

THE BEGUR BULLETIN

SECURITIES

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HALF YEARLY REGULATORY UPDATE



WELCOME TO THE BEGUR BULLETIN!

The Indian securities regulatory landscape in the first half of the FY 2025–26 has continued its trajectory of reform, with a vision to deepen market participation, bolster investor confidence, and reinforce governance across capital markets. With the Securities and Exchange Board of India (SEBI) at the helm, key developments during this quarter have focused on tightening disclosure norms, expanding the oversight of Alternative Investment Funds (AIFs), and improving the accountability framework for market intermediaries.

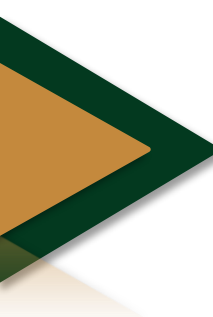
A significant thrust has been placed on safeguarding public investors — with updated frameworks for preferential issues, increased scrutiny on related party transactions, and refined timelines for rights issues and buybacks. SEBI has also introduced procedural enhancements for social stock exchanges and ESG disclosures, reflecting India's commitment to sustainable investing and inclusive growth. Foreign Portfolio Investors (FPIs) witnessed regulatory refinements focused on risk-based KYC norms and beneficial ownership disclosures, aimed at promoting transparency without compromising ease of access. Meanwhile, surveillance mechanisms for algorithmic trading and market abuse have been strengthened, considering the ever evolving technological and operational risks.

In this regulatory update, we explore SEBI's continued efforts to uphold market integrity, foster fair and efficient trading practices, and align India's securities regulations with global benchmarks — all while facilitating capital formation and expanding investor participation in the country's evolving capital markets.

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Enjoy reading, here's to staying informed, compliant, and capital-ready!

— Team Begur



THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI)

1. SEBI MANDATES A STANDARDIZED FORMAT FOR SYSTEM AND NETWORK AUDIT REPORTS OF MIIS

SEBI has, via circular dated April 04, 2025, issued a circular mandating a standardized format for the System and Network Audit Reports of Market Infrastructure Institutions ("MIIs"), including stock exchanges, clearing corporations, and depositories. Currently, MIIs follow varied templates for audit reporting, resulting in inconsistent disclosures and inefficient compliance monitoring.

To address this, SEBI, in consultation with its Technology Advisory Committee and MIIs, has introduced a uniform format (Annexure A) for audit reports, applicable from FY 2024–25 or the second half thereof, depending on the MII's audit cycle. The format includes critical elements such as audit scope, IT infrastructure reviewed, methodology adopted, reported technical glitches, and compliance with SEBI's circulars on IT resilience and Technology Risk Management ("TRM"). Each audit observation is required to carry a unique observation ID to facilitate traceability and the monitoring of open or recurring issues.

B&P View: By prescribing a uniform and detailed reporting format, SEBI is strengthening audit discipline, ensuring better identification and follow-up of systemic hindrances, and enhancing investor protection through stronger technological compliance mechanisms.

2. SEBI RECOGNIZES AND OPERATIONALIZES PAST RISK AND RETURN VERIFICATION AGENCY (PaRRVA)

SEBI, via circular dated April 05, 2025, has introduced an operational framework

designating Credit Rating Agencies ("CRAs") as Past Risk and Return Verification Agencies ("PaRRVA") and Stock Exchanges ("SEs") as PaRRVA Designated Contributors ("PDCs"), with the objective of standardizing the verification of historical risk–return metrics.

Under this framework, PaRRVA will oversee public disclosures, investor grievance redressal, and data integrity, while PDCs will collect and verify data from regulated entities using PaRRVA's prescribed methodology. Verified metrics will be published on PaRRVA's website in line with strict presentation guidelines and mandatory disclaimers.

B&P View: By mandating verified disclosures and curbing misleading performance claims, SEBI aims to foster investor confidence through greater transparency, consistency, and accountability in risk-return reporting.

3. ENHANCEMENT OF THRESHOLD FOR ADDITIONAL DISCLOSURES BY FPIs AND ODI SUBSCRIBERS

SEBI, via circular dated April 09, 2025, has amended its Master Circular for Foreign Portfolio Investors ("FPIs") to increase the threshold for additional disclosures. Previously, FPIs and their investor groups holding over ₹25,000 crore in Indian equity AUM were required to make certain disclosures under the FPI Master Circular dated May 30, 2024, with similar requirements for Offshore Derivative Instrument ("ODI") subscribers under SEBI circular dated December 17, 2024. The threshold has now been raised to ₹50,000 crore.

