

Setting up a Broker-Dealer (Trading Member) in GIFT-SEZ-IFSC

A Comprehensive Guide to Accessing IFSC Exchange Products and Global Markets

This guide provides a detailed roadmap for establishing a Broker-dealer (Trading Member) unit in Gujarat International Finance Tec-City (GIFT) International Financial Services Centre (IFSC), enabling access to IFSC exchange products and global markets.



GIFT SEZ IFSC: An Overview

The International Financial Services Centre (IFSC) in GIFT City is strategically positioned as a global financial hub designed to facilitate cross-border capital flows, connecting India with international financial markets.

GIFT-IFSC offers numerous advantages due to its favourable regulatory framework and world-class infrastructure, comparable to global financial centres like Dubai, Singapore, and London.

GIFT-IFSC boasts state-of-the-art infrastructure, ensuring seamless connectivity, robust IT systems, and a secure regulatory environment.





International Financial Services Centres Authority (IFSCA)



Unified Regulator

IFSCA serves as the unified regulator for all financial services in GIFT-IFSC, consolidating powers previously held by SEBI, RBI, PFRDA, and IRDA.



Single Window Clearance

IFSCA provides a single window clearance system through the SWIT (Single Window IT System) application, streamlining the registration and approval process.



Regulatory Framework

IFSCA has published the IFSCA (Capital Market Intermediaries) Regulations, 2025 ("CMI Regulations") providing the framework for registration, regulation, and supervision of CMIs, including Broker-dealers.

GIFT-IFSC: Status and Operations

Status under FEMA

GIFT-IFSC is treated as an offshore jurisdiction under the Foreign Exchange Management Act (FEMA), allowing for offshore transactions—the only jurisdiction in India with this permission.

Currency of Operation

All transactions in GIFT-IFSC are conducted in foreign currencies (primarily USD, EUR, GBP, JPY), with multicurrency settlement capabilities.

Infrastructure Excellence

- State-of-the-art buildings and connectivity
- District cooling system for energy efficiency
- Underground utility tunnel for services
- 24/7 power supply with redundancy
- High-speed internet connectivity
- Modern waste management systems



Key Benefits of Operating as a Broker-Dealer in GIFT-IFSC



World-Class Infrastructure

State-of-the-art facilities ensuring seamless connectivity, robust IT systems, and a secure regulatory environment.



Offshore Transaction Capabilities

The only jurisdiction in India that permits offshore transactions, enabling global market access.



Access to India's First Bullion Exchange

Participate in bullion trading, including importing and trading precious metals, positioning GIFT-IFSC as a critical hub for precious metals trading.



Cost-Efficiency

Lower cost of operations compared to other global financial centres, with significant tax benefits and incentives.



Significant Tax Benefits in GIFT-IFSC

Income Tax Benefits

- 100% income tax exemption for 20 consecutive years within a 25-year block under Section 80LA
- Minimum Alternate Tax (MAT) exemption under Section 115JB (if opting for the new tax regime)
- No Dividend Distribution Tax (DDT)

Other Tax Advantages

- Reduced Alternative Minimum Tax (AMT) of 9% for LLPs
- GST exemptions on services/goods from Domestic Tariff Area
- Nil Security Transaction Tax (STT) and Commodity Transaction Tax (CTT)
- No Capital Gains Tax
- Custom Duty Exemption for imported goods
- Additional incentives under Gujarat IT Policy

Mandatory Requirements for Broker-Dealer Registration

01

Legal Structure

Entity must be present in the IFSC as a company, Limited Liability Partnership (LLP), body corporate, or branch. SEBI-registered stock brokers can operate under a Separate Business Unit (SBU) as a branch.

02

Application Process

Applications submitted through the Single Window IT System (SWIT), along with required documents and fees. For Broker-dealers, application is made through a recognised stock exchange.

03

Net Worth Requirements

A Broker-dealer (Trading Member) must maintain a net worth of USD 135,000 at all times.

Fit and Proper Criteria & Infrastructure Requirements

Fit and Proper Criteria

The entity, its Principal Officer, Directors, Designated Partners, Key Managerial Personnel, and controlling shareholders must all qualify as "fit and proper persons" with:

- Record of fairness, integrity, good reputation
- No disqualifications related to legal convictions
- No economic offences or pending recovery proceedings
- No insolvency or regulatory debarment

Infrastructure Requirements

The applicant must possess:

- Adequate office space in GIFT-IFSC
- Modern equipment and technology
- Reliable communication facilities
- Sufficient, qualified manpower
- Financial creditworthiness
- Five-year business plan
- Comprehensive risk profiling

Key Personnel Requirements



Principal Officer

- Must be based out of IFSC
- Responsible for overall operations
- Professional qualification (CA/CS/CMA/CFA) or postgraduate degree in finance, law, accountancy, business management, commerce, economics, capital market, banking, insurance, actuarial science, fintech, science, technology, engineering, and mathematics
- Minimum three years of experience in financial services market



Compliance Officer

- Must be based out of IFSC
- Responsible for regulatory compliance
- Similar educational qualifications as Principal Officer
- Minimum two years of experience in financial services or compliance role

Note: For graduate to act as a principal officer / compliance officer of a capital market intermediary is 5 years experience required.

