October 15, 2026

DEPARTMENT OF COMMERCE

SEZ rules change start dates, renewals and leases for IFSC units

G.S.R. 895(E), as corrected on November 2, 2026, amends SEZ rules 18, 19, 21B and 22 for IFSC units: fund leases, start dates, renewals and shared offices.

THE DEPARTMENT OF Commerce, Ministry of Commerce and Industry, issued notification G.S.R. 895(E), dated October 15, 2026, making the Special Economic Zones (Fourth Amendment) Rules, 2026. It was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), No. 824, dated October 15, 2026. The Central Government made the rules under section 55 of the Special Economic Zones Act, 2005, and they come into force on the date of their publication in the Official Gazette.

Every change concerns a fund or Unit in an International Financial Services Centre (IFSC), or a person intending to set up a Unit there. The notification mostly writes "International Financial Service Centre" and gives that expression the meaning in clause (g) of section 3 of the International Financial Services Centres Authority Act, 2019 (50 of 2019) and the rules or regulations made under it. The notification is signed by Vimal Anand, Joint Secretary, under F. No. K-43022/73/2023-SEZ.

KEY FACTS

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Notification G.S.R. 895(E), the Special Economic Zones (Fourth Amendment) Rules, 2026

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In rule 18(2), two clauses are inserted. Under clause (ii a), for a fund set up in an IFSC, the provisional offer of space confirmed by the Developer in writing for the fund management entity is considered the provisional offer of space. Under clause (ii b), the lease deed executed by the fund management entity of a fund set up in an IFSC is considered the lease deed of that fund. "Fund management entity (FME)" and "fund" take their meanings from clauses (n) and (gg) of regulation 2 of the "International Financial Services Centres Authority (Fund Management) Regulations, 2025". The notification as first published named them the "International Financial Services Centres Authority Regulations, 2025"; a corrigendum of November 2, 2026, set out below, added "(Fund Management)". Explanation 1 applies the same meanings to a new proviso in rule 22: after sub-rule (3), nothing in that sub-rule applies to a fund set up in an IFSC.

In rule 19(4), two provisos are inserted after the third. For a Unit set up in an IFSC, the grant of the first "recognition, registration, license or authorisation, by whatever name called, in its final form" by the International Financial Services Centres Authority (IFSCA) is considered the commencement of service activity, and the date of commencement is the date of that grant. That date stays the same even if the recognition, registration, licence or authorization on which it was based ceases to be valid. In rule 19(6B), a proviso says that for a Unit in an IFSC, renewal of the Letter of Approval is decided on IFSCA's recommendations on three criteria: employment generated; instance of violation of applicable statutes related to the functioning of the Unit; and cases of default, if any, of statutory payments.

Rule 21B is substituted, under the heading "Units dealing with aircraft or ship leasing activities". A Unit in an IFSC authorized to undertake aircraft or ship leasing, or a person intending to set up such a Unit, that the International Financial Services Centres Authority allows not to maintain a separate office may use the office space or manpower or both of another Unit authorized to undertake aircraft or ship leasing or Trust and Company Service Provider activity, as IFSCA may approve. A proviso says such use "shall be allowed only with Trust and Company Service

Provider, which is providing or intending to provide their services to the person allowed under this sub-rule." Such a person needs no separate provisional offer of space and lease deed: those of the Unit whose office space is shared suffice for rule 18. Sub-rule (1) names another aircraft or ship leasing Unit as well as a Trust and Company Service Provider, while the proviso names only the latter; the notification does not say how the two fit together, and it does not reproduce the rule 21B it replaces.

The notification does not say what rules 18(2), 19(4), 19(6B) or 22(3) otherwise provide, and it makes no provision for Units whose date of commencement or Letter of Approval was settled before it came into force. Its note records that the principal rules were published by notification G.S.R 54 (E), dated February 10, 2006, and leaves the number and date of their last amendment blank. The Department of Commerce corrected the notification by Corrigendum G.S.R. 967(E), dated November 2, 2026, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), No. 865, dated November 3, 2026. It was made under section 55 of the Special Economic Zones Act, 2005 and is signed by Vimal Anand, Joint Secretary, under the same file number. It makes three corrections to the English text, counting lines from the start of the notification's English text on each page. On page 3, line 15, "Authority Regulations" is to be read as "Authority (Fund Management) Regulations", so Explanation 1 to rule 18(2) now refers to the International Financial Services Centres Authority (Fund Management) Regulations, 2025. On page 4, lines 14 and 17, "Centre Authority" is to be read as "Centres Authority", both in the new rule 21B(1), which now names the International Financial Services Centres Authority in each place. The Hindi text of the corrigendum makes only the first of these corrections, which it places on page 1, line 11. The corrigendum changes nothing else in the rules.

Issued by	Department of Commerce, Ministry of Commerce and Industry
Document	Notification G.S.R. 895(E), the Special Economic Zones (Fourth Amendment) Rules, 2026
Dated	October 15, 2026
Published	Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), No. 824, October 15, 2026
Takes effect	The date of publication in the Official Gazette; the Gazette is dated October 15, 2026
Corrected by	Corrigendum G.S.R. 967(E), November 2, 2026, Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), No. 865, November 3, 2026
Regulations referred to	International Financial Services Centres Authority (Fund Management) Regulations, 2025, clauses (n) and (gg) of regulation 2, as corrected; first printed as "International Financial Services Centres Authority Regulations, 2025"

Amends	Rules 18(2), 19(4), 19(6B), 21B (substituted) and 22(3) of the Special Economic Zones Rules, 2006
Applies to	Funds and Units in an International Financial Services Centre, and persons intending to set up an aircraft or ship leasing Unit there
Date of commencement of an IFSC Unit	The date of IFSCA's first grant, in final form, of recognition, registration, licence or authorization; unchanged if that grant ceases to be valid
Letter of Approval renewal criteria	Employment generated; instance of violation of applicable statutes related to the functioning of the Unit; cases of default, if any, of statutory payments
Shared office	Aircraft or ship leasing Units, or persons intending to set one up, that IFSCA allows not to maintain a separate office, with another leasing Unit or a Trust and Company Service Provider, as IFSCA approves; a proviso allows it only with a Trust and Company Service Provider providing or intending to provide its services to that person
Signed by	Vimal Anand, Joint Secretary
File number	F. No. K-43022/73/2023-SEZ

What the Fourth Amendment changes

Rule	Change
Rule 18(2), clauses (ii a) and (ii b) inserted	For a fund set up in an IFSC, the provisional offer of space confirmed by the Developer in writing for the fund management entity counts as the provisional offer of space, and the fund management entity's lease deed counts as the fund's
Rule 19(4), two provisos inserted	For a Unit in an IFSC, IFSCA's first grant in final form of recognition, registration, licence or authorization is the commencement of service activity, and its date stays the date of commencement even if the grant ceases to be valid
Rule 19(6B), proviso inserted	Renewal of an IFSC Unit's Letter of Approval is decided on IFSCA's recommendations, on employment generated, instance of violation of applicable statutes related to the functioning of the Unit, and cases of default, if any, of statutory payments
Rule 21B, substituted	An aircraft or ship leasing Unit, or a person intending to set one up, that IFSCA allows not to maintain a separate office may use the office space or manpower of another leasing Unit or a Trust and Company Service Provider, as IFSCA approves; a proviso allows this only with a Trust and Company Service Provider providing or intending to provide its services to that person. No separate provisional offer of space or lease deed is needed
Rule 22(3), proviso inserted	Nothing in the sub-rule applies to a fund set up in an IFSC

The notification (PDF, 1.3 MB)

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