first close should be considered based on the request of the FME on payment of nominal fee.	This option will enable the funds who faces genuine challenges to represent to the IFSCA for extension with nominal fee as against full fee.	
29	31 (1) & 43 (1)	The said provisions require that the FME shall launch any scheme after a draft offer document is filed with the Authority along with the applicable application fees. Currently, as per IFSCA circular on Fees, or Restricted schemes fees is USD 22,500 and for Retail schemes fees is USD 22,500. Reduction in IFSCA Fund Application Fees: We would like to submit that the scheme launch fees are on higher side. We would like to submit that the Regulatory approval fees in other comparable jurisdictions like Singapore and Mauritius are in the range of USD 8,000- USD 10,000.	Currently, for the Fund setup cost (which has to be borne by FMEs or Investors) 50% component is in relation to IFSCA scheme application fees. The Regulatory fees for launch of Schemes is on higher side, this is impacting the launch of multiple funds and is increasing the burden on the investors. Considering one of the objectives to set up IFSC in India was to be cost efficient, there is a need to reduce the cost of set up including operation cost of the Funds and FMEs, the reduction in regulatory fees may be re-considered.	

		Thus, we would suggest in light of objective of reduction of cost of compliance, IFSCA may re-consider the scheme application fees.		
30	31 (2)	The timeline of 21 working days (after receipt of application in the specified format) for providing comments on the Fund Documents by the Authority should be retained.	There should be an outer timeline for providing comments to the FME by the Authority. Further, Global Institutional Investors usually prefer Fund documents which are approved by the Local Authority prior to making any investment decisions.	
31	31 (2) & 43	1. The requirement of re-submission of placement memorandum and payment of full fees should be relaxed. Instead of payment of full fees for such already approved schemes, IFSCA may specify a nominal fees payment (i.e. USD 500). 2. Under Regulation 43, there should be a similar provision of providing extension if minimum size is not achieved.	Ease of Doing Business	
32	32(2)	The requirement to invest minimum applicable investment amount for each investor acting together as joint investors should not be mandatory.	The third proviso of the sub regulation states the following: "Provided further that a FME may accept investments in a Restricted scheme from multiple investors acting together as joint investors, wherein each such investor shall invest at least the minimum applicable investment amount." The fourth proviso of the sub regulation states the following: "Provided further that the following individuals, not more than 2, when act as joint investor, the aggregate investment by such individuals shall be at least USD 150,000: (i) An investor and his/her spouse (ii) An investor and his/her parent (iii) An investor and his/her daughter/son" A combined reading of the aforesaid provisions creates an ambiguity on the requirement of the joint	

			investor to invest in the scheme. Since the rationale for permitting joint investments in the aforesaid relationships is to enable and attract more investors the requirement of each joint investor investing the minimum applicable amount should not be made mandatory. Either of the investor (from the aforesaid relationship) should be able to make the investment from his/her bank account.	
33	32 (2)	Contribution of at least 150000 $ should be subject to adjustments for remittance charges, stamp duty and set-fees/cost	Gross remittance by investor should be 150000 $ subject to certain business/transaction related adjustment, good to provide this clarity	
34	34	(g) Derivatives including commodity derivatives, Offshore Derivative Instruments (ODIs) subject to suitable disclosures in the placement memorandum. Provided that pending deployment of money, FME may invest money in certificates of deposit, units of investment or Mutual Fund schemes such as overnight or liquid or money market schemes, money market instruments, bank deposits or any other securities or financial assets or instruments as may be specified by the Authority	The IFSCA had permitted IFSC Banking Units and non-bank entities, registered with SEBI as FPIs, to issue Derivative Instruments with Indian securities as underlying, in GIFT-IFSC. The same is now requested for clarification, with a view of Ease of Doing Business for FMEs registered with IFSCA. The same is now requested for clarification with a view of Ease of Doing Business for FMEs registered with IFSCA.	
35	22(1), 34(1), 46(1)	Prior to deployment... should also cover instances where the application money from the investor/s has come but pending allotment of units. Such funds needs to be temporarily invested till units are allotted to investors and funds deployed by the fund manager	Clarity may be given for pre-allotment situations	
36	35	All the Investment restrictions, for non-retail scheme shall be adhered/monitored at the time of making investment.	The FME shall have to adhere all the investment restrictions and limits at the time of making investment and not on Mark to Market (MTM). The same is now requested for clarification with a view of Ease of Doing Business for FMEs registered with IFSCA.	

37	35(2)	The minimum corpus for the open ended restricted scheme can be reduced to USD 1 million with the provision of reaching USD 3 million within period of 12 months from the closing of initial offer period.	This will enable the open ended scheme to make deployment on reaching the USD 1 million corpus and then it can create its track record for raising further commitment from the investors.	
38	35(4)	We understand that intention of the IFSCA that the Restricted schemes shall not buy or sell securities from associates, other schemes of the FME or its associates. (i.e. inter scheme transfer of securities). This will not cover investment in the other schemes of FME and associates (i.e. buying and selling the units of the schemes of the FME or associates). Such investment should not trigger approval of the unit holders.	We understand that intention of the IFSCA that the Restricted schemes shall not buy or sell securities from associates, other schemes of the FME or its associates. (i.e. inter scheme transfer of securities). This will not cover investment in the other schemes of FME and associates (i.e. buying and selling the units of the schemes of the FME or associates). Such investment should not trigger approval of the unit holders.	
39	35 (2) & 47 (6)	We agree the changes proposed for Closed-ended schemes. We have following suggestions for Open-ended schemes. Request IFSCA to consider any of the below suggested alternatives - Alternative 1- Removal of condition of minimum size for Open-ended schemes: We would like to submit that minimum size of the Scheme requirement can be removed for Open-ended schemes. This is considering the Global practices wherein no minimum size of the scheme is been prescribed. Alternative 2- Relaxation for Open-ended schemes launched by FMEs: FME should be allowed to launch the restricted schemes once the first investment commitment (i.e. USD 150,000) is received by the scheme. Further, there may be a requirement to bring minimum size of the restricted schemes to USD 3 million within 1 year from launch date of the scheme.	The Funds launched have to wait for deployment/ investment into eligible securities till minimum size of the Fund is achieved. This may result in opportunity loss and time loss for the Investors/ FME. Further, if we look at global practices such as in Singapore and Mauritius there is no concept of Minimum size of the Fund. The Authority thus should align with this global practices.	

		In case, the minimum fund corpus is not received within 1 year from launch date of the scheme, then the Authority may consider granting extension on case-to-case basis subject to payment of specified fees.		
40	35(4), 47 (5),	Associates should not cover the other schemes managed by FME or its group entities. Otherwise this would contradict with FoF structure	Such other schemes are professionally managed for 3rd party investors. FME or its associate are not the beneficiary of the corpus	
41	35(4)	An exemption may be carved out for investments in the schemes of associates without obtaining separate consent from investors provided the Restricted Scheme has already disclosed such investment as part of its proposed asset allocation, at the time of launch of the scheme.	If the scheme document of Restricted Scheme has already disclosed such investment in the scheme of associates, by investing in the Restricted scheme, the investors would be deemed to have voted in favour of such investment. Additional consent requirement will be redundant.	
42	46	(g) Derivatives including commodity derivatives, Offshore Derivative Instruments (ODIs) subject to suitable disclosures in the placement memorandum Provided that pending deployment of money, FME may invest money in certificates of deposit, units of investment or Mutual Fund schemes such as overnight or liquid or money market schemes, money market instruments, bank deposits or any other securities or financial assets or instruments as may be specified by the Authority	The IFSCA had permitted IFSC Banking Units and non-bank entities, registered with SEBI as FPIs, to issue Derivative Instruments with Indian securities as underlying, in GIFT-IFSC. The same is now being requested to be included for clarification with a view of Ease of Doing Business for FMEs registered with IFSCA.	
43	132	The requirement of appointing custodian may be removed for feeder schemes structure.	The portfolio of fund of fund schemes consists of the units of master scheme. The exemption on appointment of custodian may be considered in line with the exemption proposed in this consultation paper for appointment of independent third-party service provider for valuation of investments.	

44	132	Fund of Funds (FOFs) should be exempted from the requirement of appointing custodians. In FOFs, the custodians would be holding only statements / contract notes as many Master Funds issue only statement or contract notes. However, the Master Funds do have the custodians.	The requirement for appointing a custodian could be exempted for Funds of Funds (FOFs), akin to the relaxation provided for independent party valuation for FOFs	
45	44	The concept of Joint Investors {similar to proviso included under regulation 32 (2)} should be included under Regulation 44 also.	For clarity	
46	IFSCA circular on Fee structure for the entities undertaking or intending to undertake permissible activities in IFSC	Currently, the FME is required to pay USD 22,500/- fee for filing placement memorandum / offer document for CAT-II and Retail Fund with the Authority. For all categories of the Fund, the Fee for filing placement memorandum / offer document will be reduced by 90%.	The PPM filling fees to IFSCA authority is much higher than SEBI filling fees. To reduce the operating cost for FME, it is hereby suggested to reduce the filling fees for PPM/Offer documents. IFSCA filling fees will be align with the SEBI filling fees.	
47	Part C: Retail Schemes -47- Investment Restrictions and Scheme Corpus	<u>All the Investment restrictions, for retail schemes shall be adhered/monitored at the time of making investment.</u>	The FME shall have to adhere all the investment restrictions and limits at the time of making investment and not on Mark to Market (MTM). The same is now requested for clarification with a view of Ease of Doing Business for FMEs registered with IFSCA.	

48	Part C: Retail Schemes -47 (3)- Investment Restrictions and Scheme Corpus	Provided further that the limit on single company shall not be applicable in case of sectoral or thematic or Index schemes.	Limits prescribed for single issuer company should not be applicable/restricted to 10/15% for sectoral and thematic schemes, considering there might be limited number of constituents available for the scheme if they are belonging to particular sector or following a thematic index.	
49	Part C: Retail Schemes -47 (1) (2) (3) (4)- Investment Restrictions and Scheme Corpus	All the investment restriction shall not be applicable to retail scheme which is not sectoral or thematic or Index schemes and investing in offshore jurisdiction.	Schemes which are sectoral, thematic or which is an outbound fund where benchmark representation of stocks may be overweight for a particular sector (for eg: In USA, many benchmarks have technology sector as an overweight). In the interest of investor and with an aim to promote more retail schemes in IFSCA, it is proposed that relaxation be given to retail scheme which are sectoral or thematic or Index schemes or schemes which predominantly invest in offshore jurisdiction.	
50	137	The FME having retail license is also allowed to open offshore branch to market and client service for funds which are set up in GIFT City and managed by FME entity, without any approval of authority.	The Setting up offshore branch office allow FME to be “on the ground” vs. the current “fly in” approach to highlight FME capabilities and to market and client service for funds which are set up in GIFT City and managed by FME entity.	
51	Confirmations & Declarations	We suggest to modify the declaration as follows: We shall ensure that within a period of 2 years from the commencement of operation, the Principal Officer and other KMPs as provided under sub-regulation (2) and (3) of regulation 7 shall be based out of IFSC.	In order to develop business and functional expertise, the employees may have to work from locations outside IFSC in the initial period of business set-up. Hence, we request the authority to allow some flexibility in this regard. Once, the business is stabilised, there will not be any dearth in the availability of quality resources in IFSC.	May be partially accepted

52	7(4)	Number of years experience criteria should be removed for all KMPs appointed under the FME Regulations	Recently, SEBI has replaced relevant number of years' experience with the certification requirement for key investment team in SEBI (Alternative Investment Funds) Regulations, 2012. In this consultation paper, it is envisaged that the KMPs of FME are required to undergo certification requirement. Therefore, it is proposed that the criteria of relevant number of years' experience may be removed. The certification can have a validity period, necessitating renewal to ensure KMPs possess specialised and up-to-date knowledge.	-
53	31(2)	The option of one time extension by IFSCA up to 12 months to the time line for declaring the first close should be considered based on the request of the FME on payment of nominal fee.	This option will enable the funds who faces genuine challenges to represent to the IFSCA for extension with nominal fee as against full fee.	-
54	35(2)	The minimum corpus for the open ended restricted scheme can be reduced to USD 1 million with the provision of reaching USD 3 million within period of 12 months from the closing of initial offer period.	This will enable the open ended scheme to make deployment on reaching the USD 1 million corpus and then it can create its track record for raising further commitment from the investors.	-
55	132	The requirement of appointing custodian may be removed for feeder schemes structure.	The portfolio of fund of fund schemes consists of the units of master scheme. The exemption on appointment of custodian may be considered in line with the exemption proposed in this consultation paper for appointment of independent third-party service provider for valuation of investments.	-
56	35(4)	We understand that intention of the IFSCA that the Restricted schemes shall not buy or sell securities from associates, other schemes of the FME or its associates. (i.e. inter scheme transfer of securities). This will not cover investment in the other schemes of FME and associates (i.e. buying and selling the units of the schemes of the FME or	We understand that intention of the IFSCA that the Restricted schemes shall not buy or sell securities from associates, other schemes of the FME or its associates. (i.e. inter scheme transfer of securities). This will not cover investment in the other schemes of FME and associates (i.e. buying and selling the units of the schemes of the FME or associates).	-

		associates). Such investment should not trigger approval of the unit holders.	Such investment should not trigger approval of the unit holders.	
57		1. 3 years should be revived back to 5 years. 2. Criterial of Listed Company experience should be completely removed as eligibility.	1. 3 years' experience with ICSI degree to act as Compliance Officer will go against international standard and also this experience is not material enough to take on independent responsibilities of Compliance Officer. 2. Listed Company's CS from any non financial sector will not help in any case. In my opinion, as I have initially worked in listed company, they may have idea on governance being part of listed companies, however, on specific skill set match, they shouldn't be directly eligible.	Issues: i) There is a possibility that FMEs for saving on monetary part, may end up selecting lesser experienced guy since regulation allows, and then there is possibility of control from out of IFSC. In my view, it may kill KMP status, as basic principles of independence may be lost with this ii) The proposed changes in eligibility criteria for Compliance Officer may affect career of people like me who have moved all the way from other financial based cities like Mumbai, Bengaluru etc. and also for those who have moved from foreign jurisdiction like Mauritius, Singapore due to their fund getting relocated. Companies wouldn't prefer more experienced person here in GIFT and it will defeat the purpose of moving from other financial sector base cities / jurisdictions. Suggestion – i) Request to keep the 5 years criteria intact for any KMP including CO or If this proposed eligibility criteria becomes part of regulations, there should be strict norms/guidelines stipulated from IFSCA w.r.t independence and Chinese wall mechanism, ii) listed company experience of 3 years, shouldn't be the eligibility criteria

				for any of the FME at all, or associate listed company requirement with experience in relevant sector only. I have moved from Mumbai with strong AIF experience. When I decided to move to GIFT, I had certain things in mind that I want to work in different jurisdiction and want to create my own domain with the requisite skillset I already possess. With such kind of criteria for Compliance Officer position, people like me may lose career progress, and we may have to unfortunately go back to earlier jurisdiction to safeguard career.
58	7(3)	In the consultation paper, it is proposed to appoint an additional (third) KMP in case where AUM is USD 1 Billion or more at the close of a financial year. It is also mentioned that such additional (third) KMP should be designated with the responsibility of fund management. However, the proposal does not clearly define the exact role and responsibility of such additional (third) KPM. This is requested to provide clarity on the same	It is suggested to define the role of the third KMP to ensure that the FME operates in a compliant, efficient, and effective manner with a strong governance framework that boost the confidence of the investors in funds. FME's are subject to robust regulations that require clearly defined roles and responsibilities, for KMPs. Further, clarity in roles will also avoid any overlapping of responsibilities between all the three KPMs. This is to avoid ambiguity and to ensure the accountability and robust governance structure.	

59	7(4)	Currently, the KMPs based out of IFSC have to meet a triple layer criterion of educational qualification, experience and certification requirement in order to be based in IFSC. We propose that the same shall be relaxed and the KMPs shall be required to meet only one of the specified criteria.	Currently the KMPs based in IFSC are required to meet the following criteria to be eligible for being employed in IFSC: • Educational qualification; and • Experience requirement; and • Certification requirement. Existence of such criteria for the KMPs in IFSC would create roadblocks and may bring hardships for the players proposing to have their business in IFSC. Such stringent qualification criteria may deter highly skilled professionals who have significant experience but may not meet the educational or certification requirements from entering into the IFSC. Further, various IFSCs around the globe do not prescribe such a qualification criteria for the employees based in IFSC. Given the pace of growth in the FME sector of the IFSCs, it is considered as an emerging business opportunity for the market players to set up their business in IFSC. However, introduction of such stringent provisions in relation to the employee qualification may hamper the growth rate of the FME sector. Further, basis the consultation, the certification requirement has been made applicable to the employees of IFSC. A clarity shall be brought with respect to the specific employees to whom such criteria would apply.	

60	19(3)	If FME fails to declare the first closure of the scheme within 12 months from the placement of the memorandum, a nominal fee of USD 500 is proposed to be charged for filing the scheme document instead of the standard full fee which is required to be paid as fresh filling of scheme.	The GIFT IFSC is currently a growing region. Fund managers will need to convey to investors the advantages and potential of the landscape, as well as its future prospects, in order to enhance their confidence. They must assure investors that the funds are safe and operating within a strong regulatory framework that fosters integrity and transparency. It takes time to gain the confidence of investors and convince them to invest in the funds setup in the GIFT IFSC region. Thus, achieving the minimum corpus may take more time, even beyond 12 months as proposed in the consultation paper.	
61	31(1)	Clarity on the time to launch the scheme post filing of PPM	Originally, the FME regulations specified a 21-day time limit to launch the scheme post filing of the PPM and post receipt of comments from the IFSCA. However, the said time limit is proposed to be deleted in the consultation paper. Given that there is no time limit prescribed for launching the scheme post filing of the PPM, there is an ambiguity in connection with the same. One may take a conservative view that the scheme shall be launched only after receipt of comments from the IFSCA. However, the proposed regulations do not specify any time limit for IFSCA to provide their comments which would result in unnecessary delay in the scheme launch process. In the contrary, one may take a view that the scheme shall be launched immediately post filing of the PPM. In light of the above, we propose to bring clarity as regards the time limit of launching the scheme	

62	35(2)	A non-retail scheme may launch an open-ended scheme and closed ended scheme. In the consultation paper, the Authority has proposed reducing the minimum corpus size of the restricted scheme to USD 3 million. Proposal for closed ended Scheme: It is proposed that the minimum corpus size requirement for the closed ended scheme should be removed. Proposal for open ended Scheme: It is proposed that the minimum corpus size for open ended scheme should be USD 1 million	Rationale for closed ended scheme: In case of non-retail scheme, the FME Regulations prescribes for minimum investment criteria at investor level as well as fund / scheme level. For a closed ended scheme, it is becoming difficult for FMEs to raise funds from investors especially to meet the minimum corpus criteria at fund / scheme level. Considering the above, we propose to facilitate ease by removing the requirement for a minimum scheme size, specifically for close-ended schemes. Alternatively, FMEs launching closed ended non-retail scheme should be permitted to commit for a minimum corpus limit as per the requirement of the scheme subject to mentioning of the same in the PPM / scheme document. Rationale for open ended scheme: Lower threshold shall enable FMEs to gather fund and launch schemes faster. Also, this shall quickly bring up / increase volume for funds set up in ecosystem	
63	55(1)	Clarity on the time to launch the scheme post filing of PPM	Originally, the FME regulations specified a 21-day time limit to launch the scheme post filing of the PPM and post receipt of comments from the IFSCA. However, the said time limit is proposed to be deleted in the consultation paper. Given that there is no time limit prescribed for launching the scheme post filing of the PPM, there is an ambiguity in connection with the same. One may take a conservative view that the scheme shall be launched only after receipt of comments from the IFSCA. However, the proposed regulations do not specify any time limit for IFSCA to provide their comments which would result in unnecessary delay in the scheme launch process. In the contrary, one	

			may take a view that the scheme shall be launched immediately post filing of the PPM. In light of the above, we propose to bring clarity as regards the time limit of launching the scheme	
64	77(1)	In Consultation paper, it is proposed to reduce the funds or securities from the client to UDS 75,000 in case of portfolio management agreement. Here, we proposed to reduce the funds or securities from the Investors / clients to UDS 50,000.	Currently in mainland India, the investment limits for PMS (Portfolio Management Services) clients are specified by the market regulator SEBI, amounting to INR 50 lakhs. Thus, to bring parity and to increase investor participation in the GIFT IFSC region. We proposed to reduce the Investments / funds limits to for PMS services offer by FME's to USD 50,000.	
65	135(1)	This Regulation prescribes that every scheme launched by FME shall have the annual statement of accounts audited by an auditor who is not in any way associated with the FME. We proposed amending this regulation to remove the condition which states that “an Auditor who is not in any way associated with the FME.”	The FME is the investment manager for the fund, from which it earns a management fees. The FME’s responsibility is to manage the AIF scheme / Funds, necessitating the setup of comprehensive infrastructure which includes technology, personnel, fixed assets etc. The FME prepares its own financial statements, which includes its revenue from managing the AIF Scheme and the expenses related to fund management, as well as corresponding assets and liabilities. Separately, the AIF Scheme/Fund prepares its financial statements, which includes the funds received from investors (Unit Capital), investments made, the income generated from these investments, and specific expenses permitted by the approved schemes documents. Thus, considering the above, it is proposed that IFSC Authority may consider appointing the same auditors for both the AIF and the FME to: Ø Enhance transparency in the accounting treatments reflected in the financial statements of both the AIF and the FME. Ø Increase accountability in the auditing of shared processes between the FME and the AIF.	SEBI’s Alternative Investment Funds Regulations, 2012 (AIF Regulations), will also allow the appointment of the same auditors for both the FMEs the AIF Schemes / funds.

			Ø Bring the auditing practices which is in line with the SEBI AIF Regulations.	
66		Online tracking mechanism should be put in place for PPM document indicating date & time of submission, stage at which the same is under process, option to ask and respond questions / submit documents, final approval etc.	This shall smoothen the process of submission and approval of PPM documents. Also, it shall bring transparency for overall approval process regards PPM document.	
67	7 (4) (a)	We would like to submit that the language of the proposed amendment should be modified as below. Proposed Amendments- (a) A professional qualification or post-graduate degree or post graduate diploma ~~(minimum two years one year in duration)~~ in finance, law, accountancy, business management, commerce, economics, capital market, banking, insurance or actuarial science from a university which is recognized by University Grants Commission or by any other commission/council/board/body established under an Act of Parliament in India for the purpose or an institute/association affiliated with such university or an institution recognized/established by the Central Government or any State Government or autonomous institute falling under administrative control of Government of India or a recognised foreign university or institution or association or a CFA or a FRM from Global Association of Risk Professionals; or any other qualifications may be specified by the Authority and	Ease of Doing Business	

68	7(4) (b)	The exception of 3 years of experience requirement for Compliance Officer should be extended to all candidates having professional qualification. We would like to submit that the language of the proposed amendment in the proviso should be modified as below. Proposed Amendments- Provided that for the KMP provided under sub-regulation (2), the experience as provided above shall be required for a minimum period of 3 years if such KMP ~~is a member of Institute of Company Secretaries of India~~ is a member Institute of Chartered Accountants of India, Institute of Company Secretaries of India, Institute of Cost Accountants of India or Bachelor of Laws (LLB) from a university or an institution recognised by the Central Government or any State Government or any institution equivalent thereto in a foreign jurisdiction or any institution equivalent thereto in a foreign jurisdiction and has experience in compliance or risk management in an entity regulated by a financial sector regulator or a listed company.	Ease of Doing Business	
69	7(5)	1. The certification requirements should not be applicable for all employees of the FME. The requirement of undergoing specified certifications should be applicable only to specific KMPs of the FME. 2. KMPs/ Employees of the FME with professional qualifications (as defined in the explanation of the regulation) should be exempt from the requirement of undergoing certification.	Certification Requirement should be made applicable for specific roles/ KMPs of the FME as there can be employees appointed for back office/ admin functions who are not directly involved in fund related activities. Further, exemption should be provided to those who already have professional qualifications as they would already be subject matter expert or have practical experience of the same.	

70	31 (1) & 43 (1)	The said provisions require that the FME shall launch any scheme after a draft offer document is filed with the Authority along with the applicable application fees. Currently, as per IFSCA circular on Fees, or Restricted schemes fees is USD 22,500 and for Retail schemes fees is USD 22,500. Reduction in IFSCA Fund Application Fees: We would like to submit that the scheme launch fees are on higher side. We would like to submit that the Regulatory approval fees in other comparable jurisdictions like Singapore and Mauritius are in the range of USD 8,000- USD 10,000. Thus, we would suggest in light of objective of reduction of cost of compliance, IFSCA may re-consider the scheme application fees.	Currently, for the Fund setup cost (which has to be borne by FMEs or Investors) 50% component is in relation to IFSCA scheme application fees. The Regulatory fees for launch of Schemes is on higher side, this is impacting the launch of multiple funds and is increasing the burden on the investors. Considering one of the objectives to set up IFSC in India was to be cost efficient, there is a need to reduce the cost of set up including operation cost of the Funds and FMEs, the reduction in regulatory fees may be re-considered.	Link reference of Singapore-ACRA: https://www.acra.gov.sg/how-to-guides/setting-up-a-vcc/vcc-filing-fees Link reference of Mauritius-FSC: https://www.fscmauritius.org/en/others/codified-list
71	31 (2)	The timeline of 21 working days (after receipt of application in the specified format) for providing comments on the Fund Documents by the Authority should be retained.	There should be an outer timeline for providing comments to the FME by the Authority. Further, Global Institutional Investors usually prefer Fund documents which are approved by the Local Authority prior to making any investment decisions.	
72	31 (2) & 43	1. The requirement of re-submission of placement memorandum and payment of full fees should be relaxed. Instead of payment of full fees for such already approved schemes, IFSCA may specify a nominal fees payment (i.e. USD 500). 2. Under Regulation 43, there should be a similar provision of providing extension if minimum size is not achieved.	Ease of Doing Business	

73	35 (2) & 47 (6)	We agree the changes proposed for Closed-ended schemes. We have following suggestions for Open-ended schemes. Request IFSCA to consider any of the below suggested alternatives - Alternative 1- Removal of condition of minimum size for Open-ended schemes: We would like to submit that minimum size of the Scheme requirement can be removed for Open-ended schemes. This is considering the Global practices wherein no minimum size of the scheme is been prescribed. Alternative 2- Relaxation for Open-ended schemes launched by FMEs: FME should be allowed to launch the restricted schemes once the first investment commitment (i.e. USD 150,000) is received by the scheme. Further, there may be a requirement to bring minimum size of the restricted schemes to USD 3 million within 1 year from launch date of the scheme. In case, the minimum fund corpus is not received within 1 year from launch date of the scheme, then the Authority may consider granting extension on case-to-case basis subject to payment of specified fees.	The Funds launched have to wait for deployment/ investment into eligible securities till minimum size of the Fund is achieved. This may result in opportunity loss and time loss for the Investors/ FME. Further, if we look at global practices such as in Singapore and Mauritius there is no concept of Minimum size of the Fund. The Authority thus should align with this global practice.	Link reference of Mauritius-FSC: Our Enabling Laws - Financial Services Commission - Mauritius (fscmauritius.org) Supervision Q & As - Financial Services Commission - Mauritius (fscmauritius.org)
74	44	The concept of Joint Investors {similar to proviso included under regulation 32 (2)} should be included under Regulation 44 also.	Clarification	

75	Regulation 7(4)(b)	It is proposed to waive off the requirement of minimum experience.	The requirement for minimum experience which forms part of the current FME Regulations is similar to the provisions to SEBI (Alternative Investment Funds) Regulations, 2012 (AIF Regulations). SEBI had vide its Gazette notification dated June 15, 2023 deleted the provisions of the requirement for minimum experience. Further, SEBI vide its consultation paper dated August 6, 2024 for Investment Adviser and Research Analyst has proposed to remove the requirement for minimum experience for the key personnel. In this regard, the rationale provided in the aforesaid consultation papers is as follows: "*The requirement of having minimum experience for Principal Officer and other KMPs (Personnel) may act as a barrier for new age/ first generation Personnel who may not have requisite experience to satisfy the regulatory requirement but have new models to carry out fund management and related activities to generate returns for the investors. Incidentally, no specific experience requirements have been prescribed under the SEBI (Mutual Funds) Regulations, 1996 for directors and key personnel of a mutual fund/Asset Management Company even though there is retail investor participation.* *With respect to Investment Adviser Regulations, the proposed certification requirements under Regulation 7(5) for the employees of FMEs in IFSC shall ensure that such employees possess relevant knowledge and skills desired to provide their services".* In view of the above, it is proposed to dispense with the experience requirements for registration of FME."	

