Annexure

Amendments proposed to IFSCA (Fund Management) Regulations, 2025 (“FM Regulations”)

#	Existing Regulation	Proposed Regulation (Underlined text indicates proposed insertion whereas struck-through text indicates proposed omission)	Rationale and global practices (where relevant)
1.	**Secondary Listing of an ETF or Investment Trust listed in India or Foreign Jurisdiction** 114. (1) An ETF or Investment Trust (by whatever name it may be called outside IFSC) may be allowed to list and trade on a recognised stock exchange provided: (a) The ETF or Investment Trust, as the case may be, is listed in India (outside IFSC) or in a foreign jurisdiction; and	**Secondary Listing of an ETF or Investment Trust listed in India or Foreign Jurisdiction** 114. (1) An ETF or Investment Trust (by whatever name it may be called outside IFSC) may be allowed to be launched for secondary listing and trading ~~list and trade~~ on a recognised stock exchange provided: (a) The ETF or Investment Trust, as the case may be, is listed in India (outside IFSC) or in a foreign jurisdiction; and (b) The ETF or Investment Trust is in compliance with the law of its home jurisdiction where it holds the primary listing. (c) In case of an ETF: (i) its manager satisfies the criteria in regulation 114A;	The extant regulation proceeds on the basis that the ETF is brought to the IFSC by a FME registered with the Authority. The amendment enables a manager regulated in its home jurisdiction to seek secondary listing of its ETF in IFSC without obtaining registration as a FME. Further, it is aimed that the mechanism of secondary listing leads to achievement of the desired

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	(b) The ETF or Investment Trust is in compliance with the law of its home jurisdiction. (2) The application for listing of such ETF or Investment Trust shall be filed with the recognised stock exchange(s) in the format and manner provided by the recognised stock exchange(s). (3) The recognised stock exchange(s) may exempt the continuous obligations and disclosure requirements for ETFs or Investment Trust listed on them, provided that the FME submits all information and	(ii) the ETF satisfies the criteria in regulation 114B; (iii) a representative is appointed in terms of regulation 114C; (iv) the manager affords at least the same level of protection to the investors in IFSC as provided to the investors in the home jurisdiction; (v) in addition to the information specified in regulation 114D, the manager submits all information and documents in English to the recognised stock exchange at the same time as they are submitted to the exchange where the ETF has a primary listing. (d) the recognised stock exchange permitting secondary listing of an ETF shall, prior to its admission for listing, intimates the Authority regarding such listing and undertakes to pay the fee(s) as prescribed by the Authority.	objectives of market development and investor protection. Therefore, certain criteria w.r.t. the manager and product are proposed, and the requirement of a local representative is proposed to be introduced to provide a local contact for the investors and IFSCA. These requirements and criteria are broadly in alignment with the global jurisdictions, such as Singapore, Hong Kong and Mexico. For reference, Mexico (CNBV) and Singapore (SGX) require the exchange to keep home-market information available to investors with the same timeliness and frequency

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	documents in English to such exchange(s) at the same time as they are released to the home exchange where it has a primary listing.	(2) The application for listing of such ETF or Investment Trust shall be filed <u>by the manager of the ETF or investment trust</u> with the recognised stock exchange(s) in the format and manner provided by the recognised stock exchange(s). (3) The recognised stock exchange(s) may exempt the <u>imposition of any additional</u> continuous obligations and disclosure requirements for ETFs or Investment Trust listed on them, provided that<u>, in case of an investment trust,</u> the ~~FME~~ <u>manager</u> submits all information and documents in English to such exchange(s) at the same time as they are ~~released~~ <u>submitted</u> to the ~~home~~ exchange where it has a primary listing<u>, and in case of an ETF, the manager submits information to such exchange(s) in terms of regulation 114(1)(c)(v)</u>; <u>(4) Recognised stock exchange(s) shall also provide detailed rules for market makers, viz. eligibility, role and</u>	with which it is disclosed in the market of the country of origin or of principal listing. Singapore (MAS) recognises a foreign scheme where the home jurisdiction affords participants in Singapore protection at least equivalent to that afforded to participants of schemes which are wholly managed in Singapore.

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		<u>responsibility, minimum number of market makers, maximum spread, minimum quantity, if any, hours of availability, incentives, margin, net-settlement, etc.</u>	
2.	Proposed insertion	**<u>Eligibility criteria of the manager for secondary listing of an ETF</u>** <u>114A. The recognised stock exchange permitting secondary listing of an ETF shall ensure that the manager of such ETF is:</u> <u>(a) either a Registered FME (Retail), or</u> <u>(b) an entity which is licensed or regulated to carry on fund management for retail investors in India or a foreign jurisdiction by the concerned financial sector regulator in that jurisdiction, and meets the fit and proper requirements in terms of regulation 9(1); and</u>	As a retail-oriented product, the ETF holding a secondary listing in IFSC is proposed to be managed by a manager which has met the regulatory scrutiny of its retail orientation, either in IFSC or in its home jurisdiction. For reference, Singapore (MAS) requires the scheme to have a manager that is reputable and supervised by an acceptable financial supervisory authority.

