

Book-Keeping, Accounting, Taxation and Financial Crime Compliance Services (BATF) and TechFin and Ancillary Services (TAS)

Lesson 7

KEY CONCEPTS

■ Book-keeping Services ■ Accounting Services ■ Taxation Services ■ Financial Crime Compliance (FCC) ■ BATF Services Provider ■ TechFin and Ancillary Services ■ Group Entities ■ Principal Officer ■ Compliance Officer ■ Ancillary Service Provider

Learning Objectives

To understand:

- The role and importance of Book-keeping, Accounting, Taxation and Financial Crime Compliance (BATF) services in an IFSC.
- The scope and meaning of BATF services as per IFSCA regulations.
- The eligibility criteria, legal forms, and step-by-step registration process for setting up a BATF Service Provider in IFSC.
- The regulatory safeguards related to business restructuring, prohibition on transfer of existing contracts, and ring-fencing of operations.
- The roles, responsibilities, qualifications, and experience requirements of the Principal Officer and Compliance Officer.
- The concept and importance of fit and proper criteria for service providers, promoters, and key managerial personnel.
- The reporting, disclosure, and compliance obligations imposed on BATF Service Providers by the IFSCA.
- Overview of the TechFin and Ancillary Services (TAS) Regulations, 2025 and their relevance to technology-driven support services in IFSC.
- The Foreign University framework in IFSC and its role in developing global-standard education and talent for financial services.
- Purpose, registration requirements, and operational responsibilities under the IFSCA (KYC Registration Agency) Regulations, 2025.
- How these regulatory frameworks collectively promote transparency, integrity, risk management, and global credibility of IFSCs such as GIFT City.

Lesson Outline

- Introduction
- Key Definitions
- Setting up of a BATF Service Provider, Registration Process, Exception
- Appointment of Principal Officer and Compliance Officer
- Reporting Requirements
- IFSCA Techfin and Ancillary Services (TAS) Regulations, 2025
- Foreign University framework at the IFSC
- IFSCA (KYC Registration Agency) Regulations, 2025
- Lesson Round-Up
- Glossary
- Test Yourself
- List of further readings

REGULATORY FRAMEWORK

- IFSCA (Book-keeping, Accounting, Taxation and Financial Crime Compliance Services) Regulations, 2024
- IFSCA TechFin and Ancillary Services (TAS) Regulations, 2025
- IFSCA (Setting up and Operation of International Branch Campuses and Offshore Education Centres) Regulations, 2022
- IFSCA (KYC Registration Agency) Regulations, 2025

IFSCA (BOOK-KEEPING, ACCOUNTING, TAXATION AND FINANCIAL CRIME COMPLIANCE SERVICES) REGULATIONS, 2024

Introduction

International Financial Services Centres (IFSCs), like the GIFT IFSC in India, are emerging global hubs for cross-border finance, fintech, and professional services.

To support global businesses and financial institutions, IFSCs need strong professional service capabilities such as:

- Book-keeping
- Accounting
- Taxation
- Financial Crime Compliance (FCC)

The IFSCA (Book-keeping, Accounting, Taxation and Financial Crime Compliance Services) Regulations, 2024 were issued to create a clear and robust regulatory framework for these services. These regulations ensure:

- High standards of professionalism
- Prevention of misuse of IFSC for round-tripping
- Real economic activity within IFSC
- Strong AML/CFT safeguards
- Transparent registration and oversight

The regulations aim to:

1. Develop a regulated ecosystem for Book-keeping, Accounting, Taxation & FCC services.
2. Provide rules for registration, operations, and governance of such service providers.
3. Ensure IFSC becomes a trusted and compliant global jurisdiction.

These services are collectively referred to as BATF Services.

Key Definitions

Some important definitions under the IFSCA (Book-keeping, Accounting, Taxation and Financial Crime Compliance Services) Regulations, 2024 are as under:

1. Book-keeping Services

Book-keeping Services includes classifying and recording transactions including payroll ledgers in terms of money or any other unit of measurement in the books of account and other related documents.

It may be noted that Payroll and taxation services are not part of book-keeping services.

2. Accounting Services

These services include:

- reviewing annual and interim financial statements or other accounting information without any attestation or assurance;
- compilation of financial statements from information provided by the client, without giving any attestation or assurances regarding the accuracy of the resulting statements;
- preparation of financial statements;
- compilation of income statements, balance sheets or other financial information;
- analysis of financial statements;
- other related accounting support services in relation to any of the above including valuation support services.

It is important to note that accounting services do not include auditing services.

3. Taxation Services

These services mean services of tax consultation, tax preparation or tax planning and include providing advice and guidance concerning taxes as well as preparing and filing of tax returns of all kinds.

It may be noted that in the above definition 'Taxes' include all forms of direct or indirect taxes, cesses, duties or levies.

4. Financial Crime Compliance (FCC) Services

FCC services include services rendered in relation to compliances of Anti- Money Laundering (AML)/ Countering the Financing of Terrorism (CFT) measures and Financial Action Task Force (FATF) recommendations, and other related activities.

5. Group Entities

Group entities include an arrangement involving two or more entities related to each other through any of the following relationships:

- Parent–subsidiary
- Joint ventures
- Associate
- Common brand name
- Investment in equity shares/capital contribution of 20 per cent and above
- Part of a network

The 'Network' in the above definition means a larger structure of a group of firms that have come together for mutual benefits by pooling resources, showcase their combined strength, and have uniform policies, technology and collaterals, and showcase themselves as one big unit, with one lead firm acting on behalf of the member-firms.

