

Capital Markets Unriddled

Newsletter - March 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.



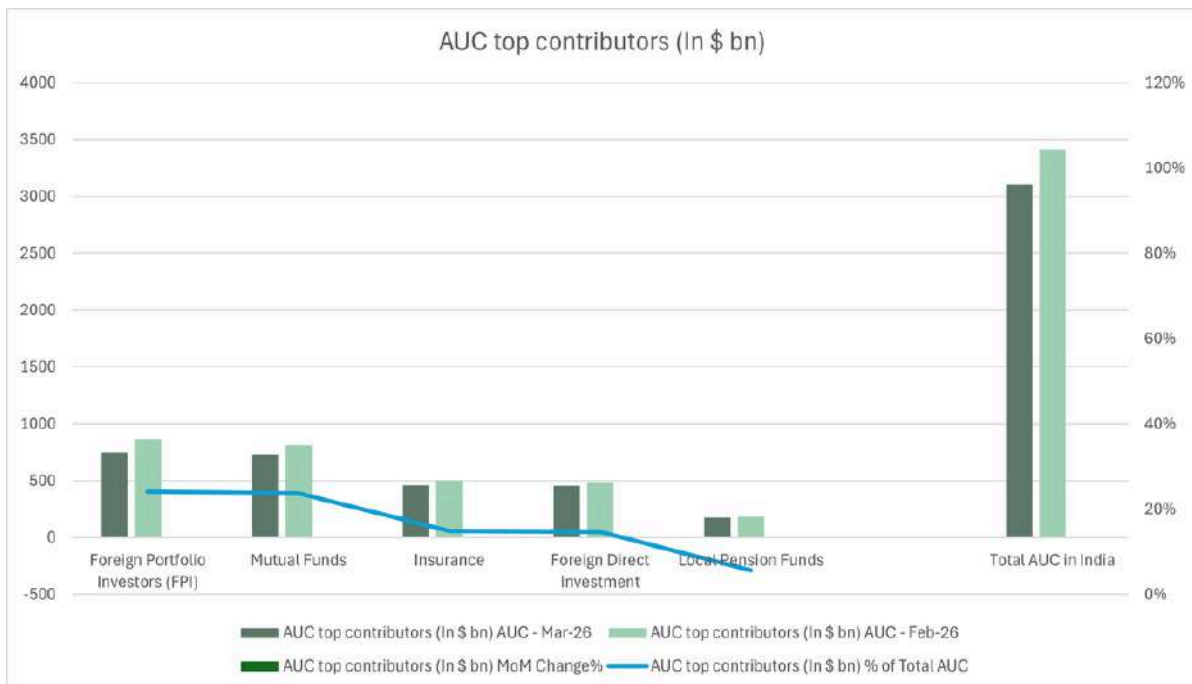
Content

1	<u>AUC top contributors</u>	01
2	<u>Country wise FPI Contribution</u>	02
3	<u>Country wise No. of FPIs</u>	03
4	<u>FPI Inflows/Outflows</u>	04
5	<u>FDI Inflows/Outflows</u>	05
6	<u>Break up of Gross FDI Inflow</u>	06
7	<u>Country wise FDI Equity Inflow</u>	07
8	<u>Regulatory Updates</u>	
	▶ India including GIFT City	
8.1	<u>Central Board of Direct taxes ('CBDT')</u>	09-11
8.2	<u>Securities Exchange Board of India (SEBI)</u>	12-16
8.3	<u>International Financial Services Centre Authority (IFSCA)</u>	17-18
	▶ Bermuda	
8.4	<u>Bermuda Monetary Authority (BMA)</u>	19
	▶ Mauritius	
8.5	<u>Financial Services Commission (FSC) - Mauritius</u>	20
8.6	<u>Mauritius Revenue Authority (MRA)</u>	21
	▶ Singapore	
8.7	<u>Monetary Authority of Singapore (MAS)</u>	22-23



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.

