

THE BEGUR BULLETIN

INVESTMENT FUNDS

JANUARY – DECEMBER 2025

YEARLY REGULATORY UPDATE



WELCOME TO THE BEGUR BULLETIN!

India's investment fund sector has witnessed remarkable growth in recent years, driven by increasing participation from both retail and institutional investors. The assets under management (“AUM”) of Mutual Funds (“MFs”) has grown from ₹12.75 trillion as on December 31, 2015 to ₹80.23 trillion as on December 31, 2025 more than 6 fold increase in a span of 10 years. Similarly, investment commitments in Alternative Investment Funds (AIFs) have surpassed 15 trillion, with more than 6 trillion in funds raised, offering investors exposure to alternative asset classes like private equity and venture capital. Further, Real Estate Investment Trusts (“REITs”) have also witnessed steady capital inflows, fuelled by a surge in demand for commercial real estate in the country along with increased government spending on infrastructure projects including expressways, railways, airports and ports. Moreover, the International Financial Services Centre (“IFSC”) in Gandhinagar, Gujarat, is finally witnessing substantial progress with the government keen to attract global funds by offering favourable taxation benefits and a business-friendly environment. This surge in the investment fund landscape has prompted the Securities and Exchange Board of India (“SEBI”) along with International Financial Services Centres Authority (“IFSCA”) to ensure the regulatory framework remains robust, adaptive, and conducive to growth, fostering a more transparent and investor-friendly environment.

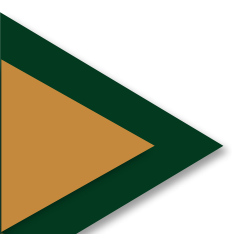
The period from January to December 2025 marked a concentrated phase of regulatory action, with SEBI and IFSCA introducing a series of targeted reforms aimed at enhancing regulatory clarity, market integrity, and ease of doing business. During this quarter, key developments included amendments to the AIF, FPI, Mutual Fund, REIT and InvIT frameworks, the introduction of accredited investor-only and SWAGAT-FI regimes, rationalisation of investor classifications, and relaxations for large value and angel funds. Investor-facing measures were strengthened through revised certification and eligibility requirements for market intermediaries, enhanced distributor incentive frameworks, secure payment mechanisms such as validated UPI handles and SEBI Check, and updates to cybersecurity and governance norms. In parallel, IFSCA advanced the GIFT IFSC ecosystem through amendments to listing and fund management regulations, stewardship and AML/CFT frameworks, operational guidance for TechFin and ancillary services, and consultative proposals facilitating differential distribution and blended finance structures. Collectively, these initiatives reflect a risk-calibrated and globally aligned regulatory approach, reinforcing investor protection while supporting innovation and sustainable market growth.

In this regulatory update, we explore these developments in the field of investment funds elaborating on their potential impact on stakeholders and discussing the efficacy of such developments.

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

— Team Begur



ALTERNATIVE INVESTMENT FUNDS (AIFs)

1. MODALITIES FOR MIGRATION TO AI-ONLY SCHEMES AND RELAXATIONS FOR LARGE VALUE FUNDS

SEBI vide circular dated December 8, 2025, issued clarifications on the modalities for migration of existing AIF schemes to Accredited Investors only (“AI-only”) schemes and granted additional relaxations to Large Value Funds (“LVFs”) for accredited investors, pursuant to the amendments notified on November 19, 2025 under the SEBI (Alternative Investment Funds) Regulations, 2012 (“AIF Regulations”).

Key clarifications and relaxations include:

- a. **Migration to AI-only / LVF schemes:** Existing eligible AIFs or schemes may migrate to AI-only or LVF schemes subject to obtaining positive consent from all investors. Upon conversion, the scheme name must include the words “AI only fund” or “LVF”, and such conversion must be reported to SEBI and the depositories within 15 days.
- b. **Accredited investor status:** An investor qualifying as an accredited investor at the time of onboarding shall continue to be treated as an accredited investor for the entire life of the scheme, even if such status is subsequently lost.
- c. **Tenure extension (Regulation 13(5)):** The maximum permissible extension for AI-only schemes shall be five years, inclusive of any tenure extensions granted prior to conversion.
- d. **Relaxation for Large Value Funds:** LVFs have been exempted from

complying with the standard template of the placement memorandum and the annual audit of placement memorandum terms, without requiring specific investor waivers.

