

Capital Markets Unriddled

Newsletter - April 2026



Summary

This edition presents a data-driven overview of the investment landscape, analysing key metrics across Assets Under Custody (AUC), Foreign Portfolio Investments (FPI), and Foreign Direct Investment (FDI) flows, along with country-wise contributions from major global investors.

The edition tracks month-on-month shifts in capital allocation across equity, debt, and hybrid segments, capturing trends in investor participation, inflows, and outflows.

It also provides an update on regulatory developments in Singapore, Mauritius, Cayman Islands, Bermuda and India, including GIFT City.



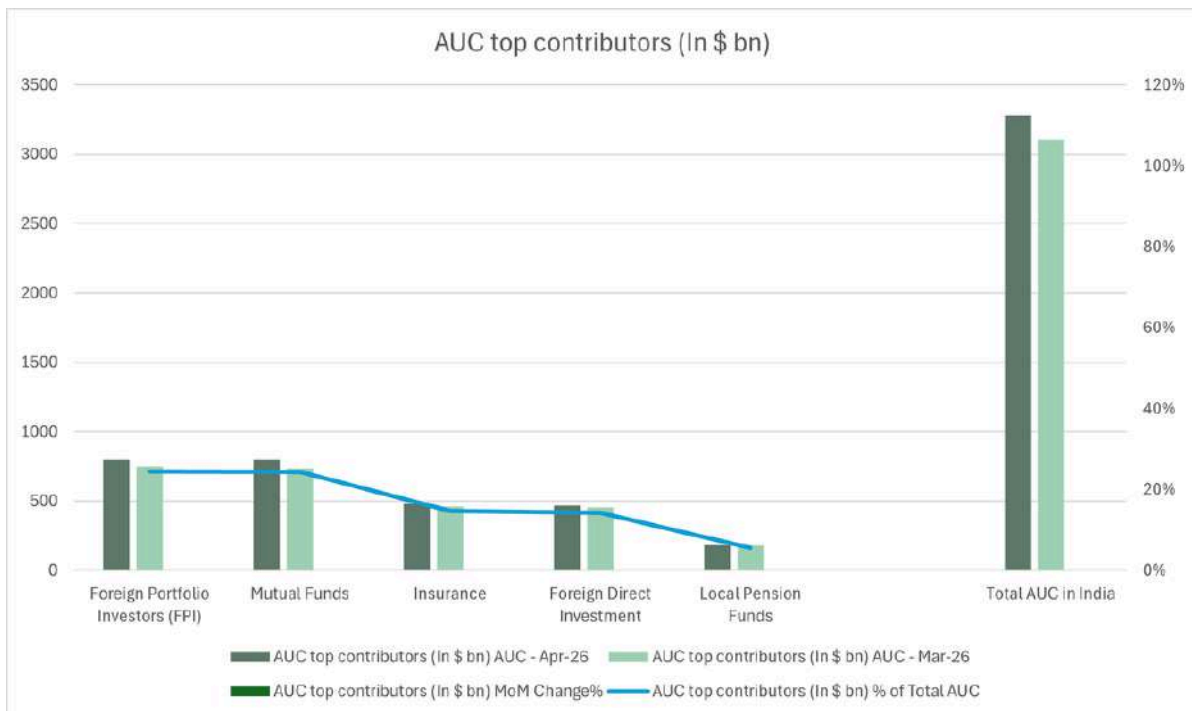
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AUC TOP CONTRIBUTORS

- ✓ Foreign portfolio investors (FPIs) remain the largest contributor to total AUC in the country, with ~25% share, in the recent months FPIs have pulled out from Indian equities driven by currency volatility, global trade tensions, potential US tariffs, and high market valuations. Rising US bond yields and a stronger dollar have improved risk-adjusted returns in developed markets, prompting capital reallocation away from emerging markets.

