



The GIFT City SEZ / IFSC in Gujarat (India) offers an attractive regulatory and tax regime for international finance. To conduct fund management activities here, entities must register as a Fund Management Entity (FME) under the IFSCA (Fund Management) Regulations. This guide explains how to register an FME (Non-Retail) — a category designed for institutional and sophisticated investors.

### **Why Choose A Registered Non-Retail FME In Gift City SEZ / IFSC**

- Access to a global investor base with favourable tax treatment (Section 80LA of the Income Tax Act).
- No GST on specified transactions and no STT/CTT on IFSC exchange trades.
- Defined regulatory structure under IFSCA and SEZ Act.
- Designed for sophisticated investors rather than mass retail fundraising.

### **Who Are Registered Non-Retail FME**

- The FMEs that pool money from accredited investors or investors investing above a specified threshold by way of private placement for investing in financial products including securities, and such other permitted asset classes through one or more restricted schemes;
- Such FMEs shall also be able to undertake Portfolio Management Services (including for multi-family office) and act as investment manager for private placement of Investment Trusts (REITs and InvITs); and
- Such FMEs shall also be able to undertake all activities as permitted to Authorised FMEs.

### **Net Worth Requirements**

- An entity seeking registration as a FME shall at all times comply with the net worth requirements of **USD 5,00,000** of these regulations.
- An entity operating as a branch shall at all times comply with the minimum net worth requirements specified in these regulations for its activities in IFSC which may be maintained at the level of the parent
- entity, and the parent entity shall ensure that adequate funds are available for the day-to-day operations of the branch.
- The minimum net worth requirements as stated above shall be separate and in addition to the minimum net worth requirements applicable for other activities within or outside IFSC.



### **Eligible Investors**

- Restricted schemes shall not have more than one thousand (1000) investors or such number as may be specified by the Authority.
- Investors investing at least USD 150,000 and Accredited Investors may invest in such schemes
- Investors who are employees or directors or designated partners of the FME, the minimum value of investment shall be USD 40,000:
- FME may accept investments in a Restricted scheme from multiple investors acting together as joint investors, wherein each such investor shall invest at least the minimum applicable investment amount.
- following individuals, not more than two, when act as joint investors, the total investment by such individuals shall be at least USD 150,000:
  - An investor and his/her spouse;
  - An investor and his/her parent;
  - An investor and his/her daughter/son.

*(minimum investment threshold shall not apply to an accredited investor)*

### **Step-By-Step Registration Process**

- Incorporate entity – include fund management in form of Company or LLP
- Secure office space in GIFT SEZ – obtain PLOA and execute lease deed.
- Apply for SEZ Unit Approval (Letter of Approval from Development Commissioner).
- Register with IFSCA – submit form, business plan, financials, and prescribed fees
- In case if IFSCA has any comments on the application, it will intimate the applicant to rectify the deficiencies within **30 days**.
- Commence operations – appoint key staff and set up compliance systems.
- Chapter II of IFSCA FME Regulations, 2025 covers the registration process in detail.
- Fund registration / launch filing post-FME approval.

### **Key Documentation Checklist**

- Certificate of Incorporation / LLP Deed
- MoA & AoA or LLP Agreement (with fund management objective).
- Audited financials / Net worth certificate
- KYC of promoters, directors, and key persons.
- SEZ LoA and office lease documents.
- Business plan, shareholding chart, and compliance manuals (AML/CFT).



### **Coordination Guidance Between Sez And Ifsca Stages**

- Apply to IFSCA for FME registration (Form-A).
- Simultaneously apply to GIFT SEZ Authority for unit approval (Form-F).
- Obtain IFSCA in-principle approval and submit it to SEZ Authority for issuance of the Letter of Approval (LOA).
- After SEZ unit approval, submit LOA to IFSCA to obtain final FME registration.

### **Practical Tips**

- Start office space process early; SEZ approval depends on it.
- Appoint experienced fund management professionals as KMPs.
- Maintain strong compliance and AML infrastructure from day one.
- Update regulator promptly for any structural or personnel changes.

Setting up a Registered Non-Retail FME in GIFT City SEZ offers substantial tax and regulatory advantages for fund managers targeting institutional investors. However, attention to eligibility, documentation, and compliance is critical for smooth registration and operation.

**Disclaimer:** *This article provides general information existing at the time of preparation and we take no responsibility to update it with the subsequent changes in the law. The article is intended as a news update and Affluence Advisory neither assumes nor accepts any responsibility for any loss arising to any person acting or refraining from acting as a result of any material contained in this article. It is recommended that professional advice be taken based on specific facts and circumstances. This article does not substitute the need to refer to the original pronouncement.*