B&P View: The increased threshold aims to ease compliance burdens on mid-sized FPIs while maintaining regulatory scrutiny over large investors with significant market

exposure.

4. SEBI EXTENDS TIMELINE FOR IMPLEMENTATION OF OPTIONAL T+0 SETTLEMENT BY QSBs

SEBI has, via circular dated April 29, 2025, extended the deadline for Qualified Stock Brokers ("QSBs") to implement the optional T+0 rolling settlement cycle in the equity cash market, originally mandated under its December 10, 2024 circular.

Key Amendment: The implementation deadline has been revised from May 1, 2025 to November 1, 2025, following industry feedback and consultations with MIs. All other provisions of the original circular remain unchanged.

B&P View: The extension provides QSBs with additional time to upgrade systems and processes for effective investor participation, aligning operational readiness with SEBI's objective of enhancing market efficiency.

5. SEBI ALIGNS MARGIN COLLECTION TIMELINES WITH T+1 SETTLEMENT CYCLE

SEBI has, through its circular dated April 28, 2025, revised the timelines for margin collection by Trading Members ("TMs") and Clearing Members ("CMs") in the cash segment to align with the T+1 settlement cycle, effective since January 27, 2023.

Key Amendment: While upfront margins (VaR and ELM) must continue to be collected before trade execution, other margins must now be collected by the settlement day (T+1) for penalty purposes, replacing the earlier T+2 timeline.

B&P View: The alignment aims to enhance risk management and reinforce timely margin compliance without affecting the flexibility of

client margin payments when calls are made.

6. SEBI PRESCRIBES NORMS FOR INTERNAL AUDIT AND AUDIT COMMITTEE COMPOSITION OF MIs

SEBI, via circular dated May 19, 2025, has issued a circular detailing the internal audit mechanism and audit committee composition norms for MIs such as stock exchanges, clearing corporations, and depositories.

Key Provisions:

- (a) Internal audit of all MI functions must be conducted by independent audit firm(s).
- (b) Internal auditors will report solely to the Audit Committee, which must not include any Executive Director, including the MD.
- (c) MIs must have a board-approved policy for appointing internal auditors.
- (d) Audit observations must be forwarded to Heads of Departments (HoDs) for timely response.
- (e) The internal auditor must update the Audit Committee at least twice a year, in the absence of management.

B&P View: By mandating a truly independent internal audit process and excluding executive management from the Audit Committee, SEBI is taking a significant step toward reinforcing the governance and integrity of MIs. These institutions serve a dual purpose, acting both as commercial entities and as first-level regulators, which presents an inherent conflict of interest. This framework helps mitigate that conflict by introducing greater checks and balances.

The requirement for internal auditors to report only to a non-executive Audit Committee and to present findings without management

present ensures transparency in identifying red flags, misconduct, or inefficiencies without dilution or influence.

7. SEBI EXTENDS TIMELINE FOR IMPLEMENTATION OF ODI AND SEGREGATED FPI DISCLOSURE NORMS

SEBI, via circular dated May 16, 2025, has extended the timeline for implementing the enhanced disclosure requirements introduced to address regulatory arbitrage in ODIs and FPIs with segregated portfolios.

Key Amendment: The deadline for making the mandated additional disclosures has been extended from May 17, 2025 to November 17, 2025, in response to industry representations seeking more time for compliance.

B&P View: The extension reflects SEBI's pragmatic approach in accommodating operational readiness without diluting the intent of tightening regulatory oversight. These measures are aimed at curbing misuse of ODI structures and enhancing transparency in FPI holdings, particularly where segregated portfolios can obscure beneficial ownership.

8. SEBI PERMITS EL-BASED RATING SCALE FOR MUNICIPAL BONDS

SEBI, via circular dated May 15, 2025, has allowed Credit Rating Agencies ("CRAs") to apply the Expected Loss ("EL")-based rating scale to municipal bonds issued for infrastructure development.

While EL-based ratings were earlier permitted for infrastructure instruments under the Master Circular dated May 16, 2024, this update specifically extends the framework to municipal bonds issued by Urban Local Bodies ("ULBs"), in addition to the existing standardized and Probability of Default ("PD") rating scales.

B&P View: This move adds depth to credit

evaluations of municipal bonds by considering both the likelihood of default and the potential recovery value in case of default. It enables investors to make more informed decisions, particularly in a segment where traditional PD scales may not fully capture the complexities of municipal finances. The reform is expected to improve market confidence and potentially deepen the municipal bond market as a viable infrastructure financing avenue.