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		<u>(c) in compliance with any other criteria as may be specified by the Authority or the recognised stock exchange.</u>	Hong Kong (SFC) requires the management company to either be licensed or registered in Hong Kong or based in a jurisdiction with an inspection regime acceptable to the Commission.
3.	Proposed insertion	<u>**Eligibility criteria of the ETF for its secondary listing**</u> <u>114B. (1) The recognised stock exchange permitting secondary listing of an ETF shall ensure that such ETF:</u> <u>(a) has replication of an index as its primary objective;</u> <u>(b) is subject, in its home jurisdiction, to a regulatory regime which protects the interests of investors, ensures orderly and transparent operations, prevents the misuse of unpublished price sensitive information and market manipulation, and addresses conflicts of interest; and</u>	ETFs having index replication as their primary objective are transparent and rule-based products whose performance can be observed against a published index. As the host jurisdiction relies on the quality of regulation of the home jurisdiction in case of cross-listing, the

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		(c) has a track record of listing and trading on a stock exchange in India or a foreign jurisdiction for at least twelve (12) months: *Provided* that an ETF launched by a Registered FME (Retail) or a manager having a sound track record shall be exempt from the aforesaid requirement. *Explanation:* For the purpose of this sub-regulation, "sound track record" shall mean that the manager has – i. at least five (5) years of experience in managing Assets under Management (AUM) of at least USD 200 million with more than twenty-five thousand (25,000) investors, and ii. under its management, at least five (5) ETFs, which are listed and traded on a stock exchange in India, IFSC or foreign jurisdiction(s), at the time of filing the application	expected minimum standard of the same is proposed to be specified. For reference, Mexico (CNBV) requires the issuer to be subject to the supervision of an authority or a self-regulatory entity under a legal regime that protects the interests of investors, ensures the order and transparency of its operations, prevents and sanctions the misuse of privileged information and market manipulation and avoids conflicts of interest. The track record of twelve (12) months ensures that the product arrives in the IFSC after being tested by the discipline of its home market,

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		<u>to the recognised stock exchange for secondary listing of its ETF.</u>	while the exemption recognises that a new product of an established manager carries the strength of that manager's record. For reference, Singapore (MAS), under the SZSE-SGX ETF Link, requires the master ETF to, inter alia, have a trading track record for at least one year and the manager of the master ETF to have a track record in managing investments for at least five (5) years.
4.	Proposed insertion	<u>**Appointment of representative for secondary listing of an ETF**</u>	A representative in the IFSC provides the investors and the Authority with a

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		114C. (1) The recognised stock exchange permitting secondary listing of an ETF shall, prior to the admission of the ETF for listing on the exchange and thereafter on a continuing basis, ensure that the manager of such an ETF has appointed a representative: *Provided* that if the manager of the ETF is a Registered FME (Retail), the aforesaid requirement shall not be applicable. (2) Such a representative shall be: (a) an entity which is an associate of the manager of the ETF and regulated by the Authority either as a FME, a Capital Market Intermediary under the International Financial Services Centres Authority (Capital Market Intermediaries) Regulations, 2025, or a Banking Unit under the International Financial Services Centres Authority (Banking) Regulations, 2020; or	point of contact within the local jurisdiction. For reference, Singapore (MAS) and Hong Kong (SFC) require that a local representative be appointed. In case of Hong Kong, it is further encouraged that appointment of such a representative is from within the management group of the ETF manager.

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		<u>(b) a Registered FME (Retail); or</u> <u>(c) a Registered FME (Non-Retail) having authorisation to provide third-party fund management services in terms of Part D of Chapter VI of these regulations.</u> <u>(3) Such representative shall be authorised on behalf of the manager of the ETF to:</u> <u>(a) act as the liaison between the investors and the manager for all necessary purposes, including grievance redressal and disclosures;</u> <u>(b) accept service of the notices, orders and any other correspondence of the Authority on behalf of the manager;</u> <u>(c) provide such information or records as the Authority may require;</u> <u>(d) notify the recognised stock exchange regarding suspension or halt in the trading activity of the ETF in its home jurisdiction or any other material information; and</u>	

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		(e) other functions as may be specified by the Authority.	
5.	Proposed insertion	**Additional Disclosures for secondary listing of an ETF** 114D. (1) The manager of the ETF shall, prior to the admission of the ETF for secondary listing and thereafter on a continuing basis, arrange to disclose in the English language on the recognised stock exchange and marketing material, if any, information relating to: (a) place of constitution of the ETF and the name of the financial sector regulator of the jurisdiction where the ETF has a primary listing; (b) a statement to the effect that the ETF holds a secondary listing in the International Financial Services Centre and is not constituted in the International Financial Services Centre;	In addition to the disclosures made by the manager of the ETF in the home jurisdiction, certain additional disclosures which are deemed pertinent to the investors investing in the secondary listed ETF in the IFSC are proposed.