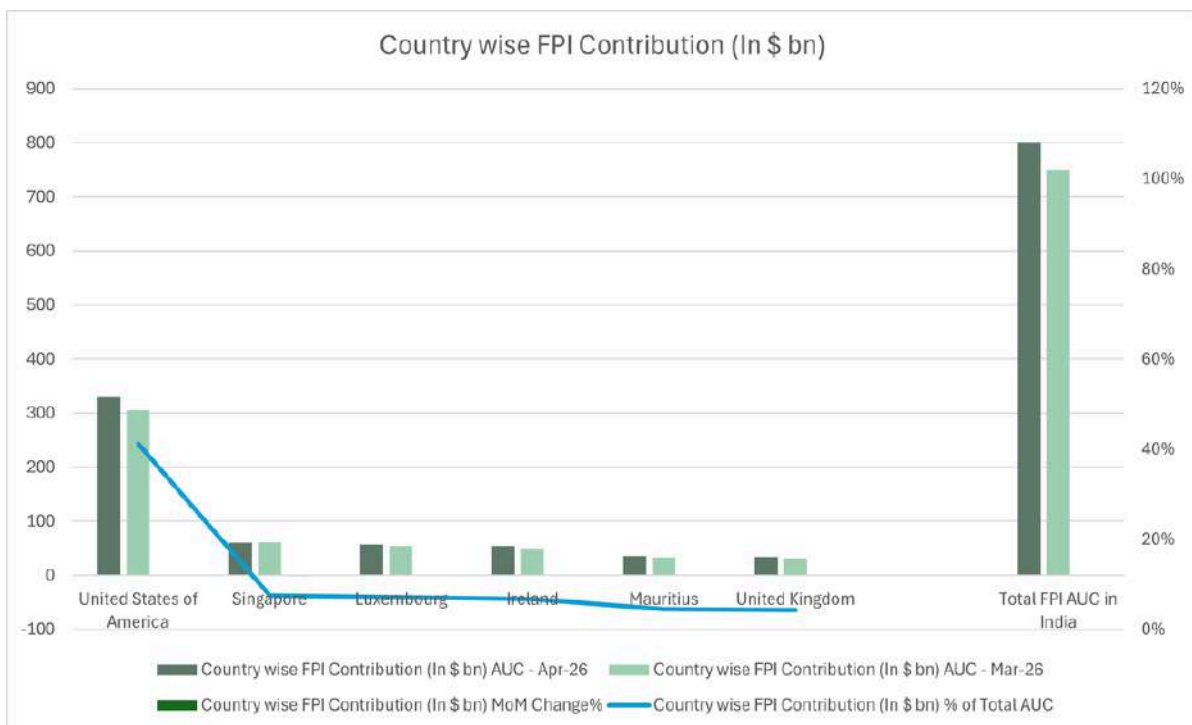


Source: NSDL FPI data



COUNTRY WISE FPI CONTRIBUTION

- ✔ United States continues to have lion share in the total FPI AUC with over 40% contribution.