9. SEBI SIMPLIFIES RFQ PLATFORM OPERATIONS AND CLARIFIES CASH FLOW DISCLOSURE NORMS

SEBI, via circular dated May 13, 2025, has issued guidelines to simplify the operational process for yield-to-price computation on the Request for Quote ("RFQ") Platform and to clarify cash flow disclosure requirements in the Corporate Bond Database.

Key Amendments:

- (a) For non-convertible securities traded on the RFQ platform, cash flow dates (interest/dividend/redemption) shall now be based on due dates as per the schedule, without adjustments for day count conventions.
- (b) SEBI has amended Annex-XIV-A of the Master Circular dated May 22, 2024, to incorporate a prescribed format for disclosing cash flow schedules in the centralized bond database.
- (c) The new disclosure format applies to future debt issuances and to the residual maturity of already listed ISINs.

B&P View: These changes streamline RFQ operations and enhance the consistency and accuracy of yield computations across market participants. Mandating structured cash flow disclosures fosters greater transparency and improves the reliability of bond market data, which is especially critical for pricing, risk

assessment, and investor decision-making. This is a practical and investor-centric reform that supports orderly market functioning.

10. SEBI REVAMPS EBP PLATFORM NORMS TO ENHANCE EFFICACY AND UTILITY

SEBI, via circular dated May 16, 2025, has revised the regulatory framework governing the Electronic Book Provider (“EBP”) platform to improve its efficiency and transparency, based on the recommendations of a dedicated working group.

Key Amendments:

- (a) Mandatory use of the EBP platform for private placements of debt securities, non-convertible redeemable preference shares (NCRPS), and municipal debt securities with an issue size of ₹20 crore or more.
- (b) Defined timelines for obtaining in-principle approvals from stock exchanges.
- (c) Issuers must submit the Placement Memorandum and term sheet at least 2–3 working days prior to the issue opening, based on their platform usage history.
- (d) Enhanced disclosure requirements in the Information Memorandum and Placement Memorandum.

B&P View: By tightening timelines and mandating advance documentation, SEBI is streamlining the private placement process and promoting transparency. Mandatory platform use for sizable issues ensures broader market access and price discovery, reducing information asymmetry. These changes reflect SEBI’s continued push for digitization and standardization in debt market infrastructure, ultimately aimed at fostering deeper participation and trust in the primary

securities market.

11. SEBI ISSUES UPDATED INVESTOR CHARTER FOR RTAs TO ENHANCE INVESTOR PROTECTION

SEBI, via circular dated May 14, 2025, has released a revised Investor Charter for Registrars to an Issue and Share Transfer Agents (“RTAs”), aimed at improving financial consumer protection, inclusion, and literacy.

The updated charter, developed in consultation with the RTAs’ Industry Standards Forum, reflects recent regulatory advancements, including the launch of the Online Dispute Resolution (“ODR”) platform and SCORES 2.0.

B&P View: The revised charter aligns with SEBI’s broader investor-first approach, emphasizing transparency, timely grievance redressal, and better service standards by RTAs. By integrating new redressal platforms, SEBI ensures that investor rights are not just formalities but are backed by streamlined and tech-enabled processes.

12. SEBI EXTENDS TIMELINE FOR AIF MANAGER CERTIFICATION REQUIREMENT

SEBI, via circular dated May 13, 2025, has extended the deadline for compliance with the certification requirement applicable to the key investment team of the Manager of Alternative Investment Funds (“AIFs”).

As per Regulation 4(g)(i) of the SEBI (AIF) Regulations, at least one key personnel in the investment team must hold the NISM Series-XIX-C: AIF Managers Certification. The earlier deadline of May 9, 2025 has now been extended to July 31, 2025, for existing schemes and schemes pending approval as of May 10, 2024.

B&P View: The extension reflects SEBI’s

responsiveness to industry feedback and operational challenges in meeting certification deadlines. While the certification requirement ensures that fund managers possess adequate regulatory and product knowledge, the extension allows managers more time to comply without disrupting ongoing and upcoming fund operations.

13. SEBI FIXES UNIFORM EXPIRY DAYS FOR EQUITY DERIVATIVES TO CURB MARKET RISKS

SEBI, via circular dated May 26, 2025, has mandated uniform expiry days for all equity derivatives contracts across stock exchanges - either Tuesday or Thursday.