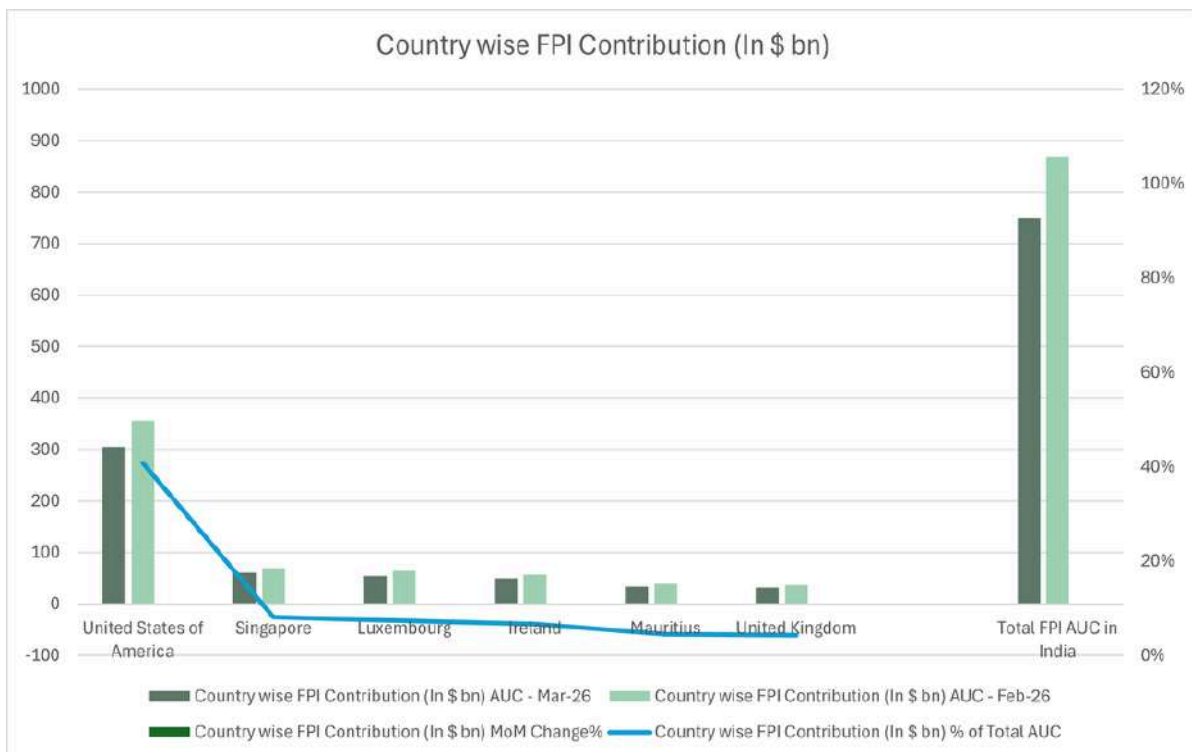


Source: NSDL FPI data



COUNTRY WISE FPI CONTRIBUTION

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



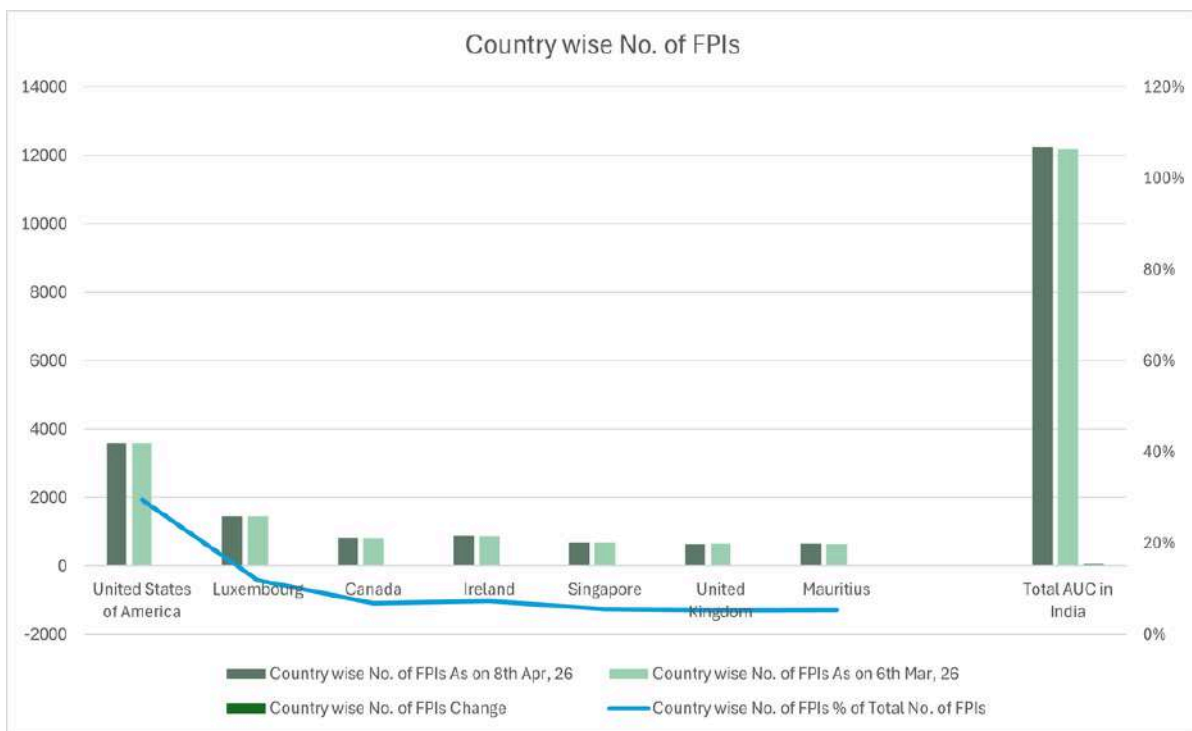