76	Regulation 32(2)	The requirement to invest minimum applicable investment amount for each investor acting together as joint investors should not be mandatory.	The third proviso of the sub regulation states the following: "Provided further that a FME may accept investments in a Restricted scheme from multiple investors acting together as joint investors, wherein each such investor shall invest at least the minimum applicable investment amount." The fourth proviso of the sub regulation states the following: "Provided further that the following individuals, not more than 2, when act as joint investor, the aggregate investment by such individuals shall be at least USD 150,000: (i) An investor and his/her spouse (ii) An investor and his/her parent (iii) An investor and his/her daughter/son" A combined reading of the aforesaid provisions creates an ambiguity on the requirement of the joint investor to invest in the scheme. Since the rationale for permitting joint investments in the aforesaid relationships is to enable and attract more investors the requirement of each joint investor investing the minimum applicable amount should not be made mandatory. Either of the investor (from the aforesaid relationship) should be able to make the investment from his/her bank account.	

77	7(4)	a. The qualifications to include any person who has been certified as a Fund Manager under the course specified by SEBI under regulation no. _____ as an alternate qualification criterion. b. The FME, whose parent organisation is an Investment Manager of an AIF registered with SEBI ("IM-FME") should be exempted from appointing POs and KMPs domiciled at IFC. c. Given the proposal for introduction of Variable Capital Company (VCC) in the Union Budget of 2024, outsourced PO & CO functions should be permitted d. FME's other than IM-FME's who are managing threshold AUM's as below should be allowed a timeframe of 3 years to appoint POs, COs & KMPs domiciled at IFSC: (i) USD 50 million or higher, should be required to domicile PO, CO & KMPs at IFSC (ii) USD 15 million or higher but less than USD 50 million, should be required to domicile a CO at IFSC (iii) Less than USD 15 million, should be allowed to outsource their PO & CO requirements.	a. The Fund Manager certification has become mandatory for every AIF which is being registered with SEBI and since many such Fund Managers would be keen to set-up funds at IFSC, the qualifications should include this certification as an alternate to other qualifications defined there in the regulation. b. Many IM-FME's are setting up FME's at IFSC. As per the requirements of SEBI Regulations, Investment Managers are required to appoint PO & Compliance Officer, and the Fund Management Team are also required to have relevant experience and / or Fund Manager Certification. Given that IM-FME's are permitted to manage multiple Funds with the same PO, CO & Fund Management team, the same team should be allowed to manage Funds being set-up by such IM-FME's at IFSC without requiring to appoint duplicate roles at IFSC. c. In other jurisdictions & fund management regimes, Fund Managers outsource the regulatory & compliance requirements of their schemes to the umbrella VCC entity. d. These requirements increase the cost of operations of a fund and the operations will be unviable for funds with AUMs lower than USD 15 million	Fund Management regimes in Singapore, UAE, permit for outsourcing of these roles.
78	31(2)	e. Where the PPM is that of a Feeder Fund, feeding into a Master Fund which is registered with SEBI or any other jurisdiction, the Feeder Fund should not be required to announce a first close as it is only a feeder vehicle. Hence, the 12-month validity period of a Feeder Fund's PPM should not be applicable to a Feeder Fund.	e. As the name suggests, the Feeder Fund pools moneys for investment only and only into the Master Fund. Validity period and requirement of announcing first close for the Feeder Fund is irrelevant given that it is linked completely with the Master Fund, which is required to comply to the requirements of first close, etc. The objective of being just a pooling entity gets defeated if the Feeder Fund is required to comply with these requirements.	

79	35(2)	f. Again, with respect to Feeder Fund, given their linkage to the Master Fund, there should not be any minimum size / corpus requirement.	f. The Feeder Fund remains open for subscription as long as the Master Fund's subscription period is open. Further, given that the Feeder Fund pools moneys for investment only and only into the Master Fund, the minimum size/ corpus is irrelevant and will defeat the purpose for which it was set-up. Further, operationally it will become difficult for the Master Fund to redeem the units of the Feeder Fund in the event the Feeder Fund fails to raise the minimum size / corpus.	f. Fund management regimes in other jurisdictions do not have a minimum size requirement.
80	40(1)	g. Again, with respect to Feeder Fund as allowed by IFSCA, to be amply clear, proviso may be inserted mentioning FME's are not required to invest the minimum amounts defined in the regulations.	g. Given that the Master Fund's is governed by such minimum investment requirements, Feeder Fund's FME's should be excluded from this requirement	h. Fund management regimes in other jurisdictions do not have a minimum investment requirement.
81	7(1)	We propose to exempt the Principal Officer from the requirement of being based out of the IFSC.	The requirement for the principal officer and other KMPs as per sub-regulations (2) and (3) to be based in the IFSC presents a significant challenge for FMEs looking to establish operations in the IFSC. Many experienced professionals are located elsewhere and often hold multiple licenses, managing responsibilities across different jurisdictions. With the need to ring-fence and segregate IFSC and DTA operations, it becomes increasingly difficult for an FME to station its Principal Officer in GIFT City.	
82	23, 35, 47	We propose to reduce the minimum size of the corpus to USD 1 Million in case of Venture Capital Scheme, Restricted Scheme (Non-Retail) and Restricted Scheme (Retail). Further, in case of Fund of Funds, we suggest to keep the minimum size of the corpus as USD 1 Million individually or USD 3 Million cumulatively calculated with the corpus of the Master Fund/Domestic Fund. Or Alternatively, given that a Fund of Funds	To enhance the appeal of IFSC GIFT as a fund management hub, especially in comparison to more established jurisdictions like Dubai and Singapore, it may be beneficial to reconsider certain regulatory requirements. Firstly, the current minimum corpus requirement to announce a first close might be deterring fund managers from setting up in IFSC GIFT. By lowering this threshold to USD 1 million or potentially removing it altogether, the jurisdiction could attract more fund managers, particularly those managing	

		serves as a pooling vehicle for the Master Fund, which is already subject to minimum corpus requirements under the SEBI AIF Regulations, we propose eliminating the separate minimum corpus requirement for Fund of Funds (FoF) in GIFT IFSC in order to serve the purposes of the Feeder Fund considering the objective of the FoF being pooling vehicle is deploying the funds in Master Fund which is already operational and has started making investments in the portfolio entities.	smaller or emerging funds. This adjustment could significantly contribute to the growth and diversification of the financial ecosystem at IFSC GIFT. Secondly, for Fund of Funds (FoFs), it may be more appropriate to consider the combined corpus of both the FoF and the Master Fund when determining the minimum corpus requirement. This approach would better reflect the structure of these investment vehicles and could make IFSC GIFT a more competitive and attractive option for fund managers operating in this space.	
83	19(3), 31	In absence of green channel, we propose to start the validity from date of letter of authorization received from the Authority instead of date of filing the PPM with the Authority.	PPM is the document basis which potential investors are approached for investments. Circulation of the PPM without approval of the Authority is a concern for the investors. Further, please note SEBI AIF Regulations also starts the validity from date of SEBI communication for taking the PPM of the scheme on record. Therefore, date of letter of authorization signifies approval of the Authority to launch the Scheme and hence the validity should begin as on that date.	
84	31(1), 31 (2)	In case green channel is opted, we propose to clarify if the scheme is said to be launched as soon as the FME files the PPM with the authority and it can begin accepting commitments from the potential investors.	To facilitate EoDB, maximum time should be given to the FME to raise commitments before the validity of the PPM lapses. We propose to explicitly define the "launch of scheme" to avoid any ambiguity.	

85	26(2), 38(2), 50(2)	As per the regulation 26(2), 38(2) and 50(2) read with Sixth Schedule of the FME Regulations, we seek clarification on the frequency for which the valuation of assets of the scheme is required to be conducted in case of Venture Capital Scheme, Restricted Scheme (Non-Retail) and Restricted Scheme (Retail).	The FME Regulations are silent on the frequency of conducting the valuation of assets of the scheme. Please note that the SEBI AIF Regulations specifies the frequency as half yearly or yearly with super majority approval. We propose that the FME Regulations be aligned with these requirements to ensure consistent valuation practices. Exemption from Valuation for Fund of Funds is a welcome move.	
86	31(2)	We propose to reduce the fees for extending the validity of the PPM to 25% of the applicable fees.	The rationale for charging fees equivalent to those for a fresh scheme is based on SEBI AIF Regulations. However, under these regulations, the scheme fee is only INR 1 lakh plus applicable taxes, regardless of the AIF category. In contrast, the IFSC proposes to impose full set-up fees of USD 7,500, USD 15,000, and USD 22,500 for re-filing or extending the validity of the PPM. These fees are excessive even in comparison to other jurisdictions and do not support EoDB. A nominal administrative fee should be levied.	
87	31(3)	31(3) The requirement under sub-regulation (2) shall not be applicable for restricted schemes soliciting money only from accredited investors i.e. such restricted schemes shall be under a green channel and can open for subscription from investors immediately upon filing with the Authority. If sub-regulation (2) is re-defined, it impacts sub-regulation (3) as well.	A clarification is required that if proposed changes are made to Regulation 31(2), what shall be the timelines for restricted schemes soliciting money only from accredited investors.	
88	Circular on Angel Funds*	We seek clarification on operational matters for Angel Funds pooling funds from resident and non-resident investors and intending to invest in India or outside India through its separate schemes/segregated portfolios, considering the application of FEMA regulations.	A clarification is required if one scheme of the Angel Fund be pooled to invest in India (having only non-resident investors) and another Scheme be pooled to invest outside India (having both Indian resident and non-resident investors)	
89	2(1)(q)	Accept the proposed amendment.	The amendment corrects a typographical error, ensuring the regulation is clear and accurate.	None

90	3(4)(a)	Clarify the term "family" in "Family Investment Fund".	Ensures that the regulation clearly defines scenarios where separate management entities and investment vehicles are set up by families.	Global best practices in defining family office structures can be referenced.
91	4(1)(a)	No comments.	The proposal provides clarity regarding the inclusion of securities.	None
92	4(4)	No comments.	The proposal clarifies that contributions by family members are excluded from the definition of specified investors.	None
93	5(5)	Suggest adding examples of "similar arrangements".	Provides clearer guidance to FMEs on the scope of similar arrangements, reducing ambiguity.	Examples from other jurisdictions can be provided.
94	6(2)	Suggest adding a timeline for notifying IFSCA of changes.	Ensures that there is a clear deadline for FMEs to inform IFSCA about changes, promoting timely compliance.	None
95	7(1)	No comments.	The amendment provides necessary clarity on requirements for registration applications.	None
96	9(3)	Suggest specifying the format for internal audit reports.	Standardizing the format will facilitate easier review and compliance checks by IFSCA.	Internal audit report formats from other financial centers can be considered.
97	10(1)(d)	No comments.	The amendment aligns the regulation with other regulatory frameworks by clarifying the scope of permitted activities.	None
98	11(1)	No comments.	The proposal clarifies the conditions under which an FME can start operations, providing clear guidelines.	None
99	12(2)	Suggest including a mechanism for appeals against suspension orders.	Provides a fair process for FMEs to contest suspension decisions, ensuring transparency and accountability.	Appeal mechanisms from other regulatory frameworks can be referenced.
100	13(1)	No comments.	The amendment specifies the conditions under which an FME can offer multiple schemes, providing clarity.	None

101	14(1)	Suggest defining "significant" in "significant beneficial ownership".	Ensures there is no ambiguity regarding what constitutes significant ownership, promoting clarity.	Definitions from other regulatory frameworks can be referenced.
102	15(1)(b)	No comments.	The proposal provides clarity on the minimum corpus required for different schemes, ensuring clear guidelines.	None
103	16(1)(c)	Suggest adding a clause for reviewing and updating the valuation policy.	Ensures that the valuation policy remains relevant and up-to-date with market conditions.	Valuation policy review practices from other financial centers can be considered.
104	17(2)	No comments.	The amendment specifies the requirements for appointment of custodians, ensuring clear guidelines.	None
105	18(1)	Suggest specifying the frequency of compliance reporting.	Ensures that FMEs have clear guidelines on how often they need to report compliance, promoting regular updates.	Compliance reporting frequencies from other jurisdictions can be referenced.
106	19(2)	No comments.	The proposal provides clarity on the conditions under which an FME can change its principal officer, ensuring clear guidelines.	None
107	20(1)	Suggest defining "material changes" in the regulation.	Ensures there is no ambiguity regarding what constitutes material changes, promoting clarity.	Definitions from other regulatory frameworks can be referenced.
108	21(1)	No comments.	The amendment specifies the requirements for maintaining records, ensuring clear guidelines.	None
109	22(1)	Suggest specifying a timeline for compliance with reporting requirements.	Ensures that FMEs have clear deadlines for reporting, promoting timely compliance.	Reporting timelines from other jurisdictions can be referenced.
110	23(2)	No comments.	The proposal provides clarity on the conditions under which an FME can outsource activities, ensuring clear guidelines.	None
111	24(1)	Suggest adding a clause for periodic review of the risk management policy.	Ensures that the risk management policy remains relevant and up-to-date with market conditions.	Risk management policy review practices from other financial centers can be considered.
112	25(1)	No comments.	The amendment specifies the requirements for conducting due diligence, ensuring clear guidelines.	None

113	26(2)	No comments.	The proposal provides clarity on the conditions under which an FME can offer leverage, ensuring clear guidelines.	None
114	27(1)	Suggest defining "reasonable steps" in the regulation.	Ensures there is no ambiguity regarding what constitutes reasonable steps, promoting clarity.	Definitions from other regulatory frameworks can be referenced.
115	28(1)	No comments.	The amendment specifies the requirements for disclosure of conflicts of interest, ensuring clear guidelines.	None
116	29(2)	Suggest specifying a timeline for compliance with disclosure requirements.	Ensures that FMEs have clear deadlines for disclosure, promoting timely compliance.	Disclosure timelines from other jurisdictions can be referenced.
117	30(1)	No comments.	The proposal provides clarity on the conditions under which an FME can enter into related party transactions, ensuring clear guidelines.	None
118	31(2)	No comments.	The amendment specifies the requirements for reporting related party transactions, ensuring clear guidelines.	None
119	32(1)	Suggest adding a clause for periodic review of the investment policy.	Ensures that the investment policy remains relevant and up-to-date with market conditions.	Investment policy review practices from other financial centers can be considered.
120	33(1)	No comments.	The proposal provides clarity on the conditions under which an FME can offer different classes of units, ensuring clear guidelines.	None
121	34(2)	Suggest specifying a timeline for compliance with unit holder communication requirements.	Ensures that FMEs have clear deadlines for communicating with unit holders, promoting timely compliance.	Communication timelines from other jurisdictions can be referenced.
122	35(1)	No comments.	The amendment specifies the requirements for maintaining records of unit holders, ensuring clear guidelines.	None
123	36(2)	No comments.	The proposal provides clarity on the conditions under which an FME can offer buy-back of units, ensuring clear guidelines.	None

124	37(1)	Suggest adding a clause for periodic review of the pricing policy.	Ensures that the pricing policy remains relevant and up-to-date with market conditions.	Pricing policy review practices from other financial centers can be considered.
125	7(3)	Appointment of additional KMP by Registered FME (Non-retail) managing Assets under management ('AUM') of at least USD 1 billion • To enhance the ease of doing business, we request your goodself to kindly consider not extending the requirement to appoint an additional KMP to Registered FME (Non-retail). Your goodself will appreciate that this will reduce undue financial and operational pressures on Registered FME (Non-retail), while still supporting effective regulatory compliance.	• Currently, the Registered FME (Non-retail) is required to appoint the below mentioned 2 KMPs: 1. Principal officer - responsible for overall activities of the FME including but not limited to fund management, risk management and compliance; and 2. Compliance officer - responsible for compliance with regulations and ensure suitable risk management policies and practices at the FME. • The proposed amendment shall mandate Registered FME (Non-retail) managing an AUM of at least USD 1 billion, to appoint an additional KMP with the responsibility of fund management, which shall lead to substantial operational and financial challenges to such FMEs. • Currently, FMEs face considerable difficulties in recruiting 2 KMPs, due to (i) stringent minimum educational qualification and experience requirements, and (ii) lack of sufficient talent pool in the IFSC zone. Adding an additional KMP with the necessary educational qualification and experience requirements would enhance these challenges and result in significant financial and operational strain on such FMEs. • For Registered FME (Retail), the need for an additional KMP is justified given the involvement of retail money, higher number of investors and smaller ticket size, which increase risk and necessitate more robust oversight. • Conversely, Registered FME (Non-retail) do not deal with retail money and have limited investors and larger ticket size, which simplifies fund management processes and involve lesser risk. These FMEs have successfully managed their operations and complied with regulatory requirements with only 2 KMPs.	

			• It is worthwhile to note that the rationale provided for appointment of additional KMP in the consultation paper is also in relation to Registered FME (Retail) and not for all FMEs [effective utilization of resources and rationalisation of cost of operations for Registered FME (Retail) for launching retail oriented products in IFSC]. • You may also note that the requirement of having adequate resources (minimum of 2 resources with requisite qualification and expertise) is globally accepted and prevalent in popular fund jurisdictions such as Mauritius and Singapore. However, it seems that regulatory requirement to appoint additional person based on AUM is not prevalent in the aforesaid popular fund jurisdictions. • Accordingly, we request your goodself to consider relaxing this requirement of appointing additional KMP for at least Registered FME (Non-retail) from an ease of doing business perspective. Further, such relaxation shall reduce undue operational and financial pressures.	

126	7(5)	Certification requirement for employees of FME • To enhance ease of doing business, we request your goodself to kindly consider not to mandate the requirement of undergoing certification(s) to the employees of FME.	• FMEs are required to appoint Principal officer and Compliance officer who oversee fund management and overall compliance respectively. • The KMPs possess the requisite educational qualification and experience as mandated by the FME Regulations to fulfill their roles effectively and are well-equipped to undertake their duties. • Given the requisite educational qualification and experience of the KMPs, imposing further additional certification requirements on such KMPs shall lead to unnecessary operational burden on the KMPs. • Further, other employees (i.e. employees which are not KMPs) handle operational and routine tasks like processing transactions, accounting and maintaining records, customer relationship, etc. Mandating certification for such employees does not align with their supportive and routine roles and functions. The costs and resources required for certifying all employees shall outweigh its benefits. • To enhance ease of doing business and reduce operational burden on the employees, we request your goodself to kindly consider not to mandate such certification requirement for employees of FME.	
127	7(4)(b)	Minimum experience requirement for the role of Compliance officer We request your goodself to kindly consider reducing the minimum experience requirement for the role of compliance officer for members of the Institute of Chartered Accountants of India or any institution equivalent thereto in foreign jurisdiction, who have experience in compliance or risk management in an entity regulated by a financial sector regulator or a listed company.	• The minimum period of experience for the role of compliance officer has been relaxed only for company secretaries from 5 years to 3 years. • Chartered Accountants have a deep understanding of financial systems, business regulations and tax laws. Their expertise enables them to navigate the complex landscape of compliance with a high degree of proficiency. • Chartered Accountants possess extensive knowledge of laws, statutes, and risk management including internal controls and overall compliance. Their expertise in financial matters enhances their ability to manage compliance and reporting requirements effectively. Chartered Accountants are well suited for compliance roles like company	

			secretaries. • Accordingly, we request if your goodself to kindly consider extending the relaxation provided to company secretary for the minimum experience period to Chartered Accountants for the role of compliance officer as well.	
128	40	Removal of maximum ceiling limit for contribution by the FME or its associate in the Restricted scheme in certain cases • We request your goodself to kindly consider clarifying the definition of the term 'Indian Resident' to mean a 'person resident in India' as per the Foreign Exchange Management Act, 1999.	• One of the conditions for non-applicability of cap on the contribution by the FME or its associate in the Scheme is that the FME and its associate, wherever applicable, are not Indian resident and do not have any Indian resident as their ultimate beneficial owners (emphasis applied). • However, the term 'Indian resident' is not defined in the proposed amendment. The meaning of the term 'India resident' is different in various statutes like FEMA, income-tax. • Accordingly, we request your goodself to kindly consider providing clarity that the term 'Indian Resident' in the FME Regulations shall mean a 'person resident in India' as per the Foreign Exchange Management Act, 1999.	

129	36(3)	Disclosure of NAV to the investors In the case of close ended scheme, we request your goodself to kindly consider extending the timeline of disclosing the NAV to investor from 30 days to 120 days from the end of half-year.	• Your goodself would appreciate that the proposed amendment of NAV disclosure within 30 days from the end of half year would cause administrative burden for the FMEs since the exercise of carrying out valuation of unlisted securities and reporting of NAV (including methodology of the valuation) of each scheme is a detailed and time-consuming process which inter-alia involves (i) finalisation of financial statements by portfolio companies in which scheme has invested, (ii) collection of relevant data from the portfolio companies in which the scheme has invested, (ii) carrying out valuation of investments in portfolio companies by third party valuer, and (iv) calculation of investor level NAV. • Given the above and in order to alleviate the operational strain on FMEs, we request your goodself to kindly consider extending the timeline of disclosing the NAV to investor from 30 days to 120 days from the end of half-year in case of a close ended scheme. • Further, the aforesaid relaxation will also align with the 120 days window provided to complete the annual reporting in case of Registered FME (non-retail), as per FME regulations.	
130	7(4)(b)	Minimum experience requirement for the role of Principal Officer It is suggested to include consultancy experience (such as experience in Big Four firms) of not more than 2 years (in the aforesaid 5 years period), in activities related to the securities market or financial products – such as due diligence services or transaction advisory services.	• The minimum period of experience for the role of Principal Officer is 5 years in related activities in the securities market or financial products including in a portfolio manager, broker dealer, investment advisor, wealth manager, research analyst or fund management. • Consultancy experience (such as experience in Big Four firms), in areas related to the securities market or financial products —such as due diligence services or transaction advisory services, equips the Principal Officer with an experience that is comparable to the roles in portfolio management, brokerage, investment advisory, wealth management, research analysis, or fund management.	

			• Accordingly, we suggest your goodself to kindly consider including the consultancy experience (such as experience in Big Four firms) of not more than 2 years, in activities related to the securities market or financial products – such as due diligence services or transaction advisory services.	
131	7(4)	The requirement of having both the qualification and the experience should be reviewed. The requisite KMPs should either hold the stipulated qualification or the experience.	Complying with both the requirements and finding the skill at this point in time is very challenging. For the ease of doing business and attracting the right talent based on their skill set, it is important to ease the restrictions of complying with both requirements.	
132	7(3)	The requirement to have the 2 KMPs should be across the FME license. Further, in the case of FME established as a Branch will have many functions supporting the branch operations and hence the burden to have one more KMPs should not be imposed upon.	Considering the role of the Principal Officer and Compliance Officer provided under existing and the proposed regulation, the requirement to have 3rd KMP with stipulated qualification and the experience for "Retail FME" may not be required. Hence, the requirement to have 2 dedicated KMPs operating from GIFT IFSC should be common across the FME license irrespective of its type.	
133	47(5)	Clarifications required: The "units of mutual funds" and "units issued under CIS scheme" by an associate acting as a CIS manager should be excluded from the definition of "associates".	FME acting as a feeder structure investing in a CIS managed by their associate is very common and prevalent, it is the underlying in the CIS that matters and the CIS manager is only managing the same. Also SEBI regulations imposes restrictions to such CIS Managers related to investments in associate companies.	
134	78	We propose to provide working details and guidelines for operating the PMS Omnibus regulations We propose that the IFSCA, in cooperation with SEBI, authorise the pooling of funds from a single PMS account via an FPI licence for accessing the inbound India market.	The premise behind this proposition is that the majority of non-resident foreign investors wish to invest their money in a variety of portfolios based on their risk tolerance and geographical limitations to market access. By permitting an Omnibus structure, the FME does not need to form AIFs for separate classes of investors, and their funds can be invested in their preferred investment products. This increases the liquidity of foreign investors, which benefits the entire ecosystem.	The omnibus structure is legal in many international jurisdictions, including the United States and Mauritius. To attract greater investment, we must connect our financial services processes with today's global market.