6. BATF Service Provider

BATF Service Provider means the entity registered under these regulations to undertake all or any of the following:

- book-keeping services
- accounting services
- taxation services
- financial crime compliance services

SETTING UP OF A BATF SERVICE PROVIDER, REGISTRATION PROCESS, EXCEPTION

Who Can Provide BATF Services? [Regulation 4]

1. No person, except an Ancillary Service Provider, shall provide BATF Services in IFSC without obtaining certificate of registration from the Authority, in accordance with BATF Regulations, 2024.
2. An Ancillary Service Provider intending to provide BATF Services shall, within a period of sixty days from the date of commencement of BATF regulations, communicate its willingness to operate under these regulations to the Authority, in such form and manner as specified.
3. The Ancillary Service Provider communicating its willingness shall ensure compliance with the following regulations, from the date of commencement of these regulations until it receives a letter of continuation from the Authority:
 - i) The applicant shall ensure that their business in IFSC is not set up either by
 - splitting up of business already in existence in India; or
 - reconstructing of business already in existence in India; or
 - reorganising of a business already in existence in India.
 - ii) The BATF Service Provider shall not offer BATF Services by way of transferring or receiving of existing contracts or work arrangements from their Group Entities in India.

Legal Form Requirement under the BATF Regulations, 2024

The applicant desirous of providing BATF Services requires to be set up in IFSC either in the form of a Company or Limited Liability Partnership.

Registration Process (Step-by-Step) [Regulation 5 & 6]

As defined under regulations 5 and 6 of BATF regulations, 2024, the process of registration is as follows:

STEP 1: Submit Application

The applicant must:

- File an application in the prescribed format
- Pay a non-refundable application fee

STEP 2: IFSCA checks application and rejects the application which is not complete in all respect.

After considering the application the IFSCA may:

- Approve the application
- Ask for corrections (provide 30 days to rectify issues)
- Reject it only after giving a chance to reply

STEP 3: Certificate of Registration Issued

Once approved:

- The certificate of registration remains valid until surrendered by the BATF Service Provider or cancelled by the IFSCA.

It may be noted here that the surrender of certificate of registration by the BATF Service Provider will be effective only after approval by the Authority.

- BATF Service Provider must inform IFSCA about any material change in the information or particulars previously furnished (ownership, address, etc.)

Special Case: Ancillary Service Providers

As mentioned in the second schedule of the BATF Regulations, 2024, an existing Ancillary Service Providers, after receiving a letter of continuation from the IFSCA, may continue to provide BATF services in its existing legal form for a period of three years from the date of commencement of the BATF regulations. They should ring-fence its BATF Service operations from their other existing operations in IFSC. They must comply with the requirements of Regulation 8 (safeguarding conditions on splitting/reconstruction of businesses), Regulation 9 (prohibition on transfer of existing contracts/work arrangements from group entities in India), and Regulation 14 (reporting requirements to the IFSCA).

However, the requirements of Regulations 8 and 9 shall not apply to contracts, manpower or assets already deployed before commencement of the BATF Regulations, nor at the time of migration of BATF Services into a newly incorporated entity formed under Regulation 5(4). Further, Ancillary Service Provider must comply with Regulations 11 (appointment of Principal Officer and Compliance Officer based in IFSC) and 12 (minimum office space criteria) within six months from commencement of the Regulations and must also pay the applicable fees as may be specified by the IFSCA.

This transition protects existing businesses while ensuring future regulatory compliance.

APPOINTMENT OF PRINCIPAL OFFICER (PO) AND COMPLIANCE OFFICER (CO)

Key Managerial Personnel (PO & CO) [Regulation 11]

The BATF Service Provider must designate a Principal Officer who will be responsible for its overall activities in IFSC. In addition to the above, they must also designate a Compliance Officer who will be responsible for reporting to the Board of Directors or head of the organization, as the case maybe, besides the compliance of policies, procedures, maintenance of records and the implementation of the requirements as specified under the BATF Regulations and other applicable laws in force.

The BATF Service Provider must ensure that its Principal Officer and Compliance Officer are based out of IFSC and meet the following requirements:

- i) A professionally qualified Chartered Accountant (CA), **Company Secretary (CS)**, Cost and Management Accountant (CMA), Certified Public Accountant (CPA), Chartered Financial Analyst (CFA) or any other equivalent qualifications from professional bodies or institutes or a post-graduate degree in finance, accountancy, business management, commerce, economics, taxation or a degree in law from a university or an institution recognized by the UGC or AICTE or such other equivalent authority in India or a foreign jurisdiction.

Principal Officer of a BATF Service Provider, who provides Financial Crime Compliance Services, must also hold relevant qualifications from a reputed foreign or domestic institution in financial crime compliance.

- ii) No person shall be eligible to be appointed as Principal Officer or Compliance Officer, unless he has experience in the relevant field of not less than five years and three years, respectively.

Fit & Proper Criteria [Regulation 7]

The BATF Service Provider must ensure that the entity and its principal officer, directors/ partners/ designated partners, key managerial personnel and controlling shareholders are fit and proper persons, at all times.

A person shall be deemed to be a fit and proper person if:

- a) such a person has a record of fairness and integrity, including but not limited to-
 - financial integrity
 - good reputation and character and
 - honesty
- b) such a person has not incurred any of the following disqualifications:
 - the person has been convicted by a court for any offence involving moral turpitude or any economic offence.
 - a recovery proceeding has been initiated against the person by a statutory body or financial regulatory authority and is pending.
 - an order for winding up has been passed against the person for malfeasance.
 - the person has been declared an undischarged insolvent.
 - an order, restraining, prohibiting or debaring the person from accessing, providing or dealing in financial products or financial services, has been passed by any regulatory authority, and a period of three years from the date of the expiry of the period specified in the order has not elapsed.
 - any other order against the person has been passed by the Authority or any other regulatory authority, and a period of three years from the date of the order has not elapsed.
 - the person has been found to be of unsound mind by a court of competent jurisdiction and the finding is in force.
 - the person is financially not sound or has been categorised as a wilful defaulter.
 - the person has been declared a fugitive economic offender.
 - any other disqualification as may be specified by the IFSCA.

This ensures competent and ethical leadership.

REPORTING REQUIREMENTS [REGULATION 14]

The BATF Service Provider shall furnish information relating to its operations to the IFSCA, in such manner, interval and form, as may be specified by the IFSCA.

