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ASIFMA AMG comments on IFSCA Consultation Paper on proposal to expand list of jurisdictions for distribution activities

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S. No.	**Regulation no./Sub regulation no.**	**Text of the Regulation/ Sub-regulation**	**Comments/ Suggestions/ Suggested modifications**	**Detailed Rationale**
1	Sub-regulation (1) of Regulation 32 of the IFSCA (Capital Markets Intermediaries) Regulations, 2025 ("**Sub-regulation 1**") Clause 5.1 of Master Circular for Distributors in IFSC dated	See paragraphs 6 and 19 of Consultation Paper	We welcome and strongly support IFSCA's proposal to expand the list of jurisdictions for the distribution of capital market products and/or services by distributors registered with the IFSCA ("Registered Distributors") to include (a) UAE, (b) Singapore, (c) Australia, and (d) European Union (the "EU") excluding Croatia. As mentioned in paragraph 9 of the Consultation Paper, France and Germany, which are part of the EU, are already permitted jurisdictions and we appreciate very much IFSCA's proposal to include all the other EU jurisdictions (except Croatia) which would include Luxembourg and Ireland and other countries.	We agree with the reasons provided in the Consultation Paper for expanding the list of permissible jurisdictions for the distribution of capital market products and/or services by Registered Distributors. We suggest two alternative wordings for adding the new jurisdictions to avoid duplication and/or possible confusion.

	August 5, 2025 ("**Master Circular**")		Since EU already includes France and Germany, we suggest that IFSCA consider adding EU (excluding Croatia) and removing France and Germany from the list of permissible jurisdictions in an amended Clause 5.1 of the Master Circular rather than adding a new Clause 5.1A. As an alternative, you may wish to revise proposed Clause 5.1A as follows: *"5.1A The following additional jurisdictions are specified under clauses (a) and (c) of sub-Regulation (1) or Regulation 32 of the IFSCA (Capital Market Intermediaries) Regulations, 2025:* *a) UAE;* *b) Singapore:* *c) Australia;* *d)* ***Other countries of the*** *EU, excluding Croatia"*	
2	Clauses (c) and (d) of Sub-regulation (1)	See paragraph 4 of the Consultation Paper	Clause (c) of Sub-regulation (1) refers to "*capital market products and/or services* ***offered by any regulated financial entity set up in IFSC, jurisdictions*** *which are identified in the notification. . . .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***".	Clarification that jurisdiction is where the fund or collective investment scheme set up would provide important legal certainty for Registered Distributors in the IFSC. It is a common operating model for globally funds, including Luxembourg and Irish UCITS and other regulated collective investment schemes, to be established and regulated in one jurisdiction while

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			Similarly, clause (d) of Sub-regulation (1) of Regulation 32 of the IFSCA CMI Regulations refers to "*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***". Both these clauses focus on the jurisdiction in which the regulated financial entity, issuer or service provider is set up. However, in the representations set out in paragraph 10 of the Consultation Paper, the focus seems to be on the domicile of the products and not the domicile of the product issuer. We believe that clarification of the foregoing is important. In the case of capital markets products such as mutual funds or collective investment schemes, is it the jurisdiction in which the fund or collective investment scheme is set up or where their investment manager is set up as it is unclear what "*regulated financial entity*" or "*issuer*" means in the context of funds and collective investment schemes. We suggest that IFSCA clarify that the jurisdiction should be the domicile or place of establishment of the fund or collective investment scheme, rather than the location of the investment manager or any delegate. While the same comments above are applicable to clauses (a) and (b) of Sub-regulation (1), we are	investment management may be delegated to regulated group entities or managers in other jurisdictions. The "regulated financial entity", "issuer" or "service provider" in such scenarios may refer to different entities within the structure, including the fund vehicle, management company, issuer, investment manager or delegate. A clear domicile-based approach would help avoid unintended exclusion of regulated fund structures that are established in permitted jurisdictions but managed under international delegation arrangements.

			more interested in clauses (c) and (d) of Sub-regulation (1) as they relate to distribution on capital market products and/or services to clients or sophisticated investors in India.	
3	Definition of "*capital market products*" in Explanation of Sub-regulation (1)	See Explanation in Sub-regulation (1) and definition of "securities" under sub-section (h) under section 2 of the Securities Contracts (Regulation) Act, 1956 (the "**Securities Contracts Regulation**")	The term "*securities*" in the Securities Contract Regulation includes "*units or any other instrument issued by any collective investment scheme to the investors in such schemes*" and "*units or any other such instrument issued to the investors under any mutual fund scheme*". Given the limited scope of the above definition, it appears that private or alternative market funds may not be distributed by Registered Distributors in the IFSC to sophisticated investors in India. But this seems to be contrary to the intent behind clause (d) which relates to the distribution of capital market products and/or services to sophisticated investors in India. We suggest that the term "*capital market products*" in Sub-regulation 1 be expanded to include private or alternative market products. Otherwise, sophisticated investors in India will only have access to foreign mutual funds or collective investment schemes.	Increasing product types/structures that can be sold from the IFSC to Indian investors, based on their investment objective and sophistication, would make it more attractive for firms to want to become a Registered Distributor, bringing more revenue and business opportunities to the IFSC.