CONSULTATION PAPER ON THE PROPOSAL TO EXPAND LIST OF JURISDICTIONS FOR DISTRIBUTION ACTIVITIES

Objective

1. The objective of this consultation paper is to seek comments and suggestions from the public and stakeholders on the proposal to expand list of jurisdictions for distribution of capital market products and /or services by distributors registered with IFSCA ("Registered Distributors").

Introduction

2. The IFSCA (Capital Market Intermediaries) Regulations, 2025 ("CMI Regulations") were notified in April 2025, replacing the IFSCA (Capital Market Intermediaries) Regulations, 2021. The CMI Regulations provide the regulatory framework for registration, regulation, supervision and enforcement of multiple categories of capital market intermediaries including Distributors. Regulation 32 of the CMI Regulations provides details about specific obligations and responsibilities for Registered Distributors.

3. Further, IFSCA has issued a circular titled *"Master Circular for Distributors in the IFSC"* on August 05, 2025 ("Master Circular") consolidating various regulatory requirements applicable on Registered Distributors.

Background

4. Regulation 32(1) of the CMI Regulations *inter alia* provides that –

   A registered distributor may undertake the following activities:

(a) Distribution of capital market products and/or services to any client in IFSC or Foreign Jurisdiction: The capital market products and/or services offered by any regulated financial entity set up in India, IFSC, jurisdictions which are identified in the notification published in the Gazette of India vide no. G.S.R. 882(E) dated November 28, 2019, as may be revised from time to time, or any other jurisdiction as may be specified by the Authority, may be distributed to any client in IFSC or foreign jurisdictions;

(b) Distribution of capital market products and/or services to sophisticated investors in IFSC or Foreign Jurisdictions: The capital market products and/or services offered by any issuer or service provider, respectively, which is set up in India, IFSC or any foreign jurisdiction may be distributed to sophisticated investors in IFSC or foreign jurisdictions;

(c) Distribution of capital market products and/or services to any client in India: The capital market products and/or services offered by any regulated financial entity set up in IFSC, jurisdictions which are identified in the notification published in the Gazette of India vide no. G.S.R. 882(E) dated November 28, 2019, as may be revised from time to time, or any other jurisdiction as may be specified by the Authority, may be distributed to any client in India;

(d) Distribution of capital market products and/or services to sophisticated investors in India: The capital market products and/or services offered by any issuer or service provider, respectively, which is set up in IFSC or any foreign jurisdiction, may be distributed to sophisticated investors in India; and

(e) Any other activities as may be specified by the Authority.

5. The definition of "sophisticated investors" has been provided under regulation 3(1)(oo) of CMI Regulations as under:

   "sophisticated investor" means and includes an accredited investor, or similar investor, by whatever name called, in its home jurisdiction."

6. The Explanation provided under para 5.1 of the Master Circular provides as under -

Explanation: For the purposes of regulation 32(1) of the CMI Regulations, the list of foreign jurisdictions which are identified in the notification published in the Gazette of India vide no. G.S.R. 882(E) dated November 28, 2019, as updated till the date of this circular, is as under:

a) United States of America;

b) Japan;

c) South Korea;

d) United Kingdom excluding British Overseas Territories;

e) France;

f) Germany; and

g) Canada.

7. The aforesaid regulatory requirements relating to distribution of capital market products / services to clients by a Registered Distributor w.r.t. permitted jurisdictions have been depicted in tabular form, as below:

		Client Jurisdiction			
		India (domestic)	**IFSC**	**Identified Foreign Jurisdictions**	**Other Foreign Jurisdictions**
Jurisdiction of origin of products/ services being distributed	**India (domestic)**	Not Permitted	Any client*	Any client*	Any client*
	IFSC	Any client*	Any client*	Any client*	Any client*
	Identified Foreign Jurisdictions	Any client*	Any client*	Any client*	Any client*
	Other Foreign Jurisdictions	Sophisticated investors only	Sophisticated investors only	Sophisticated investors only	Sophisticated investors only

**Subject to applicable laws of jurisdiction of origin of capital market products/services; and applicable laws of jurisdiction of clients*

8. Accordingly, while a Registered Distributor is permitted to distribute capital market products / services offered by any regulated financial entity set up in IFSC, India and identified foreign jurisdictions to any category of client (including retail), the capital market products / services offered by a regulated financial entity from other foreign

jurisdiction can be distributed to sophisticated investors (i.e. accredited investors) only.

Representations Received

9. IFSCA is in receipt of representations from market participants to expand the list of jurisdictions for distribution of capital market products and/or services to any category of clients. It has been represented by the market participants that Luxembourg and Ireland, being home to one of the largest funds industry in Europe and the world, are presently not included in the said list of identified foreign jurisdictions permitted for distribution to investors other than sophisticated investors. Further, it has been mentioned that while the UCITS funds[1] which are set up in the United Kingdom, France and Germany are currently permitted, but similar UCITS funds set up in Luxembourg and Ireland are not permitted in this list.

10. It has been represented that allowing distribution of products domiciled in these jurisdictions will enhance the competitiveness of GIFT IFSC relative to other international financial centres and deepen the breadth of global investment opportunities accessible from India.