135	7(3)	Appointment of an additional KMP by a Registered FME (Non-retail) which is managing Assets Under Management ('AUM') of at least USD 1 billion as at the close of a financial year 1) <u>As per the existing regulation 7(3) of the IFSCA (Fund Management) Regulations, 2022 ('FME Regulations'):</u> Registered FME (Non-retail) are required to appoint the below mentioned 2 KMPs, i.e., Principal Officer and Compliance Officer. Only Registered FME (Retail) is required to appoint an additional Key Managerial Personnel ('KMP') (who shall be designated with the responsibility of fund management) in addition to the Principal Officer and Compliance Officer. 2) <u>Proposed amendment as per the Consultation paper:</u> The aforesaid requirement applicable to Registered FME (Retail) of appointing an additional KMP is proposed to be extended to Registered FMEs (Non-retail) as well who manage AUM of at least USD 1 billion at the close of the financial year. 3) <u>Our suggestion/ recommendation:</u> In order to reduce undue financial and operational pressures on Registered FME (Non-retail), it is suggested that the said requirement to appoint an additional KMP should not be extended to Registered FME (Non-retail). This will reduce undue financial and operational pressures on Registered FME (Non-retail), while still supporting effective regulatory compliance.	• The proposed amendment shall mandate Registered FME (Non-retail) managing an AUM of USD 1 billion and above, to appoint an additional KMP with the responsibility of fund management, which shall lead to substantial operational and financial challenges to such FMEs. • FMEs are facing considerable difficulty even in recruiting 2 KMPs i.e., Principal officer (who is responsible for overall activities of the FME) and Compliance officer (who is responsible for compliance with regulations and ensure suitable risk management policies and practices at the FME). This is due to the requirement of stringent minimum educational qualification and experience and lack of sufficient talent pool in the IFSC zone. Requirement of an additional KMP with the necessary educational qualification and experience would lead to an aggravation in these challenges and may result in significant operational strain on such FMEs. • Registered FME (Retail) deal with retail money, higher number of investors and smaller ticket size, which increases risk and necessitate more robust oversight and hence the need for an additional KMP is justified. • However, Registered FME (Non-retail), do not deal with retail money and have limited investors and larger ticket size, which simplifies fund management processes and involves lesser risk. Further, these FMEs have managed to successfully carry out their operations and complied with regulatory requirements with only 2 KMPs. • Accordingly, requirement of appointing additional KMP for Registered FME (Non-retail) should not be imposed to enhance ease of doing business and reducing undue operational pressures.	
136	7(5)	Certification requirement for employees of FME (a) <u>Existing Regulations:</u> As per regulation 7(4) of the FME Regulations,	• The KMPs (including Principal Officer and Compliance officer) possess the requisite educational qualification and experience as	

		the KMPs (i.e. Principal Officer, Compliance Officer, KMP designated with the responsibility of fund management) of the FME in IFSC are required to satisfy the prescribed educational qualification and minimum experience requirements. Currently, there is no specific certification requirement for employees of the FME (including KMPs). (b) Proposed amendment as per the Consultation paper: The amendment proposed as per the Consultation paper seeks to mandate all employees of the FME (including KMPs) to obtain certification(s) from such institutions as specified by the IFSCA. (c) Our suggestion/ recommendation: To enhance ease of doing business, it is recommended to not mandate the requirement of undergoing certification(s) to the employees of FME.	mandated by the FME Regulations to fulfill their roles effectively and are well-equipped to undertake their duties. • Given the requisite educational qualification and experience of the KMPs, imposing further additional certification requirements on such KMPs shall lead to unnecessary operational burden on the KMPs. • Further, other employees (i.e. employees which are not KMPs) handle operational and routine tasks like accounting and maintaining records, customer relationship, etc. Mandating certification for such employees does not align with their supportive and routine roles and functions. • To enhance ease of doing business and reduce operational burden on the FMEs, certification requirement for employees of FMEs should not be mandated.	
137	7(4)	Number of years experience criteria should be removed for all KMPs appointed under the FME Regulations	Recently, SEBI has replaced relevant number of years' experience with the certification requirement for key investment team in SEBI (Alternative Investment Funds) Regulations, 2012. In this consultation paper, it is envisaged that the KMPs of FME are required to undergo certification requirement. Therefore, it is proposed that the criteria of relevant number of years' experience may be removed. The certification can have a validity period, necessitating renewal to ensure KMPs possess specialised and up-to-date knowledge.	
138	31(2)	The option of one time extension by IFSCA up to 12 months to the time line for declaring the first close should be considered based on the request of the FME on payment of nominal fee.	This option will enable the funds who faces genuine challenges to represent to the IFSCA for extension with nominal fee as against full fee.	

139	35(2)	The minimum corpus for the open ended restricted scheme can be reduced to USD 1 million with the provision of reaching USD 3 million within period of 12 months from the closing of initial offer period.	This will enable the open ended scheme to make deployment on reaching the USD 1 million corpus and then it can create its track record for raising further commitment from the investors.	
140	132	The requirement of appointing custodian may be removed for feeder schemes structure.	The portfolio of fund of fund schemes consists of the units of master scheme. The exemption on appointment of custodian may be considered in line with the exemption proposed in this consultation paper for appointment of independent third-party service provider for valuation of investments.	
141	35(4)	We understand that intention of the IFSCA that the Restricted schemes shall not buy or sell securities from associates, other schemes of the FME or its associates. (i.e. inter scheme transfer of securities). This will not cover investment in the other schemes of FME and associates (i.e. buying and selling the units of the schemes of the FME or associates). Such investment should not trigger approval of the unit holders.	We understand that intention of the IFSCA that the Restricted schemes shall not buy or sell securities from associates, other schemes of the FME or its associates. (i.e. inter scheme transfer of securities). This will not cover investment in the other schemes of FME and associates (i.e. buying and selling the units of the schemes of the FME or associates). Such investment should not trigger approval of the unit holders.	
142	7 (3)	The KMP of the FME shall be excluded from the requirement of certification(s) from such institution(s) as may be specified by the Authority.	Considering the stringent qualification and having expertise knowledge and experience, the Principal Officer, Compliance Officer and Fund Manager will be excluded from the requirement of certification(s) from such institution(s) as may be specified by the Authority.	

143	34-Permissible Investments	(g) Derivatives including but not limited to commodity derivatives, Offshore Derivative Instruments (ODIs), Over the counter (OTC) Derivative Instruments, Futures, Forwards, Swaps, warrants, structured products, subject to suitable disclosures in the placement memorandum Provided that pending deployment of money, FME may invest money in certificates of deposit, units of investment or Mutual Fund schemes such as overnight or liquid or money market schemes, money market instruments, bank deposits or any other securities or financial assets or instruments as may be specified by the Authority	We understand that it is already covered into the permissible investments. But it is prudent to clarify the same in the regulation itself. We understand that it is already covered into the permissible investments. But it is prudent to clarify the same in the regulation itself.	
144	35-Investment Restrictions and Scheme Corpus	All the Investment restrictions shall be adhered/monitored at the time of making investment.	Our understanding is that all the investment restrictions shall be adhered/monitored while making the investments and not subsequent to them.	
145	46-Permissible investments	(g) Derivatives including but not limited to commodity derivatives, Offshore Derivative Instruments (ODIs), Over the counter (OTC) Derivative Instruments, Futures, Forwards, Swaps, warrants, all kind of structured products subject to suitable disclosures in the placement memorandum Provided that pending deployment of money, FME may invest money in certificates of deposit, units of investment or Mutual Fund schemes such as overnight or liquid or money market schemes, money market instruments, bank deposits or any other securities or financial assets or instruments as may be specified by the Authority	We understand that it is already covered into the Permissible investments. But it is prudent to clarify the same in the regulations itself. We understand that it is already covered into the Permissible investments. But it is prudent to clarify the same in the regulations itself.	

146	IFSCA circular on Fee structure for the entities undertaking or intending to undertake permissible activities in IFSC	Currently, the FME is required to pay USD 22,500/- fee for filing placement memorandum / offer document for CAT-II and Retail Fund with the Authority. For all the categories of the Fund, the filing fees for placement memorandum / offer document should be USD 2000/- Also there should not be any filing fees for IFSCA approval/intimation regarding appointment/change of KMP or fiduciaries.	Considering the one trust one scheme and to reduce the operating cost for FME, it is hereby proposed to reduce the filling fees for PPM/Offer documents and any appointment /change in KMP/fiduciaries. IFSCA filling fees will be align with the SEBI filling fees. The lowering of the fees will attract more passive funds and ultimately large asset owners.	SEBI Filling Fees for Mutual Fund Scheme is Rs. 2 lacs + GST For AIF-Rs. 1 Lacs + GST. Further in SEBI MF Regulations also, there are no prior approvals required for appointment/change in KMP and there are no filing fees for intimation to the authority.
147	7	The requirement to take prior approval from IFSCA regarding appointment/change of KMP is proposed to be done away with.	• The regulations already mandate Fit and Proper requirement, educational qualification and experience for the KMP and also provides a code of conduct for them. • The FME itself will check and satisfy the requirement of qualification and experience and intimate to the authority along with Biodata and FME certification to comply the requirement of KMP within 15 working days of appointment/change of the KMP.	
148	Part C: Retail Schemes -47- Investment Restrictions and Scheme Corpus	All the Investment restrictions shall be adhered/monitored at the time of making investment.	Our understanding is that all the investment restrictions shall be adhered/monitored while making the investments and not subsequent to them.	

149	Part C: Retail Schemes -47 (3)- Investment Restrictions and Scheme Corpus	Provided further that the limit on single company shall not be applicable in case of sectoral or thematic or Index schemes.	In case of sector or industry specific scheme, the upper ceiling on investments should be in accordance with the weightage of the scrips in the representative sectoral index or sub index as disclosed in the PPM or limits as prescribed under 47 (3) regulations, whichever is higher.	
150	Part C: Retail Schemes -47 (1) (2) (3) (4)- Investment Restrictions and Scheme Corpus	The Investment restriction for sectoral limit should not be applicable for retail scheme predominantly investing in offshore jurisdiction.	In the interest of investor and for a scheme which would predominantly invest in overseas securities (stocks or funds), it may happen that due to limited constituents it may be biased towards a particular sector and hence exemption or increase in weightage of sector limit is proposed for such type of schemes. This will also enable funds to diversify their risk w.r.t. the following- 1) Index specific Examples- a) Tech forms 18% in DJIA; 29% in S&P500 & 50% in Nasdaq indices b) Even in India BFSI forms ~32-38% of NIFTY weights In case when an active portfolio manager intends to be overweight on a specific sector, this regulation should not restrict that in interest of the retail investors. 2) Sectors within country/index	
151	137	The FME having retail license should be allowed to open offshore branch to distribute, market and client service for the funds which are set up in IFSC and managed by FME entity only, without any approval of authority.	The Setting up offshore branch office allow FME to be “on the ground” vs. the current “fly in” approach to highlight FME capabilities and to market and client service for funds which are set up in GIFT City and managed by FME entity.	

152	7 (1), (2) & (3)	Allow KMPs to hold group level positions which covers both FME & domestic fund management business till a certain AUM threshold is achieved (USD 100 mn)	Allowing KMPs to hold group-level positions for both FME and domestic businesses until the AUM reaches USD 100 million provides flexibility and optimizes resource utilization in the early stages of fund development. This is crucial for smaller firms that may not yet have the scale to fully separate roles, and it supports business growth without compromising governance.	
153	7(4)	KMPs should be allowed to work from locations other than GIFT city office.	Since the KMPs are involved in business developments and have to travel for client meetings for business purpose hence the flexibility should be allowed to operate from locations other than GIFT city office.	
154	38(2)	Provide clarity on frequency of valuing underlying assets.	The current regulation lacks specificity on the timing and intervals for asset valuation. A clear guideline on valuation frequency (e.g., quarterly, semi-annually) would ensure consistency and transparency in reporting. Regular valuation would also help in accurately reflecting the current market value of the assets, thereby protecting the interests of all stakeholders.	
155	31(1)	We propose that the period of validity of PPM should be of 24 months from the date of approval and in case of filing of PPM for extension of period, there should be Nil fees.	Looking at the current scenario of onboarding clients in IFSCA registered funds, the funds are facing hurdle in getting clients onboarded/ getting capital commitments due to various reasons like non availability of digital onboarding process, signing of many documents, popularity of IFSCA funds as compared to other international funds, non availability of demat facility for credit of securities etc. Considering the above we propose that the period of validity of PPM should be of 24 months from the date of approval. Further if the fund does not get the minimum capital requirement within the PPM validity period due to which it is required to extend initial offer period, since during this time the fund has not started any	

			business there should be Nil fees for extension of PPM period.	
156	35(2)	We propose to reduce the minimum corpus requirement to 1 million USD.	As the SEBI registered AIFs have less minimum corpus requirement as compared to IFSCA registered AIFs, IFSCA registered AIFs are less popular amongst the investors. For getting capital commitment easily we propose to reduce minimum corpus.	
157	7(3)	The requirement to appoint a third KMP for FMEs managing non-retail funds in excess of USD 1 billion, may be dropped.	While the requirement of third KMP for retail funds is appreciated from a risk management standpoint, applicability of the same to non-retail funds may deter potential fund managers from setting up operations in IFSC. This requirement may be deferred for a few more years until the ecosystem in IFSC develops and matures further.	
158	7(4)(a)	The language of the proposed Regulation relating to education and experience criteria should be expanded to provide flexibility to the IFSCA to specify additional education or experience criteria by way of notification without having to wait for amendment in Regulations.	Ease of Doing Business	
159	7(4) (b)	The exception of 3 years of experience requirement for Compliance Officer should be extended to all candidates having professional qualification. For the Compliance Office, the requirement of experience in compliance or risk management in an entity regulated by the financial sector regulator or a listed company should not be imposed.	Ease of Doing Business This requirement will have the effect of excluding a lot of professionals who have significant experience of advising several institutions on compliance and risk management but have not been employed with an entity regulated by financial sector regulator or by a listed entity.	

160	7(4)	As per the proposed regulations, the KMPs based out of IFSC have to meet the following three requirements: • prescribed educational qualification; • prescribed relevant experience; and • certification requirement We suggest that the same should be relaxed and the KMPs should be required to meet either one of the specified criteria between experience and certification along with the education requirement. Without prejudice, the requirement of certification be dropped where the KMP is professionally qualified.	A 3-layered eligibility criteria for KMPs may make the regime onerous while reducing the eligible pool of potential candidates. While the introduction of the certification requirement is a welcome move, flexibility should be provided by making the certification requirement optional in case the candidate meets the experience criteria laid down in the Regulations.	Regulation 4(g) of the SEBI AIF Regulations require certification and education qualifications to be met by the key personnel
161	7(5)	The certification requirements should not be applicable for all employees of the FME. The requirement of undergoing specified certifications should be applicable only to specific KMPs of the FME who are entrusted with the responsibility of fund management.	Certification Requirement should be made applicable for specific roles/ KMPs of the FME as there can be employees appointed for back office/ support functions who are not directly involved in investment related activities.	
162	19(3), 31(2) & 55(2)	In case an FME fails to declare the first close of the scheme within 12 months from the date of filing the placement memorandum, it is suggested that a reduced fee is charged for filing the scheme document with the Authority rather than the full fee which is required to be paid as fresh filling of scheme.	While the extension of the time period from 6 months to 12 months is well appreciated, given that IFSC ecosystem is still nascent, fund managers need more time to engage with investors to declare first close and reduced fee for refiling of PPM will help in keeping costs reasonable.	
163	43	A similar provision as provided in paragraph 7 should also be considered for retail schemes where minimum size is not achieved in the prescribed timeline.		

164	31(2) and 55(2)	There should be an outer time limit for the IFSCA to provide comments to the FME on the on the Fund Documents.	While it is appreciated that the Authority has provided flexibility to launch the Fund post filing the requisite documentations and deleted the 21 day requirement, there should be an outer timeline for providing comments to the FME by the Authority, in the interest of certainty.	
165	31(1) & 43(1)	An FME is permitted to launch any scheme after a draft offer document is filed with the Authority along with the applicable application fees. It would be relevant to note that the current fee for restricted schemes (Cat III AIF) and for retail schemes is USD 22,500. Further, the fee for a Cat II AIF is USD 15,000. It is suggested that a rationalisation in the regulatory fee should be considered.	We would like to submit that the Regulatory approval fees in other comparable jurisdictions like Singapore and Mauritius are lower compared to the proposed fees in the IFSCA FME Regulations.	Link reference of Singapore-ACRA: https://www.acra.gov.sg/how-to-guides/setting-up-a-vcc/vcc-filing-fees Fund Management Licensing (mas.gov.sg) Link reference of Mauritius-FSC: https://www.fscmauritius.org/en/others/codified-list
166	35(2) & 47(6)	While the reduction in minimum size of the corpus from USD 5 million to USD 3 million is welcome, in the context of open-ended schemes we suggest that no minimum corpus size be prescribed. Alternatively, at least in the context of open-ended non-retail schemes, FME should be allowed to launch the restricted schemes once the first investment commitment (i.e. USD 150,000) is received by the scheme and additional time of 1 year be granted for increasing the corpus to the minimum size of USD 3 million.	The Funds launched have to wait for deployment/ investment into eligible securities till minimum size of the Fund is achieved. This may result in opportunity loss for the Investors/ FME. Further, as per global practices such as in Singapore and Mauritius there is no requirement of minimum size of the Fund. Given that there are stringent net-worth requirements for the FME, only serious participants will be in a position to apply for the FME license and launch funds.	Link reference of Mauritius-FSC: Our Enabling Laws - Financial Services Commission - Mauritius (fscmauritius.org) Supervision Q & As - Financial Services Commission - Mauritius (fscmauritius.org)
167	47(1) & 2	The Regulation prescribes that the maximum investment in unlisted securities should not exceed 15% of the total AUM and that the minimum amount of investment by an investor in case of close ended schemes investing more than 15% in unlisted securities, shall be USD 10,000. It is suggested that instead of the term ‘unlisted	For restricted schemes as well, the restriction is that maximum investment in securities of an unlisted company should not exceed twenty-five percent (25%) of the corpus of the schemes	

		securities', the reference should be 'securities of an unlisted company'. It would be relevant to note that schemes of Mutual Funds which are regulated by SEBI may not be considered as listed securities. Accordingly, there exists an ambiguity whether Retail Funds launched in IFSC as feeder funds would be permitted to invest in domestic mutual fund schemes in excess of the limits prescribed.		
168	20 & 32	It is suggested to expand the scope of Eligible Investors to allow subscription of profit sharing units by employees of the FME without any contribution.	This would be in line with SEBI Circular number CIR/IMD/DF/14/2014 dated 19 June 2014	
169	31(1) and (2)	Welcome move Suggestion: Clause 31(1) states that a Fund Management Entity (FME) may launch a scheme by submitting the Private Placement Memorandum (PPM) to the authority and the letter of Authorisation (LOA) shall be provided by the authority within _____ days provided that all conditions set forth by the authority are met. Suggestion: Validity period of PPM - The regulation could include a provision allowing for an extension of time upon payment of a nominal fee.	The amendment to the regulations is recognized as a measure to facilitate ease of doing business. However, it is important to note that banks will require a Letter of Authorization (LOA) to open an account. This requirement could impact client onboarding and the pooling of funds from clients. Therefore, it is proposed that the LOA be issued within a specified timeframe to ensure the timely launch of the scheme. This adjustment would help streamline the process and mitigate any potential delays in client onboarding and fund pooling. Under SEBI (AIF) regulations, the fee for filing a scheme is INR 3 lakh. In contrast, the fee in the IFSC is USD 22,500 (approx. INR 18.50 lakh). Given this significant difference, it would be prudent for the authority to consider introducing an option for an extension of time, subject to the payment of a nominal fee. This adjustment would help alleviate the financial burden on FMEs and promote a more flexible regulatory environment.	

170	77(1)	Welcome move IFSCA is a new jurisdiction both for Indian residents and non residents. A smaller ticket size than USD 150,000 makes good sense to bring the ticket at parity with other jurisdictions where account minimums are ranging between USD 50,000 to USD 100,000. Suggestion: It is suggested to reduce ticket size to USD 50,000 instead of USD 75,000 for nonaccredited investors.	1. As per SEBI PMS Regulations the minimum investment for PMS is INR 50 Lakh (approx. $60,000). 2. In USA, regulators allow the fund managers to decide on ticket size hence the minimum ticket size there (in general) is $50,000 for non-accredited investor. 3. This adjustment aims to make investment opportunities more accessible to a broader range of investors, thereby encouraging greater participation in the market. By reducing the ticket size, the initiative seeks to democratize investment opportunities and foster a more inclusive financial environment.	Link for reference; https://russellinvestments.com/us/solutions/financialprofessionals/separately-managedaccounts#ColorBoxRow_454360dd-71da-4f4eb96a-946647fa8be
171	77(2)	Welcome move		
172	132	Upon reviewing the regulations, there are two primary areas where additional guidance would be beneficial.	Ambiguity in the Explanation Provided- The existing explanation states: "The Custodian appointed under this regulation shall be based in an IFSC, unless the local laws of the jurisdiction where the securities have been issued do not permit the same, in which case, the FME may appoint a custodian which is based in India or a foreign jurisdiction and is regulated by the financial sector regulator of that jurisdiction." While this explanation addresses scenarios where local laws prohibit appointing an IFSC-based custodian, it still leaves room for ambiguity. Specifically, it does not explicitly clarify whether a custodian must be based in an IFSC when local laws allow such an appointment. Additionally, it does not address situations where securities are issued outside an IFSC but within India or other jurisdictions where local laws might permit or restrict the location of the custodian. To enhance the clarity and consistency of the regulations, we respectfully suggest the following revisions:	

			1. Location Clarity: Regulation should clearly state the conditions in which" Custodian" shall be based in an IFSC or in India or a foreign jurisdiction considering the situations where the securities have been issued outside the IFSC and local laws of that jurisdiction permit/not permit appointment of custodian. These revisions would help ensure that FMEs have a clear understanding of their obligations and that the regulations are applied uniformly across all relevant entities.	
173	Paragraph 31(1) & 31(2) of IFSCA Fund Management Regulations, 2022	We suggest extending the validity of the Placement Memorandum by an additional three (3) months upon payment of a nominal fee to the Authority, instead of requiring a fresh filing. This extension would provide FMEs with the necessary flexibility to secure the minimum corpus size of USD 5 million, which is often delayed due to unforeseen circumstances beyond the control of FMEs.	Proposed Provision: As per the proposed amendments, the validity of the Placement Memorandum of a scheme shall be extended to twelve (12) months from the date of filing with the Authority or the date of the observation letter of the Authority, whichever is later. If the FME does not achieve the first close by attaining the minimum corpus size within this period, the FME is required to file a fresh Placement Memorandum and pay the full fee applicable for a new scheme. Rationale: 1. Investor Retention: Requiring a fresh filing of the Placement Memorandum, including payment of the full fee, could potentially disrupt ongoing negotiations with investors. A nominal extension fee would allow FMEs to maintain momentum and retain investor interest, facilitating quicker deployment of funds once the minimum corpus is achieved, 2. Efficiency in Operations: The process of refiling a fresh Placement Memorandum is administratively burdensome for both the FMEs and the Authority. Allowing a short extension with a nominal fee would reduce this burden while still ensuring that the Authority's oversight remains intact. 3. Alignment with Market Realities: The capital-	

			raising environment, especially in international financial services, is often subject to fluctuations due to market conditions. A three-month extension would provide a practical buffer, enabling FMEs to navigate these challenges without incurring unnecessary costs or procedural delays.	
174	Paragraph 31(1) & 31(2) of IFSCA Fund Management Regulations, 2022	Current Provision: As per the existing regulations, when a FME files a Placement Memorandum (PM) with the IFSCA, the IFSCA issues an acknowledgement letter upon receipt. This letter serves as a confirmation of the filing and subsequent comments, if any. Proposal: 1. Proposal to Include Fund/Scheme Category in the Acknowledgement Letters Issued by IFSCA. 2. The current provision is ambiguous with respect to IFSCA giving its observations/comments on the contents of the PPM. It should be clarified that once the acknowledgement letter is issued the FME can proceed to launch the fund and not wait for any observations from the Authority.	We would like to propose an enhancement to the current process of issuing acknowledgement letters under Paragraphs 31(1) and 31(2) read with IFSCA Circular dated April 05, 2024, of the IFSCA Fund Management (FM) Regulations, 2022. Proposed Amendment: a) We suggest that the acknowledgement letter issued by the IFSCA should explicitly mention the category of the fund/scheme, such as CAT-I Alternative Investment Fund (AIF), CAT-III AIF, etc. b) The current provision is ambiguous with respect to IFSCA giving its observations/comments on the contents of the PPM. It should be clarified that once the acknowledgement letter is issued the FME can proceed to launch the fund and not wait for any observations from the Authority. Rationale: 1. If the acknowledgement letter issued by the Authority states that there shall not be further observations on the content of the PPM and on the category of fund in the PPM. It shall provide better clarity to the FMEs, and they shall be able to market their fund to the prospective investors without waiting for any further observations from the Authority. IFSC, and fulfilling other compliance requirements. This will help avoid procedural delays or deficiencies caused by the lack of explicit categorization,	

			3. Streamlined Coordination with Other Authorities: Financial institutions, tax authorities, and other regulatory bodies often require precise details regarding the nature of the fund/scheme during various approval processes. Including the fund/scheme category on the acknowledgement letter would streamline these processes, reducing the need for additional clarifications or documentation, 4. Improved Compliance Efficiency: By providing a comprehensive acknowledgement that includes the fund/scheme category, the IFSCA can help FMEs ensure full compliance with all regulatory and administrative requirements from the outset, thereby minimizing the risk of procedural errors or omissions.	
175	Paragraph 32(2) of the IFSCA Fund Management Regulations, 2022	Request to Reduce the Minimum Ticket Size for Restricted Schemes Under Private Placement.	The recent amendment reducing the minimum investment limit for Portfolio Management Services (PMS) from USD 150,000 to USD 75,000 is a commendable step towards aligning the IFSC with international best practices and enhancing its attractiveness to global investors. Rationale: In light of this positive development, we respectfully request the IFSCA to consider extending a similar reduction in the minimum investment limit to the restricted schemes under the private placement framework, as stipulated in Paragraph 32(2) of the IFSCA Fund Management Regulations, 2022. Currently, the minimum ticket size of USD 150,000 may act as a barrier for certain segments of potential investors, particularly Non-Resident Indians (NRIs), Overseas Citizens of India (OCIs), and other overseas investors who may have limited net worth and don't want entire exposure in a single country or are in the early stages of exploring	

			investment opportunities in the IFSC etc. Lowering the investment threshold to USD 75,000 for restricted schemes could significantly enhance the appeal of the IFSC as a jurisdiction for a broader range of investors. This adjustment would enable Fund Management Entities (FMEs) to pool investments from individuals who are interested in capital rationing or who prefer to start with a smaller investment as they familiarize themselves with the regulatory environment and potential returns of the IFSC. Furthermore, this would encourage greater participation in the IFSC ecosystem. We believe that such a measure would not only stimulate initial interest among overseas investors but also contribute to the long-term growth and success of the IFSC by attracting a diverse and globally distributed investor base. We kindly urge the IFSCA to consider this request, which we believe will play a pivotal role in promoting business within the IFSC and enhancing its global competitiveness.	
176	Advertisements shall be in conformity with the Advertisement Code as specified in the Fifth Schedule of these	Scope and applicability of advertisements.	The FME Regulations define advertisement in an inclusive manner, whereas it should be clearly defined and exhaustive to avoid any inadvertent non-compliances. The scope for such inadvertent non-compliances in case of fund management business is quite high. For example, during a roadshow, investors may seek information about past performance of the manager. Such communications by the manager should not be considered advertisement. All forms of reverse solicitation should be exempted. Private placement and all communications with accredited investors should be excluded from the definition of advertisements.	