Any financial reporting by the BATF Service Provider to the Authority shall be in US Dollar, unless otherwise specified by the IFSCA.

The BATF Service Provider must submit a certificate, issued by an independent third party practicing professional namely, CA, CS or CMA, certifying compliance with the requirements specified in the BATF regulations including that of regulation 8 (safeguarding conditions on splitting/reconstruction of businesses) and 9 (prohibition on transfer of existing contracts/work arrangements from group entities in India), within ninety days from the closure of each Financial Year.

IFSCA TECHFIN AND ANCILLARY SERVICES (TAS) REGULATIONS, 2025

The IFSCA TechFin and Ancillary Services (TAS) Regulations, 2025 were notified to establish a unified regulatory framework for technology-driven and support-service providers operating within an IFSC such as GIFT City, with the objective of supplementing and enabling financial services regulated under the IFSCA Act. The regulations mandate that any entity providing TechFin or Ancillary Services or both — such as Artificial Intelligence or Machine Learning, cybersecurity, big data & analytics, Compliance management support services, Fund administration services, Legal services, Trusteeship services— must obtain a Certificate of Registration from

IFSCA before commencing operations and must meet “fit and proper” criteria for promoters, directors, and key officers.

The TechFin and Ancillary Service Provider may provide the services only to an Intermediary or a Service Recipient, who is a Non-resident and from a jurisdiction which has not been identified in the public statement of Financial Action Task Force (FATF) as “*High-Risk Jurisdiction subject to call for action*”. It may also provide the services to a Resident, for the limited purpose of setting up of their office in the IFSC or Overseas :

Important Definition

- **“Ancillary Services”** means those services which, directly or indirectly, aid, help or assist in making arrangements for carrying on any of the financial services listed in sub-clauses (i) to (xi) of clause (e) of sub-section (1) of section 3 of the Act;
- **“Single Window IT Systems (SWIT)”** refers to an online platform specified by the Authority, to facilitate the processing of applications submitted by the applicants for obtaining certificate of registration under these regulations;
- **“Specified Foreign Currency”** means the currencies specified in the First Schedule of the International Financial Services Centres Authority (Banking) Regulations, 2020, as amended from time to time;
- **“TechFin and Ancillary Service Provider”** means an entity which has been granted registration under these regulations for providing one or more of the Ancillary Services or TechFin Services, specified in the First and Second Schedule, respectively, directly or indirectly, to aid, help or assist in making arrangements for carrying on any of the financial services listed in sub-clauses (i) to (xi) of clause (e) of sub-section (1) of Section 3 of the Act.
- **“TechFin Services”** means technology solutions or services provided, directly or indirectly, to aid, help or assist in making arrangements for carrying on any of the financial services listed in sub-clauses (i) to (xi) of clause (e) of sub-section (1) of Section 3 of the Act.

Registration [Regulation 4]

- 1) An entity desirous of providing either TechFin or Ancillary Services or both, must not commence its operations in the IFSC unless a certificate of registration is granted by the IFSCA to it in accordance with these regulations.

An existing ancillary service or an existing TechFin must within a period of twelve months from the date of commencement of the regulations, obtain a certificate of registration under the regulations. Further, where an existing Ancillary Service Provider or TechFin entity is unable to obtain the certificate of registration within the period specified above, on an application made by the entity, the Chairperson of the IFSCA may, for reasons recorded in writing, grant an extension beyond twelve months, but not exceeding twenty-four months in aggregate.

- 2) The IFSCA may, upon receipt of a declaration from the existing Ancillary Services Provider or TechFin entity, certifying the compliance with the requirements specified under the regulations, and on being satisfied with such declaration, issue a certificate of registration.

Legal Form of the Applicant and Eligibility [Regulation 5]

- 1) The applicant must be an entity incorporated as a company or limited liability partnership in the IFSC, or a branch of a company or of a limited liability partnership incorporated outside the IFSC, or in any other form as may be permitted by the IFSCA. A partnership firm registered under the Indian Partnership Act, 1932, wherein all its partners are members of professional body or institute constituted under any Act of Parliament, must also be eligible to make an application under the regulations.

- 2) All the promoters or partners of the applicant entity must be from a jurisdiction which has not been identified in the public statement of Financial Action Task Force (FATF) as “High-Risk Jurisdictions subject to call for action”.

Procedure for making application and grant of Certificate of Registration [Regulation 6]

- 1) An applicant desirous of obtaining certificate of registration as TechFin and Ancillary Services Provider must submit the application to the IFSCA through SWIT, along with the requisite documents and application fees, in the manner specified by the IFSCA.
- 2) After considering the application, if the IFSCA is of the opinion that the certificate of registration cannot be granted due to certain deficiencies, it must communicate the same to the applicant, advising it to rectify those deficiencies within thirty days from the date of communication, failing which the application must be liable to be rejected. No application must be rejected without giving the applicant a reasonable opportunity of being heard by way of written submissions.
- 3) On consideration of the application, the IFSCA can grant in-principle approval to the applicant, subject to such conditions as deemed fit.
- 4) On receipt of in-principle approval, the applicant must, within a period of one hundred eighty days, unless extended by the IFSCA, take necessary steps to comply with these regulations and conditions of the in-principle approval.
- 5) On being satisfied that the applicant has fulfilled the conditions of the in-principle approval, the IFSCA may grant a certificate of registration, subject to such conditions as it deemed fit.
- 6) The certificate of registration granted under the regulations must be valid, unless suspended or cancelled by the IFSCA or voluntarily surrendered by the TechFin and Ancillary Service Provider in accordance with these regulations. The voluntary surrender of certificate of registration must be effective only after its acceptance by the IFSCA.
- 7) The TechFin and Ancillary Service Provider must immediately furnish to the IFSCA of any material changes, having bearing on the certificate of registration granted to it including any change in the information or particulars previously furnished.