- e. **Compliance reporting:** The trustee or sponsor, as applicable, shall ensure that the Compliance Test Report prepared by the manager includes compliance with the provisions of this circular.

B&P View: The circular operationalises the AI-only scheme framework by prescribing clear migration modalities, clarifying continuity of accredited investor status, capping tenure extensions, and granting documentation and audit relaxations to Large Value Funds. These measures reduce procedural and compliance friction for AIF managers and align regulatory obligations with the sophistication of accredited investors, thereby further enhancing ease of doing business while maintaining an appropriate compliance framework.

2. SEBI (FOREIGN VENTURE CAPITAL INVESTORS) (AMENDMENT) REGULATIONS, 2025

SEBI vide amendment dated December 1, 2025, notified the SEBI (Foreign Venture Capital Investors) (Amendment) Regulations, 2025, amending the SEBI (Foreign Venture Capital Investors) Regulations, 2000 (“FVCI Regulations”). The amendment introduces the SWAGAT-FI framework and rationalises certain regulatory and fee-related requirements applicable to trusted foreign investors.

Key changes introduced under the amendment include:



- a. **Introduction of SWAGAT-FI (Regulation 2(1)(ka)):** A new definition of “Single Window Automatic and Generalised Access for Trusted Foreign Investor (SWAGAT-FI)” has been inserted, adopting the meaning assigned under Regulation 2(1)(r) of the SEBI (Foreign Portfolio Investors) Regulations, 2019.
- b. **Exemption from eligibility conditions (Proviso to Regulation 3(2)):** The eligibility conditions prescribed under Regulation 3(2) of the FVCI Regulations shall not apply to SWAGAT-FIs.
- c. **Rationalisation of renewal fees (Proviso to Regulation 9(2) and Second Schedule):** In case of a SWAGAT-FI, renewal fees shall be payable for every block of ten years, commencing from the beginning of the eleventh year from the date of grant of registration. Corresponding amendments have been made to Clauses 2 and 3 of the Second Schedule to provide for block-wise payment and advance collection of renewal fees.
- d. **Relaxation of investment concentration limits (Proviso to Regulation 11):** The investment limits of 66.67% under Regulation 11(c)(i) and 33.33% under Regulation 11(c)(ii) shall not apply to SWAGAT-FIs.

B&P View: The introduction of the SWAGAT-FI framework reflects SEBI's intent to provide a differentiated and facilitative regulatory regime for trusted foreign investors. By exempting SWAGAT-FIs from eligibility conditions, relaxing

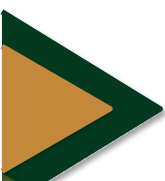
investment concentration limits, and rationalising long-term registration fee structures, SEBI has reduced regulatory friction and enhanced operational certainty for such investors. The amendments are expected to improve ease of doing business and encourage stable, long-term foreign venture capital participation in India.

3. SEBI (ALTERNATIVE INVESTMENT FUNDS) (THIRD AMENDMENT) REGULATIONS, 2025

SEBI vide amendment dated November 18, 2025, notified the SEBI (Alternative Investment Funds) (Third Amendment) Regulations, 2025, amending the SEBI (Alternative Investment Funds) Regulations, 2012 (“AIF Regulations”). The amendment introduces a separate framework for “Accredited Investors Only Funds” and rationalises certain regulatory requirements applicable to such funds.

Key changes introduced under the amendment include:

- a. **Introduction of “Accredited Investors Only Fund” (Regulation 2(1)(ac)):** A new definition has been inserted to recognise an Alternative Investment Fund or a scheme of an AIF in which all investors, other than the manager, sponsor, or their employees/directors, are accredited investors.
- b. **Conversion of existing AIFs / schemes (Proviso to Regulation 2(1)(ac) and Regulation 2(1)(pa)):** AIFs or schemes launched prior to the notification of the amendment may, subject to conditions specified by SEBI, be permitted to convert into an Accredited Investors Only Fund or a





large value fund for accredited investors.

