

STRUCTURING OF ANGEL FUNDS IN GIFT CITY



INDIA JURIS
International Law Firm

4 July 2025

REGULATORY LANDSCAPE

IFSCA (FUND MANAGEMENT) REGULATIONS, 2025

The IFSCA (Fund Management) Regulations, 2025 provide the regulatory framework for Fund Management Entities (FMEs) operating in GIFT IFSC. This regulation governs the launch and management of various fund schemes, including Angel Funds as a sub-category of Venture Capital Schemes, ensuring compliance, investor protection, and operational flexibility.

ANGEL FUND FRAMEWORK

The Angel Fund Circular dated July 1, 2022 titled, Angel fund under IFSCA (Fund Management) Regulations, 2022, lays down the specific framework for setting up and operating Angel Funds in IFSC. It provides detailed guidelines on eligible investments, investor requirements, fund structure, and compliance norms tailored for early-stage financing.

REGULATORY LANDSCAPE – FME Regs.

FUND MANAGEMENT ENTITY

1. Authorised FME
2. Registered FME (Non-Retail)
3. Registered FME (Retail)

SCHEMES

1. Venture Capital Schemes
2. Restricted Schemes (Non-Retail)
3. Retail Schemes

OTHERS

1. Portfolio Management Services
2. Investment Trusts
3. Family Investment Funds

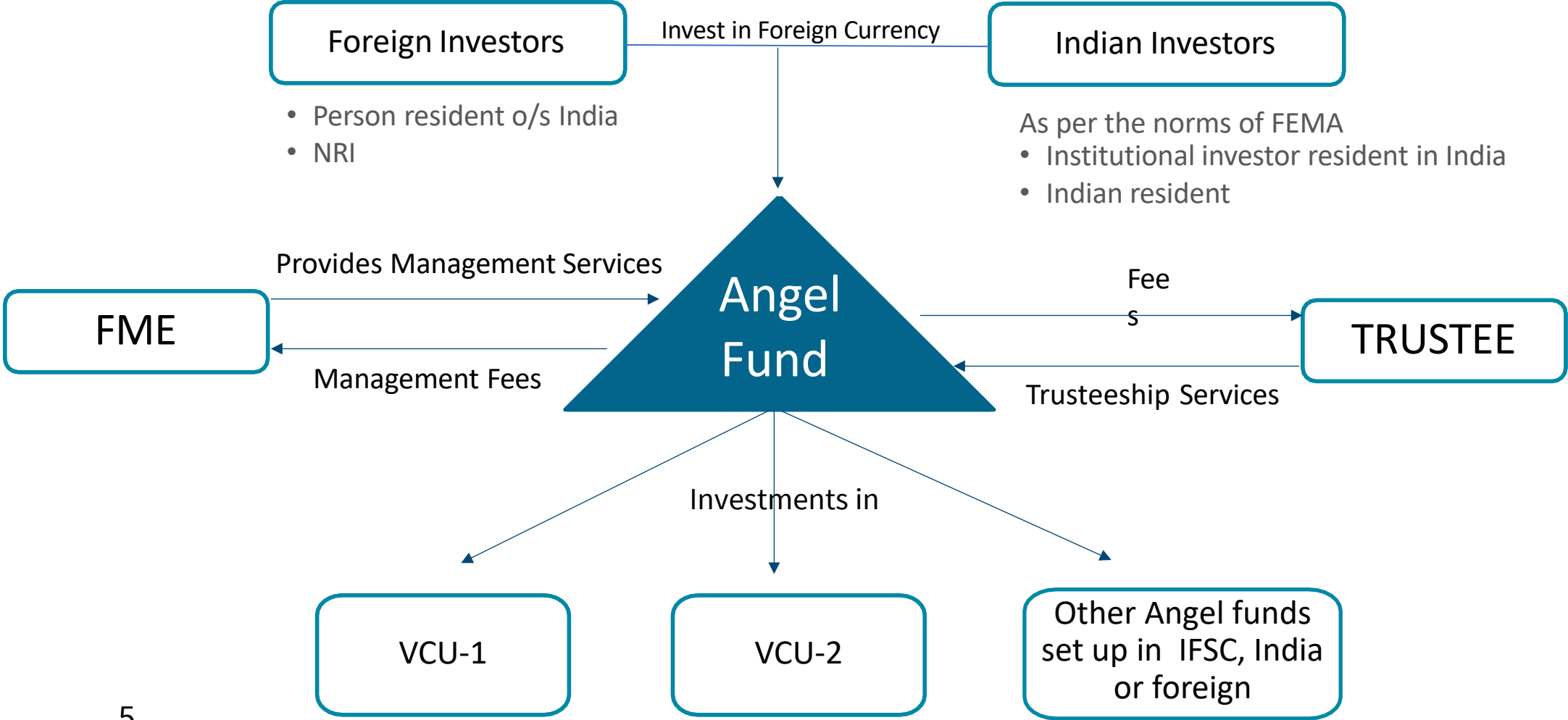
ANGEL FUND