	Regulations			
177	Paragraph 5.4.3, read in conjunction with PART-A of Annexure-II of the IFSCA AML/CFT/KYC Guidelines, 2022	Request for Extension of V-CIP and Digital Onboarding of Customers to Foreign Nationals under IFSCA AML/CFT/KYC Guidelines, 2022	Background: The current provisions under paragraph 5.4.3, read in conjunction with PART-A of Annexure-II of the IFSCA AML/CFT/KYC Guidelines, 2022, outline the procedures for Verification of Identity of Customers. Specifically, PART-A of Annexure-II provides guidelines that allow Regulated Entities (REs) to onboard Indian Nationals using V-CIP or other Digital processes. Issue: FMEs in IFSCs are facing significant challenges in onboarding foreign national clients due to the existing restriction that limits V-CIP and Digital onboarding exclusively to Indian Nationals. This limitation not only complicates the customer due diligence (CDD) process for FMEs but also hinders their ability to efficiently and compliantly tap into a broader, global client base. The inability to utilize V-CIP for foreign national's forces FMEs to rely on more cumbersome, manual processes, which can delay onboarding, increase costs, create additional compliance risks, delay in pooling of money from investors etc. Request: In light of these challenges, we respectfully request the IFSCA to extend the provisions of V-CIP and Digital onboarding to foreign nationals. This extension would align with paragraph 5.4.3 read with PART-A of Annexure-II of the IFSCA AML/CFT/KYC Guidelines, 2022, and would significantly enhance FMEs' ability to attract and onboard international clients without compromising on regulatory compliance. Allowing the use of V-CIP for foreign nationals would provide FMEs with a seamless, efficient, and	

			compliant method to verify customer identities while obtaining the necessary Officially Valid Documents (OVDs) as required by the guidelines. This relaxation would empower FMEs to expand their client base beyond India, tapping into global markets with greater ease and agility, and positioning the IFSCs as truly international financial hubs. We believe that extending V-CIP and Digital onboarding to foreign nationals will not only address the operational difficulties faced by FMEs but also foster a more inclusive and competitive financial ecosystem within the IFSC. Such a measure would enable FMEs to attract a broader range of clients, thereby contributing to the growth and success of the IFSC in the global financial landscape.	
178	22(1), 34(1), 46(1)	"Prior to deployment"... should also cover instances where the application money from the investor/s has come but pending allotment of units. Such funds need to be temporarily invested till units are allotted to investors and funds deployed by the fund manager	Clarity may be given for pre-allotment situations.	N.A.
179	32 (2)	Contribution of at least 150000 $ should be subject to adjustments for remittance charges, stamp duty and set-fees/cost	Gross remittance by investor should be 150000 $ subject to certain business/transaction related adjustment; it is good to provide this clarity.	N.A.
180	35(4), 47 (5),	"Associates" should not cover the other schemes managed by FME or its group entities. Otherwise this would contradict with FoF structure	Such other schemes are professionally managed for 3rd party investors. FME or its associate are not the beneficiary of the corpus.	N.A.
181	47	It may be explicitly clarified that the limits mentioned will not be applicable in case of funds of funds (FoF) structure, provided the underlying portfolio fund is complying with the permissible investments norms and conditions of Reg 47	While AIF FoF will have more clarity with this suggestion, it will also make it possible that a Retail Fund may be launched as a FoF structure.	N.A.

182	7(2) and 7(4)	The consultation paper proposes reducing the experience requirement for the compliance officer role to three years, provided the individual holds a CS qualification or an equivalent credential. In my view, the experience criteria should remain unchanged. A five-year requirement is both adequate and necessary to ensure the compliance officer possesses the depth of knowledge and expertise needed for the role.	The finance industry is inherently complex, requiring a deep understanding of its various structures, processes, and markets to effectively justify the role of a compliance officer. Moreover, regulators are continuously enhancing compliance requirements to prevent fraud, scams, and market manipulation etc. Consequently, the compliance officer's role is crucial in safeguarding the organization against non-compliance. It is also worth noting that several major organizations have faced failures despite having numerous legal advisors. In such contexts, a three-year experience threshold is inadequate for grasping the intricacies of products, processes, structures, and markets. You may have also noted that many big organisations have failed even though they had number of legal advisors. In such scenario, the experience of three years is not sufficient to understand the products/ process/ structure/ markets. In my view, no academic degree can substitute for the value of hands-on experience and practical knowledge in the finance industry. I agree that SEBI has also suggested something similar on the domestic side but please note that it takes time to become compliance officer on the domestic investment manager side. In my experience, I have not seen any individual becoming compliance officer with three years of experience. I acknowledge that organizations are currently facing challenges in finding suitable candidates. However, this may be a temporary issue. As Gift City represents the first IFSC, the situation will improve with the establishment of additional IFSCs in the future.	
183	7(2)	In the regulation 7(2), it is mentioned that the FME is required to appoint additional KMP as Compliance and Risk Manager, responsible for		

		compliance with the regulations and ensure suitable risk management policies and practices at the FME. However, the same role is referred to as the Compliance Officer in other sections. To avoid confusion, IFSCA may consider amending the regulation to standardize the designation to a single title.		
184	-	We are very happy with IFSCA's efforts to enhance the ease of doing business and transform Gift City into a global finance hub. We are confident in Gift City's progress, thanks to IFSCA's dedicated and diligent work towards its success. On behalf of all our industry colleagues, I would like to extend our heartfelt thanks to IFSCA.		
185	new proviso proposed for 7(3)	"Provided that for the KMP provided under sub-regulation (2), the experience as provided above shall be required for a minimum period of 3 years if such KMP is a member of Institute of Company Secretaries of India, Institute of Chartered Accountants of India or any institution equivalent thereto in a foreign jurisdiction and has experience in compliance or risk management in an entity regulated by a financial sector regulator or a listed company.	Both the Institute of Chartered Accountants of India (ICAI) and Institute of Company Secretaries of India (ICSI) are premier institutes in India governing the membership for CAs and CSs respectively. As such it would be a disservice to the members of one institute if relaxations were afforded to only one category of professionals	
186	24(2)	24(2) The FME shall ensure that the portfolio under the scheme and Net Asset Value (NAV) is disclosed to the investors at least on a yearly basis within 210 days from the end of the reporting period for the relevant year	There will ambiguity about the phrase "within 30 days from the end of half-year". A defined number of days from the end of the reporting period may offer more clarity	

187	26(2)	Provided that the above requirement shall not apply in case of a fund of funds scheme investing in ~~regulated~~ scheme(s) regulated by a financial sector regulator in India or a foreign jurisdiction or having managers subject to such regulations which are valued by any independent third-party service provider.	Regulated scheme is not defined. The phrase "regulated by a financial sector regulator in India or a foreign jurisdiction" has been used in Para 7 of the FM Regulations and the same should be used to ensure that there us no ambiguity. Added another phrase for situations wherein the Manager is regulated but not the Fund. This is pertinent from the perspective of foreign jurisdictions wherein the Manager is regulated instead of the Scheme	
188	28(1)(b)	(i) the FME and its associate (provided the associate is investing in the Scheme), wherever applicable, are not Indian resident and do not have any Indian resident as their ultimate beneficial owners; and	The term "associate" should be restricted only to those investing in the Scheme and not those who may be providing services or who are not investing in the Scheme. This clarification is important to have to give clarity to non-resident FMEs looking to set up in GIFT IFSC, many of whom are part of a global set-up	
189	35(1)	35 (1) In case of an open ended scheme, the maximum investment in unlisted securities ~~of unlisted companies~~ should not exceed twenty-five percent (25%) of the corpus of the schemes.	Changing this from securities of unlisted companies to unlisted securities will address the illiquidity risk inherent in open-ended schemes. Unlisted entities are permitted to list securities on exchanges, which would have liquidity. This is similar to the change Para 22 and 34 of the FM Regulations	
190		*Provided* that in case of an open ended fund of fund scheme, this requirement shall not be applicable if such scheme is investing in other open ended scheme(s) which shall not have investment in unlisted securities ~~of unlisted companies~~ in excess of twenty-five percent (25%) of their corpus.	Changing this from securities of unlisted companies to unlisted securities will address the illiquidity risk inherent in open-ended schemes. Unlisted entities are permitted to list securities on exchanges, which would have liquidity. This is similar to the change Para 22 and 34 of the FM Regulations	
191	36(3)	36 (3) The FME shall ensure that the NAV is disclosed to the investors at least on a monthly basis within 15 days from the end of month in case of an open ended scheme and half-yearly 210 days from the end of the reporting period for the relevant year in case of a close ended scheme.	There will ambiguity about the phrase "within 30 days from the end of half-year". A defined number of days from the end of the reporting period may offer more clarity	

192	38(2)	Provided that the above requirement shall not apply in case of a fund of funds scheme investing in ~~regulated~~ scheme(s) regulated by a financial sector regulator in India or a foreign jurisdiction or having managers subject to such regulations which are valued by any independent third-party service provider.	Regulated scheme is not defined. The phrase "regulated by a financial sector regulator in India or a foreign jurisdiction" has been used in Para 7 of the FM Regulations and the same should be used to ensure that there us no ambiguity Added another phrase for situations wherein the Manager is regulated but not the Fund. This is pertinent from the perspective of foreign jurisdictions wherein the Manager is regulated instead of the Scheme	
193	40(1)	(i) the FME and its associate (provided the associate is investing in the Scheme), wherever applicable, are not Indian resident and do not have any Indian resident as their ultimate beneficial owners; and	The term "associate" should be restricted only to those investing in the Scheme and not those who may be providing services or who are not investing in the Scheme. This clarification is important to have to give clarity to non-resident FMEs looking to set up in GIFT IFSC, many of whom are part of a global set-up	
194	50(2)	Provided that the above requirement shall not apply in case of a fund of funds scheme investing in ~~regulated~~ scheme(s) regulated by a financial sector regulator in India or a foreign jurisdiction or having managers subject to such regulations which are valued by any independent third-party service provider.	Regulated scheme is not defined. The phrase "regulated by a financial sector regulator in India or a foreign jurisdiction" has been used in Para 7 of the FM Regulations and the same should be used to ensure that there us no ambiguity Added another phrase for situations wherein the Manager is regulated but not the Fund. This is pertinent from the perspective of foreign jurisdictions wherein the Manager is regulated instead of the Scheme	

195	7. [Regarding KMPs]	(a) We suggest deleting: ~~(5) The employees of FMEs in IFSC shall undergo such certification(s) from such institution(s) as may be specified by the Authority.~~ (b) We request lowering the minimum experience to 3 years for KMPs meeting the other requirements, rather than just for members of Institute of Companies Secretaries of India ("ICSI"). (c) Including National Institute of Securities Market ("NISM") (or an IFSCA equivalent institution) where professionals can take examinations and procure eligibility certifications.	(a) Periodic certification examinations increase the compliance burden for FMEs, especially in comparison to other leading global jurisdictions (e.g. USA, Singapore etc.) that IFSC benchmarks itself against. (b) It is currently proving quite difficult for FMEs to find quality KMP talent that can permanently be based in GIFT IFSC. We are often forced to turn down highly talented individuals because they might not exactly fit the specific requirements laid out (even if they might do the job capably, in actuality). While we agree with the spirit of the qualification and experience thresholds that are in the regulations (particularly over the medium / long term as the jurisdiction takes off), we request some short-term relaxations (especially those which do not materially impact safeguards). E.g. it is generally accepted that clearing the membership for the Institute of Chartered Accountants of India ("ICAI") is more difficult than that of the ICSI. Perhaps, the lower level of 3 years' experience could be applied more widely across the board for all KMPs for a certain number of years; or a distinction could be made between KMPs itself – e.g. if 1 of Principal Officer or Compliance & Risk Manager is >5 years, then the other KMP(s) could be >3 years. These relaxations could be timebound and could be done away in a glide path over the next say 3-5 years by which time the jurisdiction taking off would have significantly increased the qualified talent pool. (c) Allowing examination-based certification will significantly increase the talent pool for KMP requirement. E.g. if an FME finds a highly talented individual who falls short on a particular qualification (e.g. no Master's degree), then FMEs would have the flexibility to hire such individuals with the knowledge that they can take on KMP roles as and when they clear NISM type certifications.	E.g. Singapore does not require examinations for funds that are not focused on retail investors (link)

196	132	We suggest removing the requirement that only an IFSC-based custodian should be appointed. Currently the exemption to appoint non-IFSC custodians is provided only in cases where the jurisdiction of end securities issuance disallows custodians from outside that jurisdiction. We suggest broadening this exemption to other situations, especially (2) open ended restricted schemes; and (3) All other schemes managing AUM above USD 70 million.	Several leading jurisdictions in the world provide exemptions to non-retail funds from having custodians. While the IFSC requiring custodians to be appointed for open ended restricted schemes is appreciated from a safeguard perspective, mandating an IFSC-based custodian has significant cost implications, particularly for funds investing into globally listed securities. Based on the quotes we have procured thus far, appointing an IFSC-based custodian for globally listed securities would materially increase fund operating expenses for our investors vs. the offshore (US-based) custody option that we utilize currently.	E.g. Dubai Financial Services Authority – eligible custodian not required for exempt fund (link) - https://www2.deloitte.com/content/dam/Deloitte/sg/Documents/tax/sg-tax-fund-management-in-singapore-15-sep-2021.pdf
197	7	The proposed changes introduce this proviso to reduce the experience required for the KMP to 3 years from the present 5 years if the said person if such KMP is a member of Institute of Company Secretaries of India or any institute equivalent thereto in foreign jurisdiction. We propose that this proviso should either be extended to include other professional qualifications as specified in the consultation paper or to be kept as per the current regulations.	Members of ICSI and equivalent institutions are recognized for their rigorous training and professional standards. Reducing the experience requirement acknowledges their expertise and readiness to take on KMP roles earlier in their careers. Simplifying the requirements for KMPs can reduce administrative burdens and make it easier for companies to comply with regulations. This can enhance the overall business environment and encourage more firms to operate within the regulatory framework.	Many international jurisdictions have similar or even lower experience requirements for comparable roles. Aligning the Indian regulations with these standards can make the Indian financial sector more competitive and attractive to global talent.
198	9(2)(b)	A person is not considered "fit and proper" if: A charge sheet has been filed against such person by any enforcement agency in matters concerning economic offenses and is pending. Such as disqualification should come into effect only if the person is found convicted of the matter concerning economic offenses.	The disqualification on mere filing of charge sheet would be against the principles of innocent until proven guilty. Further, this would not in line with SEBI regulations which have been mentioned as being the practice followed by SEBI in the rationale mentioned in the Annexure and therefore, should be removed.	

199	31(1)	Registered FMEs may launch restricted schemes through a private placement by filing the placement memorandum with the Authority along with the application fees in the manner as specified by the Authority in this regard. We propose to crystalize the Green Channel in order to rationalize the license process.	Green Channel should be streamlined in such a way that even if the fund does not have the Letter of Authorisation (LOA), it could get the bank account open as bank account is the first step for any fund before they commence the road shows. Currently, banks are declined to open the bank account until IFSCA issues LOA. In case of Green Channel, there should be some mechanism where the applicant receives the LOA immediately upon filing of an application with the authority.	
200	35(2)	The minimum size of the restricted schemes shall be USD 3 Million. Criteria to maintain minimum corpus should be done away.	In the case of open ended funds, it is impractical to maintain the minimum corpus criteria as the AUM is completely market driven and hence, there could be chances of non-compliance. In the case of close ended funds, it is difficult to commence the fund operations until the criteria are met. Lowering the size will not rationalize practical challenges.	There are no minimum corpus criteria applicable in the popular foreign jurisdictions like Singapore and Mauritius. While we are observing the GIFT IFSC with other global jurisdictions, this will give boost to the fund managers to quickly commence the fund operations.
201	36(3)	The FME shall ensure that the NAV is disclosed to the investors at least on a monthly basis within 15 days from the end of month in case of an open ended scheme and half-yearly within 30 days from the end of half-year in case of a close ended scheme. We propose to relax the timelines in case of feeder fund structures.	Valuing the underlying assets of the master fund and subsequently the feeder fund within a 30-day timeline from the end of the half-year period is challenging. This difficulty arises particularly when physical assets need to be valued, which can be time-consuming. Additionally, if the master fund releases its NAV on the last day, the feeder fund may struggle to determine its NAV in a timely manner. Therefore, in such cases, funds should be expected to release their NAV within a reasonable timeframe after the valuation date, within 30 days.	In Singapore, the deadline for releasing the Net Asset Value (NAV) for feeder funds typically within a reasonable timeframe after the valuation date, within 30 days. Also, SEBI insists to carry out the valuation on half-yearly basis. However, it has not prescribed any particular timeline.
202	77(1)	A FME shall not accept from the client, funds or securities worth less than USD seventy-five thousand (75,000) in case of a portfolio management agreement. We propose to keep the minimum ticket size to USD fifty thousand (50,000).	Inbound PMS from GIFT IFSC is very unlikely due to various operational challenges like FPI implications, tax opacities. In case of outbound PMS, portfolio managers may attract resident Indians including corporates to invest abroad through PMS setup in GIFT IFSC. For resident Indians, The LRS limit of USD 250,000	

			per financial year restricts the amount resident Indians can invest abroad, posing a significant barrier for high-net-worth individuals looking to diversify their portfolios internationally. Setting a minimum ticket size of USD 50,000 for PMS can help rationalize offshore investment opportunities. This would allow investors to make more substantial investments without quickly exhausting their LRS limit.	
203	132	The FME shall appoint an independent custodian to carry out the custodial services at least for the following schemes:- (1) Retail schemes; (2) Open ended restricted schemes; and (3) All other schemes managing AUM above USD 70 Million. We propose to relax the criteria to appoint a custodian in case of feeder fund structures.	In case of the feeder fund structures, there is no asset to custodies. There is no buy or sell trades per se from a transaction perspective. To appoint a custodian in such case involves operational muddle as well as the cost. Even the custody service providers do not have any clarity as to what to custody in case of feeder fund structures. While we recognize this jurisdiction as cost-competitive compared to others, certain costs undermine this advantage. Therefore, we propose relaxing the criteria for appointing a custodian in feeder fund structures.	In Singapore, the appointment of a custodian is generally required for feeder fund structures, especially under the Variable Capital Companies (VCC) framework. In fact, SEBI has mandated that AIFs must allot units in dematerialized form. Feeder funds investing in unlisted assets can hold the units received from the master fund in their demat accounts. Since these units are illiquid, maintaining them in a demat account should suffice.

204		The present fees charged for registration of an FME being as follows Authorised - USD 7,500 Registered (Non-Retail) - USD 10,000 Registered (Retail) - 12,500 Additionally each FME bears a recurring fee of USD 2,000. Further, each scheme of the FME is charged a one time fee of - Cat I - USD 7,500 Cat II & Cat III (Non-Retail)- USD 15,000 Cat III (retail) - USD 22,500 It is our request that in order to further facilitate ease of doing business, the fees should be rationalised to be brought in line with popular international jurisdictions.	The fees should be brought in line with other regulators specifically SEBI which only charges a fee as follows: Cat I - INR 500,000 Cat II - INR 1,000,000 Cat III - INR 1,500,000 Additionally, these Fees should in fact be further subsidised in order to encourage greater participation by funds within the IFSCA in order to promote growth withing the ecosystem. Also, setup cost in other jurisdictions like Singapore, Mauritius is quite lesser as compared to GIFT IFSC. It's not all about the comparison rather a significant element to attract more fund managers to setup their shops in GIFT IFSC.	
205		Platforms should allow to invest in GIFT IFSC based funds and for seamless onboarding, PMLA should be revisited.	Current fund management regulations only permit portfolio managers to accept investments from the platforms. However, the regulations are silent for restricted schemes. Current PMLA and rules thereon, restrict platforms to onboard as an investor to GIFT IFSC based funds. Criteria with respect to identification of beneficial owners need to be revisited and redefined to permit the funds to onboard platforms seamlessly.	
206	19(3)	We welcome the period of validity of the placement memorandum being extended to twelve (12) months from the earlier six (6) months. However, for existing venture capital schemes, we request you to kindly consider the twelve (12) months period to commence from the date of the amended regulations coming into effect.	The 12 month period is in line with SEBI (AIF) Regulations. To make the 12 month period prospective, it could be made effective from the date the proposed amendment comes into effect.	

207	20(2)	We welcome the introduction of the third and fourth proviso, wherein the minimum investment amounts of joint applicants has been clarified.	Considering the minimum investment amount for the specified joint investors is in line with the existing SEBI (AIF) Regulations.	
208	23(1)	We welcome the reduction in minimum size of the corpus in case of venture capital schemes to USD 3 Million, from USD 5 Million earlier.		
209	23(4)	We request you to consider the option of obtaining the prior approval of an Investor Advisory Committee ("IAC") or Limited Partner Advisory Committee ("LPAC") or seventy-five percent (75%) investors in the scheme by value.	Investors who are members of such committees are representative of the other investors in the scheme and one of the objectives of such committees is to ensure investor's interests are taken care of and to avoid or mitigate conflicts of interest, amongst other things.	
210	24(2)	The language "at least on a yearly basis within 30 days from the end of half-year" could be replaced with "at least on a yearly basis within 6 (or 7) months from the end of the financial year".	To avoid any confusion due to interpretation.	
211	3(4)(a) - Authorised FME	IFSCA may consider clarifying whether it shall be now mandatory for a family investment fund ('FIF') to set up a separate FME distinct from the FIF or whether FIF itself can obtain registration as fund as well as authorised FME.	FIF has been defined as a self-managed fund pooling money only from a single family. Further, regulation 3(4)(a) of the existing FME Regulations states that FIF shall also seek registration as an Authorised FME. However, as per the proposed change in regulation 3(4)(a), a FME set-up by a single family to create or manage their Family Investment Fund shall seek registration as an Authorised FME. Given the proposed change, a dichotomy may arise whether FIF is now mandated to set up a distinct FME which shall obtain registration as an Authorised FME. It is therefore recommended that IFSCA may issue appropriate clarification.	

212		Currently, in case of funds set up in IFSC GIFT City as a trust with multiple schemes floated under the trust, both trust as well as schemes are required to obtain SEZ registration. It is recommended to dispense with need to obtain separate SEZ registration for each scheme (as required under current framework) if umbrella trust has obtained SEZ registration. Further, it is recommended that the GST benefit may also be extended to all the schemes floated under trust since umbrella trust has obtained SEZ registration.	Obtaining SEZ registration for each scheme floated under umbrella trust is increasing burden for fund managers, adding compliances as well as delay in setting up and implementation of muti-scheme structure in IFSC GIFT City. This recommendation has been proposed in furtherance of IFSCA's agenda to promote Ease of Doing Business in IFSC GIFT City.	
213		IFSCA may consider reducing the fees prescribed (vide Circular dated May 17, 2023) for FMEs and funds / schemes set up in IFSC.	The fees currently prescribed by IFSCA is higher compared to regulatory fees in some of the offshore jurisdictions. This shall make IFSC GIFT City a competitive jurisdiction for fund managers.	
214		Personal income-tax benefits may be accorded to employees of FMEs taking up employment / migrating to IFSC-GIFT City.	This move shall incentivize employees to migrate / take up employment in IFSC-GIFT City.	
215	7	a) To consider revising the certification requirement only for the principal officer ("PO") and compliance officer ("CO") and not for all the employees of the FME. b) To consider adding flexibility in the experience criteria of the CO and consider the below: *"Provided that for the KMP provided under subregulation (2), the experience as provided above shall be required for a minimum period of 3 years if such KMP is a member of Institute of Company Secretaries of India or any institution equivalent thereto in a foreign jurisdiction and has experience in financial services entity or has been part of compliance or risk management in*	Via the consultation paper, it has been proposed that the employees of Fund Management Entity ("FME") in International Financial Services Centre ("IFSC") shall obtain a certification from institution(s) as may be specified by International Financial Services Centre Authority ("IFSCA"). While we understand that the intention behind the proposed amendment is to ensure that employees of the FME are adequately equipped with the relevant skill set and are updated with the latest regulatory developments, it is primarily the responsibility of the PO and CO, to ensure the compliance with the prevailing regulatory regime applicable to the FME. Thus, requiring certifications for all the employees including those at the junior level could impose	Extracts from SEBI AIF regulations for reference: "4 (g) The key investment team of the Manager of Alternative Investment Fund has - (i) at least one key personnel with relevant certification as may be specified by the Board from time to time." ……. Provided that the requirements as specified in regulation 4(g)(i) and

		an entity regulated by a financial sector regulator or a listed company." c) In addition to the above suggestions, the existing experience criteria of the PO which is 5 years can also be reduced to 3 years in line with the above CO experience criteria. Alternative suggestion: The experience criteria applicable to the PO and CO may be considered to be altogether removed and an alternative eligibility criteria may be introduced such as such individual/s clearing NISM certification courses, specifically designed for IFSC regulatory regime.	significant operational challenges for the FME. Mandating certification for every employee could further hinder the recruitment efforts and appointment of capable candidates for an FME. Further, we note that the IFSCA has proposed the experience criteria of 3 (three) years for the COs if they are the member of Institute of Company Secretaries of India or any institution equivalent thereto in a foreign jurisdiction and has experience in compliance or risk management in an entity regulated by a financial sector regulator or a listed company. While we understand that this proposal is to relax the eligibility criteria for the CO and allow effective utilization of resources and rationalize the cost of operations for FME in the IFSCA. However, getting an experienced resource in IFSC is currently a challenge and hence it is proposed that IFSCA may consider alternative eligibility criteria for PO and CO to encourage ease of business. Further, it is submitted that such alternative arrangements (like an exam requirement as an option to meet eligibility norms) may provide flexibility to the FME entities to engage appropriately qualified professionals.	4(g)(ii) may also be fulfilled by the same key personnel."
216	9	To consider reducing the proposed five-year disqualification period to the original three year period to enhance ease of doing business within the IFSC.	IFSCA has proposed to revise the timeline for declaring a person as "fit and proper" after the expiration of the period mentioned in the order passed by a regulatory authority. At present, under the IFSCA (Fund Management) Regulations, 2022 ("FM Regulations"), an entity is restricted from being considered as a *'fit and proper'* for a duration of 3 (three) years following the expiration of the validity of such a regulatory order. It has been proposed under the consultation paper that a timeline of 5 years from the date of such order is prescribed in	

			case no specific period is given in such regulatory order. We understand that the proposed alignment of the '*fit and proper*' provisions with the timelines specified in the order is based on the '*principle of proportionality.*' However, the suggestion to extend the disqualification period to 5 (five) years in cases where no specific timelines are provided, is not in the best interest of the person against whom such order has been passed by the regulatory authority. Generally, in the recent orders passed by the SEBI, it has been observed that the person is barred for maximum period of 1 (one) year from the securities market and considering the current timeline given in extant regulations, the person would not be considered as fit and proper for a total of 4 (four) years from the date of such order. However, with the proposed amendment, in case no period is mentioned in the order, then such person shall be barred for a total of 5 (five) years from the date of such order. This may create substantial challenges for market participants seeking to enter or operate within the IFSC framework. With the intent of IFSCA's ongoing efforts to develop a competitive regulatory regime with other developed jurisdictions, IFSCA may consider relaxing the proposed 5 (five) year disqualification period and making it similar to the original 3 (three) year period to enhance the ease of doing business within the IFSC.	