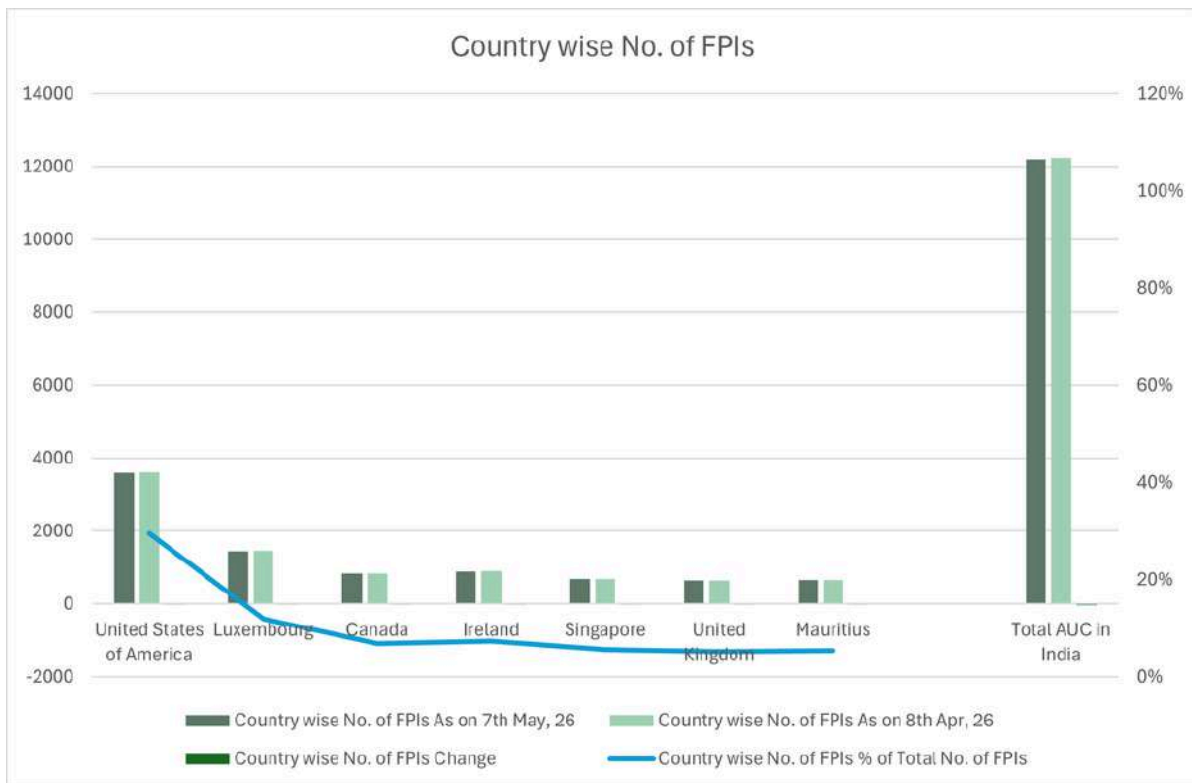
Source: NSDL FPI data

TOTAL FPIs

- ✔ FPI nos. have grown at a marginal rate of 2% since Nov-25, majority of them coming from United States, Luxembourg and Singapore



COUNTRY WISE NO. OF FPIs

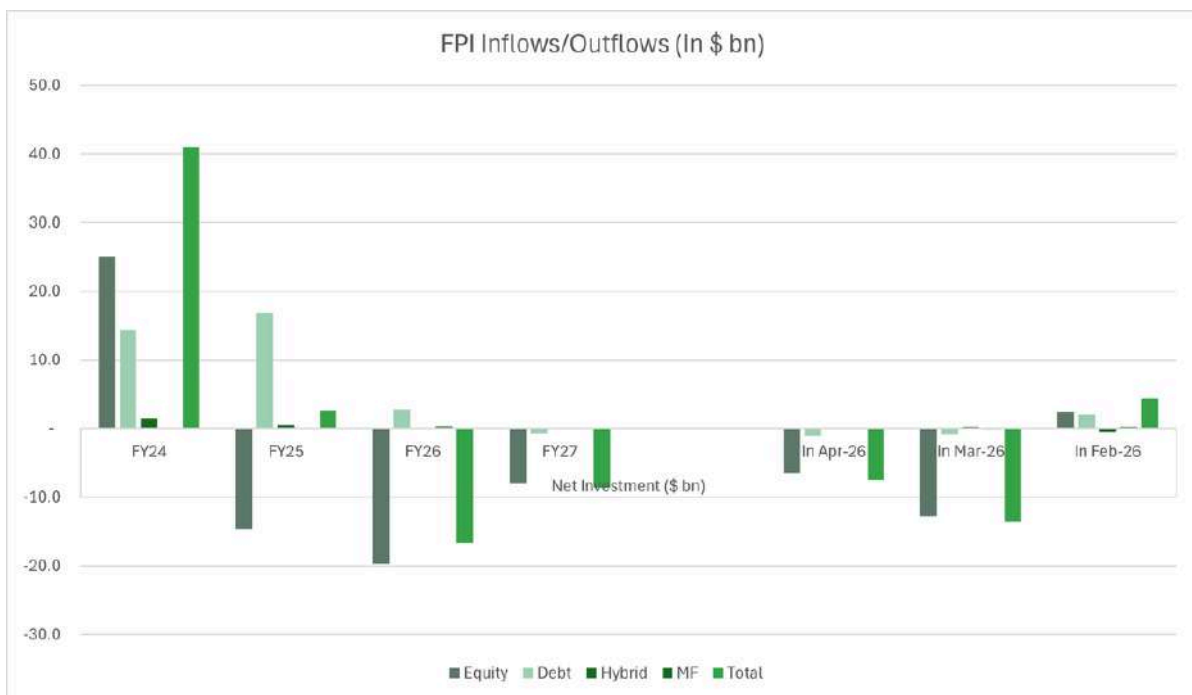


Source: NSDL FPI data



FPI INFLOWS/OUTFLOWS

- ✔ Net Investment by FPIs turned positive for the month of Nov-25 after recording outflows from June-25, however again in last few months, FPIs have turned net sellers as geopolitical tensions, rising US bond yields and a stronger dollar have improved risk-adjusted returns in developed markets, making emerging markets less attractive.