Source: NSDL FPI data

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

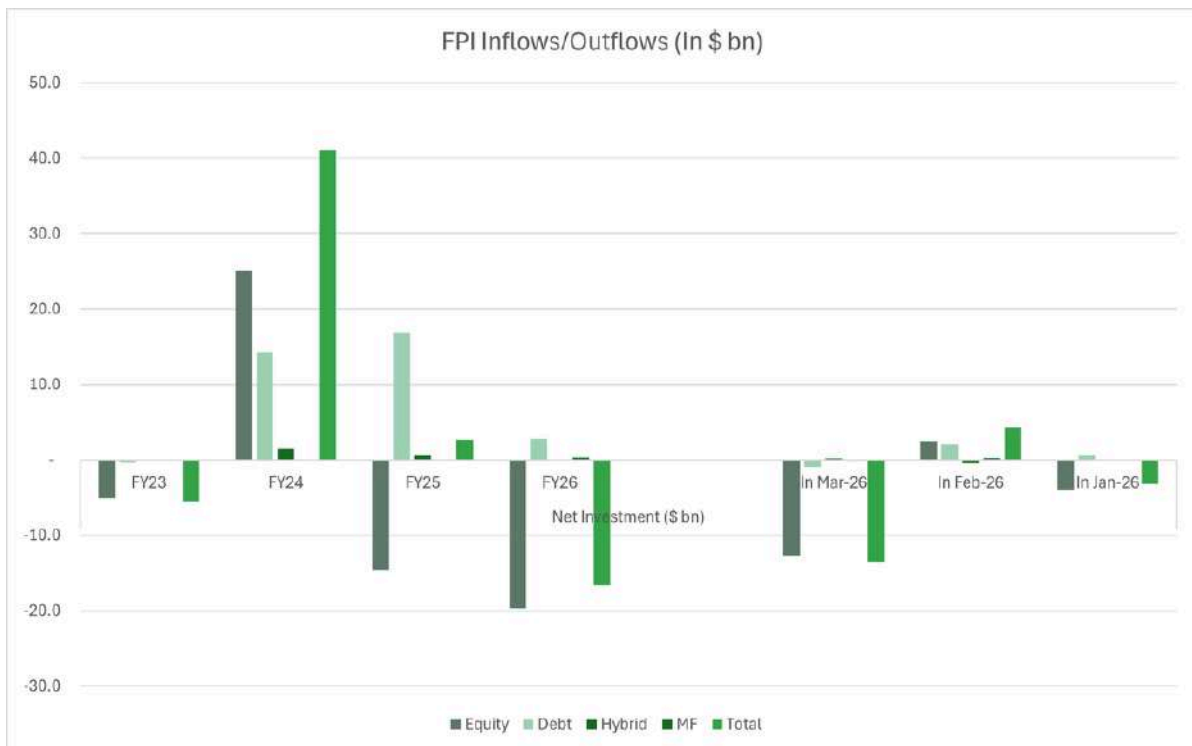


Source: NSDL FPI data



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.

