

Obtaining Registration as a Distributor in GIFT IFSC:

Regulatory Framework under IFSCA

Capital Market Intermediaries Regulations, 2025

The International Financial Services Centres Authority ("IFSCA" / "Authority") has notified the IFSCA (Capital Market Intermediaries) Regulations, 2025 ("CMI Regulations") vide F. No. IFSCA/GN/2025/003 dated April 11, 2025, under Section 28 read with Sections 12(1) and 13(1) of the IFSCA Act, 2019, Section 30 read with Section 28C of the SEBI Act, 1992, and Section 25 read with Section 23G of the Depositories Act, 1996. The CMI Regulations came into force on the date of their publication in the Official Gazette. This note refers to them as amended up to September 5, 2026.

The CMI Regulations repealed the IFSCA (Capital Market Intermediaries) Regulations, 2021 and specify a unified framework for the registration, regulation and supervision of eleven categories of Capital Market Intermediaries, of which the Distributor is one. The requirements for Distributors are supplemented by the IFSCA Master Circular for Distributors in the IFSC dated August 05, 2025 ("Master Circular"), issued under Regulation 45. This note covers the framework as it applies to Distributors. The requirements applicable to the underlying products, issuers and service providers are governed by their own regulatory frameworks.

Key components

CMI Regulations	The IFSCA (Capital Market Intermediaries) Regulations, 2025, which repealed the 2021 Regulations and specify a unified framework for Capital Market Intermediaries, including Distributors.
Master Circular	The IFSCA Master Circular for Distributors in the IFSC dated August 05, 2025, which specifies the requirements on the provisions of the CMI Regulations pertaining to Distributors. It came into force on the date of its issuance.
Distributor / Registered Distributor	A person who, for a commission or fee, engages with clients to facilitate investment or subscription into capital market products or services. A Registered Distributor is one registered with the Authority under the CMI Regulations.
Capital market products and services	Products: "securities" under Section 2(h) of the Securities Contracts (Regulation) Act, 1956 and similar instruments issued by any issuer in the IFSC, India or a Foreign Jurisdiction. Services: investment advisory and portfolio management services provided by a regulated financial entity.

Regulated Financial Entity	An issuer or service provider set up in India, an IFSC or any Foreign Jurisdiction, which is registered, authorised, licensed or regulated by the authority of its home jurisdiction for asset management, funds management, investment advisory, portfolio management or any similar activity.
Sophisticated Investor	An accredited investor, or a similar investor by whatever name called, in its home jurisdiction.
Letter of Approval (LoA)	Approval from the Administrator (IFSCA) under the Special Economic Zones Act, 2005, processed through SWITS. A Registered Distributor must hold a valid LoA, in addition to its Certificate of Registration, at all times.
Unified Registration (Master Key)	Facility to apply for registration for multiple capital market activities together, in terms of the IFSCA circular dated February 13, 2026.
Principal Officer / Compliance Officer	Designated officers based out of the IFSC, who must meet the qualification and experience requirements in Regulation 9 of the CMI Regulations.

Permitted activities

Permitted	Restricted / not permitted
- Distributing products and services of a regulated financial entity set up in India, the IFSC or a notified Foreign Jurisdiction to any client in the IFSC or a Foreign Jurisdiction. - Distributing products and services of any issuer or service provider set up in India, the IFSC or any Foreign Jurisdiction to Sophisticated Investors in the IFSC or Foreign Jurisdictions. - Distributing products and services of a regulated financial entity set up in the IFSC or a notified Foreign Jurisdiction to any client in India, and of any IFSC or foreign issuer or service provider to Sophisticated Investors in India. - Arrangements (other than employment) with associated distributors, referral / introducer arrangements, and distribution through digital modes. - Facilitating client investments through an omnibus account structure, where permitted in the jurisdiction of investment.	- Undertaking distribution activities in the IFSC without a Certificate of Registration or a valid LoA under the SEZ Act, 2005. - Distributing products or services of a regulated financial entity to all types of clients unless authorised, vetted or approved for all types of investors by its home regulator. - Taking clients' assets, including funds and securities, into custody or exercising control over their management. - Obtaining remuneration from the client for distribution, except for debt securities and passively managed funds. - Undertaking any other activity in the IFSC without the registration, authorisation or licence required under the appropriate Regulations. - Offering rebates, kickbacks or gifts to attract clients; assuring returns; tampering with application forms; or churning client portfolios.

Permitted	Restricted / not permitted
Receiving consideration from clients for debt securities and passively managed funds, with upfront disclosure and the client's explicit consent.	Changing control of an IFSC-incorporated Distributor without the prior approval of the Authority.

