Consultation Paper on Offering 'Model Portfolio' by Research Entities in the International Financial Services Centre

1. Objective

The objective of this consultation paper is to seek comments from the public and stakeholders on the draft circular for providing clarification that Research Entities may offer model portfolios and the guidelines to be followed by them while offering Model Portfolio.

2. Background and Proposal

2.1 The International Financial Services Centres Authority ("IFSCA") (Capital Market Intermediaries) Regulations, 2025 ("CMI Regulations") provide for the regulatory framework for Research Entities operating within the International Financial Services Centre ("IFSC"). Currently, Research entities primarily provide research reports on specific securities, including "buy/sell/hold" recommendations, price targets etc.

2.2 With the growth of the IFSC as a global financial hub, there is an increasing demand for sophisticated research products that go beyond individual security analysis. Market participants have expressed a need to offer 'Model Portfolios' as curated baskets of securities with specific weightages based on defined investment themes or strategies.

2.3 Given that IFSC is a jurisdiction for international financial services, these model portfolios are largely expected to be global in nature, often focusing on global markets and utilizing multi-asset strategies including equities, fixed income ETFs, commodity ETFs, etc.

2.4 Currently, the CMI Regulations do not explicitly provide for research entities to offer Model Portfolios. Accordingly, with a view to provide a structured mechanism for research entities to offer diversified investment strategies, it is proposed to clarify that a research recommendation under a research report includes offering a Model Portfolio.

2.5 Accordingly, any entity, including a Broker Dealer, shall be required to seek registration as Research Entity in order to offer Model Portfolio.

3. Key Proposals

The major safeguards for research entities offering model portfolio are as under:

(a) Weightages:

Distinguishing a 'Model Portfolio' from a summary of recommendations by requiring the assignment of specific weightages to constituents.

(b) Global & Multi-Asset Scope:

Explicitly requiring Research Entities to define the geographical universe (e.g., US Markets, Emerging Markets, or other markets) and asset classes (e.g., multi-asset) to ensure investors understand the jurisdictional and market risks.

(c) Performance & Benchmarking:

Ensuring that performance claims are consistent and comparable against relevant, predefined indices.

(d) Transparency in Rebalancing:

The rebalancing of portfolios shall be transparently disclosed. The rebalancing of portfolios shall generally be at pre-defined intervals. However, in case of any rebalancing of portfolios other than at pre-defined intervals, the rationale for such rebalancing shall be disclosed.

(e) Disclosures:

Mandating disclosures for every portfolio including details of the selection methodology, rationale and investment horizon.

4. Public comments

4.1 A draft circular on the "Offering Model portfolio by Research Entity" is placed as **Annexure-I**. Comments and suggestions from the public and stakeholders are invited on the draft circular annexed to this consultation paper.

4.2 Comments on the draft circular may be sent by email to Shri Akash Boddeda, Manager, IFSCA at akash.boddeda@ifsca.gov.in and Shri Rishikesh Wandhekar, Assistant Manager, IFSCA at rishikesh.wandhekar@ifsca.gov.in with a copy to Shri Pawan Kumar Chowdhary, DGM, IFSCA at pawan.kc@ifsca.gov.in and Shri Arjun Prasad, CGM, IFSCA at arjun.pd@ifsca.gov.in with subject line "**Comments on draft circular - Offering Model portfolio by Research Entities in the IFSC**" latest by **November 30, 2026**.

4.3 The comments may be provided in the following format (MS Word or MS Excel only):

Name and Designation				
Contact No. and Email Address				
Name of Organisation				
S. No.	**Clause No.**	**Text of the Clause**	**Comments/ Suggestions/ Suggested Modifications**	**Detailed Rationale**

Issued on November 09, 2026

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Annexure – I

Draft Circular on "Offering of Model portfolio by Research Entity"

DRAFT CIRCULAR

e.F.No. XXXX **December XX, 2026**

To,

All Research Entities in the International Financial Services Centre (IFSC)

Madam/Sir,

Subject: Offering Model portfolio by Research Entities

1. Reference may be drawn to the International Financial Services Centres Authority (Capital Market Intermediaries) Regulations, 2025 ("CMI Regulations") which inter-alia specify the regulatory framework for capital market intermediaries, including research entities in the International Financial Services Centre ("IFSC").