- c. **Exclusion from investor count thresholds (Regulation 10(f)):** Accredited investors shall be excluded while computing the maximum number of investors permitted in a scheme of an Alternative Investment Fund.
- d. **Regulatory relaxations and trustee-related obligations (Regulation 4(g)(i), Regulation 13(5) and Regulation 20):** Certain regulatory provisions, including eligibility conditions and trustee-related obligations, shall not apply to Accredited Investors Only Funds. Under Regulation 20(24), the responsibilities and obligations of the trustee shall, in the case of an Accredited Investors Only Fund, be carried out by the AIF manager.

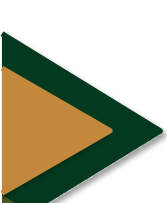
B&P View: The amendments introduce a differentiated regulatory framework for AIFs catering exclusively to accredited investors. By excluding accredited investors from investor count thresholds and relaxing certain regulatory and trustee-related requirements, SEBI has reduced compliance burden and enhanced operational flexibility for such funds. The changes are expected to facilitate efficient fund structuring for institutional and high-net-worth investors while maintaining the existing safeguards applicable to retail-oriented AIFs.

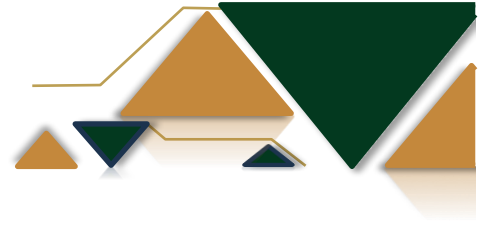
4. RELAXATION IN TIMELINE FOR DISCLOSURE OF ALLOCATION METHODOLOGY BY ANGEL FUNDS

SEBI vide circular dated October 15, 2025, issued a clarification granting relaxation in the timeline for disclosure of allocation methodology by Angel Funds under the SEBI (Alternative Investment Funds) Regulations, 2012 ("AIF Regulations"). This circular follows the amendments notified on September 9, 2025 and the subsequent SEBI circular dated September 10, 2025 prescribing the revised regulatory framework for Angel Funds. In terms of paragraph 8.3 of the September 10, 2025 circular, existing Angel Funds were required to disclose a defined methodology in their private placement memoranda ("PPMs") for allocation of investments among angel investors who approve a particular investment, and to ensure that investments made post October 15, 2025 comply with such disclosed methodology.

Based on representations received from the AIF industry, SEBI has extended the timeline for compliance with this requirement. Accordingly, allocation of any investment made by existing Angel Funds post January 31, 2026 shall be in accordance with the defined allocation methodology disclosed in their PPMs. All other provisions of the circular dated September 10, 2025 shall remain unchanged. This circular has been issued under Section 11(1) of the SEBI Act, 1992, read with Regulations 19G(4) and 36 of the AIF Regulations, and shall come into force with immediate effect.

B&P View: The extension of the compliance timeline provides existing Angel Funds with additional time to align their PPM disclosures with the revised regulatory framework. This relaxation addresses practical implementation





challenges without diluting the underlying objective of transparency and fair allocation among angel investors. By allowing a phased transition, SEBI has facilitated ease of compliance while maintaining regulatory certainty and investor protection.

5. SEBI AIF (SECOND AMENDMENT) REGULATIONS, 2025

SEBI vide amendment dated September 9, 2025, has introduced significant reforms to the AIF landscape with respect to co-investment schemes and regulatory framework for Angel Funds.

Key changes include:

a. Co-Investment (CIV) Schemes:

Category I and II AIFs can launch separate co-investment schemes for each co-investment in unlisted securities of an investee company. Each co-investment scheme is treated as a separate scheme, investing in a single investee company, with a shelf placement memorandum filed through a merchant banker. Angel Funds are restricted from launching a co-investment scheme. Only accredited investors of Category I and II AIFs shall be eligible to invest in a co-investment scheme. A co-investment scheme shall not invest in units of AIFs.

b. Angel Funds: Definition of Angel Funds has been changed to mean sub-category of Category I AIF that raises funds from accredited investors. Earlier the minimum value of investment in Angel Funds was INR 5 crores, but now this requirement has been removed and now there is no minimum value of investment for investment in an angel fund. An angel

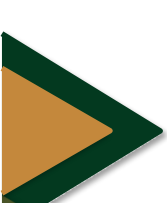
fund shall onboard at least five accredited investors before declaring its first close.

B&P View: Angel Funds registered post this amendment will cater exclusively to accredited investors, enhancing targeted capital deployment while ensuring regulatory oversight. This approach promotes focused investments balancing investor protection with fund flexibility.