Fit and Proper requirements [Regulation 7]

- 1) The TechFin and Ancillary Services Provider must ensure that the entity and its principal officer, compliance officer, directors/ partners/ designated partners, and controlling shareholders are ‘fit and proper’ persons, at all times.
- 2) A person must be deemed to be a ‘fit and proper’ if-
 - i) such a person has a record of fairness and integrity, including but not limited to-
 - a) financial integrity
 - b) good reputation and character
 - c) honesty
 - ii) such a person has not incurred any of the following disqualifications:
 - a) the person has been convicted by a court of law for any offence involving moral turpitude or any economic offence or any offence, under the Act or Acts mentioned in the First Schedule of the Act, in the last five years

- b) charge sheet has been filed against such person by any Indian or foreign enforcement agency in matters concerning economic offences and is pending
 - c) charges have been framed by a court of law or an equivalent institution in matters concerning economic offences
 - d) a recovery proceeding has been initiated against the person by a statutory body or financial regulatory authority and is pending
 - e) an order has been passed against the person for malfeasance
 - f) the person has been declared an undischarged insolvent
 - g) An order, restraining, prohibiting or debarring the person from accessing, providing or dealing in financial product (s) or financial service (s), has been passed by any regulatory authority, in any matter concerning financial services market and such order is in force
 - h) any other order , which has a material bearing on the financial services market, has been passed against the person by the IFSCA or any other regulatory authority, and a period of three years from the date of the order has not elapsed. The decision to determine materiality will be with the IFSCA
 - i) the person has been found to be of unsound mind by a court of competent jurisdiction and the finding is in force
 - j) the person is financially not sound or has been categorized as a wilful defaulter
 - k) the person has been declared a fugitive economic offender
 - l) any other disqualification as may be specified by the IFSCA
- 3) Where any person has been declared as not 'fit and proper' by an order of a regulatory authority, such a person must not be eligible to apply for any registration, until such person satisfies the 'fit and proper' requirements.

Code of Conduct [Regulation 8]

- 1) The TechFin and Ancillary Service Provider must ensure compliance with the requirements prescribed in the relevant rules issued by the Central Government and in any regulations, guidelines, circulars or instructions as may be issued from time to time by the IFSCA or any concerned regulators or authorities.
- 2) The TechFin and Ancillary Service Provider must inform the IFSCA of any material change in the information or particulars previously furnished, which have a bearing on the certificate of registration granted by the IFSCA.
- 3) The TechFin and Ancillary Service Provider must notify the IFSCA, if any of its promoter's or significant beneficial owner's home jurisdiction is identified in the public statement of Financial Action Task Force (FATF) as "High-Risk Jurisdiction subject to call for action", within ten business days from the date of publication by FATF.
- 4) The TechFin and Ancillary Service Provider must deploy adequate manpower and infrastructure in the IFSC, commensurate with its business operations.
- 5) The TechFin and Ancillary Service Provider must seek registration or authorisation, separately under the appropriate regulations or framework issued by the IFSCA for undertaking regulated activities in the IFSC.

Appointment or Designation [Regulation 9]

- 1) The TechFin and Ancillary Service Provider shall appoint a principal officer or designate one of its existing officers as a principal officer, who must be responsible for its overall activities. In the case of a TechFin and Ancillary Service Provider providing services exclusively to its Group Entities located in the IFSC, the appointment of a principal officer is optional subject to the approval of the IFSCA.
- 2) The TechFin and Ancillary Service Provider must appoint a compliance officer or designate one of its existing officers as a compliance officer, who must be responsible for the compliance of policies, procedures, maintenance of records, implementation of the requirements under the regulations, other applicable laws, and reports to the Board of Directors or head of the organization.
- 3) The principal officer and compliance officer must be full-time employees of TechFin and Ancillary Service Provider and must be based out of the IFSC.

Eligible Intermediaries and Service Recipients [Regulation 10]

- 1) The TechFin and Ancillary Service Provider provides the services only to an Intermediary or a Service Recipient, who is a Non-resident and from a jurisdiction which has not been identified in the public statement of Financial Action Task Force (FATF) as “High-Risk Jurisdiction subject to call for action”.
- 2) The TechFin and Ancillary Service Provider also provides the services to a Resident, for the limited purpose of setting up of their office in the IFSC or Overseas.

Reporting requirements [Regulation 12]

- 1) The TechFin and Ancillary Service Provider must furnish information relating to its operations to the Authority, in such manner, interval and form, as may be specified by the IFSCA.
- 2) Any financial reporting by the TechFin and Ancillary Service Provider to the IFSCA must be in US Dollar, unless otherwise specified by the IFSCA.

Power to Inspect [Regulation 18]

The IFSCA, may suo motu or upon receipt of information or complaint, appoint one or more persons as Inspecting Authority to, inter-alia, undertake the inspection of books of accounts, records, documents, infrastructure, procedures and systems of a TechFin and Ancillary Service Provider.

Action in case of default [Regulation 19]

- 1) The IFSCA initiates any action, as it may deem fit, in case a TechFin and Ancillary Service Provider contravenes any of the provisions of the regulations, circulars, guidelines or directions issued.
- 2) No action must be taken without giving the TechFin and Ancillary Service Provider, a reasonable opportunity of being heard by way of written submissions.

Overall, the framework strengthens governance, supports innovation, and enhances IFSC’s position as a global financial and technology services hub.

Why This Matters — What It Enables in IFSC / GIFT City

- The unified TechFin and Ancillary framework makes GIFT IFSC an integrated hub: not just for banks, funds, exchanges, but also for technology providers, legal-compliance firms, audit & accounting firms, fintech infrastructure firms, etc. This broadens the ecosystem, enabling end-to-end services.
- It encourages innovation and regulatory compliance. TechFins bring global-style fintech / deep-tech / RegTech / SupTech capabilities, while being subject to IFSCA oversight — offering a blend of agility and trust.

- For global clients / non-resident investors / financial institutions, this means easier access to high-quality support, compliance, fintech solutions, and outsourced services all under one regulated roof.
- For India, and especially GIFT IFSC, this helps attract global business, technology-led finance, employment, and builds capacity — positioning IFSC as a global financial and technology services hub rather than just conventional finance.