2. CMI Regulations allow a research entity to publish or provide research report with respect to securities. Research report is defined therein as any written or electronic communication that includes research analysis or research recommendation, or an opinion concerning securities or public offer, providing a basis for investment decision.

3. International Financial Services Centres Authority (IFSCA") is in receipt of representations from stakeholders to allow to offer recommendations in the form of a basket of multiple securities based on specific investment strategies or themes, commonly referred to as 'model portfolio'.

4. In order to provide a structured mechanism for research entities to offer diversified investment strategies, it is hereby clarified that providing research recommendation by the research entities includes offering model portfolio.

5. Operational Guidelines for offering 'model portfolio'

5.1. Definitions

For the purpose of this circular, the following terms shall have the meaning as mentioned below:

(a) "*Model Portfolio*" shall mean a basket of securities for which a research report is issued by a research entity recommending the relevant weightages for one or more securities mentioned therein.

Explanation- If the research report does not ascribe weightages to the components of basket of securities, then merely a summary or consolidated presentation of securities recommended shall not be regarded as a 'model portfolio'.

(b) "Disclosures" shall mean the set of disclosures as specified in this Circular to be mandatorily included in a model portfolio, to ensure that all the relevant facts and information which could impact the investment decision of a potential investor are adequately made known to the investors.

(c) "Launch Date" shall mean the date on which model portfolio was issued by the research entity.

(d) "Update Date" shall mean the date of issuance of each updated model portfolio following its review and update by the research entity at predefined intervals.

5.2. Obligations and Responsibilities

A research entity offering model portfolios shall ensure compliance with the following obligations and responsibilities:

5.2.1. **Model Portfolio Report**: A model portfolio shall be issued only through a formal research report. The opinion expressed on any constituent security within the portfolio shall not be contrary to the research entity's individual research opinion on that security. Each report shall contain a comprehensive 'factsheet' setting out basic information, rationale, and underlying methodology.

5.2.2. **Methodology**: The report shall define the framework for selection of securities and shall indicate the following factors:

a) **Geographical Universe**: The report shall specify the geographical or jurisdictional universe.

b) **Asset Class/Classification**: It shall be labelled to indicate the type of securities included.

c) **Underlying theme**: If applicable, the report shall indicate an underlying theme (such as Tech Momentum, Space Tech, Artificial Intelligence, Fintech Innovation, or Sustainable Finance, etc.)

5.2.3. **Parameters**: The selection parameters, such as fundamental analysis, technical analysis, or quantitative factor-based modelling, shall be discussed in detail in the report.

5.2.4. **Labelling**: Model portfolios shall be 'true to label', the nomenclature shall clearly state the portfolio type and provide a description of the investment objective for ease of understanding.

5.2.5. **Investment Horizon**: Every model portfolio report shall specify the recommended investment horizon to allow investors to align the strategy with their own investment period.

5.2.6. **Frequency of update of Model Portfolio**: Whether the model portfolio would be updated and at what intervals shall be predefined in the report. The rebalancing, if any, of the constituent securities in the model portfolio shall generally be done within the overall framework of the model portfolio and shall be communicated to the clients. However, in case of any rebalancing of portfolios other than at pre-defined intervals, the rationale for such rebalancing shall be communicated to the clients.

5.2.7. **Risk Disclosure**: The risks associated with the Model portfolio shall be clearly mentioned in model portfolio report.

5.2.8. **Benchmarking**: A portfolio may be benchmarked against an index. The benchmark index shall be clearly defined and used consistently across all reports.

5.2.9. **Audit Requirement**: Compliance with these guidelines shall be covered under the compliance audit set out under the CMI Regulations.

6. This Circular is issued in exercise of powers conferred under sections 12 and 13 of the International Financial Services Centres Authority Act, 2019, read with regulation 45 of the CMI Regulations, and shall come into force with immediate effect.

Yours faithfully,

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