Indian Resident Director/Partner

Mandatory Requirement

Minimum one Indian resident director or designated partner required for companies and LLPs.

Purpose

Ensures local representation and compliance with regulatory requirements.



Operating as a Trading Member in an IFSC Stock Exchange

Role and Responsibilities

As a Broker-dealer and Trading Member, the entity can:

- Execute trades on its own account
- Execute trades on behalf of clients
- Clear and settle trades through a Trading-cum-Clearing Member or Professional Clearing Member

Operational Requirements

- Prompt order execution at best available price
- Clear client communication about order status
- Timely issuance of contract notes
- Ethical practices in client dealings
- Avoidance of false/misleading quotations or advice
- No unfair means to attract clients from other broker-dealers

Permissible Business Activities & Eligible Clients

1

Permissible Trading Products

- Equity shares of companies incorporated outside India
- Depository receipts
- Debt securities of eligible issuers
- Currency and index derivatives
- All categories of exchange-traded products available in stock exchanges in FATF/IOSCO compliant jurisdictions

2

Eligible Client Categories

- Persons resident outside India
- Non-Resident Indians (NRIs)
- Non-individual residents in India eligible under FEMA to invest offshore
- Individual residents in India eligible under FEMA to invest offshore (within LRS limits)





Global Access Framework: Overview

A Capital Market Intermediary (CMI), including a Broker-dealer, wishing to deal in securities in Foreign Jurisdictions must comply with specific norms and requirements specified by the IFSCA in addition to GIFT IFSC exchange requirements.



Global Access Provider (GAP)

A subsidiary of a recognised stock exchange in the IFSC providing global market access, OR a Broker-dealer registered with IFSCA accessing Global Markets through direct arrangements with foreign brokers.

Introducing Broker

“ A Broker-dealer registered with the IFSCA that acts as an introducer for providing global market access but does not have a direct relationship with a foreign broker. ”



Global Access Regulatory Framework

IFSCA has issued the "**Regulatory Framework for Global Access in the IFSC**" (Circular No. IFSCA-PLNP/80/2024-Capital Markets, dated August 12, 2025). This circular supersedes previous guidelines and introduces a comprehensive framework for facilitating global market access.



What is a "Global Access Provider" (GAP)?

A Global Access Provider (GAP) is an entity authorized by IFSCA to provide access to trade on foreign stock exchanges ("Global Markets").



Types of GAPs

1. A subsidiary of a Recognised Stock Exchange in the IFSC
2. A Broker Dealer that has a direct arrangement with a regulated foreign broker to access global markets for its clients or for its own proprietary trading

A broker dealer that does not have a direct foreign broker arrangement but introduces clients to a GAP is classified as an "Introducing Broker."

How is Global Access Provided?

1

Become a GAP

IFSC entity can establish a direct relationship with a regulated foreign broker (or take direct membership on a foreign exchange for proprietary trading) and obtain authorization from IFSCA to act as a GAP. This requires paying an authorization fee of USD 10,000 to IFSCA.

2

Partner with a GAP

IFSC entity can act as an Introducing Broker by partnering with an existing authorized GAP. IFSC entity can map/tag their proprietary account to trade on a proprietary basis or onboard clients and route trades through the GAP. This route does not require a separate IFSCA authorization fee.





Key Changes from the Global Access Circular



Mandatory Authorization

All entities acting as a GAP must obtain authorization from IFSCA. Existing GAPs must apply for this authorization



Enhanced & Segregated Net Worth Requirements

Stricter net worth requirements are now in effect, and this must be maintained in addition to existing net worth for IFSC exchange membership:

- GAP (Clientele Trading): Net worth USD 500,000 + USD 10,000 Authorization Fee
- GAP (Proprietary Trading only): Net worth USD 200,000 + USD 10,000 Authorization Fee
- Other Broker Dealers accessing markets through a GAP (as an Introducing Broker): Net worth USD 100,000 (No IFSCA authorization fee required)



Client Disclosure & Onboarding

Extensive written disclosures to clients are now mandatory. Key risk disclaimers must be displayed at every client login.



Segregation of Funds

Shall maintain separate bank accounts in an IFSC Banking Unit (IBU) for global access activities and segregate client funds from proprietary funds.