Each exchange may offer only one weekly benchmark index options contract on its selected expiry day. All other derivatives, including benchmark index futures, non-benchmark index contracts, and single stock derivatives, must have a minimum one-month tenor and expire on the last Tuesday or Thursday of the month.

Exchanges seeking to change their current expiry day must obtain prior SEBI approval and submit implementation proposals by June 15, 2025.

B&P View: This move addresses concerns around market fragmentation, excessive volatility, and risk concentration due to multiple expiry days. By streamlining expiry timelines, SEBI aims to foster greater market discipline, reduce speculative churn, and protect retail investors from liquidity distortions on overlapping expiry days.

14. SEBI PRESCRIBES FRAMEWORK FOR KMP APPOINTMENT AND COOLING-OFF NORMS FOR MIIs

SEBI, through circular dated May 26, 2025, has issued guidelines relating to the appointment, re-appointment, resignation, and

termination of specific Key Managerial Personnel ("KMPs") in MIIs such as stock exchanges, clearing corporations, and depositories.

The circular also introduces a cooling-off period for KMPs transitioning to competing MIIs and lays down provisions governing the re-appointment of Public Interest Directors ("PIDs").

B&P View: SEBI's initiative is aimed at ensuring that critical roles such as Chief Technology Officer (CTO), Chief Risk Officer (CRO), and Compliance Officer are filled with individuals who possess the necessary independence, experience, and stature. By formalizing a governance process and introducing cooling-off norms, SEBI strengthens institutional integrity and reduces the risk of regulatory arbitrage or conflict of interest. This step reinforces MIIs' position as public utility entities that must uphold the highest standards of neutrality and governance.

15. SEBI INTRODUCES KEY MEASURES IN EQUITY F&O SEGMENT TO ENHANCE MARKET OVERSIGHT

SEBI, via circular dated May 29, 2025, has introduced several regulatory changes in the equity derivatives (F&O) segment aimed at strengthening market stability and addressing risks of manipulation.

Key Measures:

- (a) **Revised Open Interest Measurement:** A new methodology for calculating open interest (OI) in equity F&O contracts.
- (b) **Market-Wide Position Limit (MWPL):** Now linked to both cash market volume and free float, with intraday monitoring of MWPL for single stocks.
- (c) **Enhanced Position Limits for Index**

Derivatives:

- For Index Futures:
 - FPI Category I, Mutual Funds, Brokers (Prop/Client): Higher of 15% of futures OI or ₹500 crore.
 - FPI Category II (excluding individuals, corporates, family offices): Higher of 10% of OI or ₹500 crore.
 - Brokers (overall cap including prop and client): Higher of 15% of OI or ₹7,500 crore.
- These limits are in addition to cash or stock holdings.

B&P View: SEBI's reforms reflect a calibrated approach to curb speculative build-up while ensuring genuine market participants have adequate exposure. By linking MWPL to real market metrics like free float and volume, and instituting intraday surveillance, SEBI enhances systemic risk controls. The updated limits for index positions also strike a balance between allowing institutional participation and reducing undue market concentration, strengthening overall market integrity.

16. SEBI INTRODUCES FRAMEWORK FOR ESG DEBT SECURITIES (OTHER THAN GREEN BONDS)

SEBI, via circular dated June 05, 2025, has introduced an operational framework for the issuance and listing of ESG debt securities, specifically covering social bonds, sustainability bonds, and sustainability-linked bonds, excluding green bonds. Developed with the Industry Standards Forum, the framework lays down clear definitions, eligibility norms, and disclosure standards.

These securities must align with global principles such as those by ICMA, ASEAN, or EU, or follow any methodology prescribed by Indian regulators.

- (a) Social Bonds fund projects like affordable healthcare or education.
- (b) Sustainability Bonds support both green and social initiatives.
- (c) Sustainability-linked Bonds tie bond features to sustainability targets and KPIs.

Issuers must provide prescribed disclosures (Annexure A/B), engage an independent certifier, and use proceeds strictly for stated purposes. Misuse may trigger early redemption. The framework also extends to eligible SME issuers with biannual post-listing disclosure requirements.

B&P View: This move strengthens India's ESG financing landscape by broadening scope beyond green bonds. It ensures responsible deployment of funds and builds investor confidence through globally aligned, transparent standards.

17. SEBI AUTOMATES INVOCATION & SALE PROCESS FOR PLEDGED SECURITIES

To address practical issues faced by brokers and clients in the pledge/re-pledge process, especially when securities pledged as margin are sold or invoked, SEBI has, via circular dated June 03, 2025, introduced a more streamlined and automated mechanism.

