



## CIRCULAR

F. No. IFSCA-IF-10PR/1/2023-Capital Markets/5

October 29, 2024

To,

**All Fund Management Entities (FMEs) in the International Financial Services Centres (IFSCs)**

Dear Sir / Madam,

**Sub: Clarifications in relation to Investment Restrictions on Retail Schemes set up in IFSCs**

1. Reference is drawn to the International Financial Services Centres Authority (Fund Management) Regulations, 2022 (hereinafter referred to as the "Regulations"), notified in the official Gazette on April 19, 2022, which, *inter-alia*, provides regulatory framework for retail schemes in IFSC. Reference is also drawn to the Union Budget 2024-25 announcement instituting the taxation framework for retail schemes in IFSC.
2. In furtherance to the above, with an objective to develop the ecosystem for retail schemes in IFSC, and to remove difficulties in the application of regulation 47 of the Regulations in relation to fund of fund schemes, the Authority hereby clarifies that in case of investment by retail schemes in unlisted securities issued by an investment fund which is open-ended in nature and is regulated by the concerned regulatory authority in its home jurisdiction and is permitted for offering to retail investors in its home jurisdiction, the following ceilings/limits shall not apply -
  - a. The ceiling of 15% investment of the total AUM of the scheme in unlisted securities in the case of an open-ended scheme, specified under sub-regulation (1) of regulation 47;

- b. The minimum investment amount of USD 10,000 for close-ended schemes investing more than 15% of AUM in unlisted securities, specified under sub-regulation (2) of regulation 47;
  - c. The ceiling of 50% investment of AUM in unlisted securities in case of a close-ended scheme, specified under proviso to sub-regulation (2) of regulation 47; and
  - d. The ceiling of 25% investments of AUM in the associates, specified under sub-regulation (5) of regulation 47.
3. Further, in case of a retail scheme which is in the nature of a fund-of-funds scheme, the FME shall disclose in the offer document of such retail scheme, the details of the underlying scheme(s) wherein the investments are intended to be made and the nature of association, if any, that the FME has with the manager of the underlying scheme(s).
4. This circular is issued in exercise of the powers conferred under sections 12 and 13 of the International Financial Services Centres Authority Act, 2019, read with regulation 146 of the Fund Management Regulations, and shall come into force with immediate effect.
5. A copy of this Circular is available on the website of International Financial Services Centres Authority at [www.ifsc.gov.in](http://www.ifsc.gov.in).

Yours faithfully

Sd/-

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