6. FRAMEWORK FOR AIFs TO MAKE CO-INVESTMENT WITHIN AIF STRUCTURE

SEBI vide circular dated September 9, 2025 has listed various operational modalities for making co-investment. Managers of AIFs can make co-investment for an investor in an investee company either through PMS route or CIV scheme route. It also provides for a template of shelf placement memorandum for issuing a CIV scheme. Each CIV scheme shall have separate bank account and demat account and assets of each CIV scheme shall be ring fenced from assets of the other schemes. A defaulting or excused or excluded contributor shall not be allowed to co-invest in investment of such investee company where it has defaulted or is excused/excluded. CIV Scheme shall not borrow funds directly or indirectly or engage in any kind of leverage.

B&P View: SEBI's circular on co-investment operational modalities provides a structured and risk-mitigated framework for AIF managers. By allowing co-investments either through the PMS route or a separate CIV scheme, it gives flexibility while ensuring regulatory oversight. The requirement for each CIV scheme to maintain separate bank and demat accounts, along with ring-fencing of





assets, enhances transparency and protects investors' capital from cross-scheme exposure.

7. REVISED REGULATORY FRAMEWORK FOR ANGEL FUNDS UNDER AIF REGULATIONS

SEBI vide circular dated September 10, 2025, has revised the regulatory framework for Angel Funds.

Key changes are as follows:

- a. Investments in investee companies shall be made directly by Angel Funds, without the requirement of launching a scheme for this purpose.
- b. **Term Sheet:** The requirement of filing term sheet with SEBI for launching scheme and making investment has been discontinued with. However, Angel Funds shall maintain records of term sheets for each investment, including the list of investors who participate in that investment and their contribution to the investment.
- c. **Follow-on investments:** Follow-on investments can be made in Angel Fund's existing investee companies which are no longer start-ups, subject to certain conditions: (i) post-issue shareholding of Angel Fund should not exceed the pre-issue shareholding of Angel Fund in such investee company; (ii) total investment (including follow-on investment) in an investee company should not exceed INR 25 crores; and (iii) follow-on investment contributions can be taken only from existing investors, on a pro-rata basis. If an investor declines their pro-rata share, it can be offered to the remaining existing investors.

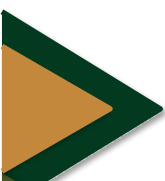
- d. **Lock-in requirements:** Investment by an Angel Fund in an investee company shall be locked-in for a period of one year (or 6 months in case of exit of the Angel Fund by way of third-party sale, excluding buy-back by the investee company or purchase by its promoters or their associates.

- e. **Overseas investment:** For overseas investments, the 25% limit as prescribed under the AIF Master Circular should be calculated based on the Angel Fund's total investments (at cost) on the date of its application to SEBI for overseas investment.

B&P View: The revised framework simplifies compliance requirements and provides greater flexibility for Angel Funds by removing the scheme-launching and term sheet filing obligations, while enabling them to make direct investments and participate in follow-on rounds under defined safeguards. These changes reduce administrative burden and increase operational efficiency for Angel Funds.

8. MONITORING OF MINIMUM INVESTMENT THRESHOLD UNDER SPECIALIZED INVESTMENT FUNDS (SIF)

SEBI vide circular dated 29 July 2025 introduced a mechanism to operationalize daily monitoring and enforcement of the INR 10 lakh minimum investment threshold for SIFs. Under the new framework, if an investor's total holdings across all strategies under a SIF fall below INR 10 lakh because of investor-initiated actions (redemptions, transfers, etc.), all their units will be frozen for debit, and a 30-calendar-day notice will be issued to rebalance. If compliance is not restored





within this period, the frozen units will be automatically redeemed at the applicable NAV.

B&P View: A clear enforcement process where units are frozen if the minimum investment threshold is breached, a 30 calendar day notice is issued to the investor to restore compliance, and if not cured, the units are automatically redeemed at the applicable NAV, ensures compliance certainty and reduces dispute risk. However, it may create operational challenges for fund managers in monitoring investor holdings and communicating effectively to avoid unintended forced redemptions.

