



CIRCULAR

F. No. IFSCA-DAC/7/2024-AMLCFT

January 02, 2026

To

The Regulated Entities in the International Financial Services Centres (IFSCs).

Subject: Modifications and clarifications under the International Financial Services Centres Authority (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022.

Sir/Madam,

- A. Reference is drawn to the International Financial Services Centres Authority (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022 (hereinafter referred as 'principal Guidelines') issued vide notification IFSCA/2022-23/GN/GL001 dated October 28, 2022.
- B. In exercise of the powers conferred under Section 12 read with sub-rule (14) of Rule 9 of Prevention of Money-Laundering (Maintenance of Records) Rules, 2005, the Authority hereby makes the following modifications to the principal Guidelines: -
 - 1. The clause 1.2.1. of the principal Guidelines, shall be substituted with the following clause, namely :-



“1.2.1. Save as otherwise provided under clause 1.2.3., the provisions of these Guidelines shall apply to every Regulated Entity which is licensed, recognised, registered or authorised by the Authority.

Provided that the Authority may exempt any activity or a Regulated Entity from the applicability of these Guidelines.”

2. After clause 1.3.24. of the principal Guidelines, the following clause shall be inserted, namely: -

“1.3.24A. “KYC Registration Agency (KRA)” means an entity which has been granted certificate of registration under the International Financial Services Centres Authority (KYC Registration Agency) Regulations, 2025.”

3. In the third proviso to clause 1.3.30. of the principal Guidelines, after the words “the following document” and before the words “shall also be deemed to be Officially Valid Document:”, the following words shall be inserted, namely:-

“or the equivalent e-documents thereof”

4. After sub-clause (c) of clause 4.1. of the Guidelines, the following new sub-clause shall be inserted, namely:-

“(d) The risk categorization of a customer and the specific reasons for such categorization shall be kept confidential and shall not be revealed to the customer to avoid tipping off.”

5. In sub-clause (a) of clause 5.4.4. of the principal Guidelines:

(a) after the words “or legal person” and before the words “to act on its behalf”, the words *“or legal arrangement,”* shall be inserted.

(b) after the words “or legal person” and before the words “by obtaining information as specified in Clause 5.4.2 above.”, the words *“or legal arrangement,”* shall be inserted.

6. In Guidance Note to clause 5.6. of the principal Guidelines, after point (8), the following shall be inserted, namely:-



“(9) To maintain transparency and mitigate the risk of round-tripping, the Regulated Entity shall endeavor to ascertain the source of funds, in cases where the Beneficial Owner of an entity is an Indian National. In such instances, the Regulated Entity shall apply the enhanced due diligence measures specified under point (ii) of sub-clause (a) of clause 5.6 above, irrespective of the risk categorization assigned to such Non-Resident customer.”

7. In sub clause (a) of Clause 5.10. of the principal guidelines the following proviso shall be inserted, namely:-

“Provided that no application for onboarding or periodic updation of KYC shall be rejected, in case of Persons with Disabilities (PwDs), without application of mind. Reason(s) of rejection shall be duly recorded by the officer concerned.”

8. In clause 5.11. of the principal Guidelines, the following proviso shall be inserted, namely:-

“Provided that the periodicity of such updation in case of resident Indian customer having an existing client relationship with the Financial Group in India, shall be as follows:

- (a) once in every two years - for high-risk customers,*
- (b) once in every eight years - for medium risk customers and*
- (c) once in every ten years - for low-risk customers.*

Provided further that where the risk categorization made by the Financial Group entity differs from the risk categorization made by the Regulated Entity, the stricter of the two periodicity shall apply.”

9. In clause 5.11. of the principal Guidelines, for the words and marks “*Policy in this regard shall be documented as part of Regulated Entity’s internal KYC policy, which is duly approved by the Governing Body of the Regulated Entity.*”, the following shall be **substituted**, namely:-

“Explanation.- *Policy in this regard shall be documented as part of Regulated Entity’s internal KYC policy, which is duly approved by the Governing Body of the Regulated Entity.”*



10. In clause 7.2. B., of the principal Guidelines, for the word “or”, the word “and” shall be substituted.
11. In clause 10.3. of the principal Guidelines, for the words and marks “*l*”, the following shall be substituted, namely:-

“(1) The name, designation and address of the Designated Director and the Principal Officer shall be communicated to the FIU-IND and the Authority.

“(2) A Regulated Entity shall furnish to the Director, Financial Intelligence Unit-India (FIU-IND), the required information referred to in rule-3 of the Rules and in accordance with the terms of rule-7 thereof.”
12. After Guidance Note 2) to clause 10.3. of the principal Guidelines, the following shall be inserted, namely:-

“2A) Regulated Entities shall not restrict any transaction in any account merely on the basis of the STR filed.”
13. In Guidance note 4) to clause 10.3 of the principal Guidelines, the following words and marks shall be omitted:-

“at the following address:

Director, FIU-IND, Financial Intelligence Unit-India, 6th Floor, Tower-2, Jeevan Bharati Building, Connaught Place, New Delhi-110001, Telephone: 91-11-23314429, 23314459 Website: <http://fuiindia.gov.in>”
14. In point (1) of Part II of Annexure I of the principal Guidelines, the following Explanations shall be inserted, namely:-

“Explanation 1.- Biometric based e-KYC authentication, including Aadhaar Face Authentication can be done by RE/business facilitators.



Explanation 2.- The use of Aadhaar, proof of possession of Aadhaar etc., shall be in accordance with the Aadhaar (Targeted Delivery of Financial and Other Subsidies Benefits and Services) Act, 2016 and the regulations made thereunder.”