11. Similar representations have been received for addition of other jurisdictions (such as Cayman Islands and Cyprus) in this list.

Funds Statistics

12. IOSCO has recently in March 2026 published a report titled *"2025 Investment Funds Statistics Report"* ("IOSCO Report")[2] providing a global overview of the size, composition, and risk characteristics of investment funds. As per the IOSCO Report, the top 10 jurisdictions with respect to open-ended funds for the year 2024 along with aggregate NAV are as under:

S. No.	Name of the Jurisdiction	No. of funds	Aggregate NAV (in Billions)
1.	U. S. A.	12,487	35,757

[1] Retail funds in European Economic Area under the Undertakings for Collective Investment in Transferable Securities Directive

[2] https://www.iosco.org/library/pubdocs/pdf/IOSCOPD816.pdf

2.	Luxembourg	12,983	5,169
3.	China	11,283	4,044
4.	Ireland	5,595	3,819
5.	Canada	6,445	3,057
6.	Germany	4,375	2,341
7.	Switzerland	605	1,271
8.	Japan	969	1,190
9.	Brazil	12,801	1,128
10.	U. K.	1,166	812

13. Further, as per the IOSCO Report, the top 10 jurisdictions with respect to closed-ended funds for the year 2024 along with Aggregate NAV are as under:

S. No.	**Name of the Jurisdiction**	**No. of funds**	**Aggregate NAV (in Billions)**
1.	Luxembourg	6,413	1,636
2.	Japan	136	642
3.	China	1,331	532
4.	U. K.	2,523	492
5.	U. S. A.	658	370
6.	France	3,117	313
7.	Jersey	298	251
8.	Netherlands	607	189
9.	Italy	1,383	149
10.	Ireland	560	147

14. Therefore, there are several jurisdictions in the list of top jurisdictions globally in terms of open-ended funds / closed-ended funds that are currently not covered for distribution to investors other than sophisticated investor.

15. The role of Registered Distributors is mainly to act as a bridge connecting the issuers and service providers (mainly the funds) with the investors across the world. In this

context, it may be noted that the distribution of capital market products/ services by a Registered Distributor will also be subject to:

15.1. The applicable legal and regulatory framework of the jurisdiction of the issuer / service provider (mostly funds); and

15.2. The applicable legal and regulatory framework of the jurisdiction of the investor/ client in respect of such distribution.

16. In view of the above, it is felt that the list of jurisdictions may be expanded to encourage cross-border investments by retail investors through Registered Distributors in the IFSC in a regulated and transparent manner, in compliance with the applicable laws of the respective jurisdictions.

IFSCA's Permitted List of Foreign Jurisdictions for the purpose of V-CIPs

17. The IFSCA (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines 2022 were amended on October 31, 2025 to allow onboarding of Non-Resident Indians through Video Customer Identification process (V-CIP) if he/she resides in UAE; Singapore; Australia; and European Union excluding Croatia, in addition to the other seven jurisdictions mentioned above in para 6 above.

Proposal

18. In order to enhance opportunities for business of distribution of capital market products for entities in the IFSC, it is proposed that the list of permissible jurisdictions for the activity of distribution of capital market products to any category of clients may be expanded with the inclusion of following jurisdictions (in line with V-CIP framework):
    a. UAE;
    b. Singapore;
    c. Australia;
    d. European Union excluding Croatia

19. Accordingly, the following clause is proposed to be inserted after clause 5.1 of the Master Circular for Distributors in IFSC dated August 5, 2025:

5.1A The following additional jurisdictions are specified under clauses (a) and (c) of sub-Regulation (1) of Regulation 32 of the IFSCA (Capital Market Intermediaries) Regulations, 2025:

a) UAE;
b) Singapore;
c) Australia;
d) European Union excluding Croatia.

Regulatory Objective and expected Impact

20. The proposed amendment aims to enhance opportunities for business of distribution of capital market products and services by Registered Distributors in the IFSC.

Public Comments

21. In view of the above, comments and suggestions from the public are invited on the proposed amendments to the Master Circular for Distributors in the IFSC under the IFSCA (Capital Market Intermediaries) Regulations, 2025.

22. The comments may be sent by email to Shri Hemant Verma, Manager at verma.hemant56@ifsca.gov.in and Shri Pawan Kumar Chowdhary, Deputy General Manager at pawan.kc@ifsca.gov.in with a copy to Shri Arjun Prasad, Chief General Manager at arjun.pd@ifsca.gov.in with subject line "**Comments on the Consultation Paper on the proposal to expand list of jurisdictions for Distribution Activities"** latest by August 07, 2026.

23. The comments should be provided in the following format:

<table>
<tr><td colspan="3">Name and Designation</td><td colspan="2"></td></tr>
<tr><td colspan="3">Contact No. and Email address</td><td colspan="2"></td></tr>
<tr><td colspan="3">Name of Organisation</td><td colspan="2"></td></tr>
<tr><td>S. No.</td><td>Regulation no./Sub regulation no.</td><td>Text of the Regulation/ Sub-regulation</td><td>Comments/ Suggestions/</td><td>Detailed Rationale</td></tr>
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			Suggested modifications	

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