A sub-category of a Venture Capital Scheme specified under Part A of Chapter III of the IFSCA (Fund Management) Regs. 2022, that raises funds exclusively from angel investors and makes investments in accordance with the provisions of Angel Fund Framework dated July 01, 2022.

It invests in an early- stage VCU or other regulated Angel Funds/ Schemes, subject to strict eligibility and conflict-of-interest restrictions.

Each investment is structured through a segregated portfolio, with separate classes of units issued to the consenting angel investors on a private placement basis.

STRUCTURE OF ANGEL FUND IN IFSC



FUND DOCUMENTATION

PPM

Private Placement Memorandum is a detailed document of Fund related to objectives of Fund, legal, regulatory and tax considerations, history of FME and associates and helps investor in decision making

CONTRIBUTION AGREEMENT

It is an agreement detailing the information about investment in Fund. Signed between Fund, FME and investor(s).

TRUST DEED

If the Fund is formed as TRUST

TRUSTEE AGREEMENT

Agreement is signed by the FME with Trusteeship service provider to act as Trustee to the Fund

INVESTMENT MANAGEMENT AGREEMENT

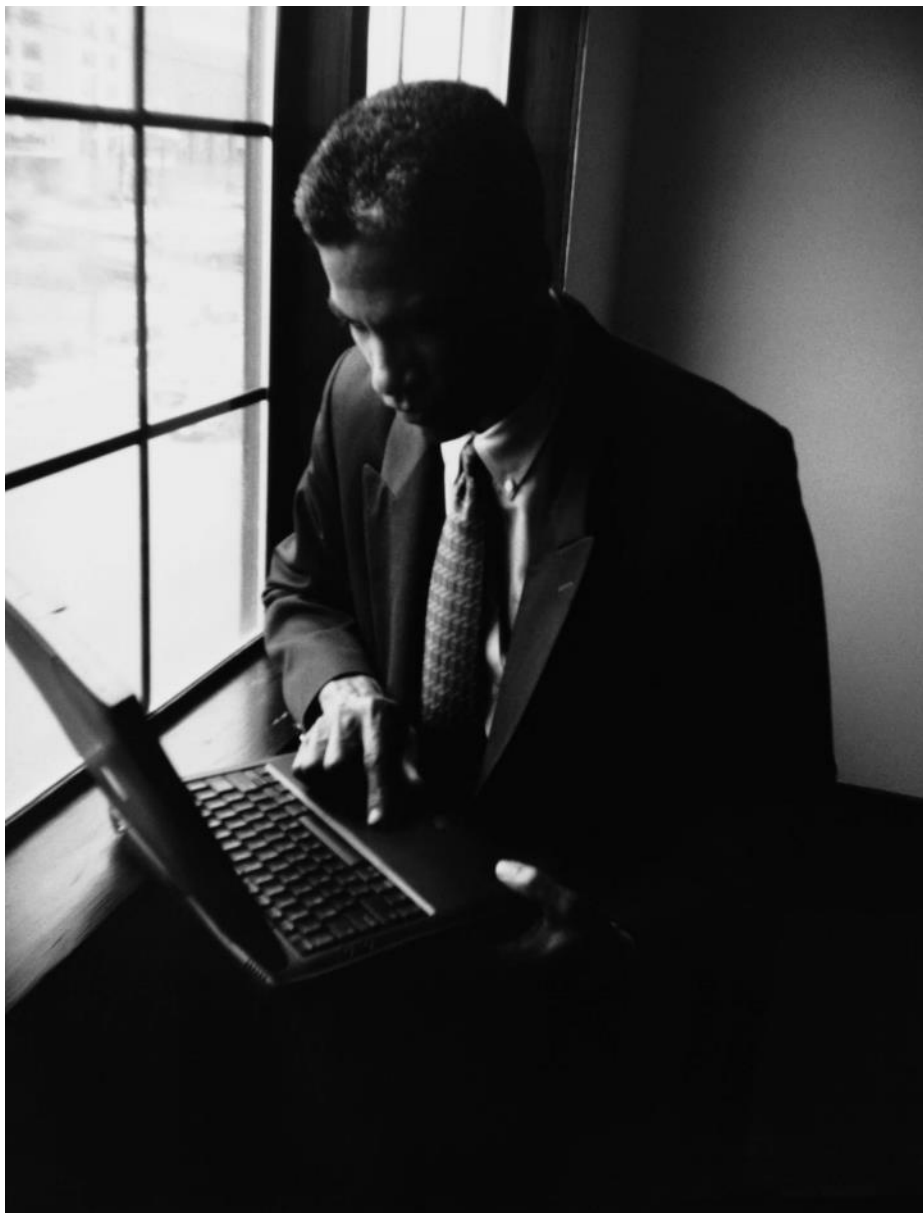
Its an agreement detailing of activities for managing the investment by the Fund. Signed between FME and the Trust through Trustee.