217	19(3)	To consider reducing the scheme filing fee, limiting it to concessional rates in case if the FME fails to declare the first close within the stipulated timeframe provided under the FM Regulations for ease of doing business perspective.	IFSCA has proposed via the consultation paper, to extend the validity of placement memorandum from 6 (six) months to 12 (twelve) months from the date of its filing with IFSCA, and additionally provided that on failure of the FME to declare first close of the scheme by achieving the minimum corpus provided under the FM Regulations within the stipulated timeline of 12 (twelve) months, the FME would be required to refile the placement memorandum by paying the full fee as applicable to the scheme. While we understand and appreciate the IFSCA's intent to align these provisions with SEBI's framework (which prescribe a timeline of 12 (twelve) months for first close of the scheme, failing which AIF is required to file a fresh application with SEBI by paying full fee as applicable on filing of a new scheme), unlike SEBI which permits a lower fee of INR 1,00,000 for launching a new scheme, the IFSCA's fee's structure for scheme filing is considerably high (i.e., USD 7,500, USD 15,000 and USD 22,500 as applicable). In this regard, we request that IFSCA may consider reducing the application fee for refiling of scheme, limiting it to concessional rates in case the scheme fails to declare the first close within the stipulated timeline.	

218	28(1)	To consider removing the 33% (thirty three percent) limit for investing in an investee company and associates of such company in the proposed amendment.	IFSCA has proposed to remove the 10% (ten percent) ceiling provided under the FM Regulations to enhance the contribution from FME or its associates in the schemes wherein neither the ultimate beneficial owners of FME nor its associates are Indian residents and even do not have any Indian residents. However, this relaxation has been subjected to an additional safeguard, notably for such scheme, not more than 33% (thirty three percent) of the corpus has been invested in an investee company and/or associate of such company. Under the current Indian regime, several restrictions, limitations and conditionalities are applicable on foreign investments in India. Therefore, keeping an additional limit of 33% (thirty three percent) would not achieve the objective of ease of doing business. Additionally, we have not seen such stringent limits being provided in any developed jurisdiction like Singapore, Mauritius or Dubai.	
219	31	To consider reducing the scheme filing fee, limiting it to concessional rates in case if the FME fails to declare the first close within the stipulated timeframe provided under the FM Regulations for ease of doing business perspective.	IFSCA has proposed via the consultation paper, to extend the validity of placement memorandum from 6 (six) months to 12 (twelve) months from the date of its filing with IFSCA, and additionally provided that on failure of the FME to declare first close of the scheme by achieving the minimum corpus provided under the FM Regulations within the stipulated timeline of 12 (twelve) months, the FME would be required to refile the placement memorandum by paying the full fee as applicable to the scheme. While we understand and appreciate the IFSCA's intent to align these provisions with SEBI's framework (which prescribe a timeline of 12 (twelve) months for first close of the scheme, failing which AIF is required to file a fresh application with SEBI by paying full fee as applicable on filing of a new scheme), unlike SEBI which permits a lower fee of	

			INR 1,00,000 for launching a new scheme, the IFSCA's fee's structure for scheme filing is considerably high (i.e., USD 7,500, USD 15,000 and USD 22,500 as applicable). In this regard, we request that IFSCA may consider reducing the application fee for refiling of scheme, limiting it to concessional rates in case the scheme fails to declare the first close within the stipulated timeline.	
220	35(3)	To consider removing the 25% limit on all the fund of fund schemes.	We request IFSCA to remove such restrictions on a fund of fund scheme rather than providing exceptions only for Open ended scheme since an open-ended scheme may invest in open ended as well as close ended schemes. Further, various jurisdictions also allow open ended schemes to invest in close ended schemes with no such restriction and hence, such limitations would restrict the market participants to create a fund of fund schemes in IFSC.	

221	35(2)	To consider removing the minimum size criteria for fund of funds scheme acting as a feeder fund and solely investing in the master fund.	IFSCA has proposed to reduce the size of the restricted scheme (non-retail) to USD 3,000,000 (United States Dollars Three Million) from USD 5,000,000 (United States Dollars Five Million). We understand that such move is being taken to attract the market participants who are facing challenges in launching the schemes with such corpus size. Hence, to enhance the competitiveness of IFSC and align its regulatory framework with the practices of other mature jurisdictions, it is recommended that IFSCA may consider removing the proposed minimum corpus requirement of USD 3,000,000 (United States Dollars Three Million) provided under the FM Regulations, for the fund of fund schemes. Further, it may be noted that as per Regulation 40(4)(c) of the FM Regulations, a fund management entity's minimum capital contribution in a scheme shall stand exempted if it invests in a scheme, which is a fund of fund scheme, investing in a scheme with similar requirements. A corollary may be drawn to the minimum corpus requirements of the fund established in IFSC, which seeks to invest solely in the master fund, and the master fund already complies with a similar minimum corpus requirement. Therefore, we humbly request IFSCA to grant a relaxation from complying with this requirement of minimum corpus before making investments in the master fund, under Regulation 144 (2) of the FM Regulations for the fund of fund scheme, investing in a scheme with similar requirements.	

222	40(1)	To consider removing the 33% limit for investing in an investee company and associates of such company in the proposed amendment.	IFSCA has proposed to remove the 10% (ten percent) ceiling provided under the FM Regulations to enhance the contribution from FME or its associates in the schemes wherein neither the ultimate beneficial owners of FME nor its associates are Indian residents and even do not have any Indian residents. However, this relaxation has been subjected to an additional safeguard, notably for such scheme, not more than 33% (thirty three percent) of the corpus has been invested in an investee company and/or associate of such company. Under the current Indian regime, several restrictions, limitations and conditionalities are applicable on foreign investments in India. Therefore, keeping an additional limit of 33% (thirty three percent) would not achieve the objective of ease of doing business. Additionally, we have not seen such stringent limits being provided in any developed jurisdiction like Singapore, Mauritius or Dubai.	

223	7	To consider eliminating the current requirement of obtaining consent from IFSCA for change in key managerial personnel ("KMP") of the FME set up in IFSC.	Under the extant regulations, any change in KMP of a FME (including the PO and CO) registered under the FM Regulations requires prior approval from the IFSCA, accompanied by a fee of USD 250 (United States Dollars Two Hundred and Fifty), as outlined in Schedule II of the May 2023 Circular referred in the preceding column. Due to lack of manpower in the IFSCA and intense competition between various FMEs established in IFSCA inter-se, we have witnessed scenarios, where such KMP have resigned from the FME within few days of FME getting approval from the IFSCA or launching the schemes, thereby leaving the FME without adequate manpower to run its activities. While there should be adequate checks and balances for such FMEs to appoint these KMP as soon as possible, additional safeguard like prior permission from the IFSCA for effecting such change in KMP should be reconsidered. It is important to note that the roles of the KMP of a FME are comparable to those of the key investment team members of an investment manager. Our suggestion given in the above paragraph are in line with the extant SEBI regime (as provided under the SEBI (Alternative Investment Funds) Regulations, 2012, where only intimation to SEBI and investors is required for changes in the key investment team. The aforesaid provisions of the SEBI Master Circular for Alternative Investment Funds dated May 07, 2024 is reproduced below for your reference: "*13.1.2. For the purpose of provisions of AIF Regulations, 'key management personnel' shall mean:* *(i) members of key investment team of the Manager, as disclosed in the PPM of the fund;* *(ii) employees who are involved in decision making*	

			on behalf of the AIF, including but not limited to, members of senior management team at the level of Managing Director, Chief Executive Officer, Chief Investment Officer, Whole Time Directors, or such equivalent role or position; *(iii) any other person whom the AIF (through the Trustee, Board of Directors or Designated Partners, as the case may be) or Manager may declare as key management personnel.* *13.1.3. AIFs shall disclose the names of all the key management personnel of the AIF and Manager as specified in para 13.1.2 above, in their PPMs. Any change in key management personnel shall be intimated to the investors and the Board."* In light of this, we respectfully suggest that IFSCA may consider revisiting the approval requirement for change in KMP of the FME.	

224	22	To seek clarification as to whether (i) the funds set up under the FM Regulations could engage in warehoused investments and (ii) the FME incorporated in IFSC could carry out proprietary trading, with appropriate disclosures to investors of the funds in the private placement memorandum.	Although, through consultation paper, IFSCA has proposed the clarification on the jurisdiction of these permitted investments, no clarity has been provided as to whether the FME can (i) make the warehoused investments, and (ii) carry out proprietary trading, with appropriate disclosures to investors of the funds as provided in the private placement memorandum. Warehousing and proprietary trading are important for FME to tap on capitalization of market opportunities. Warehousing allows the FME to secure assets at advantageous prices, thereby mitigating the risk of price volatility before the assets are incorporated into the fund. The lack of explicit regulatory guidance on these investment strategies can potentially impact FME's operational efficacy. It is, therefore, imperative that IFSCA, provide unequivocal guidelines regarding the permissibility of warehousing investments and proprietary trading by FMEs. Such regulatory clarity would ensure that all FMEs operate within a uniform framework, thereby enhancing transparency and safeguarding investor interests.	

225	31	To consider providing a timeline for filing the revised placement memorandum in case of any material change in the information provided in the placement memorandum.	Under the extant FM Regulations, any material changes in the information of the PPM should be immediately informed to the IFSCA by the FME. This is onerous provisions, as during the fund raising, due to the negotiations with the investors, PPM undergoes a lot of changes and filing a revised PPM immediately after the changes is made is creating operation havoc for the FME. Reference can be taken from the SEBI (AIF Regulations), 2012 which provide that changes in the information in the PPM and other terms of the fund document can be submitted within 1 month from the end of each financial year. Hence, we request IFSCA to provide a certain timeline within which such changes in the information provided in the PPM should be filed by FME with IFSCA.	
226	41	To consider providing necessary framework for co-investment by funds through a SPV. Also, to consider providing necessary framework for allowing segregated portfolio for different investors through SPV. Additionally, IFSCA may consider applying a concessional fee for co-investments made through an SPV, considering that such investments shall be encompassed within the restricted scheme.	Under a segregated portfolio structure, a FME under a single scheme it manages, may create segregated portfolios such that the assets and liabilities of each portfolio are legally separate from the assets and liabilities of any other portfolio and from the general assets and liabilities of the FME. In this regard, IFSCA till date has not issued necessary guidelines for co-investment under the SPV model mentioned in the FM Regulations. While the existing FM Regulations allow a restricted scheme to co-invest through segregated portfolio by issuing a separate class of units, while ensuring that the terms of investment of co-investment for such segregated portfolios are similar to the investment made by the common portfolio of the restricted scheme, thus, ensuring that a FME does not provide preferential opportunity to such segregated portfolio, however recently we were given to	

			understand that the same shall be allowed provided the fund is also investing alongside the said co-investment class of units. Further, various jurisdictions also allow the investors to subscribe to separate classes of SPV model and make investment in specific set of portfolio entities, if so desired. A relevant example of the use-case of such segregated portfolio by means of separate classes is as follows: overseas FPI vehicles sometimes choose to have different classes available for subscription by Indian resident and non-resident investors respectively. This is because such FPI vehicles want to ensure that Indian resident investors only have exposure to the global portfolio, and not the Indian portfolio, to avoid any FEMA related complications. Therefore, IFSCA may consider enabling necessary provisions to allow the above. Further, we humbly request that IFSCA may consider applying a concessional fee for co-investments made through an SPV, considering that such investments shall be encompassed within the framework of restricted scheme.	

227	No express prohibition on issuance of primary and secondary classes of units to the investors.	It is our recommendation to permit funds in IFSC to issue primary and secondary classes of units wherein distributions to the holders of the secondary class units are made only after the obligations towards the holders of the primary class units are met. To protect the interest of the investors, the following safeguards can be introduced: (i) the distribution model should be expressly disclosed in the PPM; and (ii) only institutional investors or accredited investors should be permitted to subscribe to the secondary class units.	This model has also been promoted by Hon'ble Finance Minister Nirmala Sitharaman, in both the Union Budget 2022 and in Union Budget 2024, which advocates the blending of (concessional) capital to increase the amount of private capital invested in various sectors, such as high impact climate and sustainable development focused businesses and innovations. Such models are permitted in various other global jurisdictions as well. For instance, the U.S. Court of Appeals (Fifth Circuit of New Orleans) has rejected the Securities and Exchange Commission's ("SEC") 'Private Fund Advisers Rule' ("Rule") which among other restrictions intended to stop giving some investors preferential treatment over redemptions and preferential information about portfolio holdings. The Court held that such rules weren't necessary for the "highly sophisticated" investors and such strictures should not be applied for private funds. Other offshore jurisdictions (such as Singapore) permit a similar payout model too, as long as its appropriately disclosed and all the investors are aware of the same (including commercial implications of such arrangements on different set of investors), at the time of their onboarding. Therefore, IFSCA may consider permitting such structures in IFSC.	
228	36 (3)	36 (3) The FME shall ensure that the NAV is disclosed to the investors at least … and half-yearly within 60 days from end of the half-year in case of a close ended scheme	Calculation of NAV is an extensive and time-consuming process, whose timeline is dependent on several aspects including, but not limited to, finalisation of financial statements by each portfolio company and valuation of the underlying private market security by a third party valuer. Valuation of securities held by private market schemes is time consuming and typically takes longer due to delays in finalisation of financial statements at portfolio company level, structural nuances of the underlying portfolio securities, lack of readily available market benchmarks etc.	

			Given the above, we request the Authority to consider extending the timeline of disclosing the NAV to investor from 30 days to at-least 45 days (if not 60 days) from the end of half-year in case of a close ended scheme.	
229	7 (3)	In case of Registered FME (Retail) and other FMEs that are managing an ('AUM') of at least USD 1 billion (a) Existing Regulations: As per regulation 7(3) of the IFSCA (Fund Management) Regulations, 2022 ('FME Regulations'), Registered FME(Retail) is required to appoint an additional Key Managerial Personnel ('KMP') who shall be designated with the responsibility of fund management, in addition to Principal officer and Compliance officer. (b) Proposed amendment as per the Consultation paper: seeks to extend the requirement of appointing additional KMP to other FMEs managing AUM of at least USD 1 billion at the close of the financial year. (c) Suggestion/ recommendation: To enhance the ease of doing business, we request your goodself to kindly consider 1. Not extending the requirement to appoint an additional KMP for Retail and Non Retail FME 2. There should be clarity w.r.t calculation of AUM whether it would be computed basis commitment raised/fund raised/total value of investment. 3. Time period for appointment of additional KMP for managing an AUM of at least USD 1 Billion should be within 1 year from the date of circular or within 6 months from the end of financial year where AUM is crossing USD 1 Billion. 4. Certification requirement should not be implemented for next 2 years	Currently, the Registered FME (Non-retail) is required to appoint the below mentioned 2 KMPs: 1. Principal officer - responsible for overall activities of the FME including but not limited to fund management, risk management and compliance; and 2. Compliance officer - responsible for compliance with regulations and ensure suitable risk management policies and practices at the FME. The proposed amendment shall mandate Registered FME (Non-retail) managing an AUM of at least USD 1 billion, to appoint an additional KMP with the responsibility of fund management, which shall lead to substantial operational and financial challenges to such FMEs. Currently, FMEs face considerable difficulties in recruiting 2 KMPs, due to (i) stringent minimum educational qualification and experience requirements, and (ii) lack of sufficient talent pool in the IFSC zone. Adding an additional KMP with the necessary educational qualification and experience requirements would enhance these challenges and result in significant financial and operational strain on such FMEs. Registered FME (Non-retail) do not deal with retail money and have limited investors and larger ticket size, which simplifies fund management processes and involve lesser risk. These FMEs have successfully managed their operations and complied with regulatory requirements with only 2 KMPs. You may also note that the requirement of having adequate resources (minimum of 2 resources with	-

			requisite qualification and expertise) is globally accepted and prevalent in popular fund jurisdictions such as Mauritius and Singapore. However, it seems that regulatory requirement to appoint additional person based on AUM is not prevalent in the aforesaid popular fund jurisdictions. Accordingly, we request your goodself to consider relaxing this requirement of appointing additional KMP from an ease of doing business perspective. Further, such relaxation shall reduce undue operational and financial pressures. Your goodself will appreciate that this will reduce undue financial and operational pressures on Registered FME (Non-retail), while still supporting effective regulatory compliance. For Registered FME (Retail), There is no such requirement to add another KMP if assets cross 1 bn. 1. Clarity w.r.t AUM of fund management activity will help AUM computation practice same across the fund management industry in IFSC. Alternatively it should exclude FOF/ Feeder Fund AUM in this computation. 2. FME should have reasonable time period to appointment additional KMP for managing AUM, as it would be difficult to get such KMP with requisite qualification / experience of managing AUM within3 months. 3. Certification requirement will become obligatory on FME, if implemented on an immediate basis, especially when persons to be appointed have professional qualifications like CA/CS/CFA/FRM and are from relevant industry experience. 4. Additionally, we would like to suggest that application for appointment of KMP (PO/CO/additional KMP) should be cleared in fast-track manner where such person already have been designated as PO/CO/additional KMP in his/her previous organization within IFSC with the approval	

			of IFSCA. Alternatively the limit should be increased to USD 2 Billion	
230	7(4)(b)	Minimum experience requirement for the role of Principal Officer (a) Existing Regulations: KMPs of FME are required to have minimum 5 years experience in related activities in the securities market or financial products. (b) Suggestion/ recommendation: It is suggested to include consultancy experience (such as experience in Big Four firms) of not more than 2 years (in the aforesaid 5 years period), in activities related to the securities market or financial products – such as due diligence services or transaction advisory services.	The minimum period of experience for the role of Principal Officer is 5 years in related activities in the securities market or financial products including in a portfolio manager, broker dealer, investment advisor, wealth manager, research analyst or fund management. Consultancy experience (such as experience in Big Four firms), in areas related to the securities market or financial products —such as due diligence services or transaction advisory services, equips the Principal Officer with an experience that is comparable to the roles in portfolio management, brokerage, investment advisory, wealth management, research analysis, or fund management. Accordingly, we suggest your goodself to kindly consider including the consultancy experience (such as experience in Big Four firms) of not more than 2 years, in activities related to the securities market or financial products – such as due diligence services or transaction advisory services	-
231	Regulation 9	(b) such person has not incurred any of the following disqualifications –(i) …….. (ii) ……(iii) an order for winding up has been passed against the person for malfeasance; Recommendation: (iii) above can be deleted as there cannot be order of winding up against the person but only against entities like Company, LLP etc	We understand the disqualifications criteria are related to natural person whereas one of the disqualification is related to winding up order against such person. Whereas there cannot be order of winding up against the person but against entities like Company, LLP etc. Hence, the said disqualification is not relevant for individual person.	-
232	17(4)	Clause related to taking prior approval for appointing any KMP in IFSCA entity viz Principal Officer & Compliance Officer should also be omitted if appointed in line with these provisions qualification/ eligibility requirements	Currently, in AIF Regulations (SEBI) there is no requirement to take prior approval for the appointment of a Key Investment Team member. Accordingly, prior approval requirement while appointment of KMPs should also be removed.	-

233	25	Borrowing (c) The FME intending to employ employing leverage shall have a comprehensive risk management framework appropriate to the size, complexity and risk profile of the fund. - Word fund to be replaced with the word Scheme and Some key areas should also be identified as part of the framework	Some key areas should also be identified as part of the framework which can help in drafting and implementing appropriate framework	-
234	31	31(1) A Registered FMEs may launch restricted schemes through a private placement by filing the placement memorandum with the Authority along with the application fees as specified by the Authority ~~before twenty-one (21) working days of launch of the scheme~~ in the manner as specified by the Authority in this regard and the application in regard shall be approved/ responded within 5 days.	Since now the approval shall be through green channel, the application shall be approved/ responded within 5 days. Accordingly, some timeline shall be provided for IFSCA to provide comments otherwise delay in comments from IFSCA and inclusion of those comments after onboarding of investors, may lead to difficulties in fund raising process.	-
235	32 (2)	a) When aggregate investment by Joint Investors is also at least USD 150,000; no relevance for Joint investments? b) Provided that in case of investors who are employees or directors or designated partners or partners of the FME, the minimum value of investment shall be USD 40,000-should be with relative of employee or any entity which is set up for the benefit of employees Provided further that the following individuals/ employees, not more than 2, when act as joint investor, the aggregate investment by such individuals shall be at least USD 150,000: (i) An investor and his/her spouse (ii) An investor and his/her parent (iii) An investor and his/her daughter/son *Joint holders should only be relatives	a) To remove this clause or reduce the limit for joint investment b) This will give better clarity for investment by employees Directors/ Designated Partners. Also joint holders should only be relatives else it becomes difficult to monitor	-
236		Recommendation: to delete the below 1) Restricted schemes shall not have more than one thousand (1000) investors or such number as may be specified by the Authority.	This 1000 limit has no basis and is under discussion at SEBI. IFSC should not bring in this arbit limit	-

237	34 (1)	Provided that pending deployment of money, FME may invest money in distribution or other reserves maintained for any purpose as specified in Private Placement Memorandum, certificate certificates of deposits deposit, units of investment schemes such as liquid or money market schemes, money market instruments, bank deposits or any other securities or financial assets or instruments as may be specified by the Authority.	To add additional method of deployment in bold as required in operational use and as mentioned in PPM which is filed with SEBI & also issued to Investors	-
238	36 (3)	The FME shall ensure that the NAV is disclosed to the investors at least on a monthly basis within 15 days from the end of month in case of an open ended scheme and half-yearly within 30 days from the end of half-year in case of a close ended scheme.- If Audited then within 90 days from the end of half year; If unaudited then within 60 days from the end of half year	Additional timelines are required for the closed-ended fund due to practical challenges. As per the operational feasibility of sharing this information	-
239	38 (2).	In line with the investment valuation norms, the assets of the scheme shall may be valued by an independent third-party service provider such as a fund administrator or custodian registered with the Authority, a valuer registered with Insolvency and Bankruptcy Board of India or such other person as may be specified by the Authority. The frequency of this Independent Valuation should be only once in a year.	The frequency of this Independent Valuation should be only once in a year or such other period as agreed with Investors.	-
240	40(1)	The FME shall ensure that under a restricted scheme, the FME or its associate shall commit to invest :- (a) In case of a close ended scheme, (i) at least 2.5% of the targeted corpus and not exceeding ~~10%~~ 15% of the targeted corpus in a scheme with targeted corpus of less than up to USD 30 Million; (ii) at least USD 750,000 and not exceeding	To suitably modify to enhance the ceiling from 10% to 15%. Further, FME contribution should not be counted as a layer of investment as that is a mandatory statutory requirement and not an investment per se for the calculation of layers under Rule 19 (3) of Foreign Exchange Management (Overseas Investment) Rules, 2022.	-

		~~10%~~ 15% of the targeted corpus in a scheme with targeted corpus of more than USD 30 Million: Further clarification should be added: Contribution by the FME in the scheme should be exempted from being counted as a layer as per Rule 19 (3) of Foreign Exchange Management (Overseas Investment) Rules, 2022.		
241	NA	IFSCA AML Guidelines and KYC Compliance	All entities registered with the IFSCA must adhere to the Anti Money Laundering, Counter Terrorist-Financing and Know Your Customer (AML) Guidelines, 2022. A proposal is made to provide flexibility for investors regulated in their home jurisdiction to provide a comfort letter on KYC details. Because, Regulated entities from foreign jurisdictions are sensitive about sharing personal information. Therefore, this exception should be provided for entities regulated in their respective jurisdiction or if their administrator or custodian provides a representation letter without specific ID or address	-
242	NA	Enable Variable capital company structures	The current FME Regulations allow fund structures to be established as trusts, partnerships, or companies. However, the existing Companies Act does not cater to the specific needs of the fund industry, such as the free redemption of capital. Offshore jurisdictions like Singapore have introduced a variable capital company (VCC) regime to address these needs. The proposal suggests that a similar regulation should be introduced under the IFSCA regime to attract capital that might otherwise go to these offshore jurisdictions. Additionally, VCCs should have the option to register each sub-fund as a separate legal	-

			entity, similar to Mauritius, with clear guidelines for GST and income tax scheme-wise registrations	
243	NA	Listing of IFSCA and SEBI registered funds- Investor Confidence and liquidity.	Currently, there are no listing guidelines for IFSCA or SEBI registered Alternative Investment Funds (AIFs). SEBI registered AIFs should have the flexibility to list on the IFSCA stock exchange. Permitting listing of fund vehicles in both IFSC and Indian stock exchanges could also provide a permanent nature to AIFs.	-
244	NA	Common Principal Officer & Compliance Officer	Provisions to be added wherein a common principal officer and compliance officer can be appointed between FME and the affiliate entity who is providing ancillary services in IFSCA	-
245	NA	Single window approval	Since now the Schemes are approved by both SEZ, IFSCA etc., it should be a single window approval for the applicant and internally the Regulators should co-ordinate.	-
246	NA	Doing away the requirement of Provisional letter of allotment (PLOA) for the Funds	Provisional letter of allotment or Lease Deed - Considering there is not a requirement to have a separate office/address requirement for the fund / AIFs and such funds can use the office premise of FME/trustee for the business, accordingly, the requirement of PLOA and Lease Deed should be done away with. Accordingly, there should be no requirement to submit a separate PLOA or lease deed for such funds/AIFs since AIFs are expected to use the same premise as the Fund Management Entity.	With reference to the MOM issued by DC KASEZ dated 22 June 2022, it has been informed by DC office that since the fund/trust is just a pooling vehicle and as such does not have any employees/board of its own, the IFSC and DC office now permit Fund houses to set up Fund/trust and fund manager in a single unit and multiple trusts can be registered under one fund manager.