FOREIGN UNIVERSITY FRAMEWORK AT THE IFSC

The IFSCA (Setting up and Operation of International Branch Campuses and Offshore Education Centres) Regulations, 2022 provide a framework for foreign universities and foreign educational institutions to establish International Branch Campuses (IBCs) or Offshore Education Centres (OECs) in India's GIFT IFSC, offering globally recognized degree and research programmes in areas such as Financial Management, FinTech, and Science, Technology, Engineering and Mathematics (STEM).

Important Definitions

- **“Foreign Educational Institution”** shall mean an education institution outside India, which is not a university, and is duly authorized to offer courses including research programmes in the permissible subject areas, within and outside its home jurisdiction;
- **“Foreign University”** shall mean a university established outside India which is duly accredited to award degree for courses including research programmes in the permissible subject areas, within and outside its home jurisdiction;
- **“International Branch Campus”** or **“IBC”** shall mean a campus set up as a branch by a Foreign University on stand-alone basis, or in such other form as may be permitted by the Authority in the GIFT IFSC for the purpose of delivering courses including research programmes in the permissible subject areas, that are duly accredited under the relevant framework in their respective home jurisdiction, and is registered with the Authority;
- **“Offshore Education Centre”** or **“OEC”** shall mean a centre set up as a branch by a Foreign Educational Institution (other than a Foreign University) in the GIFT IFSC on stand-alone basis or in such other form as may be permitted by the Authority for the purpose of delivering courses including research programmes in the permissible subject areas, that are duly accredited under the relevant framework in their respective home jurisdiction, and is registered with the Authority;
- **“Parent Entity or Applicant”** shall mean the Foreign University or a Foreign Educational Institution that intends to establish and operate an IBC or OEC, as the case may be, in the GIFT IFSC.

Permissible Subject Areas [Regulation 4]

Courses including research programmes in Financial Management, FinTech, Science, Technology, Engineering and Mathematics are permitted in GIFT IFSC.

Eligibility [Regulation 5]

- (1) In case the Applicant is a Foreign University, it must have secured a position within Top 500 in global overall ranking and / or subject ranking in the latest QS World Universities ranking.
- (2) In the case of Foreign Educational Institution, the Applicant must be a reputed Institution in its home jurisdiction.
- (3) The Applicant must satisfy the IFSCA about its financial capability to establish and ensure the continuity of the proposed activities in GIFT IFSC.

- (4) The Applicant must undertake to put in place suitable infrastructure and facilities to conduct the courses, including research programmes in the permissible subject areas.

Application for Registration [Regulation 6]

- (1) An Applicant satisfying the eligibility conditions specified in the regulations, must apply to the IFSCA, in the specified format, for the grant of registration to conduct the courses including research programmes or/and executive education programmes, in the permissible subject areas.
- (2) An Application must be accompanied by-
 - a) a resolution passed by the Applicant's Board of Trustees, Senate or other Governing Body, by whatever name called, resolving the establishment of IBC or OEC
 - b) details regarding infrastructural facilities, facilities available for instruction, faculty, prescribed fee, academic plan, courses, curricula and requisite funds to operate for a minimum period of five years, along with other relevant details as may be specified
 - c) details of the alternative arrangements for students in the event of discontinuation of the course or program for any reason
 - d) an undertaking by the Applicant declaring that the degrees, diplomas or certificates issued to the students in the GIFT IFSC must be recognized in the home jurisdiction of the Parent Entity and must be treated equivalent to the corresponding degrees, diplomas or certificates awarded or issued, as the case may be, by the Parent Entity in its home jurisdiction
 - e) the latest Quality Assurance Audit report from a recognized Quality Assurance Agency in the home jurisdiction of the Applicant.

Procedure for Grant of Registration [Regulation 7]

- (1) An application received under the regulations must be referred to the Committee of Experts constituted by the Gujarat International Finance Tec City Company Limited for appraisal and recommendations.
- (2) Based on the recommendations of the Committee of Experts, the IFSCA may upon its satisfaction, at first instance, grant in-principle approval to the Applicant giving it one hundred and eighty (180) days' time to set up all required infrastructure and engage necessary manpower etc. If an applicant is not able to set up the required infrastructure and /or engage necessary manpower etc. within the specified period of one hundred and eighty days, it may, before expiry of such period, but at least seven days in advance, make an application for extension of time to the Chairperson of the IFSCA.
- (3) On receipt of the application, if satisfied with the reasons for delay, the Chairperson can extend the period for not more than Ninety days. An application for extension of date beyond the period referred must be entertained only with the approval of the Board of the IFSCA.
- (4) The IFSCA on being satisfied that the applicant fulfills all the conditions for the grant of registration, can issue a Certificate of Registration with or without conditions.
- (5) The registration, once granted, must be valid for a period of five years and be renewable for an additional period of five years at a time, with or without any additional condition(s), as the IFSCA may deem fit.
- (6) The registration can be cancelled, or renewal can be refused by the IFSCA, for reasons to be recorded in writing, after following due procedure and giving due opportunity to the registered entity.

Non-Permissible Activities [Regulation 9]

An IBC or OEC must not act as a representative office of the Parent Entity for the purposes of undertaking promotional activities for their programmes in their home jurisdiction or any other jurisdiction outside GIFT IFSC.

Safeguarding the interest of Students [Regulation 13]

- (1) No IBC or OEC must wholly or partially discontinue, suspend or close any of its approved courses or programmes in the permissible subject areas for any reason without the prior written approval of the IFSCA.
- (2) In the eventuality of disruption or discontinuation of a course or programme for any reason, it must be the responsibility of the Parent Entity to provide an alternative to the affected students, including reallocation to the course or programme conducted by it.

These campuses ensure global academic standards while enabling international education access within India. The initiative aims to strengthen talent development and support the growth of GIFT City as a global educational and financial hub.