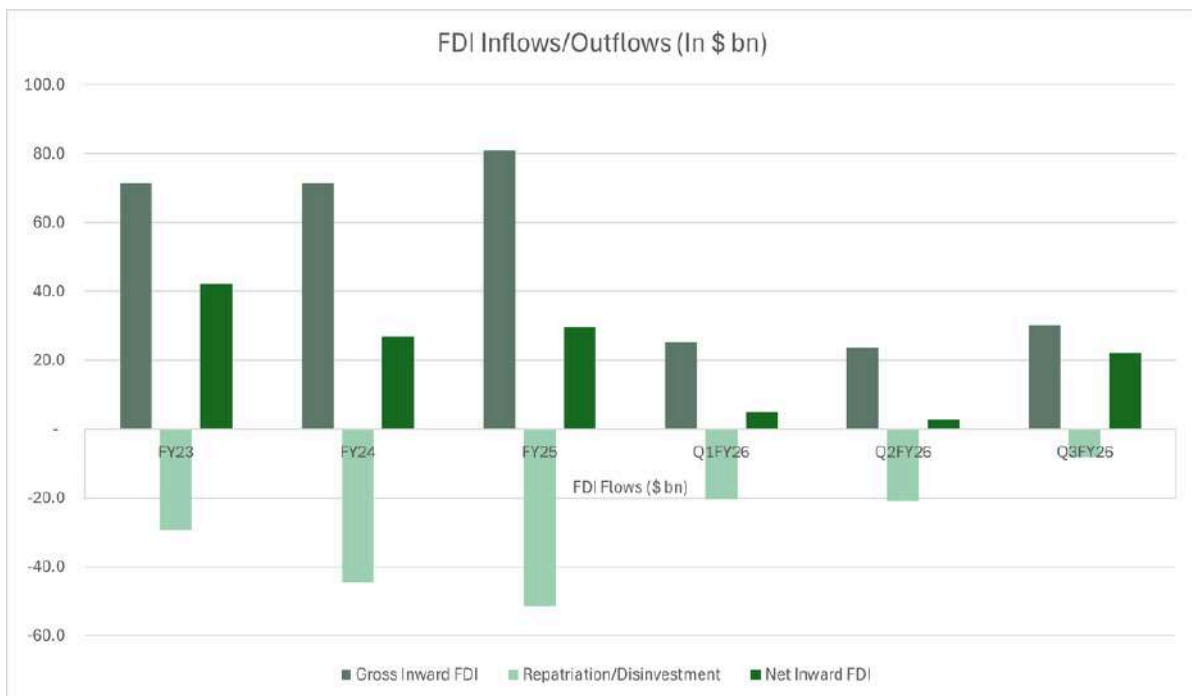


Source: NSDL FPI data



FDI INFLOWS/OUTFLOWS

- ✓ Singapore, Mauritius, the UAE, the Netherlands, and the US, were the top investment sources, accounting for more than 75 per cent of the flows during the period

