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International Law Firm

POLICIES OF FUNDS & FMEs

GIFT City, IFSC



Banking Sector

Banking Assets
USD (\$) **93.85 Bn**
(as on Jun 30, 2025)

Cumulative Banking Transaction
USD (\$) **121.52 Bn**
(During Apr-Jun 2025)

Cumulative Derivatives trade (including NDF)
USD (\$) **86.64 Bn**
(During Apr-Jun 2025)



Capital Market

Avg. Monthly Turnover (IFSC Exchanges)
USD (\$) **99.31 Bn**
(During Apr-Jun 2025)

Cumulative Debt Listing on Exchanges
USD (\$) **65.13 Bn**
(upto Jun 2025)

Aggregate Open Interest of all Derivatives Contract
USD (\$) **13 Bn**
(As on Jun 30, 2025)



Fund Management

No of Fund Management Entities
177
(upto Jun 2025)

No. of Funds/Schemes Registered
272
(upto Jun 2025)

Total Commitments Raised
USD (\$) **22.11 Bn**
(upto Jun 2025)



Sustainable Finance

Total Sustainable Credit by Banks
USD (\$) **3.39 Bn**
(During FY 2024-25)

Cumulative ESG labelled Debt Listing on IFSC Exchanges
USD (\$) **15.43 Bn**
(as on Jun 2025)

No. of Debt Listings on IFSC Exchanges
2
(During Apr-Jun 2025)



Aircraft/Ship Leasing

No. of Registered Aircraft | Ship Lessors
34 | 30
(as on Jun 30, 2025)

No. of Aviation Assets Leased
253
(month ended Jun 2025)

No. of Ships Leased
23
(month ended Jun 2025)

IFSC BUSINESS HIGHLIGHTS

Total IFSCA Registrations **939***

Source
IFSCA BULLETIN | APR-JUN 2025

Types of Funds



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CAT-1 Venture Capital Scheme	invests primarily in unlisted securities of start-ups, emerging or early-stage venture capital undertakings. Raising from Accredited Investors or investors investing above USD 250,000, having less than 50 investors.
CAT-2 & 3 Restricted Scheme (Non-Retail)	means a scheme offered to Accredited Investors or investors investing above USD 1,50,000 and having less than 1000 investors.
Retail Scheme	a scheme offered to all investors, no ceiling as to number of investors; with min. 20 investors. Investment strategies includes investment in Social Ventures, Infrastructure, ESG sectors, specific sectors, certain themes such as infrastructure (thematic schemes), certain asset class (equity schemes, debt schemes, etc.) or a combination thereof or towards certain solution (retirement schemes, schemes for children education, etc.)

Types of FMEs

Authorised FME Reg.3(a) & Reg.20	<ul style="list-style-type: none">• Minimum net worth: \$ 75,000 (Sch. 2)• Can launch CAT-1 Funds / Schemes
Registered FME (Non Retail) Reg.3(b) & Reg.32	<ul style="list-style-type: none">• Minimum net worth: \$500,000 {\$ ½ million) (Sch. 2).• Can launch CAT-1 and CAT-2 Funds / Schemes
Registered FME (Retail) Reg.3(c)	<ul style="list-style-type: none">• Minimum net worth: \$ 1,000,000 {\$ 1 million) (Sch. 2).

Policies of Funds & FMEs (1/2)



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1. **Valuation Policy** (Reg.119(3)(b) + 6Sch.)
2. **Conflict of Interest Policy** (3Sch.Part D(b))
3. **Cyber Security and Cyber Resilience Policy** (Reg.122)
4. **Risk Management** (Reg 7(2) + 123)
5. **Investment Policy** (Reg.67(2)+3Sch.Part A(h) + AML, CFT & KYC Guidelines 2022)
6. **KYC, AML & CFT Policy** (3Sch.Part A(n))
7. **Advertisement Code Policy** (II Sch. Part F 26 of IFSCA (CMI) Regs, 2025)

Policies of Funds & FMEs (2/2)



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- 8. Governance Policy (Reg.72)**
- 9. Distribution Policy (4Sch.Part B(I)+Reg100)**
- 10. Gift and Entertainment Policy (3Sch.Part C (e)(x))**
- 11. Privacy Policy (IT Act 2000)**
- 12. Policy for Prevention of Sexual Harassment (Sec-19 of POSH Act 2013)**
- 13. Prohibition of Insider Trading Policy (Reg.9(1), SEBI (Prohibition of Insider Trading Reg. 2015))**

Valuation Policy - Reg 119 (3) (b) + VI Schedule of IFSCA (FM) Regs. 2025

Ensures transparency and consistency in asset valuation for the Funds, aligning with global best practices.