Under the new framework:

- (a) When a client sells pledged securities, the depository will facilitate a single instruction that both releases the pledge and creates an early pay-in block in the client's demat account. This eliminates the need for any manual intervention or reliance on Power of Attorney (POA) or DDPI.
- (b) For mutual fund units that are not traded

on stock exchanges, a combined functionality will now enable brokers to invoke and auto-redeem these units.

- (c) If a client account is frozen or restricted, brokers must still ensure that the pay-in obligation is met on the same day of invocation, including through proprietary codes if necessary.

B&P View: This update significantly reduces operational friction in margin systems, particularly for pledged assets. The use of automation and single-instruction processing not only protects brokers from settlement risks but also safeguards client securities. It's a strong step toward seamless, tech-enabled compliance.

18. SEBI AMENDS INVESTOR CHARTERS FOR INVESTMENT ADVISERS AND RESEARCH ANALYSTS

SEBI has, via circulars dated June 02, 2025, amended the Investor Charters applicable to Investment Advisers (IAs) and Research Analysts (RAs) to better inform and protect investors. These amendments build on the original charters issued in May 2024 and are driven by SEBI's ongoing commitment to enhancing investor literacy and grievance redressal.

The updated charters now contain:

- (a) Clearly articulated Vision and Mission statements aimed at empowering investors.
- (b) A detailed list of activities that IAs and RAs are permitted to perform.
- (c) A breakdown of investor rights and responsibilities, helping investors understand what they can expect and what is expected of them.
- (d) A modernized grievance redressal mechanism, now aligned with SEBI's

recently introduced SCORES 2.0 and the Online Dispute Resolution (ODR) platform.

B&P View: These revisions reflect SEBI's shift toward proactive investor engagement. With the rise of first-time and digital investors, clarity around roles, responsibilities, and redressal mechanisms is vital. The integration with ODR and SCORES 2.0 ensures investors have access to fast and transparent complaint resolution pathways.

19. SEBI ANNOUNCES SETTLEMENT SCHEME FOR STOCK BROKERS USING CERTAIN ALGO PLATFORMS

SEBI, via circular dated June 12, 2025, has introduced a Settlement Scheme under Section 15JB of the SEBI Act, 1992 and Regulation 26 of the SEBI (Settlement Proceedings) Regulations, 2018, aimed at stock brokers associated with specific algorithmic trading platforms.

The Scheme provides these brokers an opportunity to settle ongoing proceedings, whether pending before SEBI's Adjudicating Officer, the Securities Appellate Tribunal (SAT), or Courts, by opting into the Scheme during the designated window.

Key Highlights:

- (a) **Eligibility:** Stock brokers linked to certain algo platforms facing SEBI proceedings.
- (b) **Window:** From June 16, 2025 to September 16, 2025 (inclusive).
- (c) **Non-Participation:** Legal proceedings will continue for brokers who do not opt in.
- (d) **Further Guidance:** SEBI has published FAQs on its website on June 16, 2025.

B&P View: This is a pragmatic move by SEBI to ensure regulatory closure of long-standing matters involving algo platforms. It helps reduce litigation backlog while encouraging voluntary compliance. For eligible brokers, it offers a time-bound, structured path to regularize past violations and move forward.

20. SEBI PUBLISHES INVESTOR CHARTER FOR KYC REGISTRATION AGENCIES (KRAs)

SEBI, via circular dated May 06, 2025, has issued an Investor Charter for KYC Registration Agencies (“KRAs”) to be made available on their websites, with the aim of improving investor awareness and transparency around the KYC process in the securities market.

The Charter lays out the roles and responsibilities of KRAs, rights of investors, a list of dos and don’ts, and a detailed grievance redressal mechanism.

Key Highlights of the Investor Charter:

- (a) **Services Provided by KRAs:** KRAs are responsible for KYC registration and modification, providing KYC status updates, verifying KYC attributes (such as PAN) against official databases, and ensuring data privacy and alerts for investors.
- (b) **Investor Rights:** Investors have the right to privacy and protection of their KYC data, view and update their KYC status, receive guidance on processes, and access policies on data use and privacy. They also have the option to delink their KYC record.
- (c) **Dos and Don’ts for Investors:** Investors must ensure that they submit accurate KYC documentation, inform intermediaries of any updates, avoid sharing sensitive information (like OTPs

or KYC documents) with unknown persons, and not engage unauthorized agents for KYC updates.

- (d) **Grievance Redressal:** A three-level redressal system has been prescribed:
 - 1. Direct complaint to KRAs
 - 2. Escalation through the SCORES portal
 - 3. Further escalation via the Online Dispute Resolution (ODR) portal if unresolved.