9. EXTENSION OF TIMELINE OF ADDITIONAL LIQUIDATION PERIOD FOR VCFS MIGRATING TO AIF REGULATIONS

SEBI vide its Circular dated June 6, 2025, extended the timeline for the additional liquidation period granted to Venture Capital Funds ("VCFs") migrating to the AIF Regulations. Under the existing framework, VCFs that had not fully liquidated their schemes by the expiry of their original tenure were permitted an additional liquidation period up to July 19, 2025, provided they applied for migration. SEBI has now extended this additional liquidation period by one year, i.e., up to July 19, 2026, to facilitate smoother transition. However, the deadline for submitting the migration application remains unchanged at July 19, 2025

B&P View: By granting an extra year, SEBI is responding to industry feedback and mitigating operational pressure on VCFs transitioning to AIFs. Importantly, by

keeping the migration application deadline unchanged, SEBI ensures this accommodation doesn't stall the policy objective of integrating VCFs into the more comprehensive AIF framework. The move strengthens regulatory flexibility while preserving the intended timeline for structural reform.

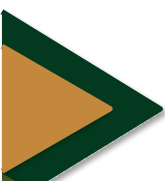
10. SEBI AIF (AMENDMENT REGULATIONS), 2025

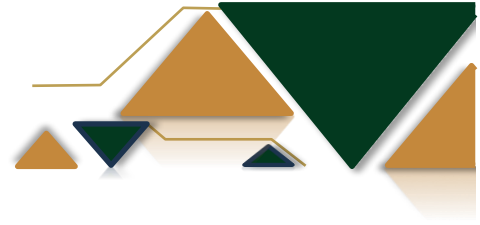
SEBI vide amendment dated May 23, 2025, has revised the conditions of Category II AIFs as applicable in AIF Regulations. As per the amended Regulation 17(a) of AIF Regulations, Category II AIFs are now permitted to invest in unlisted securities and/or listed debt securities (including securitised debt instruments) which are rated 'A' or below by a credit rating agency registered with the Board, directly or through investment in units of other AIFs, in the manner as may be specified by the Board.

B&P View: The amendment provides Category II AIFs with greater flexibility to additionally invest in debt securities. It reflects SEBI's intent to broaden investment avenues while ensuring regulated oversight through specified investment norms, such as credit ratings.

11. EXTENSION OF TIMELINE FOR COMPLYING WITH THE CERTIFICATION REQUIREMENT FOR THE KEY INVESTMENT TEAM OF THE MANAGER OF AIF

SEBI vide its Circular dated May 13, 2025, extended the deadline for key investment team members of AIF managers to obtain the required NISM-Series XIX-C certification. Originally mandated under





Reg. 4(g) of SEBI (Alternative Investment Funds) Regulations, 2012 (“AIF Regulations”), this certification ensures professional qualification of those responsible for investment decisions. The timeline has been extended from May 9, 2025 to July 31, 2025 to obtain the requisite NISM certification.

B&P View: The move eases compliance pressure on AIFs, allowing them to manage staffing and certification processes without risking regulatory infractions. It reinforces the long-term objective of raising professional standards within AIFs, helping ensure that investment decisions are made by certified experts while avoiding immediate disruption to fund management operations.

12. RELAXATION IN TIMELINE FOR REPORTING OF DIFFERENTIAL RIGHTS ISSUED BY AIFs

SEBI vide circular dated March 3, 2025, provided a one-time relaxation in the timeline for Alternative Investment Funds (AIFs) to report the issuance of differential rights, following representations from the industry regarding compliance complexities.

Key Amendments:

- a. Alternative Investment Funds (AIFs) whose Private Placement Memorandums (PPMs) were filed on or after March 1, 2020, must now report details of differential rights by the extended deadline of March 31, 2025. This information is required to be submitted in the prescribed format via email, ensuring full transparency regarding select investor benefits

while strictly maintaining the anonymity of the investors involved.

- b. AIFs are required to disclose differential rights that do not align with the implementation standards formulated by the Standard Setting Forum for AIFs (SFA).

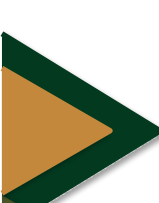
B&P View: The one-month extension reflects SEBI’s balanced approach to regulatory oversight and operational feasibility. By providing additional time for the documentation of complex differential rights, the regulator ensures better compliance quality while upholding the principles of fair and equal treatment (pari-passu) for all investors within the AIF ecosystem.