- The assets held by the FME shall be consistently valued according to the policies and procedures.
- The valuation policies and procedures approved by the FME should seek to address conflict of interest.
- Disclosure of the valuation policy and procedures shall be made in offer document and on the website of the FME to ensure transparency of valuation norms to be adopted by FME (for retail schemes).
- The FME is shall maintain these policies in electronic form till 5 years from winding up of the Scheme.

Clauses to include

- **Valuation Methodology:** Defining fair value accounting as per IFRS and discounted cash flow or any fair market-based methods.
- **Independence and Oversight:** Valuation to be conducted by a third-party valuer registered with IFSC.
- **Illiquid Asset Valuation:** Outlining methods for valuing illiquid or unlisted assets, considering market conditions and investor disclosures.

Conflict of Interest Policy - III Sch. Part D(b) of IFSCA (FM) Regs. 2025

Is designed to uphold the fiduciary responsibilities of FMEs toward their investors, ensuring transparency and integrity in all operations.

FME shall establish and implement written policies and procedures to identify, monitor and appropriately mitigate conflicts of interest throughout the scope of business.

Clauses to include

- **Disclosure Obligations:** FMEs must fully disclose any actual or potential conflicts of interest to investors as they arise or are anticipated, ensuring informed decision-making.
- **Compliance Oversight:** Designation of a compliance officer responsible for monitoring adherence to all relevant laws and immediate redressal of investor grievances.
- **Arm's Length Transactions:** Transactions involving associates or related parties, should be conducted on an arm's length basis, prioritizing investor interests and adhering to regulatory provisions.

Cyber Security & Cyber Resilience Policy - Reg.122.

To protect the confidentiality, integrity, and availability of information assets, ensuring robust defenses against evolving cyber threats.

Have a robust cyber security and cyber resilience framework in accordance with the requirements as may be specified by the Authority from time to time.

Clauses to include

- **Governance Structure:** Recruiting of a designated Chief Information Security Officer responsible for implementing and overseeing cyber security measures. The Board of AMC should constitute a Technology Committee to review and strengthen cyber security policies regularly.
- **Risk Assessment and Management:** Implementing appropriate controls to mitigate identified risks, ensuring alignment with standards such as ISO 27001 and guidelines from the National Critical Information Infrastructure Protection Centre (NCIIPC).
- **Monitoring and Auditing:** Establish continuous monitoring systems to detect anomalies and potential security breaches. Conduct regular audits, preferably by CERT-In empaneled auditors.

Risk Management & Internal Controls Policy-Reg.7(2) + 123.



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Enforcing risk management systems and internal controls to safeguard investor interests and maintain financial stability.

The appointment of an additional KMP who shall act as a Compliance Officer and ensure implementation of compliance and risk management policies and practices at the FME.

FME shall have adequate internal procedures and controls, given the types of business in which it engages, including any activities which have been outsourced, with the aim of protecting the interests of clients/investors and their assets and ensuring proper management of risk.

Clauses to include

- **Leverage Management:** If the Fund uses leverage, a detailed risk assessment and investor approval (two-thirds by value) are required for any deviations from disclosed leverage levels.
- **Business Continuity Plan (BCP):** A mandatory BCP must outline procedures to handle emergencies or operational disruptions, ensuring minimal impact on Fund operations and investor interests.

To framework for various fund management activities of the FME.

The FME has the discretion over the composition of the Exchange Trade Fund (ETF) as per the investment objectives and policies.

The Investment Policies must be presented to the investors in simple language with adequate information.

Clauses to include

- **Permissible Investments:** Specifying the types of permissible investments and restrictions, such as unlisted equity shares, equity-linked instruments, or units of other funds, as per Regulations.
- **Leverage & Borrowing Policies:** Mentioning the conditions under which the fund may employ leverage or borrow, ensuring compliance with regulatory provisions and investor disclosures.
- **Exit Strategies:** Explaining potential exit routes for investment such as public listings, trade sales, or buybacks, to provide clarity on liquidity and return timelines.

For prevention of money laundering and terrorist financing activities.

Every Regulated Entity shall formulate an AML-CFT policy, which shall be duly approved by the Governing Body or by a committee to whom such power has been delegated by the Governing Body.

Regulated Entity shall develop a KYC Policy which shall be the part of its AML-CFT policy.

Clauses to Include

- **Customer Due Diligence (CDD):** FMEs must establish procedures to verify the identity of investors and beneficial owners before onboarding, ensuring the legitimacy of funds and compliance with regulatory standards.
- **Vigilance:** Implement continuous monitoring systems to detect and report suspicious transactions or activities, ensuring timely identification of anomalies that may indicate illicit activities.
- **Independent Audit:** Conduct periodic independent audits to assess the effectiveness of the AML/CFT framework, ensuring that policies and procedures are adequately designed and implemented.