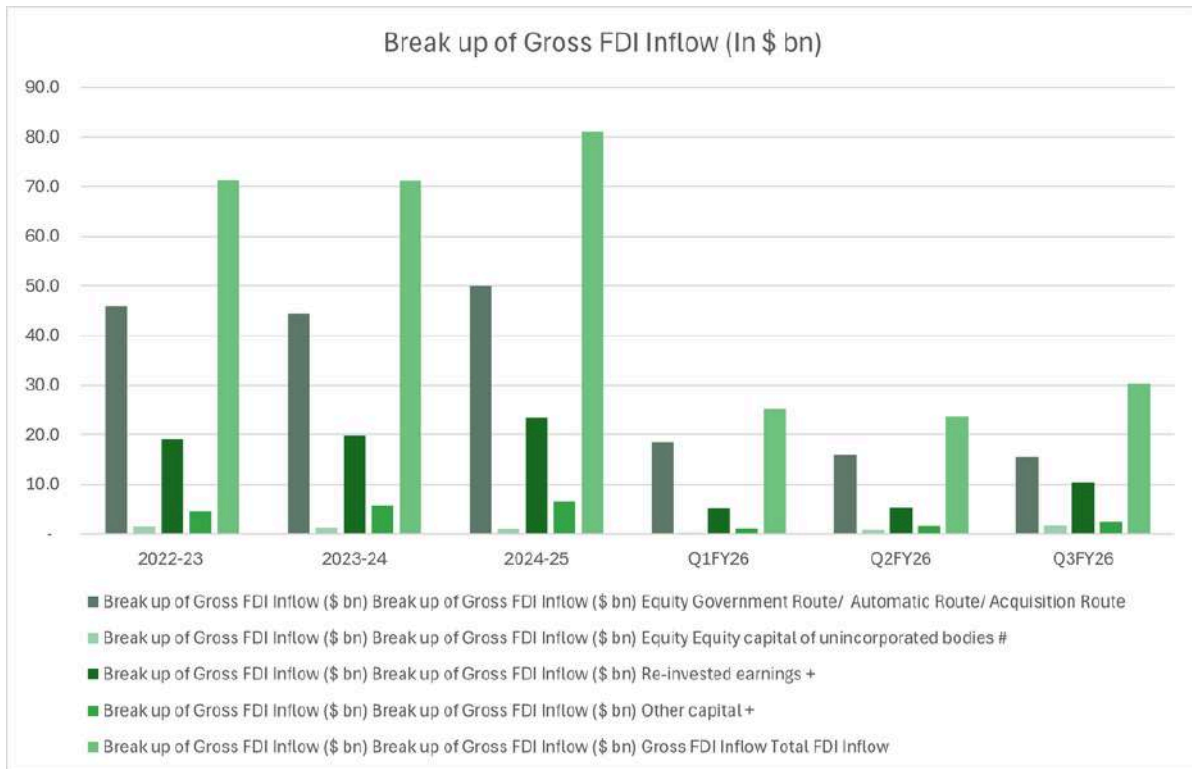


Source: RBI monthly bulletin

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BREAK UP OF GROSS FDI INFLOW

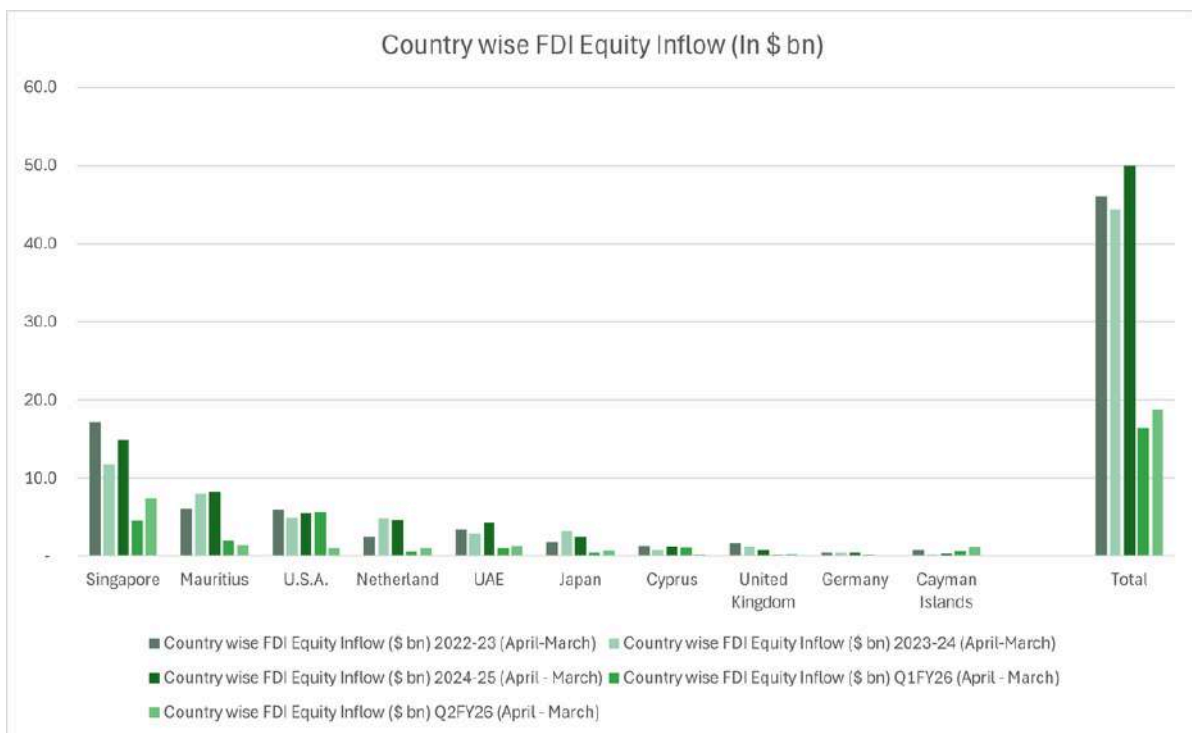


Source: RBI monthly bulletin

- "Equity capital of unincorporated bodies" refers to the investment made by a foreign entity in a non-corporate business structure, like a partnership or sole proprietorship
- "Reinvested earnings" refers to the portion of profits that are not distributed as dividends but are instead retained and reinvested in the business by the foreign direct investor.
- "Other capital" typically includes other forms of financial flows, such as inter-company loans or debt transactions between related entities, that are not classified as equity capital or reinvested earnings.



