

SEBI Eases Regulatory Framework for Stock Brokers Operating in GIFT City-IFSC through Separate Business Units

The Securities and Exchange Board of India (SEBI) vide its **Circular No. SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/61 dated May 02, 2025**, issued to the recognized stock exchanges and stock brokers, aims to simplify the process for undertaking securities market activities within the Gujarat International Finance Tech-city – International Financial Services Centre (GIFT-IFSC).

The key change is the removal of the requirement for SEBI-registered stock brokers to obtain specific approval to operate in GIFT-IFSC. Instead, brokers can now establish a Separate Business Unit (SBU) within their existing entity to conduct these activities, or the branch itself can qualify as an SBU. The existing option of operating through a subsidiary remains valid, providing flexibility to the entities.

The circular clarifies that policy matters, eligibility, risk management, investor grievances, inspection, and enforcement for SBUs in GIFT-IFSC will fall under the purview of the relevant regulatory authority. To ensure segregation and ring-fencing of activities, stock brokers must maintain an arm's-length relationship between their Indian market operations and the SBU in GIFT-IFSC, keep separate accounts, and maintain distinct net worth.

Importantly, investors using the services of the SBU will not have access to the grievance redressal mechanisms and investor protection funds of Indian stock exchanges or SCORES. Brokers who previously established subsidiaries or joint ventures in GIFT-IFSC with SEBI approval now have the option to dismantle these and operate under an SBU.

This circular, issued under relevant sections of the SEBI Act, 1992, and SEBI (Stock Brokers) Regulations 1992, intends to promote ease of doing business while regulating the securities markets and protecting investor interests.

Link - <https://www.sebi.gov.in/legal/circulars/may-2025/measure-for-ease-of-doing-business-facilitation-to-sebi-registered-stock-brokers-to-undertake-securities-market-related-activities-in-gujarat-international-finance-tech-city-international-financia-93775.html>