To ensure fair and transparent marketing practices as per IFSCA (Capital Market Intermediaries) Regs .

FME to follow the mentioned steps to ensure accurate, true, fair, clear, complete, unambiguous and concise advertisements.

Clauses to Include

- **Truthful Representation:** Advertisements must present accurate and clear information, avoiding any statements that could mislead clients through direct claims, omissions, or implications.
- **Risk Disclosure:** Marketing materials should prominently disclose associated risks, ensuring that slogans or claims are not exaggerated and are consistent with the fund's nature and risk-return profile.
- **Consistency with Regulatory Standards:** All promotional content should align with the guidelines set forth by the IFSCA, ensuring compliance with the established advertisement code.
- **Prohibition of Misleading Statements:** Advertisements must not contain any statements that may directly or indirectly mislead.

To ensure transparency, accountability, and alignment of interests between fund managers and investors.

Establish a policy on governance around material sustainability-related risks and opportunities.

Clauses to include

- **Alignment of Interests:** Establish mechanisms to align the interests of General Partners (GPs) and Limited Partners (LPs), such as requiring GPs to commit personal capital to the fund.
- **Transparency and Reporting:** Implement regular and detailed reporting practices to provide LPs with insights into the fund's performance, investment decisions, and any potential conflicts of interest, fostering trust and informed decision-making.
- **Key Person Provisions:** Include clauses that address the potential departure of key executives, outlining procedures to manage such events and maintain investor confidence.

FME shall declare distributions to the unit holders / investors in accordance with the **distribution policy** as provided in regulation 100

Clauses to include

- **Distribution Frequency:** Specify that distributions to unit holders shall be declared and made at least once every six months in each financial year, and shall be made no later than 15 days from the date of such declaration.
- **Clawback Provisions:** Include clauses that allow the fund to reclaim distributed profits from fund managers if certain performance thresholds are not met over the fund's lifecycle, protecting the interests of investors.

Gift & Entertainment Policy- III Sch. Part C (e)(x) of IFSCA (FM) Regs.2025

All business interactions should uphold the highest standards of integrity and transparency in IFSC,

No Fund Manager or Principal Officer shall accept any gift or entertainment, which is not in adherence to the policy formed by the FME.

Clauses to Include

- **Prohibition of Solicitation:** Employees are strictly prohibited from soliciting any gifts or entertainment from clients, vendors, or any third parties to prevent undue influence or the appearance of impropriety.
- **Value Limits and Approval Processes:** Establish clear thresholds for acceptable gift and entertainment values, requiring prior approval from compliance or management for offerings that exceed these limits to maintain transparency and control.
- **Record-Keeping and Monitoring:** Maintain detailed records of all gifts and entertainment provided or received, facilitating regular audits and ensuring compliance with both internal policies and external regulatory requirements.

A Privacy Policy is mandated under **IT Act, 2000** and Rule 4 of the **IT (Reasonable Security Practices and Procedures and Sensitive Personal Data or Information) Rules, 2011**.

The body corporate shall provide a privacy policy for handling of or dealing in personal information including sensitive personal data or information and ensure that the same are available for view by such providers of information who has provided such information under lawful contract.

Clauses to Include

- **Data Retention Policy:** Outline the duration for which personal data is retained and the criteria for its disposal once the purpose is fulfilled.
- **Policy Updates:** Communicate the procedure for notifying users about changes to the privacy policy, ensuring transparency and continued compliance.

The FME being the employer holds the duty to ensuring safe environment for the female employees and need to form policies and committees as per Section 19 of **THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013.**

The law requires the employer to formulate internal committees and guidelines to implement the Act and also raise awareness by orientation or any other mode.

Clauses to Include

- **Definition of Sexual Harassment:** Provide a detailed explanation of what constitutes sexual harassment, including examples of unwelcome acts or behavior, whether physical, verbal, or non-verbal.
- **Internal Complaints Committee (ICC):** Describe the constitution of the ICC, including the composition, tenure of members, and their roles and responsibilities in handling complaints.

Prohibition of Insider Trading Policy - Reg.9(1)

The FME must adhere to **the Regulation 9(1) of the SEBI (Prohibition of Insider Trading) Regulations, 2015**, for prevention of insider trading and fair business practices.

The FME must formulate a code of conduct to regulate, monitor and report trading by their designated persons, by adopting the minimum standards set out in the regulation.

Clauses to Include

- **Disclosure Requirements:** Outline the obligations of Designated Persons and Insiders to disclose their holdings and trading activities in the company's securities, including initial disclosures upon appointment and continual disclosures for subsequent trades.
- **Penalties for Non-compliance:** Detail the disciplinary actions, including wage freeze, suspension, or termination, that may be imposed for violations of the policy.

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Thank You

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Making business decisions easier

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