IFSCA (KYC REGISTRATION AGENCY) REGULATIONS, 2025

The International Financial Services Centres Authority (KYC Registration Agency) Regulations, 2025, provides a regulatory framework for entities that operate as KYC Registration Agencies (KRAs) in the IFSC. These regulations ensure standardized, secure, and compliant handling of client KYC data across financial entities in IFSC.

Application for grant of certificate of registration [Regulation 3]

An entity desirous of obtaining a certificate of registration as a KRA must submit, electronically or otherwise, an application along with the application fees in such form and manner as may be specified by the IFSCA.

Legal form of the Applicant [Regulation 4]

The applicant seeking registration as a KRA must be set up in the IFSC in the form of a Company. An entity registered with the SEBI to undertake activities similar to those of a KRA may set up a wholly owned subsidiary or a branch in the IFSC.

Net Worth requirements [Regulation 5]

- 1) An entity seeking registration as a KRA must maintain the net worth of at least USD 1 Million at all times.
- 2) Where a KRA is set up in the form of a branch by the entity registered with the SEBI, the minimum net worth requirement must be earmarked and ringfenced by such entity.

Fit and proper requirements [Regulation 6]

- (1) A KRA must ensure that the entity and its Principal Officer, directors/ key managerial personnel and controlling shareholders must be fit and proper persons, at all times.
- (2) A person must be deemed to be a fit and proper person if -
 - a) such person has a record of fairness and integrity, including but not limited to-
 - i) financial integrity
 - ii) good reputation and character
 - iii) honesty

- b) such person has not incurred any of the following disqualifications –
- i) the person has been convicted by a court of law for any offence involving moral turpitude or any economic offence or any offence under the Act and the other Acts listed in Schedule-I of the Act
 - ii) charge sheet has been filed against such person by any Indian enforcement agency in matters concerning economic offences and is pending
 - iii) charges have been framed by a court of law or an equivalent institution in matters concerning economic offences
 - iv) a recovery proceeding has been initiated against the person by a financial regulatory authority and is pending
 - v) an order has been passed against the person for malfeasance
 - vi) the person has been declared insolvent and not discharged
 - vii) an order, restraining, prohibiting or debarring the person from accessing or dealing in financial product (s) or financial service (s), has been passed by any regulatory authority, in any matter concerning financial services market and such order is in force
 - viii) any other order against the person, which has a material bearing on the financial services market, has been passed by the IFSCA or any other regulatory authority, and a period of three years from the date of the order has not elapsed. The decision to determine materiality must be that of the IFSCA.
 - ix) the person has been found to be of unsound mind by a court of competent jurisdiction and the finding is in force
 - x) the person is financially not sound or has been categorised as a willful defaulter
 - xi) the person has been declared a fugitive economic offender
 - xii) any other disqualification as may be specified by the IFSCA
- (3) Where any person has been declared as not 'fit and proper person' by an order of a regulatory authority, such a person must not be eligible to apply for any registration, until she satisfies the fit and proper criteria.

Appointment of Principal Officer, Compliance Officer and other human resources [Regulation 7]

- (1) A KRA must designate a Principal Officer, and a separate Compliance Officer based out of IFSC.
- (2) A KRA must ensure that the Principal Officer and the Compliance Officer meet the following educational qualification requirements:
 - a) A professional qualification or post-graduate degree or post graduate diploma (minimum one year in duration) in finance, law, accountancy, business management, commerce, economics, capital market, banking, insurance or actuarial science from a university or an institution recognised by the Central Government or any State Government or a recognised foreign university or institution or association or a CFA or a FRM from Global Association of Risk Professionals or any other relevant educational qualifications as may be specified by the IFSCA.

A graduation degree in any field from a university or an institution recognised by the Central Government or any State Government or a foreign university would suffice where the Principal Officer or the Compliance Officer has a work experience of at least fifteen years in the financial

services market. Further, a person who has a qualification of Bachelor of Law from a university, or an institution recognised by the Central Government or any State Government or a recognised foreign university or institution or association is also eligible for appointment as a Compliance Officer.

Here, the professional qualification must include membership of Institute of Chartered Accountants of India, Institute of Company Secretaries of India, Institute of Cost Accountants of India or any institution equivalent thereto in a Foreign Jurisdiction.

- (3) A KRA must ensure that the Principal Officer and Compliance Officer meet the following experience requirements:
 - a) A Principal Officer must have an experience of at least ten years in the financial services market.
 - b) A Compliance Officer must have an experience of at least five years in the financial services market.
- (4) The Compliance Officer must immediately and independently report to the IFSCA any non-compliance.
- (5) A KRA must have adequate manpower commensurate with its business activities in the IFSC.

Grant of Registration [Regulation 9]

- (1) An entity must be eligible to be registered as KRA only if it belongs to one of the following categories, namely:
 - a) a wholly owned subsidiary of a stock exchange regulated in India, in the IFSC or in a Foreign Jurisdiction
 - b) a wholly owned subsidiary of a depository regulated in India, in the IFSC or in a Foreign Jurisdiction
 - c) a wholly owned subsidiary of an entity undertaking activities similar to those of a KRA and regulated by SEBI or regulated in a Foreign Jurisdiction. A branch of an entity undertaking activities similar to those of a KRA and regulated by SEBI must also be eligible to be registered as a KRA. Further, any conflict of interest does not exist between the role of the applicant as KRA and other commercial activities of the applicant, its Associates and Group Entities.
- (2) The IFSCA may, after considering the application and on being satisfied that the applicant has complied with the conditions laid down in the regulations and is eligible to act as a KRA, and upon receipt of specified registration fees, grant registration to the applicant subject to the conditions as the IFSCA may deem fit.
- (3) If the IFSCA is of the opinion that the registration cannot be granted, it must communicate the deficiencies to the Applicant, giving it thirty days' time to rectify them.
- (4) If the Applicant fails to rectify such deficiencies to the satisfaction of the IFSCA within the specified time, the IFSCA may refuse to grant registration and must communicate the same to the Applicant, giving reasons for such refusal. No such refusal must be made by the IFSCA without giving the Applicant an opportunity to make written submissions on the grounds on which the registration is proposed to be refused.
- (5) The KRA must comply with any other condition as may be imposed by the IFSCA as it deems fit in the interest of the investors or orderly development of the securities market or for regulating the working of the KRA, in the IFSC.
- (6) The registration granted to a KRA may be withdrawn by the IFSCA after giving an opportunity of being heard.