13. REGULATORY FRAMEWORK FOR SPECIALIZED INVESTMENT FUNDS (SIF)

SEBI vide circular dated February 27, 2025, introduced a comprehensive regulatory framework for Specialized Investment Funds (SIFs), creating a new asset class under the Mutual Fund Regulations to bridge the gap between retail Mutual Funds and Portfolio Management Services (PMS).

Key Provisions:

- a. Mutual Funds can launch SIFs via Route 1 (3 years operation and ₹10,000 crore average AUM) or Route 2 (based on the specific expertise of the CIO and Fund Manager).
- b. A minimum investment of ₹10 lakh per investor is required, except for "Accredited Investors" who are exempt from this limit.
- c. SIFs may take unhedged short exposure via derivatives up to 25% of





NAV (total exposure capped at 150%) and must adhere to concentration limits, such as a 20% NAV cap on debt from a single AAA-rated issuer.

- d. AMCs must appoint dedicated Fund Managers distinct from regular Mutual Fund schemes and maintain separate branding and visual identities to prevent investor confusion.
- e. A "performance-linked incentive" (carry fee) structure is permitted, provided it is clearly disclosed and agreed upon by investors.

B&P View: The SIF framework represents a significant evolution in the Indian asset management space, catering to "semi-sophisticated" investors who seek higher flexibility than retail mutual funds but at a lower entry barrier than PMS. By allowing tactical derivative usage and performance-based fees within a regulated pooled structure, SEBI has provided AMCs with the tools to offer sophisticated, risk-managed products while maintaining the robust oversight of the Mutual Fund regulatory regime.

14. RELAXATION IN TIMELINES FOR HOLDING AIFs' INVESTMENTS IN DEMATERIALISED FORM

SEBI vide circular dated February 14, 2025, has provided significant relaxations to Alternative Investment Funds (AIFs) regarding the mandatory requirement to hold their investments in dematerialized form.

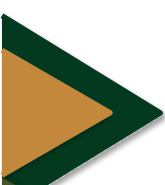
Key provisions:

- a. SEBI has extended the mandatory deadline for dematerializing existing investments (held as of October 31, 2023) to October 31, 2025, while

mandating that any fresh investments made on or after July 1, 2025, must be held in demat form from the outset.

- b. Schemes that are already in their extended tenure as of February 14, 2025, or those whose natural tenure ends on or before October 31, 2025, are granted a full exemption from this requirement to prevent unnecessary administrative costs during their winding-up phase.
- c. The mandate applies strictly to cases where the investee company is already legally required to facilitate dematerialization or where the AIF, either alone or with other SEBI-registered entities, exercises control (over 50% interest) over the investee company.
- d. Custodians are responsible for monitoring compliance and reporting the dematerialization status through the Compliance Test Report (CTR), ensuring that fund managers adhere to the new timelines and transition Fresh capital into the digital ecosystem.

B&P View: This relaxation is a pragmatic move by SEBI, acknowledging the operational hurdles AIFs faced in converting physical or private holdings into demat form. By extending the timeline to late 2025, SEBI prevents forced or rushed compliance that could have led to administrative errors. This move maintains the long-term goal of transparency and "paperless" fund management while providing the industry the breathing room necessary to align with digital standards.



MUTUAL FUNDS

1. ENHANCEMENT OF BASIC SERVICES DEMAT ACCOUNT (BSDA) FACILITY

SEBI vide circular dated December 24, 2025, issued further measures to enhance the Facility for Basic Services Demat Account (BSDA) with a view to improving ease of investments for investors and ease of doing business for depository participants ("DPs").

Key changes introduced under the circular include:

- a. **Exclusion of certain securities from BSDA threshold:** For the purpose of determining BSDA eligibility, Zero Coupon Zero Principal (ZCZP) bonds and delisted securities shall be excluded from the value of holdings.
- b. **Valuation of illiquid securities:** Illiquid securities shall be valued at the last closing price while computing the threshold for BSDA eligibility.
- c. **Periodic reassessment of eligibility:** DPs shall be required to reassess BSDA eligibility on a quarterly basis and convert eligible demat accounts into BSDAs, unless the beneficial owner provides explicit consent to continue with a regular demat account.
- d. **Mandatory consent for regular demat accounts:** Beneficial owners shall be required to provide active consent through an authenticated and verifiable channel to avail or continue to avail the facility of a regular demat account.
- e. **Modified valuation methodology:** The circular revises the valuation norms

for determining BSDA eligibility and clarifies that the value of suspended securities, delisted securities, and ZCZP bonds shall not be considered for this purpose.