247	7(3)	In case of Registered FME (Retail) and other FMEs that are managing an ('AUM') of at least USD 1 billion To enhance the ease of doing business, we request your goodself to kindly consider 1. Not extending the requirement to appoint an additional KMP for Retail and Non Retail FME or alternatively, Time period for appointment of additional KMP for managing an AUM of at least USD 1 Billion should be within 1 year from the date of circular or within 6 months from the end of financial year where AUM is crossing USD 1 Billion. 2. There should be clarity w.r.t calculation of AUM whether it would be computed basis commitment raised/fund raised/total value of investment. 3. Certification requirement should not be implemented for next 2 years 4.Application for appointment of KMP (P.O / C.O. / additional KMP) should be cleared in fast track manner where such person already has been designated as KMP (P.O / C.O. / additional KMP) in his / her previous organisation within IFSC with the approval of IFSCA.	Currently, the Registered FME (Non-retail) is required to appoint the below mentioned 2 KMPs: 1. Principal officer - responsible for overall activities of the FME including but not limited to fund management, risk management and compliance; and 2. Compliance officer - responsible for compliance with regulations and ensure suitable risk management policies and practices at the FME. The proposed amendment shall mandate Registered FME (Non-retail) managing an AUM of at least USD 1 billion, to appoint an additional KMP with the responsibility of fund management, which shall lead to substantial operational and financial challenges to such FMEs. Currently, FMEs face considerable difficulties in recruiting 2 KMPs, due to (i) stringent minimum educational qualification and experience requirements, and (ii) lack of sufficient talent pool in the IFSC zone. Adding an additional KMP with the necessary educational qualification and experience requirements would enhance these challenges and result in significant financial and operational strain on such FMEs. Registered FME (Non-retail) do not deal with retail money and have limited investors and larger ticket size, which simplifies fund management processes and involve lesser risk. These FMEs have successfully managed their operations and complied with regulatory requirements with only 2 KMPs. You may also note that the requirement of having adequate resources (minimum of 2 resources with requisite qualification and expertise) is globally accepted and prevalent in popular fund jurisdictions such as Mauritius and Singapore. However, it seems that regulatory requirement to appoint additional person based on AUM is not prevalent in the aforesaid popular fund jurisdictions.	

			Accordingly, we request your goodself to consider relaxing this requirement of appointing additional KMP from an ease of doing business perspective. Further, such relaxation shall reduce undue operational and financial pressures. Your goodself will appreciate that this will reduce undue financial and operational pressures on Registered FME (Non-retail), while still supporting effective regulatory compliance. For Registered FME (Retail), There is no such requirement to add another KMP if assets cross 1 bn. 1. Clarity w.r.t AUM of fund management activity will help AUM computation practice same across the fund management industry in IFSC. Alternatively it should exclude FOF/ Feeder Fund AUM in this computation. 2. FME should have reasonable time period to appointment additional KMP for managing AUM, as it would be difficult to get such KMP with requisite qualification / experience of managing AUM within3 months. 3. Certification requirement will become obligatory on FME, if implemented on an immediate basis, especially when persons to be appointed have professional qualifications like CA/CS/CFA/FRM and are from relevant industry experience. 4. Additionally, we would like to suggest that application for appointment of KMP (PO/CO/additional KMP) should be cleared in fast-track manner where such person already have been designated as PO/CO/additional KMP in his/her previous organization within IFSC with the approval of IFSCA.	

248	7(4)(b)	Minimum experience requirement for the role of Compliance officer: We request your goodself to kindly consider reducing the minimum experience requirement for the role of compliance officer for members of the Institute of Chartered Accountants of India or any institution equivalent thereto in foreign jurisdiction, who have experience in compliance or risk management in an entity regulated by a financial sector regulator or a listed company.	The minimum period of experience for the role of compliance officer has been relaxed only for company secretaries from 5 years to 3 years. Chartered Accountants have a deep understanding of financial systems, business regulations and tax laws. Their expertise enables them to navigate the complex landscape of compliance with a high degree of proficiency. Chartered Accountants possess extensive knowledge of laws, statutes, and risk management including internal controls and overall compliance. Their expertise in financial matters enhances their ability to manage compliance and reporting requirements effectively. Chartered Accountants are well suited for compliance roles like company secretaries. Accordingly, we request if your goodself to kindly consider extending the relaxation provided to company secretary for the minimum experience period to Chartered Accountants for the role of compliance officer as well.	
249	7(4)(b)	Minimum experience requirement for the role of Principal Officer It is suggested to include consultancy experience (such as experience in Big Four firms) of not more than 2 years (in the aforesaid 5 years period), in activities related to the securities market or financial products – such as due diligence services or transaction advisory services.	The minimum period of experience for the role of Principal Officer is 5 years in related activities in the securities market or financial products including in a portfolio manager, broker dealer, investment advisor, wealth manager, research analyst or fund management. Consultancy experience (such as experience in Big Four firms), in areas related to the securities market or financial products —such as due diligence services or transaction advisory services, equips the Principal Officer with an experience that is comparable to the roles in portfolio management, brokerage, investment advisory, wealth management, research analysis, or fund management. Accordingly, we suggest your goodself to kindly consider including the consultancy experience (such as experience in Big Four firms) of not more	

			than 2 years, in activities related to the securities market or financial products – such as due diligence services or transaction advisory services	
250	7(5)	Certification requirement for employees of FME Clarity needed whether employees would cover each and every employee on payroll of FME/AIF or only Key Managerial Personnel like Principal officer/ Compliance Officer/Additional Key Person.	FMEs are required to appoint Principal officer and Compliance officer who oversee fund management and overall compliance respectively. The KMPs possess the requisite educational qualification and experience as mandated by the FME Regulations to fulfill their roles effectively and are well-equipped to undertake their duties. Given the requisite educational qualification and experience of the KMPs, imposing further additional certification requirements on such KMPs shall lead to unnecessary operational burden on the KMPs. Further, other employees (i.e. employees which are not KMPs) handle operational and routine tasks like processing transactions, accounting and maintaining records, customer relationship, etc. Mandating certification for such employees does not align with their supportive and routine roles and functions. The costs and resources required for certifying all employees shall outweigh its benefits. To enhance ease of doing business and reduce operational burden on the employees, we request your goodself to kindly consider not to mandate such certification requirement for all employees of FME.	
251	Regulation 7	In order to ensure compliance with the Regulation 7(4), which stipulates the requirement for the Principal Officer and other KMPs as referred under regulations 7(2)and 7(3) to be based out of IFSC, the insertion is proposed in point number 7 of Application Form as per First Schedule of the Regulations. Recommendation: We suggest that criteria to determine “based out of IFSC” could be defined in the Regulations.	We request your goodself to consider that criteria is laid down to determine whether principal officer/Key Managerial Personnel are “based out of IFSC” Rational: Usually Principal Officer are part of investment team and they have to frequently travel to various jurisdiction within India and abroad for such investment deal. In above scenario, it is not feasible for Principal Officer to be based out of IFSC throughout the year. Considering above scenario, there should be absolute clarity on meaning of based out of IFSC. We request you to define the term “based out of the IFSC”	

252	Regulation 9	Where above disqualification are triggered after appointment of KMP like Principal Officer, Compliance officer/other KMP then time period within which vacancy of KMP to be filled is not clear from existing/proposed consultation paper. We are of the view that at least 1 year time frame should be given to fill up vacancy	Regulation needs to provide time frame for filling vacancy arising out of disqualification of fit and proper requirement as vacancy cannot be filled on immediate basis. This is also because all appointments need the clearance of the IFSCA authority	
253	Regulation 9	(b) such person has not incurred any of the following disqualifications –(i) …….. (ii) ……(iii) an order for winding up has been passed against the person for malfeasance and (iv) if Chargesheet is being filed against the individual; Recommendation: (iii) above can be deleted as there cannot be order of winding up against the person but only against entities like Company, LLP etc. Further the clause regarding the charge sheet can be modified to say that ..... if charge sheet is filed against the individual and he is convicted for the same.	There cannot be order of winding up against the person but against entities like Company, LLP etc. further mere filing of the charge sheet cannot be disqualification the same should be proved and he should be convicted for the same.	
254	24(2)	Recommendation: to add the highlighted part as below for clarity in 24(2) The FME shall ensure that the portfolio under the scheme and Net Asset Value (NAV) is disclosed to the investors at least on a yearly basis within 120 days from the end of the half year for close ended scheme and 15 days from end of month for open ended scheme	There will ambiguity about the phrase "within 30 days from the end of half-year". A defined number of days from the end of the reporting period may offer more clarity	

255	26(2)	Recommendation: to delete the red superscript word and add the highlighted part as below for clarity Provided that the above requirement shall not apply in case of a fund or funds scheme investing in ~~regulated~~ scheme(s) regulated by a financial sector regulator in India or a foreign jurisdiction or having managers subject to such regulations which are valued by any independent third-party service provider.	Regulated scheme is not defined. The phrase "regulated by a financial sector regulator in India or a foreign jurisdiction" has been used in Para 7 of the FM Regulations and the same should be used to ensure that there us no ambiguity Added another phrase for situations wherein the Manager is regulated but not the Fund. This is pertinent from the perspective of foreign jurisdictions wherein the Manager is regulated instead of the Scheme	
256	28(1)(b)	Recommendation: to add the highlighted part (i) the FME and its associate (provided the associate is investing in the Scheme), wherever applicable, are not Indian resident and do not have any Indian resident as their ultimate beneficial owners;	The term "associate" should be restricted only to those investing in the Scheme and not those who may be providing services or who are not investing in the Scheme. This clarification is important to have to give clarity to non-resident FMEs looking to set up in GIFT IFSC, many of whom are part of a global set-up	
257	31	Filing of PPM with IFSCA prior to launch of Scheme and receipt of comments (a) Existing Regulations: • A Registered FME may launch restricted schemes through a private placement by filing the placement memorandum with the Authority along with the application fees as specified by the Authority before twenty-one (21) working days of launch of the scheme. • The Authority may endeavor to communicate its comments, if any, to the FME within twenty-one (21) working days of receipt of satisfactory response and the FME shall ensure that the comments are duly incorporated in the placement memorandum prior to launch of the scheme. Provided that the validity of the placement	• Fund raise is an integral part of the business of the FMEs. Fund raise is important for implementing investments in target companies identified by the FME. Target companies have various suitors as investors. For FMEs to participate in any round of investment in the target company, they need to be ready with the Fund in place loaded with investor commitment. • For FMEs to have conclusive discussions with investors in a time bound manner and seal their commitments, the PPM needs to be crystallized with inputs from the IFSCA. Such comments need to be received in a time bound manner and post deliberations and discussions, the PPM can be rolled out to investors. • If a time-limit is not provided within which comments from IFSCA are to be received, the FMEs could potentially miss investing in the desired target	

		memorandum for launch of the scheme shall be six (6) months from the date of filing with the Authority or the date of observation letter of Authority, whichever is later. (b) Proposed amendment as per the Consultation paper: • The amendment proposed as per the Consultation paper seeks to remove the 21 working days time limit for the Authority to provide its comments on the PPM. (c) Our suggestion/ recommendation: For FMEs to plan the launch of Scheme and discuss and agree terms of the PPM with anchor investors and other investors, it is imperative that the comments from IFSCA are received within a specified timeline post filing the PPM. Any comments from IFSCA received post agreeing terms with investors, will lead to unwarranted discussions and plausible conflict with investors which could derail the fund raise.	companies leading to loss of credibility to close deals in the eyes of investors.	
258	32(1)	Recommendation: to delete the below 1) Restricted schemes shall not have less more than one thousand (1000) investors or such number as may be specified by the Authority.	This 1000 limit has no basis and is under discussion at SEBI. IFSC should not bring in this arbitrary limit	
259	32	Recommendation: Minimum investment threshold for non-accredited investors subscribing to Restricted Scheme may be reduced in following manner – i) USD 1,00,000 for non-accredited investor ii) USD 25000 for employees or directors or designated partners of the FME	Reducing threshold to some extent for non-accredited investors including for employees or directors or designated partners of the FME for will allow increase investor participation base in the restricted scheme.	

260	34	Permissible investments 34. (1) Subject to other provisions of these regulations, a restricted scheme may invest moneys collected ~~under any of its scheme~~ only in the following in IFSC, India or foreign jurisdictions: Recommendation: to delete the red strikethrough portion as it seems to be typo error as a restricted scheme cannot have further scheme under it.	The red highlight seems to be a typo error as a restricted scheme cannot have further scheme under it.	
261	34	Recommendation: 1. Proviso on Temporary investment may further add – divestment proceeds pending re-investment / distribution to investors in addition to pending for deployment 2. Type of instruments to be invested under Temporary investment provision may be completely aligned with SEBI AIF Regulations.	1. The modification in the proviso will provide more clarity on temporary investment and it will be in alignment with SEBI AIF Regulations. 2. This will help FME to have more options as long as such options are available for investment in IFSC.	
262	35(1)	Recommendation: to delete the red strikethrough portion in 35 (1) and add the underlined word for clarity In case of an open ended scheme, the maximum investment in <u>unlisted</u> securities ~~of unlisted companies~~ should not exceed twenty-five percent (25%) of the corpus of the schemes. Provided that in case of an open ended fund of fund scheme, this requirement shall not be applicable if such scheme is investing in other open ended scheme(s) which shall not have investment in unlisted securities of unlisted companies in excess of twenty-five percent (25%) of their corpus.	Changing this from securities of unlisted companies to unlisted securities will address the illiquidity risk inherent in open-ended schemes. Unlisted entities are permitted to list securities on exchanges, which would have liquidity. This is similar to the change Para 22 and 34 of the FM Regulations	

263	35(1)	35 (1) In case of an open ended scheme, the maximum investment in securities of unlisted companies should not exceed twenty-five percent (25%) of the corpus of the schemes. Provided that in case of an open ended fund of fund scheme, this requirement shall not be applicable if such scheme is investing in other open ended scheme(s) which shall not have investment in securities of unlisted companies in excess of twenty-five percent (25%) of their corpus. Recommendation: There is no such ceiling limit under Securities and Exchange Board Of India (Alternative Investment Funds) Regulations, 2012 for investment in unlisted securities. Considering above, we recommend 100% investment in unlisted securities should be permitted	There is no such ceiling limit under Securities and Exchange Board Of India (Alternative Investment Funds) Regulations, 2012 for investment in unlisted securities. Considering above, we recommend 100% investment in unlisted securities should be permitted	
264	36(3)	Disclosure of NAV to the investors (a) Existing Regulations: The FME shall ensure that the NAV is disclosed to the investors at least on a monthly basis in case of an open ended scheme and half-yearly in case of a close ended scheme. (b) Proposed amendment as per the Consultation paper: The FME shall ensure that the NAV is disclosed to the investors at least on a monthly basis within 15 days from the end of month in case of an open ended scheme and half-yearly within 30 days from the end of half-year in case of a close ended scheme. (c) Recommendation: In the case of close ended scheme, we request your goodself to kindly consider extending the timeline of disclosing the NAV to investor from 30 days to 120 days from the end of half year.	Your goodself would appreciate that the proposed amendment of NAV disclosure within 30 days from the end of half year would cause administrative burden for the FMEs since the exercise of carrying out valuation of unlisted securities and reporting of NAV (including methodology of the valuation) of each scheme is a detailed and time-consuming process which inter-alia involves (i) finalisation of financial statements by portfolio companies in which scheme has invested, (ii) collection of relevant data from the portfolio companies in which the scheme has invested,(ii) carrying out valuation of investments in portfolio companies by third party valuer, and (iv) calculation of investor level NAV. Given the above and in order to alleviate the operational strain on FMEs, we request your goodself to kindly consider extending the timeline of disclosing the NAV to investor from 30 days to 120 days from the end of half-year in case of a close ended scheme. Further, the aforesaid relaxation will also align with the 120 days window provided to complete the annual reporting in case of	

			Registered FME (non-retail), as per FME regulations.	
265	36(3)	Recommendation: to add the highlighted portion for clarity 36 (3) The FME shall ensure that the NAV is disclosed to the investors at least on a monthly basis within 15 days from the end of month in case of an open ended scheme and half-yearly 120 days from the end of the half year for the relevant year in case of a close ended scheme.	There will ambiguity about the phrase "within 30 days from the end of half-year". A defined number of days from the end of the reporting period may offer more clarity	
266	38(2)	Recommendation: to delete the red strikethrough portion in 35 (1) and add the underlined word for clarity Provided that the above requirement shall not apply in case of a fund of funds scheme investing in ~~regulated~~ scheme(s) regulated by a financial sector regulator in India or a foreign jurisdiction or having managers subject to such regulations which are valued by any independent third-party service provider.	Regulated scheme is not defined. The phrase "regulated by a financial sector regulator in India or a foreign jurisdiction" has been used in Para 7 of the FM Regulations and the same should be used to ensure that there us no ambiguity Added another phrase for situations wherein the Manager is regulated but not the Fund. This is pertinent from the perspective of foreign jurisdictions wherein the Manager is regulated instead of the Scheme	
267	40	Removal of maximum ceiling limit for contribution by the FME or its associate in the Restricted scheme in certain cases (a) Existing Regulations: According to Regulation 40 of the FME Regulations, the maximum contribution by an FME or its associates in the Scheme is capped at 10% of the targeted corpus of the Scheme. (b) Proposed amendment as per the Consultation paper: The amendment proposed as per the Consultation paper seeks to remove the cap on the contribution by an FME or its associates in the Scheme, subject to the fulfillment of following conditions: a. the FME and its associate, wherever applicable, are not Indian resident and do not have any Indian resident as their ultimate	A) One of the conditions for non-applicability of cap on the contribution by the FME or its associate in the Scheme is that the FME and its associate, wherever applicable, are not Indian resident and do not have any Indian resident as their ultimate beneficial owners (emphasis applied). However, the term 'Indian resident' is not defined in the proposed amendment. The meaning of the term 'India resident' is different in various statutes like FEMA, income-tax. Accordingly, we request your goodself to kindly consider providing clarity that the term 'Indian Resident' in the FME Regulations shall mean a 'person resident in India' as per the Foreign Exchange Management Act, 1999.	

		beneficial owners; and b. Maximum investment in an investee company and associates of such company is up to 33% of the corpus. (c) Recommendation: A) We request your goodself to kindly consider clarifying the definition of the term 'Indian Resident' to mean a 'person resident in India' as per the Foreign Exchange Management Act, 1999. B) to add the underlined phrase in prong (i) for clarity (i) the FME and its associate (provided the associate is investing in the Scheme), wherever applicable, are not Indian resident and do not have any Indian resident as their ultimate beneficial owners;	B) The term "associate" should be restricted only to those investing in the Scheme and not those who may be providing services or who are not investing in the Scheme. This clarification is important to have to give clarity to non-resident FMEs looking to set up in GIFT IFSC, many of whom are part of a global set-up	
268	50(2)	Recommendation: to delete the red strikethrough portion in 50 (2) and add the underlined word for clarity Provided that the above requirement shall not apply in case of a fund of funds scheme investing in ~~regulated~~ scheme(s) <u>regulated by a financial sector regulator in India or a foreign jurisdiction or having managers subject to such regulations</u> which are valued by any independent third-party service provider.	Regulated scheme is not defined. The phrase "regulated by a financial sector regulator in India or a foreign jurisdiction" has been used in Para 7 of the FM Regulations and the same should be used to ensure that there us no ambiguity Added another phrase for situations wherein the Manager is regulated but not the Fund. This is pertinent from the perspective of foreign jurisdictions wherein the Manager is regulated instead of the Scheme	
269	132	Recommendation: The proposed requirement that Custodian shall be based in an IFSC, should be relaxed where SEBI registered Custodian is appointed for the securities issued in India. IFSC based Custodian may be mandated for securities issued and subscribed within IFSC.	Appointment of Custodian for securities issued in India i.e. SEBI jurisdiction should not be mandatorily required to have IFSC based Custodian. Currently, 5 of our funds registered as FPIs and the Custodian that we have appointed is …… Bank which is SEBI registered but doesn't have corresponding IFSCA Registration. Out of these 5 funds, 4 funds are relocated from Singapore where we originally had …. Bank as Custodian and we have continued the same Custodian for operational ease while	

			relocating the funds. Further, for one of our new funds launched in this financial year also we have appointed ……. Bank as Custodian. The documentation process could be efficiently handled with same Custodian as they being aware about our entire structure, and application can be processed in time efficient manner. If the proposed change is made effective with retrospective effect, it will be an operational hassle to move our assets to another Custodian. Hence, we request to allow SEBI registered Custodian to act as Custodian for securities issued in India.	
270		Suggestion: The extant regulations / guidelines don't have norms on investment by FMEs. IFSCA may issue some guidelines / norms allowing FMEs to invest	FME entity should be eligible to invest its earnings in IFSC and guidelines/norms/clarity in this regard will be helpful	
271		Assets Under Management (AUM) to be defined Assets Under Management (AUM) is defined as the market value of the investments managed by the FME	AUM has been used extensively in the FM Regulations but has not been defined. From context, this refers to the value of the investments of the Schemes managed by the FME. To ensure no lack of clarity, it should be defined	
272		Fee amounts to be reduced for funds and be based on a graded scale basis Fund Size	Various Managers have asked for the fee amounts to be rationalised in order to facilitate small time fund managers to launch in GIFT IFSC. This is similar to the ask to reduce the initial scheme size from $5M to $3M	
273		Create / enable / facilitate setting up and running of employee benefit trusts within GIFT under IFSCA regime Relaxations required to facilitate relocation of offshore pooling vehicles to GIFT - IFSCA (a) Existing Regulations: • Relaxation from sponsor commitment for funds relocating to GIFT from offshore jurisdictions, is	• Any Offshore Fund which is in existence, would have an agreed set of commercials, investment strategy, commitments at inception and operationalised drawdowns and investments. Increasing commitment of any investor and offshore advisor at the time of relocation will result in distorting the fund construct, unit / share capital structure, agreed commercials and could adversely affect IRR and derail relocation to GIFT	

		permitted under the FME Regulations. (b) Our suggestion/ recommendation: • Permit offshore funds to relocate to GIFT with the existing commercials agreed with investors and offshore manager / advisor • Relaxation from minimum commitment to existing investors • Relaxation from minimum commitment to offshore manager / advisor	• For existing offshore funds, commitment of investors and offshore advisor (collectively referred to as shareholders) may be below the minimum requirement of USD 150,000 as per FME Regulations. Also, such funds may be well past the final closing and therefore any change in commitment will distort the fund construct. • Offshore manager / advisor typically need to continue to hold units in the Resultant Fund to be set up in GIFT to honour commercials agreed at the inception of the overall fund construct – this could be agreed with certain investors on exits. • While funds dealing in listed securities have relocated to GIFT, VC / PE funds are yet to attempt relocation to GIFT. If the relocation framework supports the above, it should open flood gates for such funds to actively consider relocating to GIFT. • The relaxations will also act as a catalyst for SWFs, offshore institutional fund managers (being LPs of PE / VC funds) to familiarize themselves with GIFT and IFSCA regimes and consider relocating existing vehicles / setting up new fund vehicles in GIFT.	

274		Create / enable / facilitate setting up and running of employee benefit trusts within GIFT under IFSCA regime	• For FMEs, allocation of differentiated returns arising from schemes under management is of utmost importance. As FMEs strengthen their presence in GIFT, senior employees and KMPs are incentivized with share in differentiated returns of schemes under management. A common way of structuring such share in differentiated returns is an employee welfare / benefit trust. Currently, there is now enabling framework for creation of such trusts and allotment of differentiated returns to such trusts. • Start-ups and growth companies incentivize their employees and KMPs by way of ESOPs / MSOPs. Typically, such ESOPs / MSOPs are settled in a trust and are tagged with eligibility and vesting conditions. As companies grow, the trust becomes a vehicle for keeping ESOPs / MSOPs rolling over years and across various levels of employees and KMPs. This is a common practice amongst various listed companies.	
275	132	We suggest that custodian in IFSC may be made mandatory for securities listed in IFSC only. For securities, listed outside IFSC, respective fund management entities may be permitted to appoint custodian at the local market wherein securities is listed or in IFSC as per their requirement.	New explanation has been added in Para no 132 that custodian shall be based in IFSC unless the local laws of the jurisdiction where the securities have been issued do not permit the same We suggest that in cases, wherein the underlying securities are listed outside IFSC, flexibility can be given to Fund management entities to appoint custodian in IFSC or outside IFSC. We would recommend the following wording of the explanation: Explanation. – The Custodian appointed under this regulation shall be based in an IFSC, ~~unless the local laws of the jurisdiction where the securities have been issued do not permit the same, in which case,~~ the FME may appoint a custodian which is based in India or foreign jurisdiction and is regulated by the financial sector regulator of that jurisdiction.	As GIFT IFSCA would like to have further investments, it should offer similar treatment to FMEs as permitted by other Financial Centres example : DIFC, Singapore, Mauritius https://www.mas.gov.sg/~/media/MAS/Regulations%20and%20Financial%20Stability/Regulations%20Guidance%20and%20Licensing/Securities%20Futures%20and%20Fund%20Management/Regulations%20Guidance%20and%20Licensing/Regulations/SFLCBReg Singapore extract on custodian for assets : /// (3) Without prejudice to paragraph

				(1) and subject to the customer's prior written consent, the holder may, for the purpose of the safe custody of the customer's assets denominated in a foreign currency, maintain the custody account with a custodian outside Singapore which is licensed, registered or authorised to act as a custodian in the country or territory where the account is maintained. /// Dubai : https://dfsaen.thomsonreuters.com/rulebook/eligible-custodian /// a) a Bank; (b) a legal entity that is authorised to accept deposits and supervised by the Central Bank of the State; or (c) a legal entity that is: (i) authorised to accept deposits and supervised by a Financial Services Regulator in a jurisdiction outside the State; and (ii) Rated at least A- by Standard & Poor's, or the equivalent by another Rating Agency. /// Mauritius : https://www.stockexchangeofmauritius.com/media/2094/the-securities-recognition-of-remote-custodians-rules-2013.pdf
276	7(3)	Exemption for appointment of additional KMP in case of captive FMEs set up by Sovereign	• The proposed regulation requires appointment of additional KMP within 3 months from the close of	

		Wealth Funds ('SWF') managing an AUM of at least USD 1 Billion as at the close of a financial year	the financial year in case of FMEs that are managing an AUM of at least USD 1 Billion as at the close of a financial year. • SWFs looking at setting up FME in IFSC would typically manage owned funds and may not look at managing third party funds. Thus, the activities of such FME would be captive in nature. IFSC fund to whom such FME would provide management services would typically be a fund with SWF as the sole contributor. • SWFs looking at investment in India generally have a horizon for investing a sizable amount, generally more than USD 1 billion. Further, the deal size for individual investment by such captive IFSC fund (having SWF as the sole investor) is generally higher as compared to funds having non-SWF investor. In case of AUM exceeding USD 1 billion, the level of operations in FME (managing funds having non-SWF investors) is much higher as compared to FME managing fund which has SWF as its sole investor. Thus, there cannot be a common yardstick for measuring the level of operations and risks of FME (managing fund with SWF as investor) and FME (managing fund with non-SWF as investors). • Investment by SWF in IFSC fund (SWF being the sole investor) in excess of USD 1 billion does not lead to any heightened risk for FME. • In such case, there should not be any requirement for such FMEs to appoint additional KMP even if the AUM exceeds USD 1 Billion. • The PO and CO along with the Board of Directors of FME can undertake and oversee the investment and compliance related function of FME.	