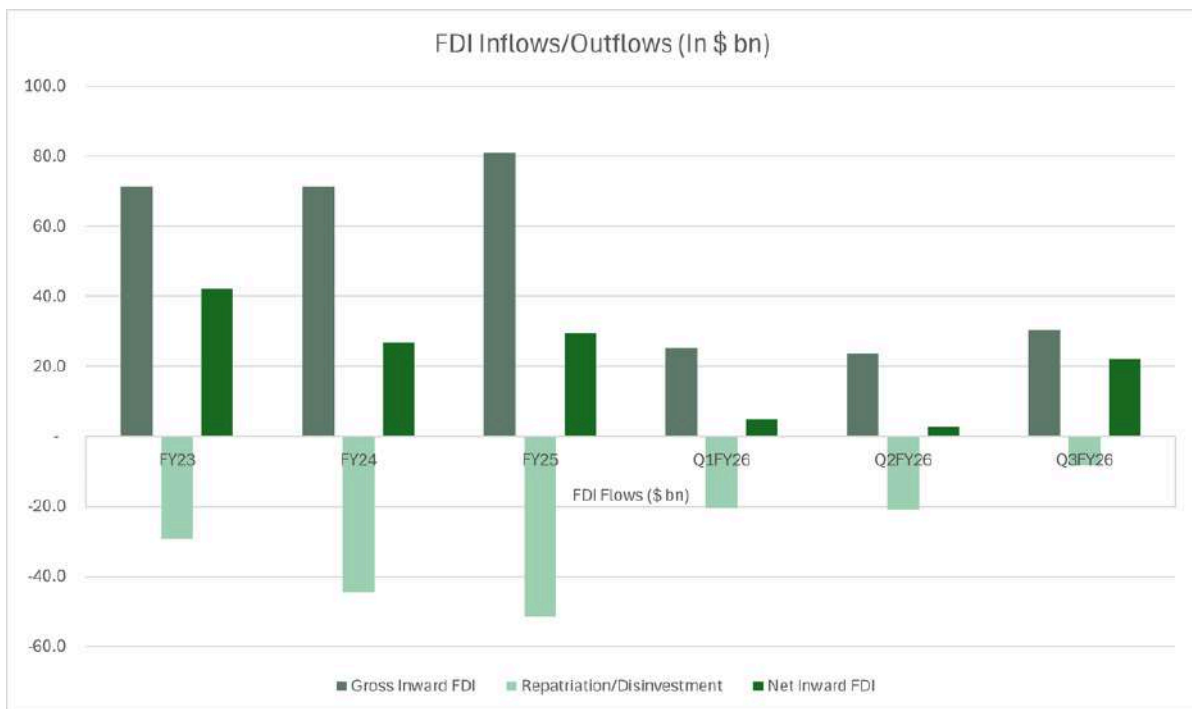


Source: NSDL FPI data



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

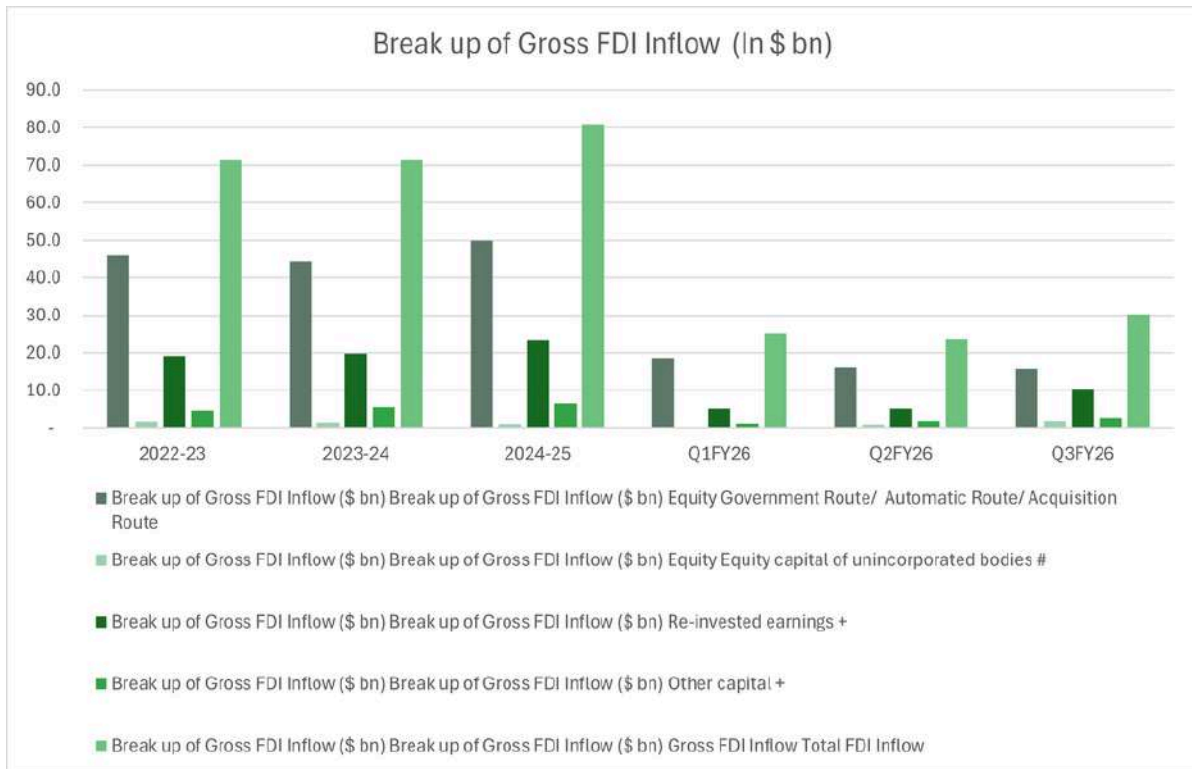


Source: RBI monthly bulletin

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



BREAK UP OF GROSS FDI INFLOW

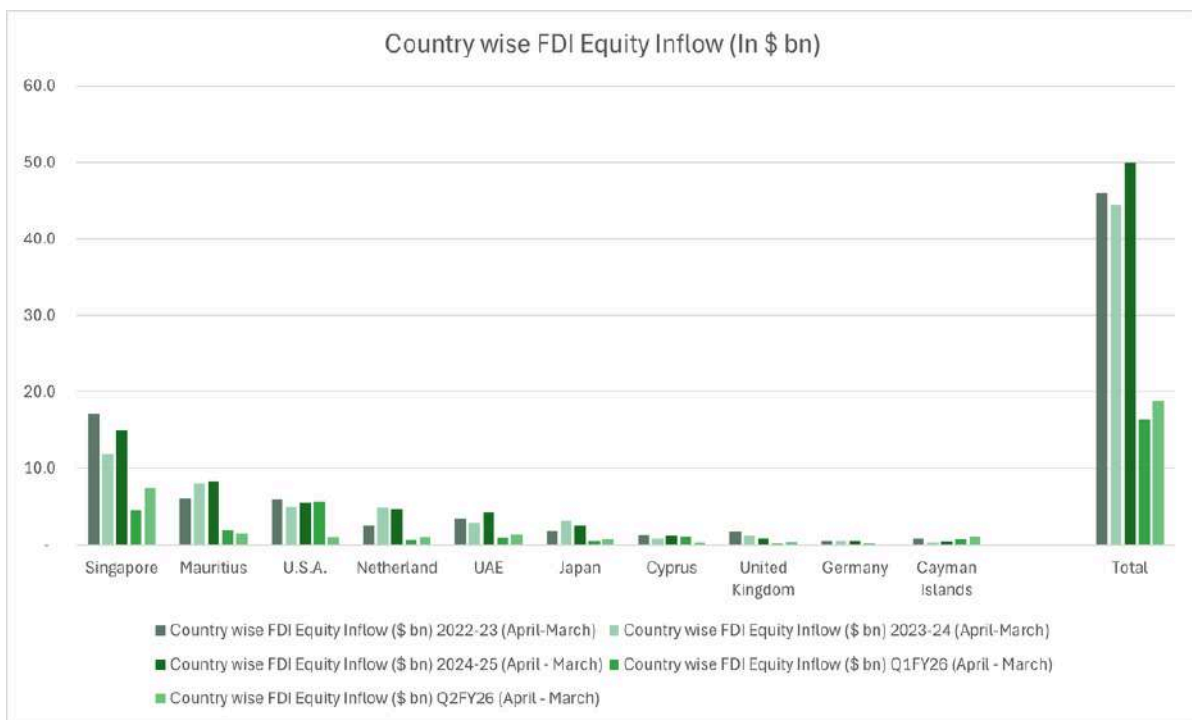


Source: RBI monthly bulletin

- "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’)

Notification No. 19/2026

- ✔ CBDT Notification No. 19/2026 (dated 5 March 2026) amends the Income-tax Rules, 1962 to expand reporting and due-diligence requirements by including crypto-assets, central bank digital currencies (CBDCs) and electronic money products within the definition of financial accounts for information reporting purposes, effective from 1 January 2026.

