



CIRCULAR

F. No. 333/IFSCA/SWF/2022-23

March 01, 2023

To,

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

Dear Sir / Madam,

Sub: Clarifications in relation to Fund Management Entities and Schemes set up in IFSCs by Sovereign Wealth Funds

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.
2. Sovereign Wealth Funds by their very nature represent the interest of a State and benefit a country's economy and its citizens. In order to remove certain difficulties faced by such funds desirous of setting-up a Fund Management Entity (FME) and scheme(s) in IFSC, the Authority, in exercise of the powers conferred by Section 12 and 13 of the International Financial Services Centres Authority Act, 2019, read with regulation 146 of the Regulations, clarifies the following:
 - a. The ceiling of 10% investment from FME or its associates in case of Venture Capital Schemes and Restricted Schemes [regulations 28(1) and 40(1), respectively], shall not be applicable;
 - b. The restriction that certain schemes can only be close ended in case of Venture Capital Schemes, Category I and II Alternative Investment Funds [regulations 21 (1) and 30 (1) (a) & (c), respectively], shall not be applicable;

- c. A Restricted Scheme set up as an open-ended scheme by a FME of a sovereign wealth fund may comply with the provisions, as applicable to close ended scheme, with respect to investments in physical assets [regulation 34(3)], and computation and disclosure of NAV [regulations 36(3) and 39(1), respectively]. Further, the cap on investments in securities of unlisted companies [regulation 35(1)] shall not apply to such open-ended schemes.

A copy of this Circular is available on the website of International Financial Services Centres Authority at www.ifsc.gov.in.

Yours faithfully

Sd/-

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