			• Further, since the intention of IFSCA is to bring/maintain IFSC platform at par with offshore fund jurisdictions, it is worthwhile to note that captive investment vehicles in other common holding and investment jurisdictions (e.g. Abu Dhabi Global Market ('ADGM'), Jersey (Channel Islands), Cayman Islands) do not provide any condition for having a minimum number of employees depending on the size of investment. Thus, our suggestion is to provide waiver off such a requirement for captive FMEs to ensure that the FME Regulations are at par with global jurisdiction in terms of captive set ups by investors. • In view of the above, we request that a waiver be provided for appointment of such additional KMP to FMEs managing IFSC funds where SWF is the sole investor.	
277	7	The current KMP criteria, particularly concerning educational qualifications, pose significant challenges in attracting suitable talent. There is humble suggestion that the IFSCA should consider practical experience and demonstrated skills in fund management operations as alternate pathway to higher educational qualifications for KMP positions: 1. allowing candidates with substantial experience in fund management operations to qualify as KMPs, or 2. allowing candidates with lesser experience supplemented with a certification from IFSCA to ensure that these candidates possess the necessary understanding of fund management principles.	1. The current strict requirements for educational qualifications and experience are leading to frequent job changes among candidates who meet these criteria, which disrupts the operational continuity of FMEs. 2. Many professionals possess the practical expertise required to manage funds and operations effectively, but do not meet the stringent higher formal educational requirements. 3. By providing more flexible qualification criteria using certification exam, the IFSCA could attract more stable and experienced talent, helping to support the growth of FMEs in GIFT City. 4. Stable and continuity in operation of FME would facilitate the growth of AUM at GIFT-IFSC. This, in turn, would attract more qualified and experienced professionals as the industry matures and expands.	

278	Regulation 7(3)	The proposed requirement of appointing a KMP for Registered FME (Non-retail) even after managing an AUM of 1 bn dollar.	FMEs face considerable difficulty even in recruiting 2 KMPs, due to stringent minimum educational qualification and experience requirements and lack of sufficient talent pool in the GIFT City. For Registered FME (Retail), the need for an additional KMP is justified given the involvement of retail money, higher number of investors and smaller ticket size, which isn't the case for Registered FME (non-retail). Hence, from ease of doing business and reducing operational and financial cost, the requirement of additional KMP should not apply.	NA
279	Regulation 7(5)	Certification requirement for employees of FME The certification requirement should not apply to FME who are meeting the resource requirement as per revised criteria proposed in the consultation paper (as this will be the revised regulations) or at maximum shall apply only to one of the KMPs (either the principal officer or compliance officer).	If a FME has employed more than the minimum mandated resource requirements, the certification should not apply to all employees of the FME in IFSC. Also, to align with SEBI Regulations, any 1 KMP can maximum go through the certification requirement.	NA
280	Regulation 31 (2) - Proviso	Either the validity of the PPM should be extended to 18 or 24 months or for re-filing of the PPM for the same scheme, the applicable fee should be lower.	Given that offshore fund raise is more challenging and time-consuming than domestic funds, the timeline of 12 month may be lower to achieve the first close in IFSCA. Alternatively, to reduce the set-up cost, if the same scheme is filing the PPM again, then a reduced fee should be applicable.	NA

281	Regulation 35(1)	Requesting to remove the said requirement of limiting the investment in securities of unlisted companies to 25% of corpus of scheme.	Category III AIFs are defined to undertake investment with diverse or complex trading strategies including investment in listed or unlisted derivatives and for permitted investments under longevity finance. The definition highlights that the fund may apply complex structures and can invest in both listed and unlisted securities (without any restrictions). The only avenue for launching an open-ended scheme is under Category III AIF. This clause seems to be restrictive for launching an open-ended fund with investment strategy for debt securities. Even if one compares to SEBI AIF regulations, there are no such restrictions capping the securities on the basis of listed / unlisted nature of securities. The assumption that listed securities (especially in case of debt securities) are liquid and easily saleable may not be so true in context of Indian debt securities. It is best left to the Investment Manager to create and run an open-ended strategy by adopting suitable risk guardrails (for ex: Gatting restriction of say 5-10% of Fund NAV, lock-in period, managing portfolio liquidity, cashflow profile of underlying securities, etc.). Multiple global funds are set up as quarterly interval fund (with underlying debt securities), offering window of redemption to the extent of 5-10% of fund NAV on a pro-rata basis to investors seeking redemption.	NA

282	Regulation 35(4)	Investment restrictions (a) Existing Regulations: As per regulation 35 of the FME Regulations, in case of an open ended restricted scheme, the maximum investment in securities of unlisted companies is up to 25% of the corpus. (b)Proposed amendment as per the Consultation paper: The amendment proposed as per the Consultation paper seeks to have Restricted schemes obtain prior approval from 75% of investors by value before buying or selling securities involving associates, related schemes, or any investor committed to at least 50% of the scheme's corpus.	Restriction and approval requirements for trade with associates and schemes under common management need not be legislated if an enabler/disclaimer/disclosure of such potential trade is made in the PPM. IFSCA may look at legislating on mandatory disclosure with	NA
283	Regulation no 36(3)	The timeline for providing NAVs and other reportings are generally discussed, negotiated with investors in PPM/fund documents. Timelines for report submission should be left for investor and manager to agree and negotiate in fund documents.	Certain cases like year-end NAVs (which are nothing but networth attributable to investors or partners in the fund), may get finalised only after the audits are finalised which may be in-practical to complete within the timeline proposed in the consultation paper.	NA
284	Regulation 73(3)	Request you to amend the existing FME Regulations and provide a similar exemption (as under SEBI Regs) of investing in unlisted securities to portfolio managers in IFSC in case of accredited investors investing above a similar monetary threshold (equivalent to INR 10 Cr).	In case of a discretionary PMS, it has been provided that it shall invest in the securities listed or to be listed or traded on the stock exchanges, money market instruments, units of investment scheme and other specified financial products as specified by IFSCA. SEBI (PMS) Regulations, 2020 Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 ['SEBI (PMS) Regulations, 2020] provide a similar framework for regulating portfolio management services in India. Further, Regulation 24(3) uses similar language to provide that the discretionary portfolio manager	NA

			shall invest funds of his clients in the securities listed or traded on a recognized stock exchange, money market instruments, units of Mutual Funds and other securities as specified by Board from time to time, on behalf of their clients. • The SEBI (PMS) Regulation, 2020 have introduced the terms 'accredited investors' and 'large value accredited investors.' An accredited investor means any person who fulfils the prescribed criteria as per SEBI and has received a certification of accreditation by an accreditation agency. Also, a large value accredited investor means an accredited investor who has entered into an agreement with portfolio manager for a minimum investment amount of INR 10 crores. • However, since 'large value accredited investors' are sophisticated investors, there has been an exemption provided under Regulation 24(4A), wherein portfolio manager may offer discretionary or non-discretionary or advisory services for investment up to hundred percent of the assets under management of the large value accredited investors in unlisted securities, subject to appropriate disclosures in the disclosure document and the terms agreed between the client and the portfolio manager.	
285	Regulation 41 (1)	It is recommended that IFSCA should issue detailed operational guidelines on co-investment by Scheme.	FMEs are awaiting operational guidelines (especially for the SPV framework) to give effect to Co-investments for funds based in IFSC. Adequate clarity in this regards, can ensure that Co-investments are also enabled in GIFT, IFSC.	NA

286	7	1. There should be clarity w.r.t calculation of AUM whether it would be computed basis commitment raised/fund raised/total value of investment. 2. Time period for appointment of additional KMP for managing an AUM of at least USD 1 Billion should be within 1 year from the date of circular or within 6 months from the end of financial year where AUM is crossing USD 1 Billion. 3. Certification requirement should not be mandated for all employees and can be implemented after next 2 years.	1. Clarity w.r.t AUM of fund management activity will help AUM computation practice same across the fund management industry in IFSC. 2. FME should have reasonable time period to appointment additional KMP for managing AUM, as it would be difficult to get such KMP with requisite qualification / experience of managing AUM within 3 months. 3. Certification requirement will become obligatory on FME, if implemented on an immediate basis, especially when persons to be appointed have professional qualifications like CA/CS/CFA/FRM and are from relevant industry experience. Implementation of this requirement rationally will help achieve the objective of ease of doing business. 4. Additionally, we would like to suggest that application for appointment of KMP (PO/CO/additional KMP) should be cleared in fast-track manner where such person already have been designated as PO/CO/additional KMP in his/her previous organization within IFSC with the approval of IFSCA.	
287	32	Minimum investment threshold for non-accredited investors subscribing to Restricted Scheme may be reduced in following manner – i) USD 1,00,000 for non accredited investors ii) USD 25000 for employees or directors or designated partners of the FME	Reducing threshold to some extent for non-accredited investors including for employees or directors or designated partners of the FME for will allow increase investor participation base in the restricted scheme.	
288	34	1. Proviso on Temporary investment may further add – divestment proceeds pending re-investment / distribution to investors in addition to pending for deployment 2. Type of instruments to be invested under Temporary investment provision may be completely aligned with SEBI AIF Regulations.	1. The modification in the proviso will provide more clarity on temporary investment and it will be in alignment with SEBI AIF Regulations. 2. This will help FME to have more options as long as such options are available for investment in IFSC.	

289	35(5)	We refer to sub regulation 5) that proposed to be added under Regulation 35 where IFSCA is providing to issue condition of investment in accordance with Category. Choice of Category and type of product should be left open to FME's discretion without too much specification on investment type / investment conditions in order to have flexibility.	FME should have flexibility to decide type of Category and type of product, by ensuring its primary character of restricted non-retail scheme. Any detailed / restrictive conditions on investments may be avoided.	
290	36(3)	Time period for close ended funds should be 120 days from the end of half year	The portfolio investments held by close ended funds includes investment in SEBI Registered AIFs and unlisted securities Since the exercise of carrying out valuation of unlisted securities and reporting of NAV (including methodology of the valuation) of each scheme is a detailed and time-consuming process which inter-alia involves (i) getting financial information including from by unlisted portfolio companies (unlisted companies are not required to have their accounts audited and reported on quarterly basis with certain timeline unlike listed companies), (ii) collection of relevant data from the portfolio companies in which the scheme has invested (iii) calculation of fund level and investor level NAV. Further, where such investment is done through SEBI Registered AIF, IFSC based fund can determine its NAV only upon disclosure by SEBI Registered AIFs. Accordingly, we request to keep the timeline of at least 120 days, which we believe is a reasonable timeframe for disclosure of NAV.	

291	132	The proposed requirement that Custodian shall be based in an IFSC, should be relaxed where SEBI registered Custodian is appointed for the securities issued in India. IFSC based Custodian may be mandated for securities issued and subscribed within IFSC.	For securities issued in India i.e. SEBI jurisdiction, it should not be mandatorily required to appoint IFSC based Custodian. Currently, 5 of our funds registered as FPIs and the Custodian that we have appointed is Standard Chartered Bank which is SEBI registered but doesn't have corresponding registration with IFSCA. Out of these 5 funds, 4 funds are relocated from Singapore where we originally had Standard Chartered Bank as Custodian and we have continued the same Custodian for operational ease while relocating the funds. Further, for one of our new funds launched in this financial year also we have appointed Standard Chartered Bank as Custodian. The documentation process could be efficiently handled with same Custodian as they being aware about our entire structure, and application can be processed in time efficient manner. Further, if the proposed change is made effective with retrospective effect, it will be an operational hassle to move our assets to another Custodian. Hence, we request to allow SEBI registered Custodian to act as Custodian for securities issued in India.	
292		IFSCA may issue some guidelines / norms allowing FMEs to have investing options	FME entity should be eligible to invest its earnings in IFSC and guidelines/norms/clarity in this regard would be helpful	
293	132	1. Key countries that require custodian to be in the country are China, Korea and Japan (for mutual funds only). We believe that such restrictions are there only to - a. Ensure capital and compliance control when fund raising is done in that country or b. Majority of the investments happen back in the same jurisdiction		

		Considering that the IFSC is currently a hub for investment activity, with investments in India and\or overseas, it is proposed that such a restriction be not put in. 2. As there are limited capital investment opportunities within GIFT as of now, the presence of the custodian in GIFT for investments outside of GIFT, will be limited to becoming a contracting entity who passes on the instruction to either a custodian in India or an overseas global custodian depending on the client's investment requirement. This setup may become very basic and cause operation delays as it will introduce another leg for information flow i.e. the custodian at GIFT alternatively it may be just a contracting entity with the custody functions being performed outside of IFSC. 3. Global entities like large asset managers, hedge funds, sovereign wealth funds etc. have a detailed due diligence process in appointing their providers. They would have their global providers\custodian who then in-turn contract with local(sub-custodians) in specific market like India. With such funds wanting to setup in GIFT, they will have to undertake the due-diligence of the custodian in GIFT which will be a deterrent. Recommendation : Basis client and investor feedbacks and global practices, for assets outside of GIFT, Investors should have the flexibility of appointing Custodians outside of GIFT. As and when there are listed instruments at GIFT, the Custodian can be GIFT based for such assets.		
294	7(3)	FME may be exempted from additional KMP, if the funds are feeder funds.	In Feeder Funds, active fund management occurs at the Master Fund level. Meanwhile, the designated fund manager is responsible for	

			selecting the underlying funds, as well as continuously monitoring and deploying the capital.	
295	7(4)	Inclusion of wider array of institutions (recognised stock exchange/regulator, etc.) issuing certifications should be done for Key Managerial Personnel (KMP) to manage funds operating within IFSCA.	Wider inclusion could attract a broader pool of qualified professionals, thereby enhancing the attractiveness and competitiveness of the IFSC. This approach should be balanced to ensure it does not compromise the quality of fund management.	
296	24(2)	The below statement seems to contain a discrepancy regarding the timing of disclosures. *The FME shall ensure that the portfolio under the scheme and Net Asset Value (NAV) is disclosed to the investors at least on a yearly basis within 30 days from the end of half-year"*. It should be 30 days from the end of financial year or something similar.		
297	31(1), 31(2)	The IFSC Fund Management Regulations explains the structure of the fund to be launched under Category I, II, III in one liner. The regulation is interpreted differently by different experts. In the absence of approval of PPM by IFSCA, there is a risk of adverse comments from IFSCA during inspection at a later date which would be a point of concern for both Investors and FME. Category II AIF is defined as the fund which does not qualify under Category I and III. Category III is defined as the fund which uses complex structure to invest in listed and unlisted securities. Cat III can be both open-ended or close-ended. Can Category II fund invest in Units of Master Fund or Participating shares of Feeder Fund under Master Feeder Structure. Here the units / share are unlisted?	These grey areas can become a matter of concern at a later date if LOR is not issued by IFSCA.	
298	31(2)	In the absence of the timeline for The Authority to communicate its comments would lead to undue	Letter of registration is essential to open bank accounts and also launch the scheme, as institutional investors would ask for the same. This	

		delay in launch of scheme as the authority has proposed to strike off the timeline of 21 days	also confirms that the launch fund is in accordance with the Fund Management Regulation.	
299	31(2)	IFSCA has proposed increasing the validity of the PPM which is a welcome step. But the proposal of refiling the PPM with full fee expensive for the FMEs. This would restrict the number of investment options launched by the FME.	Currently, the Fees is 20% of the registration fees. During adverse economic scenarios, it would be difficult to raise money. If the FME is short of USD 5 Mn funds by few lakh USD, it would be a huge economic impact for him to pay the 100% registration fees again and refile the PPM, as he is already paying other operational expenses though the fund is not launched. The authority should keep the fees for the extension of validity to the minimum	
300	132	Fund of Funds (FOFs) should be exempted from the requirement of appointing custodians. In FOFs, the custodians would be holding only statements / contract notes as many Master Funds issue only statement or contract notes. However, the Master Funds do have the custodians.	The requirement for appointing a custodian could be exempted for Funds of Funds (FOFs), akin to the relaxation provided for independent party valuation for FOFs	
301	7(4)(b)	In addition to the qualification requirement, the IFSCA (FM) Regulations now have an experience as well as a certification requirement for Principal Officer and Compliance Officer. Furthermore, the certification requirement is also for all employees of the FME. In order to improve ease of doing business, one of the requirements mentioned above for Principal Officer and Compliance Officer (i.e., either experience requirement or certification requirement) should be removed.	SEBI (AIF) Regulations have also introduced NISM certification requirement for Principal Officer. However, with the introduction of certification requirement, the requirement to have the Fund Management experience has been done away with. Further, under the SEBI (AIF) Regulations, the Certification requirement is only for the principal officer and not for all employees of the AIF. Accordingly, the IFSCA (FM) Regulations should be at par with the SEBI (AIF) Regulations, in terms of requisite experience and certification requirement.	
302	7(5)	Certification requirement for employees of FME: 1. The certification requirement should only be for the Principal Officer and Compliance Officer, and not for all employees 2. The employees should have a period of 1 year from the launch of the Fund or from the date on which the Regulations come into force	FMEs are required to appoint Principal officer and Compliance officer who oversee fund management and overall compliance respectively. The KMPs possess the requisite educational qualification and experience as mandated by the FME Regulations to fulfill their roles effectively and are well-equipped to undertake their duties. Given the requisite	

		(whichever is later) to comply with the certification requirements 3. The new employees of FME should have a period of 6 months from the date of joining the FME, to complete the certification requirement	educational qualification, experience and certification of the KMPs, imposing certification requirements on other employees may be burdensome. Further, a time period of one year is necessary to ensure that the Fund launch is not delayed because of the certification requirement	
303	26(2)	To clarify that the regulated scheme(s) include Schemes in India as well as outside India. Further to clarify that in case the Fund Manager of the Scheme is regulated, the same would be sufficient	In certain foreign jurisdictions, the Fund is not regulated but the Fund Manager is regulated. Further, the RBI had also issued a Circular on 7 June 2024, providing that Overseas Investment can also be made in a Fund which whose activities are regulated by financial sector regulator of host country through a fund manager. Thus, this clarification is necessary.	
304	32	The minimum investment per investor should be reduced to USD 125,000 (for all investors except accredited investors and employees) and USD 31,250 for employees of the FME	Reducing threshold to some extent for non-accredited investors including for employees or directors or designated partners of the FME for will allow increase investor participation base in the Non-Retail Scheme. This would also be at par with the requirements under the SEBI (AIF) Regulations,	
305	132	The proposed requirement that Custodian shall be based in an IFSC, should be relaxed where SEBI registered Custodian is appointed for the securities issued in India. IFSC based Custodian may be mandated for securities issued and subscribed within IFSC.	Appointment of Custodian for securities issued in India i.e. SEBI jurisdiction should not be mandatorily required to have IFSC based Custodian	
306	Additional Point	Allow FME to invest additional money/ income earned by it in Indian securities	Since Fund manager entity in India is allowed to invest surplus Funds in the Indian stock exchange, FMEs in the IFSC should also be permitted to invest in Indian securities. Safeguards may be put in place to avoid round tripping	
307	Additional Point	Reduce the amount of application and annual fees: 1. IFSCA shall consider the application fee for launch of the first scheme to be based on target AUM enabling smaller funds to achieve break even earlier	Under the IFSCA (FME) Regulations, 2022 ('the FME Regulations'), an FME is required to pay an application fee of up to USD 22,500 for filing the private placement memorandum with the IFSCA. While we understand the rationale behind such fees, we believe that they can prove to be	

		2. Annual recurring fees must be reduced and even if they must be charged, they should be linked to AUM with a small minimum and cap at the upper end 3. Application fees for launching subsequent schemes must be significantly reduced and again linked to target AUM with a small minimum and cap at the upper end	excessively prohibitive for FMEs starting with small fund size. Such FMEs are vital to the ecosystem as they are often set up by professional entrepreneurs and are likely to differentiate themselves by delivering value. As such, they can play a big role in the growth of the ecosystem. The assets they raise over time will come to them not because of reputation or strong channel presence but because of their performance. An upfront cost of $22,500 for every scheme the FME launch is prohibitive and pushes up the breakeven AUM to a very high level and thus deters the FME from offering a range of strategies that they are capable of to potential clients. Most of the FMEs have expertise to manage funds invested in Indian Equities and funds invested in global equities and for various regulatory reasons, these must be kept as two strategies separate. Unlike the SEBI AIF Regulations where every AIF requires individual registration and incurs associated fees, the FME Regulations emphasize on the registration and regulation of the FME itself, rather than the investment schemes directly. This distinction warrants a reconsideration of the fee structure, particularly concerning subsequent investment schemes launched by the same FME. With no drop in fee for subsequent schemes, the scale benefits are diminished. In our estimate, breakeven for any scheme launched in IFSC can be brought down by 20% or so by reducing the fee for additional schemes from $22,500 to say $2,000 and link the same to AUM. Furthermore, it is important to note that FMEs are also subject to annual recurring fees of $2,000. This cumulative financial burden, coupled with the substantial costs associated with launching investment schemes, can act as a deterrent for new entrants and stifle the growth of the financial ecosystem within the IFSC.	

308	26 (2). In line with the investment valuation norms, the assets of the scheme may be valued by an independent third-party service provider, such as a fund administrator or custodian, registered with the Authority, a valuer registered with Insolvency and Bankruptcy Board of India or such other person as may	Category-1 Merchant bankers and Global consulting firms or leading valuation firms with minimum experience of 10 years, subject to approval of majority of fund investors should be included	• It is to be noted that Category-1 merchant bankers registered with SEBI have been carrying out several valuations for large global funds operating in India with their Indian offices/ funds registered with SEBI. Most of these funds use global consulting/ valuation firms to value their investment holdings across the globe and India. • Further, Category 1 merchant bankers perform valuations including that for FEMA and Income tax purposes. They also provide fairness opinion services which help boards of directors in taking critical decisions to protect minority shareholders in case of deals involving listed companies. • As per the current provisions, an independent third-party service provider registered with the Authority can perform valuations, and while the current regulation does not exclude Category 1 merchant bankers or global valuation firms, the current proposal does not specifically include such firms. • The global financial centers such as Dubai, Abu Dhabi and Singapore does not limit or exclude any special category of valuation firms and only require independent, qualified, and professional third-party valuation firms to provide independent and objective valuation services. • Hence, both Category-1 Merchant bankers and Indian subsidiaries of global consulting / valuation firms should be included in the definition of independent valuer. • Valuation of unlisted securities is a subjective matter expertise and hence person signing the report should have a minimum of 10 years of relevant valuation experience in this field.	• Practices Prevalent in other financial centres: The current regulation of Dubai Financial Services Authority, Abu Dhabi Global Markets International Financial Centre, allows appointment of a person who is qualified and is able to provide professional valuation services, that is, independent and objective. Further, Monetary Authority of Singapore suggests that unquoted investments should be valued by a person approved by the trustee (or the VCC Directors, in the case of a scheme constituted as a VCC or is a sub-fund thereof) as qualified to value such assets. Potential impact of the suggestion • Most of the multi-national funds follow accounting standards based on their country of origin which may have a different compliance requirement; therefore, these multi-national funds would prefer to have one professional and independent valuation firm to provide valuation services across jurisdictions including India. Hence, allowing Indian subsidiary of global consulting firms or valuation firms with relevant experience would provide ease of doing business for foreign funds operating or planning to operate under IFSC

	be specified by the Authority			
309	7(3)	Appointing additional KMP by Authorised FME and Registered FME (Non-retail) managing Assets under management ('AUM') of at least USD 1 billion • To enhance the ease of doing business, it is suggested that the requirement to appoint an additional KMP should not be extended to Authorised FME and Registered FME (Non-retail). This will reduce undue financial and operational pressures on Authorised FME and Registered FME (Non-retail), while still supporting effective regulatory compliance.	• Currently, the Authorised FME and Registered FME (Nonretail) are required to appoint the below mentioned 2 KMPs: 1. Principal officer - responsible for overall activities of the FME including but not limited to fund management, risk management and compliance; and 2. Compliance officer - responsible for compliance with regulations and ensure suitable risk management policies and practices at the FME. • The proposed amendment shall mandate Authorised FME and Registered FME (Non-retail) managing an AUM of at least USD 1 billion, to appoint an additional KMP with the responsibility of fund management, which shall lead to substantial operational and financial challenges to such FMEs. • Currently, FMEs face considerable difficulty even in recruiting 2 KMPs, due to stringent minimum educational qualification and experience requirements and lack of sufficient talent pool in the IFSC zone. Adding an additional KMP with the necessary educational qualification and experience requirements would enhance these challenges and result in significant financial and operational strain on such FMEs. • For Registered FME (Retail), the need for an additional KMP is justified given the involvement of retail money, higher number of investors and smaller ticket size, which increase risk and necessitate more robust oversight. • Conversely, Authorised FME and Registered FME	

			(Nonretail) do not deal with retail money and have limited investors and larger ticket size, which simplifies fund management processes and involve lesser risk. These FMEs have successfully managed their operations and complied with regulatory requirements with only 2 KMPs. • Accordingly, requirement of appointing additional KMP for Authorised FME and Registered FME (Non-retail) should not be imposed to enhance ease of doing business and reducing undue operational and financial pressures.	
310	7(5)	Certification requirement for employees of FME • To enhance ease of doing business, it is recommended to not mandate the requirement of undergoing certification(s) to the employees of FME.	• FMEs are required to appoint Principal officer and Compliance officer who oversee fund management and overall compliance respectively. Further, Registered FME (Retail) is also required to appoint additional KMP for fund management. • The KMPs possess the requisite educational qualification and experience as mandated by the FM Regulations to fulfill their roles effectively and are well-equipped to undertake their duties. • Given the requisite educational qualification and experience of the KMPs, imposing further additional certification requirements on such KMPs shall lead to unnecessary operational burden on the KMPs. • Further, other employees (i.e. employees which are not KMPs) handle operational and routine tasks like processing transactions, accounting and maintaining records, customer relationship, etc. Mandating certification for such employees does not align with their supportive and routine roles and functions. The costs and resources required for certifying all employees shall outweigh its benefits. • To enhance ease of doing business and reduce	

			operational burden on the employees, certification requirement for employees of FME should not be mandated.	
311	7(4)(b)	Minimum experience requirement for the role of Principal and Compliance officer It is suggested to also reduce the minimum experience requirement for the role of principal officer as well as compliance officer for members of the Institute of Company secretaries of India, the Institute of Cost Accountants of India, the, the Institute of Chartered Accountants of India ('ICAI') or any institution equivalent thereto in foreign jurisdiction, who has experience in financial services entity or has been part of compliance or risk management in an entity regulated by a financial sector regulator or a listed company. • Alternatively, the experience criteria applicable to the principal officer and compliance officer may be considered to be altogether removed and alternative eligibility criteria may be introduced such as such individual/s clearing NISM certification courses, specifically designed for IFSC regulatory regime.	• The minimum period of experience for the role of compliance officer has been relaxed only for company secretaries from 5 years to 3 years. • Chartered Accountants and cost accountants have a deep understanding of financial systems, business regulations and tax laws. Their expertise enables them to navigate the complex landscape of compliance with a high degree of proficiency. • Chartered Accountants and cost accountants possess extensive knowledge of laws, statutes, and risk management including internal controls and overall compliance. Their expertise in financial matters enhances their ability to manage compliance and reporting requirements effectively. Chartered Accountants are well suited for compliance roles like company secretaries. • Accordingly, the relaxation provided to company secretary for the minimum experience period should be extended to chartered accountants and cost accountants (who are member of their respective institute) for the role of compliance officer as well as principal officer . • Further, getting an experienced resource in IFSC is currently a challenge and hence it is proposed that IFSCA may consider alternative eligibility criteria for principal officer and compliance officer to encourage ease of business. It is submitted that such alternative arrangements (like an exam requirement as an option to meet eligibility norms) may provide flexibility to the FME entities to engage appropriately qualified professionals.	