CLICK HERE

Circular/Notification/Press Release/ Master Circulars



CENTRAL BOARD OF DIRECT TAXES (‘CBDT’)

Notification No. 22/2026

- ✔ The CBDT notified the Income-tax Rules, 2026 on 20 March 2026, operationalising the Income-tax Act, 2025 with effect from 1 April 2026.

CLICK HERE

Circular/Notification/Press Release/ Master Circulars



CENTRAL BOARD OF DIRECT TAXES (‘CBDT’)

Circular No. 03 of 2026

- ✔ India reinforces tax certainty for sovereign investors as CBDT prescribes notification and reporting norms for Sovereign Wealth Funds under the 2025 tax regime.

CLICK HERE

Circular/Notification/Press Release/ Master Circulars



SECURITIES EXCHANGE BOARD OF INDIA (SEBI)

Update in Regulatory Reporting by AIFs

- ✔ SEBI updated regulatory reporting templates for AIFs to enhance transparency, improve data quality, and strengthen supervisory oversight of fund operations

CLICK HERE

Circular/Notification/Press Release/ Master Circulars



SECURITIES EXCHANGE BOARD OF INDIA (SEBI)

Amended Guidelines for Custodians

- ✔ SEBI issued amended operational, compliance, and risk-management guidelines for custodians, covering enhanced responsibilities, record-keeping norms, operational standards, and oversight obligations for entities safeguarding securities and assets.
- ✔ This strengthens the custody ecosystem across FPIs, AIFs, MFs, PMS, and institutional clients.