COUNTRY WISE FDI EQUITY INFLOW



Source: RBI monthly bulletin



REGULATORY UPDATES





CENTRAL BOARD OF DIRECT TAXES (‘CBDT’)

F. No. ADG(S)-1/PAN/M/3699/2026-AD-DD SYSTEMS 1-5 DELHI

- ✔ The CBDT has prescribed **new forms (PAN CR-01 for individuals and PAN CR-02 for non-individuals)** and procedures for applying for **corrections or changes in PAN details**, including submission modes and documentation requirements.
- ✔ These procedures are effective from 1 April 2026 and apply to both online and physical applications through authorised PAN service centres.

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CENTRAL BOARD OF DIRECT TAXES (‘CBDT’)

Forms 145/146 (Erstwhile Forms 15CA/15CA)

- ✔ Effective 1 April 2026, Forms 145 and 146 replace Forms 15CA and 15CB under the Income-tax Act, 2025.
- ✔ While the information existed earlier, the revised framework converts interpretative disclosures into mandatory, structured, and verifiable fields—with explicit capture of DTAA claims, remittee identification (PAN/TIN/COR), capital gains break-up, and CA accountability through UDIN, enhancing transparency and audit readiness.

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CENTRAL BOARD OF DIRECT TAXES (‘CBDT’)

Form 41 (Erstwhile Form 10F)

- ✔ Form 41 is now mandatory for all non-resident individuals and entities, regardless of whether the Certificate of Residence (COR) already contains all required particulars. The COR must be attached to the form and filed annually.
- ✔ The new form introduces a more detailed disclosure framework, requiring Indian contact details and, for individuals, country of residence (instead of nationality). It also includes an enhanced declaration section linked to PAN/unique identification numbers.

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CENTRAL BOARD OF DIRECT TAXES (‘CBDT’)

Income-tax Act, 2025

- ✔ Foreign investors are mandatorily required to appoint a Representative Assessee (RA) or Authorised Representative (AR) at the time of applying for PAN or in the Common Application Form filed by FPIs seeking registration.
- ✔ The foreign investor can decide to appoint either an RA or AR who may have varied obligations and responsibilities as prescribed under the Income-tax Act, 2025.



RESERVE BANK OF INDIA (RBI)

Limits for investment in debt and sale of Credit Default Swaps by Foreign Portfolio Investors (FPIs)

- ✔ On April 6, 2026, the Reserve Bank of India (RBI) announced the investment limits for foreign portfolio investors (FPIs) in debt markets for FY 2026–27.
- ✔ The limits for FPI investment in Government Securities (G-Secs), State Government Securities (SGSs) and corporate bonds shall remain unchanged.
- ✔ The incremental increase in G-Sec limits continues to be split equally (50:50) between the ‘General’ and ‘Long-term’ categories, while any increase in SGS limits is fully allocated to the ‘General’ category.
- ✔ Investments in specified securities will continue under the Fully Accessible Route (FAR).
- ✔ With effect from April 01, 2026, all existing and future investments under the Voluntary Retention Route shall be subject to the investment limits stipulated for FPI investments under the General Route.

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RESERVE BANK OF INDIA (RBI)

Master Direction - Reserve Bank of India (Non-resident Investment in Debt Instruments) Directions, 2025 – amendment

- ✔ On April 10, 2026, the RBI updated its Master Direction on non-resident investments in debt instruments, explicitly permitting Non-Resident Indians (NRIs) to invest in specified debt instruments without any limits, and allowing FPIs to offer government securities and non-convertible debentures or bonds as collateral for exchange-traded derivative contracts.

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SECURITIES EXCHANGE BOARD OF INDIA (SEBI)

Framework for net settlement of funds for transactions done by Foreign Portfolio Investors (FPIs) in cash market

- ✔ The Securities and Exchange Board of India (SEBI) has introduced a framework—effective December 31, 2026—allowing Foreign Portfolio Investors (FPIs) to use net settlement of funds for equity cash market trades, but only for “outright” transactions (pure buys or sells within a settlement cycle).
- ✔ Transactions involving both buy and sell in the same cycle will continue on a gross basis.
- ✔ Any mismatch between purchase and sale values must be funded or handled separately without offsetting against non-outright trades, while taxes like STT and stamp duty remain unchanged.
- ✔ Operational standards will be set by custodians and the CDSSF, and the update is informational with no immediate action required beyond internal awareness.