15. In proviso to point (7) of Part II of Annexure I of the principal Guidelines, after the words “Government departments of foreign jurisdictions” and before the words “letter issued by the Foreign Embassy”, for the word “or”, the word “and” shall be substituted.
16. In point (8) of Part II of Annexure I of the principal Guidelines, after the words “The illustrative list of documents” and before the words ", which may be obtained”, the following words shall be inserted, namely:-
“or the equivalent e-documents thereof”
17. The Explanation to sub-point (vii) of clause 1.2.1. of Part A of Annexure II of the principal Guidelines, shall be substituted as under, namely:-
“Explanation: For removal of doubt, it is hereby clarified that for resident Indian customers, the IP address shall emanate from India and for Non-Resident Indian it shall emanate either from India or from any one of the following countries where he or she is resident:
 - a) United States of America;
 - b) Japan;
 - c) South Korea;
 - d) United Kingdom excluding British Overseas Territories;
 - e) Canada;
 - f) UAE;
 - g) Singapore;
 - h) Australia.
 - i) European Union excluding Croatia*Provided that the aforementioned jurisdictions shall not be identified by FATF as High-Risk Jurisdictions subject to a Call for Action or Jurisdictions under Increased Monitoring or by Central Government as high risk jurisdiction for money laundering, terrorist financing or proliferation financing.”*

18. The Explanation I related to “Additional conditions or requirements for Onboarding Non-Resident Indian (NRI) Customers (classified as low-risk) through V-CIP”, under



clause 1.2.3. of Part A of Annexure II of the principal Guidelines, the list of countries shall be substituted as under, namely:-

- a) United States of America;*
- b) Japan;*
- c) South Korea;*
- d) United Kingdom excluding British Overseas Territories;*
- e) Canada;*
- f) UAE;*
- g) Singapore;*
- h) Australia.*
- i) European Union excluding Croatia”*

19. The point (iv) related to “*Additional conditions or requirements for Onboarding Non-Resident Indian (NRI) Customers (classified as low-risk) through V-CIP*”, under clause 1.2.3. of Part A of Annexure II of the principal Guidelines, shall be substituted as under, namely:-

“Upon verification of the proof of identity of the NRI Customer, in cases where current address of NRI customer cannot be verified from reliable /issuing authority sources, the Regulated Entity shall open the account of the customer in the debit freeze / inactive mode; and shall communicate such customer the manner of activation of debit freeze / inactive account.”

20. In point (v) related to “*Additional conditions or requirements for Onboarding Non-Resident Indian (NRI) Customers (classified as low-risk) through V-CIP*”, under clause 1.2.3. of Part A of Annexure II of the principal Guidelines, after the words ‘in the debit freeze’ and before the words ‘account of the NRI Customer’, the word and expression “/ inactive” shall be inserted.

C. Further, in order to give effect to the exemptions, modifications, guidance made under the principal Guidelines vide various circulars, the Authority hereby decides to incorporate the relevant provisions of the said circulars in the principal Guidelines, as under:-



1. After clause 1.2.2. of the principal Guidelines, the following clause shall be placed as under :-

“1.2.3. The following entities or activities shall be exempted from the applicability of these Guidelines:

- i. ‘Global-in-House Centre’ registered under IFSCA (Global In-House Centres) Regulations, 2020;
- ii. ‘International Branch Campus’ (“IBC”) or an ‘Offshore Educational Centre’ (“OEC”) of a Foreign University or a Foreign Educational Institution registered under IFSCA (Setting up and Operation of International Branch Campuses and Offshore Education Centres) Regulations, 2022;
- iii. ‘Financial Crime Compliance Services Provider’ registered under IFSCA (Book-keeping, Accounting, Taxation and Financial Crime Compliance Services) Regulations, 2024; and
- iv. A Financial Institution providing services only to the entities in its ‘Financial Group’ which are located in a country not identified in the public statement of FATF as *‘High-risk jurisdictions subject to call for action’*.

Provided that, any financial institution undertaking transactions through third-party business / service providers in the course of their operations, shall undertake business risk assessment and comply with incidental provisions of the Guidelines.”

2. After clause 1.2.3. of the principal Guidelines, the following clause shall be placed as under :-

“1.2.4 The entities exempted in clause 1.2.3. shall undertake Business Risk Assessment and document the same. In the event any AML/CTF risk are envisaged in the business risk assessment, such entities shall continue to comply with the provisions of the Prevention of Money Laundering Act, 2002 and Rules made thereunder, and these Guidelines.

3. In clause 1.3.27. of the principal Guidelines, after the words “any entity or organisation” and before the words “that is registered as a trust” the following shall be placed as under:-



“constituted for religious or charitable purposes referred to in clause (15) of section 2 of the Income-tax Act, 1961 (43 of 1961),”

4. In clause 1.3.27. of the principal Guidelines, the following Explanation shall be placed as under:-

“Explanation.- Every Regulated Entity in the form of Banking Unit, Financial Institution or Intermediary, as the case may be, shall register the details of a client, in case of client being a non-profit organisation, on the DARPAN Portal of NITI Aayog, if not already registered, and maintain such registration records for a period of five years after the business relationship between a client and the aforementioned entity has ended or the account has been closed, whichever is later.

For avoidance of doubts, it is clarified that, the definition of ‘Financial Institution’ and ‘Intermediary’ shall have the meaning as defined under the section 2(1)(l) and 2(1)(n) respectively, of the Act.”

5. After clause 7.2. A. of the principal Guidelines, the following clause shall be placed as under:-

“7.2.B. All Financial Institutions shall transact or receive all monetary consideration (i.e. funds / fees/ amount) only through an account maintained with a Banking Unit in the IFSC.”

D. This Circular shall come into force with immediate effect.

E. Copy of the circular is available on the IFSCA website at <https://ifsc.gov.in/Legal/Index/TCce8MyOmco=>



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