Code of Conduct [Regulation 12]

1. A KRA must make all efforts to protect the interest of its Clients.
2. A KRA must maintain high standards of integrity, dignity and fairness in the conduct of its business.
3. A KRA must fulfill its obligations in a prompt, ethical and professional manner.
4. A KRA must at all times exercise due diligence, ensure proper care and exercise independent professional judgment.
5. A KRA must ensure that any change in registration status/any penal action taken by the IFSCA or any material change in financial position which may adversely affect the interests of Clients is promptly displayed on its website.
6. A KRA must not divulge to anybody either orally or in writing, directly or indirectly, any confidential information about the Clients which has come to its knowledge, without taking prior permission of its Clients, except where such disclosures are required to be made in compliance with any law for the time being in force
7. A KRA must not indulge in any unfair competition.
8. A KRA must display on its website adequate and appropriate information about its business, including contact details of persons and services available to Clients.
9. A KRA must ensure that grievances of Clients are redressed in a timely and appropriate manner.
10. A KRA must make reasonable efforts to avoid misrepresentation and ensure that the information provided to the Clients and intermediaries is not misleading.
11. A KRA must abide by the provisions of the Act and the rules, regulations issued by the Government and the IFSCA, from time to time, as may be applicable.
12. A KRA must not make untrue statement or suppress any material fact in any documents, reports, papers or information furnished to the IFSCA.
13. A KRA must ensure that the IFSCA is promptly informed about any action, legal proceeding, etc., initiated against it in respect of any material breach or non-compliance by it, of any law, rules, regulations and directions of the IFSCA or of any other regulatory body.
14. A KRA or any of his employees must not render, directly or indirectly, any investment advice about any security in the publicly accessible media.
15. A KRA must not make a recommendation to any Client who might be expected to rely thereon to acquire, dispose of or retain any securities.
16. A KRA must ensure that any person it employs or appoints to conduct business is fit and proper and otherwise qualified to act, in the capacity so employed or appointed, including having relevant professional training or experience.
17. A KRA must have internal control procedures and financial and operational capabilities which can be reasonably expected to protect its operations, its Clients from financial loss arising from theft, fraud, and other dishonest acts, professional misconduct or omissions.
18. A KRA must be responsible for the acts or omissions of its employees in respect to the conduct of its business.
19. A KRA must provide adequate freedom and powers to its Compliance Officer for the effective discharge of its duties.

20. A KRA must ensure that the senior management, particularly decision makers have access to all relevant information about the business on a timely basis.
21. A KRA must ensure that good corporate policies and corporate governance are in place.
22. A KRA must have adequately trained staff and arrangements to render fair, prompt and competence services to its Clients.
23. A KRA must develop its own internal code of conduct for governing its internal operations and laying down its standards of appropriate conduct for its employees and officers in the carrying out of their duties. Such a code may extend to the maintenance of professional excellence and standards, integrity, confidentiality, objectivity, avoidance of conflict of interests, disclosure of shareholdings and interests, etc.
24. A KRA must not be party to—
 - a) creation of a false market
 - b) price rigging or manipulation
 - c) passing of unpublished price sensitive information in respect of securities which are listed and proposed to be listed in any stock exchange to any person.
25. A KRA must maintain proper inward and outward system for all types of mail received and dispatched in all forms.
26. A KRA must implement an automated system with validation mechanisms minimizing manual intervention to ensure data accuracy.
27. A KRA must not indulge in manipulative, fraudulent practices in the process of identification, verification and updation of a Client's KYC information with a view to distort market equilibrium or making personal gains.

Information to the Authority [Regulation 14]

- (1) A KRA must immediately furnish to the IFSCA any material change in the information or particulars previously furnished along with the application, which has a bearing on the certificate of registration granted to it.
- (2) A KRA must intimate to the IFSCA any change in Principal Officer, Compliance Officer or key managerial personnel to the IFSCA, within 15 days of such change.
- (3) A KRA must furnish such reports, returns, statements and particulars, in such manner, interval and form, as may be specified by the IFSCA from time to time.

Functions and obligations of a Regulated Entity [Regulation 25]

The Regulated Entity shall have the following functions and obligations –

- (a) The Regulated Entity must perform the initial KYC/due diligence of the Client, upload the KYC information with proper authentication on the system of the KRA, furnish the scanned images of the KYC documents to the KRA, and retain the physical KYC documents.
- (b) The Regulated Entity must upload the KYC information on the system of KRA within 3 working days from the date of completion of KYC process or any other timeline as specified by the IFSCA from time to time.
- (c) When the Client approaches another Regulated Entity subsequently, the Regulated Entity must verify and download the Client's details from the system of KRA. Upon receipt of information on change in

KYC details and status of the Clients by the Regulated Entity or when it comes to the knowledge of the Regulated Entity, at any stage, the Regulated Entity shall be responsible for uploading the updated information on the system of KRA and retaining the physical documents.

- (d) A Regulated Entity must not use the KYC data of a Client obtained from the KRA for purposes other than it is meant for; nor must it make any commercial gain by sharing the same with any third party including its affiliates or Associates.
- (e) A Regulated Entity must have the ultimate responsibility for the KYC of its Clients, by undertaking enhanced KYC measures commensurate with the risk profile of its Clients.
- (f) The Regulated Entity must integrate its systems with the KRA to facilitate seamless movement of KYC documents to and from the Regulated Entity to the KRA. The IFSCA may, after taking into consideration the relevant factors, exempt certain classes of Regulated Entities from the applicability of these regulations.