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		<u>(c) the name, address and contact information of the manager of the ETF;</u> <u>(d) a statement to the effect that the manager of the ETF is not registered with the Authority as a Fund Management Entity, if applicable, and the details of registration of the manager with the Authority or the financial sector regulator in India or foreign jurisdiction, as may be applicable;</u> <u>(e) the name, address and contact information of the representative, where applicable;</u> <u>(f) the roles and responsibilities of the manager and the representative;</u> <u>(g) the arrangements for and information relating to trading, market making, clearing, settlement and other related aspects for the secondary listing of the ETF in IFSC;</u>	

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		<u>(h) the fees and charges payable by the investors in respect of the ETF;</u> <u>(i) the tax treatment applicable to the investors of the ETF;</u> <u>(j) the additional risk factors associated with investment in the secondary listing of ETF;</u> <u>(k) the mechanism put in place by the manager for the queries and grievances of the investors, and</u> <u>(l) any other information which is deemed by the manager to be relevant for the investors or as may be specified by the Authority or recognised stock exchange.</u>	
6.	**Suspension of Listing and Trading** 115. (1) The Authority or the recognised stock exchange may suspend the listing and	**Suspension of Listing and Trading** 115. (1) The Authority or the recognised stock exchange may suspend the listing and trading of units of an Investment Trust or schemes or ETF if:	The amendment clarifies that the continuity of listing and trading remains subject to the conditions specified by the recognised stock exchange.

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	trading of units of an Investment Trust or schemes or ETF if: (a) the Investment Trust or parties to the Investment Trust or the FME are in non-compliance with the regulatory provisions specified by Authority or the recognised stock exchange(s); (b) the Investment Trust or schemes or ETF is suspended in any other stock exchange; or (c) the suspension is required for ensuring orderly operation of market.	(a) the Investment Trust or parties to the Investment Trust or the FME are in non-compliance with the regulatory provisions specified by Authority or <u>the conditions specified by</u> the recognised stock exchange(s); (b) the Investment Trust or schemes or ETF is suspended in any other stock exchange; or (c) the suspension is required for ensuring orderly operation of market.	

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7.	**Delisting by Recognised Stock Exchange** 116. The recognised stock exchange may delist Investment Trust or schemes or ETF if it is satisfied that: (a) the Investment Trust / Scheme / ETF is suspended for trading for more than six months or parties to Investment Trust or FME are not taking adequate action to obtain restoration of listing and trading; (b) the Investment Trust or parties to Investment Trust or	**Delisting by Recognised Stock Exchange** 116. The recognised stock exchange may delist Investment Trust or schemes or ETF if it is satisfied that: (a) the Investment Trust / Scheme / ETF is suspended for trading for more than six months or <u>the concerned</u> parties to Investment Trust or FME <u>or manager, as the case may be,</u> are not taking adequate action to obtain restoration of listing and trading; (b) the Investment Trust <u>/ Scheme / ETF</u> ~~or parties to Investment Trust or FME~~ is no longer eligible for listing or trading <u>or the concerned parties to Investment Trust or FME or manager, as the case may be, are no longer eligible under the extant regulations</u>; (c) the Investment Trust or schemes or ETF have been compulsorily delisted from another exchange;	This amendment adds the reference to the manager so that the grounds of delisting operate equally where the ETF is brought to the IFSC by a manager regulated in its home jurisdiction.

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	FME is no longer eligible for listing or trading; (c) the Investment Trust or schemes or ETF have been compulsorily delisted from another exchange; (d) if the exchange is satisfied that there are special circumstances that require delisting of the Investment Trust or schemes or ETF; or (e) it is directed to do so by the Authority or any other relevant authority or any court order of applicable jurisdiction.	(d) if the exchange is satisfied that there are special circumstances that require delisting of the Investment Trust or schemes or ETF; or (e) it is directed to do so by the Authority or any other relevant authority or any court order of applicable jurisdiction.	

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8.	**Voluntary Delisting** 117. The recognised stock exchange may delist Investment Trust or scheme or ETF, based on request received from the Investment Trust or FME, in the manner provided by the recognised stock exchange(s) or the Authority.	**Voluntary Delisting** 117. The recognised stock exchange may delist Investment Trust or scheme or ETF, based on request received from the <u>concerned parties to the</u> Investment Trust or FME <u>or manager, as the case may be,</u> in the manner provided by the recognised stock exchange(s) or the Authority.	This amendment adds the reference to the manager of the secondary listed ETF so that the voluntary delisting remains available, in an orderly manner, to the ETF which is brought to the IFSC by a manager regulated in its home jurisdiction.