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SECURITIES EXCHANGE BOARD OF INDIA (SEBI)

*Consultation paper on re-introduction of Open Market Buy-Back of Shares or
Other Specified Securities through Stock Exchange.*

- ✔ SEBI has issued a consultation paper proposing the reintroduction of buybacks of shares or other specified securities from the open market through stock exchanges.
- ✔ This would serve as an additional method under the SEBI (Buy-Back of Securities) Regulations, 2018, subject to the introduction of appropriate regulatory provisions and compliance mechanisms. The public comments window closed on 23 April 2026.

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INTERNATIONAL FINANCIAL SERVICES CENTRE AUTHORITY (IFSCA)

Mandatory ICSI Certification for FM Personnel in IFSC

- ✔ The IFSCA has made it compulsory for KMPs and employees involved in fund management to complete the ICSI certification course “Regulatory Framework for Fund Management in IFSC”.
- ✔ This certification must be completed by September 30, 2026.

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INTERNATIONAL FINANCIAL SERVICES CENTRE AUTHORITY (IFSCA)

Segregation of the role of Fiduciaries

- ✓ The FM Regulations, 2025 require FME to appoint appropriate fiduciaries based on the legal structure of each scheme.
- ✓ To avoid conflicts of interest, fiduciaries cannot provide fund administration, valuation, audit, or lending/financing services to the same scheme.
- ✓ Existing schemes must comply by September 30, 2026, and the Circular is effective immediately.

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BERMUDA MONETARY AUTHORITY (BMA)

Regulatory Updates by Bermuda Monetary Authority (Authority or BMA) for the quarter ended 31 March 2026

- ✔ The Bermuda Monetary Authority's Q1 2026 Regulatory Update highlights key developments across the regulatory framework, with a continued focus on strengthening AML/ATF supervision, governance expectations, and regulatory oversight.
- ✔ The update notes planned legislative and supervisory enhancements aligned with international standards, ahead of Bermuda's upcoming FATF mutual evaluation, and emphasizes ongoing engagement with regulated entities to ensure timely compliance with evolving requirements.

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FINANCIAL SERVICES COMMISSION (FSC) - MAURITIUS

Annual Report 2024-2025

- ✔ Annual Report presents a comprehensive account of the activities, performance, and financial position of the Financial Services Commission (FSC) Mauritius for the year ended 30 June 2025.
- ✔ It outlines how the FSC fulfilled its mandate as the regulator of the non-bank financial services sector, global business, and virtual assets, while promoting Mauritius as a credible, competitive, and well-regulated international financial centre.
- ✔ The report highlights key regulatory and supervisory actions, strategic reforms, enforcement and AML/CFT initiatives, sectoral developments across funds, insurance, pensions, capital markets and fintech, as well as governance arrangements and audited financial statements.
- ✔ Overall, it demonstrates the FSC's focus on regulatory integrity, financial stability, innovation, and alignment with international standards, alongside its contribution to the Mauritian economy.

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FINANCIAL SERVICES COMMISSION (FSC) - MAURITIUS

Global Financial Centres Index (GFCI 39): Mauritius improves its Global Ranking

- ✔ The communiqué issued by the Financial Services Commission (FSC) Mauritius announces and welcomes Mauritius's improved performance in the 39th edition of the Global Financial Centres Index (GFCI 39) released by Z/Yen Group on 26 March 2026.
- ✔ It highlights Mauritius's rise to 50th position globally, an improvement of eight places compared to March 2025, reflecting sustained efforts by regulators and industry stakeholders to strengthen the country's international competitiveness.
- ✔ The communiqué also notes Mauritius's positioning among the top five financial centres in the Africa and Middle East region, alongside leading hubs such as Dubai and Abu Dhabi, as well as progress in FinTech rankings, where Mauritius moved up to 51st place.
- ✔ Overall, the communiqué underscores growing international confidence in Mauritius as an emerging and forward-looking International Financial Centre and reaffirms the FSC's commitment to further enhancing the jurisdiction's global standing through collaboration and innovation.

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FINANCIAL SERVICES COMMISSION (FSC) - MAURITIUS

FSC issues the draft Securities (Authorisation of Private Equity and Venture Capital Funds) Rules 2026 for Public Consultation

- ✔ The communiqué announces the launch of a public consultation on the Draft Securities (Authorisation of Private Equity and Venture Capital Funds) Rules 2026 by the Financial Services Commission (FSC) Mauritius.
- ✔ It invites feedback from industry stakeholders, professionals, and the public on the proposed regulatory framework aimed at strengthening the authorisation and oversight of private equity and venture capital funds, as part of the FSC's transparent and inclusive rule-making process.