B&P View: This initiative strengthens investor protection in the KYC process and enhances accountability of KRAs. By clearly defining services and investor rights, SEBI ensures transparency and simplifies grievance escalation. As digitization of KYC expands, this Charter helps reduce confusion and empowers investors to manage their compliance more confidently.

21. SEBI ISSUES REVISED MASTER CIRCULAR FOR REGISTRARS TO AN ISSUE AND SHARE TRANSFER AGENTS (RTAs)

SEBI has released an updated Master Circular dated June 23, 2025, for Registrars to an Issue and Share Transfer Agents (RTAs), consolidating all relevant directions, guidelines, and instructions into one comprehensive document. This new circular replaces the earlier Master Circular dated May 7, 2024, and other related circulars listed in the annexure.

The revised framework is aimed at streamlining regulatory compliance and offering greater clarity to RTAs in discharging their functions. Importantly, any actions, filings, or approvals granted under previous circulars will remain valid and enforceable.

B&P View: By bringing together fragmented regulatory directions into a single circular, SEBI has taken a welcome step toward reducing procedural ambiguity for RTAs. This not only

promotes uniform compliance but also supports investor protection by ensuring more consistent and accountable practices across all registered RTAs.

22. SEBI EXTENDS DEADLINE FOR CYBERSECURITY FRAMEWORK COMPLIANCE BY SEBI-REGULATED ENTITIES

SEBI has, via circular dated June 30, 2025, extended the deadline for implementing the Cybersecurity and Cyber Resilience Framework ("CSCRF") by two months, now setting the revised deadline as August 31, 2025.

This extension applies to all SEBI-regulated entities ("REs") except for MIs, KRAs, and Qualified RTAs ("QRTAs"), who must continue to comply with the original schedule.

The extension was granted after several REs requested additional time to complete compliance preparations. Stock exchanges and depositories have been directed to inform their members accordingly.

B&P View: This pragmatic extension allows smaller or operationally stretched REs to better align with cybersecurity standards without compromising implementation quality. At the same time, retaining the original deadline for key institutions like MIs ensures that systemic stability remains uncompromised.

23. SEBI OPENS SPECIAL WINDOW FOR RE-LODGE MENT OF TRANSFER REQUESTS FOR PHYSICAL SHARES

SEBI, via circular dated July 02, 2025, has announced a special six-month window, from July 7, 2025 to January 6, 2026, to allow investors another opportunity to re-lodge transfer requests for securities that were originally submitted before April 1, 2019 but were rejected, returned, or left unattended due to deficiencies.

Transfer of securities in physical mode was discontinued with effect from April 1, 2019, and a cut-off date of March 31, 2021 had earlier been fixed for re-lodgement of transfer deeds. However, based on representations from investors, RTAs, and listed companies, as well as the recommendations of a panel of experts, SEBI has decided to reopen the process. All securities transferred under this window will be issued strictly in demat form, with due process to be followed for such transfer-cum-demat requests.

To ensure wide awareness, stock exchanges, listed companies, and RTAs are required to publicize the availability of this special window on a bi-monthly basis across print and social media. They must also establish dedicated teams to process such applications efficiently. Further, they are mandated to provide SEBI with monthly reports detailing both their publicity measures and the number of shares re-lodged for transfer-cum-demat, in the prescribed format.

B&P View: This is a welcome relief for investors who missed the earlier March 31, 2021 deadline for re-lodgement. By allowing one final window and mandating demat form for transfers, SEBI balances investor protection with market modernization. The reporting and publicity requirements should ensure wider awareness and smoother execution during the six-month period.

24. SEBI STREAMLINES MONITORING OF NRI POSITION LIMITS IN DERIVATIVES

SEBI, via circular dated July 29, 2025, has simplified the framework for monitoring Non-Resident Indians ("NRIs") in exchange-traded derivatives contracts, aimed at enhancing operational efficiency and ease of doing investment. Earlier, under SEBI's 2003 circular, NRIs were required to notify exchanges of their clearing member(s) and were mandatorily assigned a unique Custodial

Participant (“CP”) Code by the exchange for clearing derivative trades. Exchanges then used this information to track and enforce position limits.

Based on recommendations from the Brokers’ Industry Standards Forum, SEBI has now decided to remove the mandatory CP code requirement. Going forward, NRIs can trade in derivatives contracts without the need for CP codes, and exchanges/clearing corporations will monitor their position limits in the same way they track client-level limits. Position limits for NRIs will remain aligned with the client-level limits prescribed by SEBI from time to time.