Suspension, cancellation of registration or any other actions [Regulation 31]

- (1) A KRA who contravenes any of the provisions of these regulations, guidelines, circulars or directions made thereunder must be liable for enforcement action under the Act, including suspension or cancellation of registration.
- (2) No enforcement action as referred to in (1) must be taken without giving reasonable opportunity to the KRA to make its submissions.

Why It Matters – What’s the Impact

These regulations aim to strengthen trust in the IFSC ecosystem by establishing a unified, secure, interoperable, and regulated KYC framework. By clearly defining operational responsibilities and compliance standards for KRAs and financial institutions, the regulations ensure smooth functioning of capital market activities while safeguarding client information.

The regulation helps streamline and standardize KYC/AML compliance for all financial players in IFSC reducing duplication, onboarding friction, and improving data integrity. By centralizing and authorising KYC via KRAs, it helps build trust, transparency, and global-standard compliance — important for attracting international clients and investors to IFSC-based entities. The framework enables shared KYC infrastructure across entities (banks, funds, capital-market intermediaries, payment providers, etc.) operating in IFSC — promoting efficiency, cost-effectiveness, and smoother cross-border operations.

LESSON ROUNDUP

- Book-keeping, Accounting, Taxation and Financial Crime Compliance (BATF) services play a critical supporting role in the smooth functioning of entities operating in an IFSC like GIFT City.
- The IFSCA has introduced a comprehensive regulatory framework to ensure that BATF services are provided in a transparent, professional, and compliant manner.
- Clear definitions of book-keeping, accounting, taxation, and FCC services help avoid overlaps, ensure regulatory clarity, and maintain service quality.
- Only registered entities are permitted to provide BATF services in IFSC, ensuring proper oversight and accountability.

- The regulations lay down strict eligibility and registration requirements, including legal form, operational safeguards, and prohibition on business splitting or contract transfers from India.
- Appointment of a Principal Officer and Compliance Officer, based in IFSC and meeting qualification and experience norms, ensures effective governance and regulatory compliance.
- The fit and proper criteria safeguard the IFSC ecosystem by ensuring ethical conduct, financial integrity, and professional competence of service providers and key personnel.
- Periodic reporting and disclosure requirements strengthen regulatory supervision and promote transparency in operations.
- The TechFin and Ancillary Services (TAS) Regulations, 2025 support technology-driven and support services, enabling innovation while maintaining regulatory discipline.
- The Foreign University framework enhances skill development and global education standards within IFSC, supporting long-term ecosystem growth.
- The KYC Registration Agency (KRA) framework standardizes KYC processes, improves data security, and strengthens AML/CFT compliance across financial entities.

GLOSSARY

Accounting Services: Services relating to preparation, compilation, review, and analysis of financial statements without providing audit or assurance.

Ancillary Service Provider: An entity providing support services in IFSC which may include BATF services, subject to registration and compliance with IFSCA regulations.

Anti-Money Laundering (AML): Laws, regulations, and procedures aimed at preventing the generation of income through illegal activities.

BATF Services: Collective term for Book-keeping, Accounting, Taxation, and Financial Crime Compliance services regulated by the IFSCA.

BATF Service Provider: An entity registered with the IFSCA to provide one or more BATF services within an IFSC.

Book-keeping Services: Services involving recording and classifying financial transactions in books of accounts, excluding payroll and taxation services.

Countering the Financing of Terrorism (CFT): Measures designed to prevent funds from being used to support terrorist activities.

Financial Crime Compliance (FCC) Services: Services relating to AML, CFT, FATF recommendations, and other measures to prevent financial crimes.

Financial Action Task Force (FATF): An inter-governmental body that sets global standards for combating money laundering and terrorist financing.

KYC (Know Your Customer): A process of verifying the identity of clients to prevent fraud, money laundering, and other financial crimes.

KYC Registration Agency (KRA): An IFSCA-registered entity that maintains, verifies, and manages standardized KYC records for financial entities in IFSC.

Limited Liability Partnership (LLP): A business structure combining features of a partnership and a company, offering limited liability to partners.

Ring-fencing: Segregation of BATF operations from other business activities to prevent risk spill-over and ensure regulatory compliance.

TechFin Services: Technology-driven services such as AI, cybersecurity, data analytics, and RegTech that support financial services in IFSC.

Taxation Services: Services involving tax advisory, planning, preparation, and filing of direct and indirect tax returns.

TEST YOURSELF

(These are meant for recapitulation only. Answer to these questions are not to be submitted for evaluation.)

A. Very Short Answer Questions

1. What is meant by BATF Services?
2. Name any two services included under Financial Crime Compliance (FCC).
3. Which authority regulates BATF Service Providers in IFSC?
4. What is the full form of TAS?
5. Who is a Principal Officer?
6. Name the minimum legal forms permitted for a BATF Service Provider.
7. What is a KYC Registration Agency (KRA)?

B. Short Answer Questions

1. Explain the importance of BATF services in an International Financial Services Centre.
2. Distinguish between book-keeping services and accounting services.
3. What are Taxation Services under the BATF Regulations, 2024?
4. What are the key eligibility conditions for registering as a BATF Service Provider?
5. State the responsibilities of a Compliance Officer.
6. What is meant by the fit and proper criteria?
7. What reporting obligations are imposed on BATF Service Providers by IFSCA?
8. Explain the objective of the TAS Regulations, 2025.
9. Why is the Foreign University framework important for IFSC?

C. Long Answer / Descriptive Questions

1. Discuss the regulatory framework governing Book-keeping, Accounting, Taxation and Financial Crime Compliance Services in IFSC.
2. Explain the registration process for setting up a BATF Service Provider in IFSC.
3. Describe the roles, qualifications, and experience requirements of the Principal Officer and Compliance Officer under BATF Regulations.
4. Examine the safeguards provided under the BATF Regulations to prevent misuse of IFSC for business restructuring or round-tripping.