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FINANCIAL SERVICES COMMISSION (FSC) - MAURITIUS

FSCOne Platform – Submission of applications for approval of Officers and related filings

- ✔ The circular letter issued by the Financial Services Commission (FSC) Mauritius provides guidance on the post-licensing approval of officers, requiring licensees to submit applications for the approval of officers, resignations, and related filings exclusively through the FSC One Platform.
- ✔ It reinforces the FSC’s shift toward digital-first regulatory processes, improved data accuracy, and stronger ongoing compliance obligations, while clarifying responsibilities for maintaining complete and up-to-date officer profiles after approval.

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MAURITIUS REVENUE AUTHORITY (MRA)

Submission of returns and payment of Domestic Minimum Top-up Tax

- ✔ The communiqué issued by the Mauritius Revenue Authority (MRA) announces an extension of the deadline for the submission and payment of the Domestic Minimum Top-up (DMT) tax for in-scope multinational enterprise groups.
- ✔ It states that where the original due date falls between 1 April 2026 and 29 June 2026, the deadline has been extended to 30 June 2026, providing additional time for compliance with the DMT tax requirements applicable from the year of assessment commencing 1 July 2025.

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INLAND REVENUE AUTHORITY OF SINGAPORE (IRAS)

Corporate Income Tax Rate, Rebates & Tax Exemption Schemes

Enhancements to the CIT Rebate & CIT Rebate Cash Grant for YA 2026:

- ✔ To provide further support for companies to manage their cashflow needs as they navigate the impact of the energy crisis, the CIT Rebate and CIT Rebate Cash Grant will be enhanced for YA 2026 as follows:
 - the enhanced CIT Rebate will be 50% of the corporate tax payable; and
 - the enhanced CIT Rebate Cash Grant will be \$2,000.

- ✔ The total maximum benefits of the enhanced CIT Rebate and CIT Rebate Cash Grant that a company may receive for YA 2026 is \$40,000. All other parameters will remain unchanged.

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INLAND REVENUE AUTHORITY OF SINGAPORE (IRAS)

Tax Framework For Variable Capital Companies

Amendments:

- ✔ Updated to clarify that the tax reference number of the sub-fund will be included in the CORs issued to an umbrella VCC in respect of the sub-fund.
- ✔ Updated to include section 92K of the ITA which does not apply to a VCC.
- ✔ Removed the footnote on section 14EB of the ITA as the section has been enacted.
- ✔ Updated to include exemption for foreign-sourced income.
- ✔ Updated to reflect the CIT rebate and CIT rebate cash grant announced in Budget 2026 and the Ministerial Statement on the impact of Middle East Situation on Singapore announced on 7 April 2026.
- ✔ Inserted paragraphs on exemption for foreign-sourced income which is applicable to sub-fund(s) of a VCC.
- ✔ Updated the numbering of footnotes and sections.
- ✔ Minor editorial changes.

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MONETARY AUTHORITY OF SINGAPORE (MAS)

Explanatory Brief: The Securities and Futures (Amendment) Bill 2026

- ✔ The Securities and Futures (Amendment) Bill 2026 seeks to enable a new streamlined regulatory framework to support the establishment of a Global Listing Board (GLB) for simultaneous listings on the Singapore Exchange and an overseas exchange, beginning with Nasdaq.
- ✔ The Bill introduces a new Part 13A to the Securities and Futures Act, empowering the Monetary Authority of Singapore to prescribe dual-listing arrangements and make targeted regulatory adjustments to harmonise offer and market-misconduct requirements, subject to safeguards and minimum standards.

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A First for GIFT City. A First for Dovetail.

Dovetail has successfully enabled the set-up of the first foreign Family Office in GIFT City, structured as a Family Investment Fund under the framework of International Financial Services Centres Authority.

This marks an important development for GIFT City's evolving wealth and investment ecosystem and reinforces Dovetail's role in enabling global private capital through compliant and seamless market-entry solutions.

For overseas family offices and sophisticated investors, the Family Investment Fund framework creates a clear and efficient pathway into a world-class financial hub, supported by end-to-end capabilities across structuring, governance, operations, and regulatory coordination.

The progressive vision of International Financial Services Centres Authority continues to strengthen GIFT City as a leading destination for global wealth structures and international investment participation.





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