Exchanges and clearing corporations have been directed to amend their bye-laws, rules, regulations, and standard operating procedures within 30 days, and to issue updated guidelines accordingly. Members must also provide existing NRI clients with the option to exit from CP code within 90 days of this circular, upon request via email. Additionally, NRI clients who initially opt for CP code but later choose to exit must be provided with a similar facility.

B&P View: This reform is a significant step in reducing procedural friction for NRIs trading in derivatives. By eliminating the additional CP code requirement and aligning monitoring with existing client-level processes, SEBI has simplified compliance while maintaining robust oversight of position limits. This change is likely to encourage broader participation by NRIs in derivatives markets and improve overall trading convenience.

25. SEBI RELAXES TIMELINE FOR STOCK BROKERS TO SUBMIT NET WORTH CERTIFICATE FOR MARGIN TRADING FACILITY

SEBI, via circular dated August 26, 2025, has relaxed and harmonized the timelines for stock brokers to submit their half-yearly net worth

certificate in order to remain eligible to offer the margin trading facility to clients.

Previously, brokers were required under the Master Circular for Stock Exchanges and Clearing Corporations (“SECC”) dated December 30, 2024 to submit auditor-certified net worth statements as of March 31 and September 30 each year, by April 30 and October 31 respectively. Following representations from market participants and in line with ease-of-doing-business measures, SEBI has aligned these submission deadlines with the timelines prescribed for half-yearly financial result disclosures under Regulation 33 of the SEBI (LODR) Regulations, 2015.

Accordingly, stock brokers must now submit the auditor’s net worth certificate within 45 days of the September 30 half-year end (i.e., by November 15) and within 60 days of the March 31 half-year end (i.e., by May 31). This change takes effect immediately and modifies para 4.5.3 of Chapter 1 of the SECC Master Circular.

Stock exchanges have been directed to amend their bye-laws, rules, and regulations where necessary, notify their members, and publish the circular on their websites.

B&P View: This change brings practical relief to brokers by synchronizing compliance timelines with financial reporting cycles, thereby avoiding duplication of effort and reducing administrative burdens. The move reflects SEBI’s continued emphasis on ease of doing business without compromising regulatory oversight of margin trading activity.

26. SEBI INTRODUCES FRAMEWORK FOR INTRADAY POSITION LIMITS MONITORING IN INDEX OPTIONS

SEBI has, via circular dated September 01, 2025, introduced a framework to strengthen intraday monitoring of entity-level positions in equity index options, effective October 1,

2025, to maintain market integrity while supporting traders, liquidity providers, and market makers. Following feedback from its February 2025 consultation paper and discussions with Secondary Market Advisory Committee ("SMAC") and MIs, SEBI tightened oversight due to instances of large intraday positions on contract expiry days.

Under the revised framework, effective October 1, 2025, each entity will be subject to an intraday net position limit of ₹5,000 crore (FutEq basis) and a gross position limit of ₹10,000 crore (applied separately on long and short sides, consistent with end-of-day limits). Stock Exchanges will monitor compliance through a minimum of four random intraday snapshots, including one during the last 45 minutes of trading when activity typically spikes. Breaches will trigger closer scrutiny of trading patterns, with possible penalties or additional surveillance deposits on expiry days.

The framework also provides for additional exposure against securities or cash equivalents, as per the earlier May 2025 circular. Importantly, it will apply only to index options and is designed to strike a balance between orderly risk management and the operational needs of market participants.

B&P View: By capping intraday exposure while allowing sufficient room for trading activity, SEBI has introduced a calibrated framework that supports market-making across all sessions while guarding against concentration risks on expiry days. This step enhances predictability and transparency for participants and reinforces confidence in the orderly functioning of the derivatives market.

27. SEBI EASES COMPLIANCE FRAMEWORK FOR FPIs INVESTING EXCLUSIVELY IN GOVERNMENT SECURITIES

SEBI, via circular dated September 10, 2025, has amended the FPI Master Circular to

simplify regulatory requirements for FPIs that invest only in Government Securities ("GS-FPIs"). The changes, effective February 8, 2026, are aimed at reducing compliance burden while ensuring adequate safeguards remain in place.

GS-FPIs will no longer be required to furnish investor group details, provide declarations of "no change" in information, or report minor updates in their registration data. They will only need to pay registration fees to their Designated Depository Participants ("DDPs"), without the obligation to periodically update other details. Further, KYC reviews for GS-FPIs will be aligned with the periodicity of their bank account KYC as prescribed by the RBI.