Registration with the IFSCA

Application	- The application form, along with documents and the application fee, is submitted through the SWIT System, which also covers SEZ approvals, GSTN registration and any NoC required from RBI, SEBI or IRDAI. Routing the application through a recognised exchange, clearing corporation or depository applies only to broker dealers, clearing members and depository participants. - An application that is not complete in all respects is liable to be rejected. The applicant must also comply with any additional norms specified by the Authority. Simplified process: an entity already registered or licensed with the Authority as a Banking Unit, Finance Company / Finance Unit, Broker Dealer, Investment Banker, Investment Adviser or Corporate Agent may apply on a simplified basis, furnishing details of its existing registration, a business plan, details and qualifications of its Principal Officer, Compliance Officer and staff, proposed infrastructure, a fit and proper declaration, the SEZ Administrator's approval and the fees. - Entities may also apply for Unified Registration for multiple capital market activities.
Eligibility	- The applicant must be present in the IFSC as a company, Limited Liability Partnership (LLP), body corporate, or a branch thereof. - The applicant, its principal officer, directors / designated partners, key managerial personnel and controlling shareholders must be fit and proper persons at all times. A person is not fit and proper if, among other things, convicted of an offence involving moral turpitude, an economic offence or an offence against securities laws; subject to a pending charge sheet or framed charges in economic offence matters; declared insolvent and not discharged; debarred by a regulator; or a wilful defaulter or fugitive economic offender. - In considering registration, the Authority also takes into account the qualification and experience of the principal officer and compliance officer, adequacy of infrastructure and manpower, net worth, and financial credit worthiness.

	• Exemptions: a distributor located outside the IFSC and providing services to an entity in the IFSC, or to an issuer listed or proposed to be listed on a recognised stock exchange, need not register, but must register if it sets up a unit in the IFSC. A distributor of funds giving investment advice incidental to its primary activity is exempt from registration as an investment adviser.
Net worth	• The minimum net worth for a Distributor is USD 50,000, to be maintained at all times. • "Net worth" means paid-up share capital (or capital contribution) and reserves created out of profits, securities premium account and the profit and loss balance, less accumulated losses, deferred expenditure and miscellaneous expenditure not written off, excluding reserves from revaluation, write-back of depreciation and amalgamation. • Where the Distributor is a branch, the net worth may be maintained at the parent level, provided it is earmarked for the IFSC branch. The requirement is separate from, and in addition to, net worth required for other activities, and an entity in multiple CMI categories maintains the highest applicable minimum.
Grant of registration	• If registration cannot be granted, the Authority communicates the deficiencies and allows thirty days to rectify them. Registration may be refused, with reasons, only after the applicant has had an opportunity to make written submissions. • Registration is granted subject to conditions deemed fit by the Authority, and may be withdrawn only after a reasonable opportunity of being heard.
Validity	• The Certificate of Registration is perpetual, unless suspended or cancelled by the Authority. • The LoA is valid for 1 year if business has not commenced, or 5 years after commencement; its expiry or non-renewal may lead to enforcement action, including cancellation of the registration.

Governance framework

Principal Officer	Based out of the IFSC and responsible for the overall activities of the Registered Distributor in the IFSC and for ensuring that employees comply with the CMI Regulations. • Qualification: a professional qualification or a post-graduate degree or diploma (minimum one year) in finance, law, accountancy, business management, commerce, economics, capital market, banking, insurance, actuarial science, fintech, science, technology, engineering or mathematics, or a CFA / FRM; a graduate degree in any field suffices with at least five years'
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	experience in the financial services market. For a distributor's principal officer, a graduate degree in any field with a Certified Financial Planner certification from the Financial Planning Standards Board also suffices. • Experience: at least three years in the financial services market. • Multiple registrations: a principal officer is designated for each registration separately, save that an entity registered as a broker dealer, clearing member, depository participant, investment adviser, research entity, custodian or distributor may have the same person for these activities, with a separate official as vertical head for its distribution business.
Compliance Officer	A separate officer, based out of the IFSC, who is a senior officer reporting to the board or governing body and capable of understanding the financial statements and the regulatory requirements for the Distributor's activities in the IFSC. • Qualification: as for the Principal Officer; a Bachelor of Law degree also suffices. • Experience: at least two years in the financial services market, or two years in a compliance role in any company. • Multiple registrations: the same person may act as Compliance Officer for all of them. The Compliance Officer must have adequate freedom and power to discharge his or her duties.
Other requirements	• Any change in the principal officer, compliance officer or key managerial personnel must be intimated to the Authority within 15 days. • Employees must undergo the certification courses the Authority specifies, and the Distributor must have adequate manpower for its business in the IFSC.

AML compliance

AML obligations arise under the Prevention of Money-Laundering Act, 2002 and the IFSCA (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022, applicable to every IFSCA-regulated entity. Key requirements include a Board-approved AML-CFT/KYC policy, a Designated Director and Principal Officer (distinct individuals), and Senior Management accountability; an enterprise-wide and product-level money-laundering/terrorist-financing risk assessments, reviewed at least biennially; risk rating and identity/beneficial-owner verification at onboarding, with enhanced diligence for high-risk customers and Politically Exposed Persons, and periodic CDD updates; and sanctions-list screening with immediate freezing on a match, and suspicious transaction reporting to FIU-India. Record-keeping of CDD and transaction data as prescribed. For Distributors, it is additionally required to register on the FIU-IND FINGate 2.0 portal before commencement of business. A Distributor must also assist its clients with KYC and related procedures, to the extent applicable.