CLICK HERE

Circular/Notification/Press Release/ Master Circulars



SECURITIES EXCHANGE BOARD OF INDIA (SEBI)

Updates in Settlement Guarantee Fund (SGF) – Commodity Derivatives Segment

- ✔ SEBI revised SGF coverage norms for commodity derivatives segment, prescribing updated risk-based coverage requirements, clarifying SGF usage hierarchy, and strengthening risk-management infrastructure for clearing corporations to safeguard market stability.

CLICK HERE

Circular/Notification/Press Release/ Master Circulars



SECURITIES EXCHANGE BOARD OF INDIA (SEBI)

Press Release SEBI - Changes in FPI – Net Settlement Mechanism

- ✔ SEBI approved net settlement of funds for FPIs in the cash market, lowering funding costs, reducing forex slippage, and improving liquidity efficiency, while retaining gross settlement for securities. Implementation by 31-Dec-2026.

CLICK HERE

Circular/Notification/Press Release/ Master Circulars



SECURITIES EXCHANGE BOARD OF INDIA (SEBI)

*Clarification regarding eligibility of members of the Institute of Cost Accountants
of India to conduct annual audit of Investment Advisers*

- ✔ SEBI issued clarification that members of the Institute of Cost Accountants of India (ICMAI) are eligible to conduct annual audits of Investment Advisers.
- ✔ This expands the pool of eligible auditors and reduces compliance bottlenecks for IAs by allowing cost accountants, in addition to chartered accountants, to perform mandatory annual audits.

CLICK HERE

Circular/Notification/Press Release/ Master Circulars



INTERNATIONAL FINANCIAL SERVICES CENTRE AUTHORITY (IFSCA)

Guidelines on Cyber Security and Cyber Resilience for Regulated Entities in IFSCs

- ✔ A three-year exemption has been granted to specified categories of REs, including branches of regulated Indian or foreign entities, group entity service providers such as GICs, REs with fewer than 10 employees, foreign universities in IFSCs, newly incorporated standalone IFSC entities without a parent organisation, and credit rating agencies.
- ✔ During the exemption period, eligible REs must comply with prescribed conditions, including adoption of the parent entity's cybersecurity framework (where applicable), submission of annual certifications and cyber security audit reports to IFSCA, while standalone entities must certify that adequate, risk-proportionate cybersecurity measures are in place.

CLICK HERE

Circular/Notification/Press Release/ Master Circulars



INTERNATIONAL FINANCIAL SERVICES CENTRE AUTHORITY (IFSCA)

Revised Fee structure

- ✔ IFSCA has issued a revised fee structure applicable to entities operating or proposing to operate in IFSCs.
- ✔ The revised framework outlines the applicable registration, recurring, and other regulatory fees payable by such entities, based on their nature and category.
- ✔ For detailed clarity on the specific fee components and their applicability, kindly refer to Annexure A of the circular.

CLICK HERE

Circular/Notification/Press Release/ Master Circulars



BERMUDA MONETARY AUTHORITY (BMA)

Pre-Approval Process for New Bermuda Funds

- ✔ Bermuda Monetary Authority (BMA) issued a notice introducing a streamlined pre-approval (Approval in Principle) process for new Bermuda investment funds, aimed at accelerating fund formation while maintaining regulatory rigour.
- ✔ Under the new process, applicants who submit the required documentation may obtain conditional pre-approval within two to three business days, allowing sponsors to finalise operational and outstanding requirements with greater certainty, compared to the standard review period of up to eight business days, thereby enhancing efficiency and predictability in Bermuda’s fund authorisation framework.

CLICK HERE

Circular/Notification/Press Release/ Master Circulars



FINANCIAL SERVICES COMMISSION (FSC) - MAURITIUS

Revision of the Enforcement Manual

- ✔ Financial Services Commission of Mauritius (FSC) announced a revision of its Enforcement Manual to reflect legislative amendments and enhancements to its enforcement framework since 2020.
- ✔ Key updates include a more detailed settlement process, incorporation of investigative procedures under the Virtual Asset and Initial Token Offering Services Act, clarification of the FSC's power to issue written directions to Global Business Licence holders under section 73A of the Financial Services Act, and alignment with amendments relating to the Enforcement Committee and the Financial Services Review Panel, reinforcing the FSC's commitment to a transparent, proportionate and responsive enforcement regime.