312	9	Fit and proper requirements: • To consider reducing the proposed five-year disqualification period to the original three-year period to enhance ease of doing business within the IFSC.	• IFSCA has proposed to revise the timeline for declaring a person as “fit and proper” after the expiration of the period mentioned in the order passed by a regulatory authority. At present, under the FM Regulations, an entity is restricted from being considered as a 'fit and proper' for a duration of 3 (three) years following the expiration of the validity of such a regulatory order. • It has been proposed under the consultation paper that a timeline of 5 years from the date of such order is prescribed in case no specific period is given in such regulatory order. We understand that the proposed alignment of the ‘fit and proper’ provisions with the timelines specified in the order is based on the ‘principle of proportionality.’ However, the suggestion to extend the disqualification period to 5 (five) years in cases where no specific timelines are provided, is not in the best interest of the person against whom such order has been passed by the regulatory authority. • Generally, in the recent orders passed by the SEBI, it has been observed that the person is barred for maximum period of 1 (one) year from the securities market and considering the current timeline given in extant regulations, the person would not be considered as fit and proper for a total of 4 (four) years from the date of such order. However, with the proposed amendment, in case no period is mentioned in the order, then such person shall be barred for a total of 5 (five) years from the date of such order. This may create substantial challenges for market participants seeking to enter or operate within the IFSC framework. • With the intent of IFSCA’s ongoing efforts to develop a competitive regulatory regime with other developed jurisdictions, IFSCA may consider relaxing the proposed 5 (five) year disqualification	

			period and making it similar to the original 3 (three) year period to enhance the ease of doing business within the IFSC.	
313	19 & 31	Lower scheme filing fees in case of delay in declaring first close of the Scheme To consider reducing the scheme filing fee, limiting it to concessional rates in case if the FME fails to declare the first close within the stipulated timeframe provided under the FM Regulations for ease of doing business perspective.	• IFSCA has proposed via the consultation paper, to extend the validity of placement memorandum from 6 (six) months to 12 (twelve) months from the date of its filing with IFSCA, and additionally provided that on failure of the FME to declare first close of the scheme by achieving the minimum corpus provided under the FM Regulations within the stipulated timeline of 12 (twelve) months, the FME would be required to refile the placement memorandum by paying the full fee as applicable to the scheme. • While we understand and appreciate the IFSCA's intent to align these provisions with SEBI's framework (which prescribe a timeline of 12 (twelve) months for first close of the scheme, failing which AIF is required to file a fresh application with SEBI by paying full fee as applicable on filing of a new scheme), unlike SEBI which permits a lower fee of INR 1,00,000 for launching a new scheme, the IFSCA's fee's structure for scheme filing is considerably high (i.e., USD 7,500, USD 15,000 and USD 22,500 as applicable). • In this regard, we request that IFSCA may consider reducing the application fee for re-filing of scheme, limiting it to concessional rates in case the scheme fails to declare the first close within the stipulated timeline.	

314	28 & 40	Removal of maximum ceiling limit for contribution by the FME or its associate in the Venture capital scheme and Restricted scheme in certain cases • It is suggested to clarify the definition of the term 'Indian Resident' to mean a 'person resident in India' as per the Foreign Exchange Management Act, 1999. • It is suggested to remove the proposed 33% (thirty three percent) limit for investing in an investee company and associates of such company in the proposed amendment.	• One of the conditions for non-applicability of cap on the contribution by the FME or its associate in the Scheme is that the FME and its associate, wherever applicable, are not Indian resident and do not have any Indian resident as their ultimate beneficial owners (emphasis applied). • However, the term 'Indian resident' is not defined in the proposed amendment. The meaning of the term 'India resident' is different in various statutes like FEMA, income tax. • Accordingly, to provide clarity, the term 'Indian Resident' should be defined in the FM Regulations to mean a 'person resident in India' as per the Foreign Exchange Management Act, 1999. • Under the current Indian regime, several restrictions, limitations and conditionalities are applicable on foreign investments in India. Therefore, keeping an additional limit of 33% (thirty three percent) would not achieve the objective of ease of doing business. • Additionally, we have not seen such stringent limits being provided in any developed jurisdiction like Singapore, Mauritius or Dubai. • Accordingly, the proposed 33% (thirty three percent) limit for investing in an investee company and associates of such company in the proposed amendment should be removed.	

315	35 & 47	Investment diversification norms for fund of fund schemes • To provide parity to retail schemes in line with restricted schemes, it is suggested to provide exemption from investment diversifications norms to retail fund of fund scheme, if the master fund fulfills the said investment diversifications norms. • Further, limit of 25% limit should be removed for all Restricted and Retail fund of fund schemes i.e. open ended fund of fund as well as close ended master fund.	• In case of a fund of fund structure, the investors shall pool money in feeder fund which shall feed in the master fund, which shall make investments in permissible securities. • The investment diversification norms should be levied only at the master fund level and not on the feeder fund. • Exemption from investment diversification norms is proposed to be granted to open ended restricted fund of fund scheme, if the master fund fulfills the investment diversification norms. • A similar exemption from investment diversification norms is required to be provided to retail fund of fund scheme. • Further, we request IFSCA to remove such restrictions on a Restricted or Retail fund of fund scheme rather than providing exceptions only for Open ended scheme since an open-ended scheme may invest in open ended as well as close ended schemes. Further, various jurisdictions also allow open ended schemes to invest in close ended schemes with no such restriction and hence, such limitations would restrict the market participants to create a fund of fund schemes in IFSC.	

316	23, 35 and 47	Remove requirement of minimum Corpus Size in case of fund of fund structure • To consider removing the minimum size criteria for fund of funds scheme acting as a feeder fund and solely investing in the master fund.	• IFSCA has proposed to reduce the size of the venture capital scheme, restricted scheme (non-retail) and retail scheme to USD 3 million from USD 5 million). We understand that such move is being taken to attract the market participants who are facing challenges in launching the schemes with such corpus size. • Hence, to enhance the competitiveness of IFSC and align its regulatory framework with the practices of other mature jurisdictions, it is recommended that IFSCA may consider removing the proposed minimum corpus requirement of USD 3 million) provided under the FM Regulations, for the fund of fund schemes. • Further, it may be noted that as per the FM Regulations, a fund management entity's minimum capital contribution in a scheme shall stand exempted if it invests in a scheme, which is a fund of fund scheme, investing in a scheme with similar requirements. A corollary may be drawn to the minimum corpus requirements of the fund established in IFSC, which seeks to invest solely in the master fund, and the master fund already complies with a similar minimum corpus requirement. • Therefore, we humbly request IFSCA to grant a relaxation from complying with this requirement of minimum corpus before making investments in the master fund, under for the fund of fund scheme, investing in a scheme with similar requirements.	
317	8 read with schedule II	Clarity on investment avenues where net worth of the FME can be deployed. • To provide clarity to the FMEs in IFSC, it is suggested to provide regulatory guidance on the	• Given the lack of clarity regarding permissible investment avenues, the funds of the FME are lying idle in the FME's bank account, leading to substantial opportunity costs. • The FME should be allowed to deploy its net worth	

		permitted investment avenues where the net worth of the FME can be deployed	in money market as well as capital market instruments in IFSC, India and foreign jurisdictions.	
318	Relocation of Funds	Multi share/unit class structure for relocated funds in IFSC • In case of relocation of offshore funds having multi share/units class structure to IFSC, it is suggested to allow such relocated fund in IFSC to have similar multi share/units class structure	• In offshore jurisdictions like Mauritius and Singapore, funds are allowed to issue multi-class shares/ units representing segregated portfolios/assets and liabilities for each share/unit class. • A multi share/ unit class structure is essential for providing flexibility to investors. It caters to different types of investors with varying needs and investment goals. This structure enables the creation of different share classes within a single fund, each with distinct investment strategies, fee structures, investment portfolio and risk profiles. • In case where offshore funds having multi class structure wishes to relocate to IFSC, it will lead to commercial and operational challenges for the investors given currently such structure is not allowed in IFSC. • To provide flexibility to investors of offshore funds relocating to IFSC and promote onshoring the offshore, it is recommended to allow relocated fund in IFSC to have multi share/units class structure.	
319	29 and 41	Lack of clarity on co-investment vehicles or SPV structure • It is recommended that IFSCA should issue detailed guidelines on co-investment by Scheme in IFSC through: (1) SPV structure (2) segregated portfolio by issuing same class of units	• Currently, FME is required to launch separate Scheme for carrying out co-investment. • IFSCA has already permitted co-investment structure to Schemes in IFSC. However, due to lack of clarity on operational aspects, industry players have not implemented such structure. • Clarity on this shall enable FME players to offer co-investment products to its investors.	
320	31	Filing of PPM with IFSCA prior to launch of Scheme and receipt of comments For FMEs to plan the launch of Scheme and discuss and agree terms of the PPM with anchor investors and other investors, it is imperative that	• Fund raise is an integral part of the business of the FMEs. Fund raise is important for implementing investments in target companies identified by the FME. Target companies have various suitors as investors. For FMEs to participate in any round of investment in the target company, they need to be	

		the comments from IFSCA are received within a specified timeline post filing the PPM. Any comments from IFSCA received post agreeing terms with investors, will lead to unwarranted discussions and plausible conflict with investors which could derail the fund raise.	ready with the Fund in place loaded with investor commitment. • For FMEs to have conclusive discussions with investors in a time bound manner and seal their commitments, the PPM needs to be crystallized with inputs from the IFSCA. Such comments need to be received in a time bound manner and post deliberations and discussions, the PPM can be rolled out to investors. • If a time -limit is not provided within which comments from IFSCA are to be received, the FMEs could potentially miss investing in the desired target companies leading to loss of credibility to close deals in the eyes of investors.	
321	2(gg) and 32	Create / enable / facilitate setting up and running of employee benefit trusts within GIFT under IFSCA regime	• For FMEs, allocation of differentiated returns arising from schemes under management is of utmost importance. As FMEs strengthen their presence in GIFT, senior employees and KMPs are incentivized with share in differentiated returns of schemes under management. A common way of structuring such share in differentiated returns is an employee welfare / benefit trust. Currently, there is no enabling framework for creation of such trusts and allotment of differentiated returns to such trusts. • Start -ups and growth companies incentivize their employees and KMPs by way of ESOPs / MSOPs. Typically, such ESOPs / MSOPs are settled in a trust and are tagged with eligibility and vesting conditions. As companies grow, the trust becomes a vehicle for keeping ESOPs / MSOPs rolling over years and across various levels of employees and KMPs. This is a common practice amongst various listed companies.	

322	Relocation of Funds	Relaxations required to facilitate relocation of offshore pooling vehicles to GIFT - IFSCA • Permit offshore funds to relocate to GIFT with the existing commercials agreed with investors and offshore manager / advisor • Relaxation from minimum commitment to existing investors	• Any Offshore Fund which is in existence, would have an agreed set of commercials, investment strategy, commitments at inception and operationalised drawdowns and investments. Increasing commitment of any investor at the time of relocation will result in distorting the fund construct, unit / share capital structure, agreed commercials and could adversely affect IRR and derail relocation to GIFT • For existing offshore funds, commitment of investors may be below the minimum requirement of USD 150,000 as per FM Regulations. Also, such funds may be well past the final closing and therefore any change in commitment will distort the fund construct. • While funds dealing in listed securities have relocated to GIFT, VC / PE funds are yet to attempt relocation to GIFT. If the relocation framework supports the above, it should open flood gates for such funds to actively consider relocating to GIFT. • The relaxations will also act as a catalyst for SWFs, offshore institutional fund managers (being LPs of PE / VC funds) to familiarize themselves with GIFT and IFSCA regimes and consider relocating existing vehicles / setting up new fund vehicles in GIFT.	

323	2(gg) and 32	Removal of ceiling for number of investors in restricted scheme • It is recommended to remove the ceiling on the number of investors in the restricted scheme.	• Removing the ceiling on the number of investors allows funds to operate more smoothly, as they are not required to launch a new scheme when the number of investors exceeds the threshold of 1,000. • For investors, this change is advantageous because it eliminates regulatory barriers, enabling them to invest in their preferred funds that align with their risk-return preferences. Currently, if a fund reaches its investor limit, new investors are prevented from onboarding in the fund. • Overall, removing the ceiling offers investors more alternatives and provides fund managers with greater regulatory flexibility.	
324	7	Appointment of Principal Officers and Key managerial personnel(s) (KMP) • It is suggested to consider eliminate the current requirement of obtaining consent from IFSCA for change in KMP of the FME set up in IFSC.	• Under the extant regulations, any change in KMP of a FME (including the PO and CO) registered under the FM Regulations requires prior approval from the IFSCA, accompanied by a fee of USD 250 (United States Dollars Two Hundred and Fifty), as outlined in Schedule II of the May 2023 Circular referred in the preceding column. • Due to lack of manpower in the IFSCA and intense competition between various FMEs established in IFSCA inter -se, we have witnessed scenarios, where such KMP have resigned from the FME within few days of FME getting approval from the IFSCA or launching the schemes, thereby leaving the FME without adequate manpower to run its activities. While there should be adequate checks and balances for such FMEs to appoint these KMP as soon as possible, additional safeguard like prior permission from the IFSCA for effecting such change in KMP should be reconsidered. • It is important to note that the roles of the KMP of a FME are comparable to those of the key investment team members of an investment	

			manager. Our suggestion given in the above paragraph are in line with the extant SEBI regime (as provided under the SEBI (Alternative Investment Funds) Regulations, 2012, where only intimation to SEBI and investors is required for changes in the key investment team. The aforesaid provisions of the SEBI Master Circular for Alternative Investment Funds dated May 07, 2024 is reproduced below for your reference: • "13.1.2. For the purpose of provisions of AIF Regulations, 'key management personnel' shall mean: (i) members of key investment team of the Manager, as disclosed in the PPM of the fund; (ii) employees who are involved in decision making on behalf of the AIF, including but not limited to, members of senior management team at the level of Managing Director, Chief Executive Officer, Chief Investment Officer, Whole Time Directors, or such equivalent role or position; (iii) any other person whom the AIF (through the Trustee, Board of Directors or Designated Partners, as the case may be) or Manager may declare as key management personnel. • 13.1.3. AIFs shall disclose the names of all the key management personnel of the AIF and Manager as specified in para 13.1.2 above, in their PPMs. Any change in key management personnel shall be intimated to the investors and the Board." • In light of this, we respectfully suggest that IFSCA may consider revisiting the approval requirement for change in KMP of the FME.	

325	22, 34 and 46	Warehoused investments and proprietary trading • To seek clarification as to whether (i) the funds set up under the FM Regulations could engage in warehoused investments and (ii) the FME incorporated in IFSC could carry out proprietary trading, with appropriate disclosures to investors of the funds in the private placement memorandum.	• Although, through consultation paper, IFSCA has proposed the clarification on the jurisdiction of these permitted investments, no clarity has been provided as to whether the FME can (i) make the warehoused investments, and (ii) carry out proprietary trading, with appropriate disclosures to investors of the funds as provided in the private placement memorandum. • Warehousing and proprietary trading are important for FME to tap on capitalization of market opportunities. Warehousing allows the FME to secure assets at advantageous prices, thereby mitigating the risk of price volatility before the assets are incorporated into the fund. • The lack of explicit regulatory guidance on these investment strategies can potentially impact FME's operational efficacy. It is, therefore, imperative that IFSCA, provide unequivocal guidelines regarding the permissibility of warehousing investments and proprietary trading by FMEs. Such regulatory clarity would ensure that all FMEs operate within a uniform framework, thereby enhancing transparency and safeguarding investor interests.	

326	31	Timeline for filling revised PPM in case of material change • It is suggested to provide a timeline for filing the revised placement memorandum in case of any material change in the information provided in the placement memorandum.	• Under the extant FM Regulations, any material changes in the information of the PPM should be immediately informed to the IFSCA by the FME. This is onerous provisions, as during the fund raising, due to the negotiations with the investors, PPM undergoes a lot of changes and filing a revised PPM immediately after the changes is made is creating operation havoc for the FME. • Reference can be taken from the SEBI (AIF Regulations), 2012 which provide that changes in the information in the PPM and other terms of the fund document can be submitted within 1 month from the end of each financial year. • Hence, we request IFSCA to provide a certain timeline within which such changes in the information provided in the PPM should be filed by FME with IFSCA.	

327		No express prohibition on issuance of primary and secondary classes of units to the investors. • It is our recommendation to permit funds in IFSC to issue primary and secondary classes of units wherein distributions to the holders of the secondary class units are made only after the obligations towards the holders of the primary class units are met. • To protect the interest of the investors, the following safeguards can be introduced: (i) the distribution model should be expressly disclosed in the PPM; and (ii) only institutional investors or accredited investors should be permitted to subscribe to the secondary class units	• This model has also been promoted by Hon'ble Finance Minister Nirmala Sitharaman, in both the Union Budget 2022 and in Union Budget 2024, which advocates the blending of (concessional) capital to increase the amount of private capital invested in various sectors, such as high impact climate and sustainable development focused businesses and innovations. • Such models are permitted in various other global jurisdictions as well. For instance, the U.S. Court of Appeals (Fifth Circuit of New Orleans) has rejected the Securities and Exchange Commission's ("SEC") 'Private Fund Advisers Rule' ("Rule") which among other restrictions intended to stop giving some investors preferential treatment over redemptions and preferential information about portfolio holdings. The Court held that such rules weren't necessary for the "highly sophisticated" investors and such strictures should not be applied for private funds. Other offshore jurisdictions (such as Singapore) permit a similar payout model too, as long as its appropriately disclosed and all the investors are aware of the same (including commercial implications of such arrangements on different set of investors), at the time of their onboarding. • Therefore, IFSCA may consider permitting such structures in IFSC	
328	6	Track Record and Reputation of Fairness <u>Our suggestion/ recommendation:</u> • To improve the ease of doing business, it is recommended that the requirement for at least one individual to be in control of FME and holding more than twenty-five percent (25%) shareholding in the FME should be extended to include groups of individuals or persons acting in concert collectively holding more than twenty-	This change aims to provide ease of doing business by ensuring that applicants with multiple individuals having adequate experience in the financial services sector and controlling the FME are able to set up in IFSC. Extending the shareholding requirement to groups of shareholders collectively, rather than just a single individual, broadens the pool of qualified stakeholders. This adjustment is likely to foster more knowledgeable and	

		five percent (25%) shareholding and having control in the FME, with each of the individual also having at least five (5) years of experience in financial services.	experienced management, leading to better decision-making and potentially enhanced stability and trust in FMEs, which can attract more investors.	
329	6	Track Record and Reputation of Fairness Our suggestion/ recommendation: To provide ease of doing business and ensure adequate safeguards, it is recommended that the criteria for soundtrack for new generation fintech companies should be to have a higher networth say for instance, USD 3 million as opposed to USD 1 million in case of other Registered FME (retail) entities.	This proposal aims to serve the dual purpose of enabling new generation fintech companies without prior experience to get a license, while still ensuring that adequate safeguards are in place for entities obtaining an FME (Retail) license. This may be akin to the regulation 21 of the SEBI (Mutual Fund) Regulations, 1996, which provides for a higher networth requirement for Asset Management Companies that are unable to satisfy the routine track record criteria.	
330	35(2)	Minimum size of the restricted schemes: Our view: The proposed consulting paper recommends the minimum size of the Restricted Schemes to be USD 3 Million from the erstwhile USD 5 Million. This is a welcome move and will now allow the fund managers to launch the AIFs in GIFT IFSC and operationalise it quickly.		
331	77(1)	Minimum investment requirement under PMS: Our View: The proposed consulting paper suggests a minimum investment amount under PMS of USD 75,000 from USD 150,000. We sincerely appreciate the change in the regulation. This move will help wider participation from the investor community bringing in more capital infusion through GIFT IFSC jurisdiction. We are glad that the Regulator is considering the proposed changes that will compliment the global minimum threshold investment limits. This will allow more capital movements through the IFSC jurisdictions than the erstwhile offshore jurisdictions.		
332	77(2)(ba)	Direct funding by the investors to the prime broker's account:		

		Our View: The proposed consulting paper suggests that the client can maintain funds with a specific account of the client maintained with a regulated broker dealer in IFSC, India or a Foreign jurisdiction. We sincerely appreciate the proposed change to enable direct transfer of the funds from Clients personal bank accounts to the account of a broker-dealer without having the requirement of opening up a separate bank account. The proposed move shall remove the operational hurdles which are being currently faced by the clients as well the FMEs and lead to an increase the pace of onboarding the clients and smoothly carrying out business transactions.		
333	47(3)	We recommend providing an exception to this provision for retail schemes investing exclusively in InvITs & REITs.	InvITs & REITs inherently hold a well-diversified portfolio of assets, addressing diversification criteria at the trust level itself. In case an InvIT holds an asset portfolio of at least 10 separate Assets (Concession Agreements) the diversification criteria should be considered as met. Consequently, imposing a cap at the scheme level can be restrictive and unnecessary.	
334	47(4)	We recommend providing an explanation stating that the schemes investing exclusively in InvITs or REITs would be considered as Thematic schemes and hence won't be subject to limits on sectoral cap.	Definition for thematic schemes should clearly include schemes investing in InvITs or REITs exclusively to avoid ambiguity.	
335	32(1) & 32(2)	1) It is suggested to reduce the minimum amount of investment of USD 150,000 in case of restricted scheme. 2) Restricted schemes shall not have more than one thousand (1000) investors	The minimum investment criteria have been highlighted as a hinderance for launching schemes in IFSC. Due to this restriction, several investors who plan to invest are detracted from opting IFSC as their base. The Base trading lot for units of a privately placed InvIT is being reduced to Rs.25 Lakhs. It is suggested that the trading lot be aligned to this trading lot size i.e. approx. USD 30,000.	

			It is also to be factored that we would also be reaching out to accredited Investors who could be permitted to invest with lower investment thresholds.	
336	47(1), 47(2)	Clause 47(1) and (2) of the IFSCA (Fund Management) Regulations, 2022 ("FME Regulations"), prescribes the following investment criteria for a Retail scheme: -In case of open-ended schemes, the maximum investment in unlisted securities should not exceed fifteen percent (15%) of the total Asset Under Management (AUM) of the schemes. -The minimum amount of investment by an investor in case of close ended schemes investing more than fifteen percent (15%) in unlisted securities, shall be USD 10,000. It would be relevant to note that schemes of Mutual Funds which are regulated by The Securities and Exchange Board of India (SEBI) may be considered as unlisted securities. Accordingly, there exists an ambiguity whether Retail Funds launched in GIFT IFSC as feeder funds would be permitted to invest in domestic mutual fund schemes in excess of the limits prescribed as per Clause 47(1) above. It is therefore recommended that the term unlisted securities be replaced with securities of an unlisted company, which will then exclude such feeder retail funds in GIFT IFSC from the investment restriction criteria as per Clause 47(1) above. This recommendation is also in line with Clause 35 (1) of the FME Regulation for restricted schemes (non-retail), which provides that for		

		open ended non-retail schemes, the maximum investment in securities of unlisted companies should not exceed twenty- five percent (25%) of the corpus of the schemes.		
337	6	Reduction of Experience Requirement: We propose reducing the experience requirement for Retail FMEs from five years to three years, which would allow newer and innovative fund managers to enter the market while ensuring adequate investor protection. Reduction of Investor Base Threshold: We recommend reducing the minimum investor threshold from 25,000 to 2,500. It is worth considering that AIF-promoted non-retail FMEs are regulatorily restricted to reach more than 1,000 investors per scheme. Therefore, they are inherently in an disadvantageous position to compete in number of client criteria.	Lack of Vintage but Proven Expertise: While most non-retail FMEs and their Indian counterparts (including AIFs) possess significant experience managing large AUM, they may not necessarily meet the five-year experience requirement. These FMEs do, however, have the expertise of operating in a regulated environment and managing sophisticated investors such as NRIs and foreign individuals—who are also the primary target audience for retail schemes in IFSCA. Operational Capabilities via RTAs: Indian AMCs, most AIFs, and non-retail FMEs already use the services of Registrar and Transfer Agents (RTAs) and professional Administrators for onboarding and servicing investors. The same infrastructure and services can be leveraged to efficiently manage a larger investor base under the proposed Retail FME framework by new age Retail Funds. Fostering Innovation for Targeted Investor Needs: Currently, many non-retail FMEs primarily act as feeders to Indian AMCs and their mutual fund schemes, limiting innovation and the ability to cater to the specific needs of target investors. If non-AMCs are permitted to take Retail FME licenses, they will likely introduce more diversified investment options and create tailored schemes, particularly for NRIs and foreign investors.	

IFSCA Response:

During the public consultation, comments were received from various stakeholders. The proposal was suitably modified based on the comments received from the stakeholders and placed before the Fund Management Advisory Committee (FMAC). Pursuant to recommendations of FMAC, the revised proposal was placed before the Authority in the meeting held on December 19, 2024. The comments received from the stakeholders were also placed before the Authority.