PERMITTED INVESTMENT

1. IN VENTURE CAPITAL UNDERTAKING - ELIGIBILITY OF VCU

- A. Incorporated within 10 years of the investment.
- B. Annual Turnover should be less than USD 20 million, since incorporation.
- C. Engaged in innovation or development or improvement of products/service.
- D. Not belong to an Industrial Group with turnover exceeding USD 50 million.
- E. “Industrial group” refers to a group of body corporates that are either founded by a common founder or immediate relatives or are connected through parent- subsidiary relationships or are associates, subsidiary or holdings companies under common ownership or management.

2. IN OTHER ANGEL FUNDS SET UP IN IFSC, INDIA OR FOREIGN



FME FOR ANGEL FUND

TYPE - Authorised FME

FORM - Company, LLP or a Branch

NETWORTH - USD 75,000, to be maintained at all times

PHYSICAL PRESENCE IN GIFT IFSC - Yes

MIN. EMPLOYEE - 1 PO with 5 yrs experience

LAUNCH OF SCHEMES - Upon Filing of PPM with IFSCA

FME CONTRIBUTION - 2.5% of Target Corpus ; or
USD 20K, whichever is less

* The contribution requirement by the FME may be waived by the investors

Highlights of Angel Fund Scheme

LEGAL STRUCTURE

Company, LLP or Trust

CORPUS

USD 1 Mn < > USD 200 Mn

FIRST CLOSE

USD 1 Mn within 12 months
of PPM approval

TYPE

Close Ended

MAX. INVESTORS

Less than 200 investors
per portfolio scheme

MIN. CONTRIBUTION

Accredit Investor – NA
Others – USD 40k over 5 years

VALUATION FREQUENCY

Yearly

LEVERAGE

Angel schemes shall not undertake
leverage in any of the segregated portfolio

CUSTODIAN

If AUM > USD 70 Mn

TENURE

Min. 3 yrs. Extension up to
2 yrs with consent of 2/3rd investor's

INTERNAL POLICIES

1. Valuation Policy
2. Conflict of Interest Policy
3. Investment Policy
4. KYC, AML & CFT Policy
5. Governance Policy
6. Distribution Policy
7. Privacy Policy
8. Policy for Prevention of Sexual Harassment
9. Prohibition of Insider Trading Policy
10. Cyber Security and Cyber Resilience Policy
11. Gift and Entertainment Policy
12. Business Continuity Plan

** As may be applicable depending upon PPM*



THANK YOU



INDIA JURIS
International Law Firm

NEW DELHI MUMBAI BENGALURU GURUGRAM GIFT CITY