CLICK HERE

Circular/Notification/Press Release/ Master Circulars



MAURITIUS REVENUE AUTHORITY (MRA)

*Deadline for payment of tax due under the Tax Arrears Settlement Scheme (TASS)
2025*

- ✔ Mauritius Revenue Authority (MRA) issued a communiqué reminding taxpayers of the deadline for payment of outstanding taxes under the Tax Arrears Settlement Scheme (TASS) 2025.
- ✔ The MRA reiterated that eligible taxpayers who have opted into the scheme must ensure that all outstanding tax liabilities and social contributions covered under TASS are fully settled by 31 March 2026, failing which the benefits of the scheme—such as the remission of penalties and interest—may no longer apply, underscoring the importance of timely compliance

CLICK HERE

Circular/Notification/Press Release/ Master Circulars



MONETARY AUTHORITY OF SINGAPORE (MAS)

*MAS Sets Supervisory Expectations on Financial Institutions for Transition
Planning Practices in addressing Environmental Risk*

- ✔ Monetary Authority of Singapore (MAS) issued three Guidelines on Environmental Risk Management – Transition Planning, setting out supervisory expectations for banks, insurers and asset managers to manage climate-related transition and physical risks.
- ✔ The guidelines, which build on MAS’s 2020 environmental risk framework, focus on strengthening internal transition planning processes—covering governance, forward-looking risk assessment, and engagement with customers and investee companies—without requiring the publication of transition plans.
- ✔ They emphasise proportionate implementation aligned to firms’ business models and will take effect from September 2027 following an 18-month transition period

CLICK HERE

Circular/Notification/Press Release/ Master Circulars



MONETARY AUTHORITY OF SINGAPORE (MAS)

MAS Partners Industry to Develop AI Risk Management Toolkit for the Financial Sector

- ✔ Monetary Authority of Singapore (MAS) announced the conclusion of Phase Two of Project MindForge with the publication of an AI Risk Management Toolkit developed in partnership with a consortium of 24 banks, insurers and capital markets firms.
- ✔ The toolkit provides practical guidance for managing risks arising from the use of traditional AI, generative AI and emerging agentic AI, and includes an operational handbook aligned with MAS's proposed Guidelines on AI Risk Management as well as industry case studies.
- ✔ This initiative reflects MAS's efforts to support the responsible adoption of AI in the financial sector while strengthening governance, oversight and lifecycle risk management practices.

CLICK HERE

Circular/Notification/Press Release/ Master Circulars



FUNDS
PLATFORM

DERIVATIVE
CLEARING

FUNDS
ADMINISTRATION

✉ marketing@dovetailindia.com

🌐 www.dovetailindia.com

Disclaimer

The information contained in this document is for professionals and is only intended for professionals in finance industry as defined in your jurisdiction. The information on this presentation should neither be regarded as an offer nor a solicitation to buy, sell or otherwise deal with any investment referred to herein and is not intended for distribution to, or use by, any person in any country (including the United States) where services referred to are not authorized or registered for distribution or in which the dissemination of information on the services is forbidden. The distribution of this document in certain jurisdictions maybe restricted by law and persons into whose possession this presentation comes should inform themselves about, and observe, any such restrictions. The content of this presentation is based upon sources of information believed to be reliable. However, no guarantee, warranty or representation, express or implied, is given as to the accuracy or completeness of such information; and neither Dovetail Capital Pvt. Ltd. nor any other company or unit belonging to the Dovetail Group, nor any of its officers, Directors, affiliates or employees accept any liability or responsibility in respect to the information or any recommendations expressed herein. The information in this presentation is subject to change without notice.