Data Localization

All global access activity data must be stored within the IFSC.



Reporting and Audit

Quarterly reporting to IFSCA and an annual audit by an independent CA/CS/Cost Accountant are required.



Authorisation and Networth Requirements for Global Access

Authorisation Process

- Explicit authorisation from IFSCA required before commencing activities as a GAP
- Existing GAPs must seek authorisation by October 31, 2025
- Application submitted to IFSCA with applicable fees
- A subsidiary of a recognised stock exchange authorised as a GAP is deemed a "Broker-dealer" category under CMI Regulations

Additional Networth Requirements

Over and above IFSC exchange requirements:

\$500K

GAP

Global Access Provider

\$200K

GAP (Proprietary)

Trading on proprietary basis only

\$100K

Other Broker-dealers

Accessing Global Markets on
proprietary basis through a GAP

Clients and Products for Global Access

Eligible Clients

- Persons resident in India (to the extent allowed by FEMA and LRS for individuals)
- Persons resident outside India (as per FEMA provisions)
- Clients can be onboarded directly or through referral arrangements
- Referral fees/remuneration must be disclosed
- Written agreement detailing the arrangement is required

Permitted Products

- Financial products listed on stock exchanges in Foreign Jurisdictions
- Products must fall under IFSC's definition of "financial products"
- **Crypto-assets and instruments with crypto underlying assets are NOT permitted**
- Cannot provide access to products already available on IFSC Exchanges
- May include mutual funds, AIFs not traded on exchanges (for subsidiaries of recognised exchanges)



Responsibilities of Global Access Providers

Infrastructure and Resources

Maintain adequate infrastructure, systems, human resources, and financial resources commensurate with global access operations.

Foreign Broker Agreements

Enter into agreements with foreign brokers who are regulated/registered in their Foreign Jurisdictions and comply with local regulations.

Risk Management

Implement robust risk management and internal controls to protect client interests.

Fund Routing

All client funds for global access must be routed through a bank account in the IFSC.

Complaint Handling

Have policies for handling complaints related to global access business.

Disclosures

Disclose to clients that IFSC recognised stock exchange resources are NOT available for global access activities.

disclaimers

key risks / disclaimers as set out in by IFSCA shall be displayed by GAPs or IBs as the case may be at every login to their clients.

Compliance Requirements for Global Access

Website Maintenance

GAPs or Introducing Brokers providing global access must maintain a dedicated webpage detailing their global access arrangements.

Data Storage

All user, transaction, and trade data must be maintained within the IFSC and made readily available to the Authority upon request.



Segregation of Funds

Separate bank accounts for global access activities and IFSC activities. Separate bank account for client funds, segregated from proprietary trading funds. All accounts held with an International Banking Unit (IBU) in the IFSC.

KYC, AML, and CFT Norms

Must comply with Prevention of Money Laundering Act, 2002, PML Rules, and IFSCA (Anti Money Laundering, Counter Terrorist-Financing and Know Your Customer) Guidelines, 2022.

Client Disclosures and Reporting Requirements

Required Client Disclosures

- Risk factors related to global market investments
- Roles and responsibilities of entities involved
- Custody arrangements details
- Account structure and trading information
- Fee structure and investor protection schemes
- Tax implications and corporate announcements
- All charges must be disclosed at onboarding
- Key risks/disclaimers must be displayed at every client login

Periodic Reporting and Audit

- Broker-dealers must submit data to their GAP
- GAPs must submit quarterly reports to IFSCA
- Annual audits required within six months of financial year end
- Audits conducted by independent member of professional institutes
- IFSCA may appoint additional auditors

Branch vs. New Company/LLP: Comprehensive Comparison

Comprehensive comparison outlining the benefits and considerations of opening a branch versus establishing a new Company or LLP in GIFT SEZ IFSC as a broker-dealer under IFSCA (Capital Market Intermediaries) Regulations 2025.

Regulated as part of parent; fewer separate filings

Aspect	Branch	New Company/LLP
Formation Cost	Minimal; typically just need to pay exchange and IFSCA application, registration fees and no need to pay MCA filing fees	Higher; need to pay MCA registration, incorporation, and legal expenses
Regulatory Compliance	must comply SEBI and IFSCA both regulations	Separate legal entity; only compliances with IFSCA regulations
Net Worth/Earmarking	Can be earmarked at parent level	Must be fully infused; independent net worth
Capital Requirements	Can be funded from parent; net worth can be allocated	Independent capital infusion required
Regulatory Impact	Regulatory actions affect parent and branch	Regulatory actions affect only the new entity
Operational Independence	Limited (controlled by parent company)	Full (separate legal entity)
Legal Separation	No (part of the parent company)	Yes (distinct from parent)
Risk Management	Higher (parent bears liabilities)	Better (liabilities remain separate)