At the same time, SEBI has created a clear transition mechanism: regular FPIs can opt to become GS-FPIs (and vice versa) through declarations to their DDPs, subject to conditions such as divesting non-Government Securities holdings and ensuring demat accounts hold only permissible securities. GS-FPIs moving to regular status will need to furnish additional information and comply fully with the requirements applicable to standard FPIs.

B&P View: This relaxation is a significant step towards making India's debt markets more accessible to overseas investors focused on Government Securities. By ring-fencing GS-FPIs into a lighter compliance regime, SEBI reduces friction for genuine long-term debt investors while still retaining mechanisms to transition into or out of the broader FPI framework.

28. SEBI ISSUES UPDATED FRAMEWORK FOR SOCIAL STOCK EXCHANGE (SSE)

SEBI has, via circular dated September 19, 2025, revised the framework governing the Social Stock Exchange ("SSE"), aligning it with recent amendments to the ICDR and LODR Regulations (notified on September 8–9,

2025). These updates are based on the recommendations of the SSE Advisory Committee and public feedback and are effective immediately.

The modifications introduce greater clarity on eligibility, disclosures, and impact reporting requirements for Not-for-Profit Organizations (NPOs) and Social Enterprises accessing the SSE platform. NPOs seeking registration must now be registered in India under specific legal structures such as charitable trusts, societies, or Section 8 companies. Further, they are required to provide annual disclosures within 60 days of the financial year-end, covering governance, organizational details, risks, remuneration policies, grievance mechanisms, and statutory registrations. Additional disclosures on beneficiaries, top donors, program budgets, related-party transactions, compliance statements, and audited financials must be made by October 31 or the due date for income tax filing, whichever is later.

All Social Enterprises raising funds through SSE must furnish an Annual Impact Report (AIR), duly assessed by SEBI-registered Social Impact Assessors, within the same timelines. Even NPOs registered without listing securities must self-report AIRs covering at least 67% of program expenditure. The SSE may also prescribe additional disclosure parameters.

B&P View: This enhanced framework strengthens transparency and accountability in the social finance ecosystem, ensuring that donors and investors have greater visibility on governance, fund utilization, and impact. The inclusion of structured AIRs, along with auditor-verified financials, brings the social sector closer to mainstream capital market

standards.

29. SEBI STREAMLINES SECURITIES TRANSMISSION FROM NOMINEE TO LEGAL HEIR

SEBI, via circular dated September 19, 2025, has introduced a simplified mechanism to ensure smooth transmission of securities from nominee to legal heir, effective January 1, 2026. Currently, when a nominee transfers securities to the legal heir, such transactions may inadvertently attract capital gains tax assessment. While clause (iii) of Section 47 of the Income Tax Act, 1961 exempts transmissions from being treated as “transfer,” nominees often face the burden of paying tax first and then seeking refunds, causing procedural inconvenience.

To resolve this, SEBI, in consultation with the CBDT, has mandated the use of a standard reason code “TLH” (Transmission to Legal Heirs) by all reporting entities (RTAs, Listed Issuers, Depositories, and DPs) while reporting such transactions. This ensures correct application of the Income Tax Act and eliminates unnecessary tax implications. Procedural requirements for transmission remain unchanged under the LODR Regulations, 2015 and the Master Circular for RTAs (June 23, 2025). Entities have been directed to make necessary system changes to implement this reporting framework.

B&P View: This move closes a long-standing compliance gap, easing operational hurdles for nominees and heirs. By aligning securities law, taxation rules, and reporting frameworks, SEBI enhances investor protection and reduces administrative burdens on successors.

• **MUMBAI**

📍 The Capital, B/513, Bandra Kurla Complex, Bandra (East), Mumbai, Maharashtra 400051

☎ (+9122) 40049800 | 40049801
✉ communications@begurs.com

• **BENGALURU**

📍 236 Sumitra, 2'C Cross, 1st Main Rd, 2nd Stage, Domlur, Bengaluru, Karnataka 560071

☎ (+91-80) 4123 9800 | 40936801
✉ communications@begurs.com

• **UAE**

📍 A4-115, Building No. A4, Al Hamra Industrial Zone – FZ, RAK – United Arab Emirates.

☎ (+971) 502234052
✉ communications@begurs.com



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2. Firm Ranking: Recommended Firm
3. Southern Asia, Australasia and Central Asia Ranking: Highly Regarded

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