Comparison: GIFT-IFSC vs. SEBI Regulated Brokers

Aspect	Broker-Dealer in GIFT-IFSC	Broker in India (SEBI)
Regulatory Body	IFSCA	SEBI
Business Operations	Unified licensing	Separate registrations for different segments
Market Access	Global markets + IFSC exchanges	Only Indian markets
Products Offered	Global stocks, ETFs, bonds, commodities, forex, derivatives	Indian equities, mutual funds, F&O, limited commodities
Currency of Trading	USD, EUR, GBP, JPY	INR only
Tax Benefits	Nil STT, CTT, GST; 100% income tax benefit	STT, CTT, GST apply; higher taxes
Transaction Costs	Lower brokerage & clearing fees	Higher compliance costs
Net Worth	USD 135,000 for broker-dealer	INR 50L–INR 3Cr (varies by segment)
Investor Base	FPIs, NRIs, HNIs, global funds	Indian retail & institutional investors
Compliance & Reporting	Single-window reporting to IFSCA	Multiple reports to SEBI, exchanges, depositories
Segmentation Approval	No separate approvals needed	Separate registrations required

Promoter Comparison: Indian vs. Non-Indian

Aspect	Indian Resident Promoters (Individuals/Non-Individuals)	Non-Indian Promoters (Foreign Individuals/Entities)
1. KYC Documents	Self-attested Indian docs (PAN, Aadhaar, etc.); low cost and simple process	Apostille/notarized foreign docs; higher costs (notary fees, apostille) and longer timelines
2. Fund Flow/Funding Restrictions	Individuals: ≤USD 250K/year under LRS (20% TCS); non-individuals: ≤400% ODI; FEMA approvals time-consuming	Free inflows/outflows; no caps/TCS; seamless global remittances for capex/ops,
3. Forex Remittance Process	RBI clearance required for every INR-to-USD remittance to GIFT entity; currency conversion at remittance (INR to USD)	As IFSCA is unified regulatory body so not required RBI clearance to fund IFSC entity
4. Eligibility Restrictions	No jurisdiction limits; standard fit-and-proper (no convictions, financial soundness)	Must be from FATF-compliant jurisdictions only; home-country broker regulation preferred for credibility
5. Client KYC Onboarding	Easy for Indian residents	Video KYC for NRIs works
6. Funding Currency Risk	Fund via RBI: INR converted to USD at clearance time; no ongoing conversion risk post-funding	Direct USD funding: no initial conversion risk; IFSC ops in USD maintain stability
7. Profit Distribution	Distributions: USD back to India converts to INR; forex volatility exposure	Direct USD distributions to foreign accounts: no conversion, retains USD value

IFSCA & Statutory Fees for Broker Dealer (Trading Member)

Particulars	Currency	Amount
Exchange Trading Membership Application fees	USD	500
Exchange Annual Membership Fees	USD	3,000
IFSCA application fee	USD	500
IFSCA registration fee	USD	1,000
Exchange BMC deposit (Refundable) (without algo)	USD	15,000
SEZ LOA application fees	Rs.	5,000

Brief about RRBP

At RRBP Advisors, (regulated by IFSCA) we specialize in providing comprehensive advisory and compliance services for clients looking to establish and manage their entities in GIFT City. Our firm, promoted by seasoned professionals such as Chartered Accountants (CA) and Company Secretaries (CS), and Certified Public Accountant (CPA) offers expert guidance across a wide range of sectors, including Fund Management Entities (FME), Alternative Investment Funds (AIF), Stock Brokers, FinTech, Banks, Ship Leasing, Insurance, Trustees, and more.

Why Choose RRBP?



Comprehensive Support at Every Stage

From initial setup to ongoing statutory compliance, we offer end-to-end solutions tailored to meet your specific business needs.



Experienced Professional Team

Our team of CA, CS, and CPA brings deep expertise in navigating the regulatory framework of GIFT IFSC, ensuring a smooth and efficient process.



Smooth Registration & Compliance

We handle every aspect of the registration and operational setup, followed by continual compliance support to help you stay ahead of regulatory requirements.



Tailor-Made Solutions

We customize our services to fit your unique business model, ensuring solutions that align with your goals.



Confidentiality & Integrity

We prioritize confidentiality and uphold the highest standards of integrity in all client engagements.

Whether you're launching Fund Management Entities (FME), Alternative Investment Funds (AIF), Stock Brokers, Broker Dealer, FinTech, Banks, Ship Leasing, Insurance, Trustees in GIFT IFSC, or need ongoing compliance support for any other regulated entity, RRBP is your reliable partner for navigating this dynamic financial hub.

Let us help you achieve your goals seamlessly and efficiently!



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