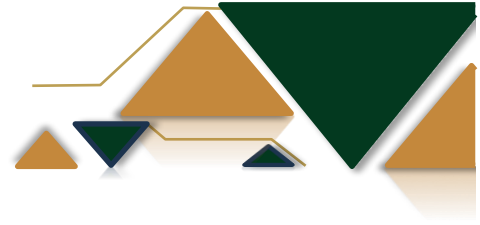
B&P View: The circular further simplifies the BSDA framework by rationalising valuation norms, excluding low-liquidity and non-economic securities from eligibility thresholds, and introducing periodic reassessment and consent-based continuation of regular demat accounts. These measures are expected to improve investor inclusion, reduce compliance friction for DPs, and strengthen the effectiveness of the BSDA regime. The provisions shall come into effect from March 31, 2026.

2. ADDITIONAL INCENTIVES TO DISTRIBUTORS FOR ONBOARDING NEW INVESTORS

SEBI vide circular dated November 27, 2025, issued revised guidelines on incentives payable to mutual fund distributors for onboarding new individual investors from B-30 cities and new women investors, following the deletion of Regulation 52(6A)(b) of the SEBI (Mutual Funds) Regulations, 1996 pursuant to the Gazette notification dated October 31, 2025.

Key provisions include:

- a. **Eligible investors:** Additional commission shall be payable for (i) new individual investors (new PAN) from B-30 cities, and (ii) new women investors (new PAN) from both Top-30 and B-30 cities.



b. **Incentive structure (Regulation 52(4A)):** Distributors shall be eligible for additional commission of 1%, subject to a cap of ₹2,000, on (i) lump sum investments (subject to a minimum holding period of one year), and (ii) SIP investments based on total investments made during the first year.

c. **Funding and safeguards:** The additional commission shall be paid from the 2 basis points earmarked by AMCs for investor education and financial inclusion, subject to clawback provisions. Dual incentives for the same investor or investment are not permitted.

d. **Exclusions:** ETFs, certain fund of fund schemes, and schemes with a duration of less than one year (including liquid and overnight funds) are excluded from the incentive framework.

B&P View: The revised framework replaces the earlier B-30 incentive mechanism with a more targeted approach focused on new investor inclusion and women participation. By funding incentives from investor education allocations and introducing caps and exclusions, SEBI seeks to balance distributor motivation with safeguards against misuse, while supporting wider penetration of mutual fund investments. The circular shall come into effect from February 1, 2026.

3. SEBI (MUTUAL FUNDS) (SECOND AMENDMENT) REGULATIONS, 2025

SEBI vide notification dated October 31, 2025, notified the SEBI (Mutual Funds) (Second Amendment) Regulations, 2025, amending the SEBI (Mutual Funds)

Regulations, 1996 to rationalise investment limits, align exposure norms, and provide clarity on treatment of investments in Real Estate Investment Trusts ("REITs"), particularly in the context of Specialised Investment Funds ("SIFs").

Key amendments include:

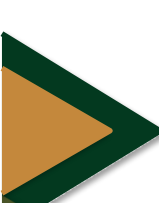
a. **Inclusion of REIT units within permitted instruments (Regulation 2(1)(ja)):** Units of REITs have been expressly included within the definition of equity derivatives-linked instruments for mutual funds.

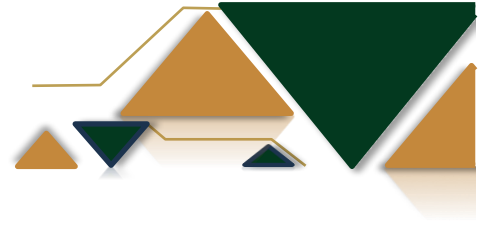
b. **Increase in permissible cash holding (Regulation 49(3)):** The maximum permissible holding in cash and cash equivalents has been increased from 95% to 97%.

c. **Rationalisation of exposure limits for Specialised Investment Funds (Regulation 49AA):** Investment limits applicable to SIFs have been revised to include exposure to REIT units, with corresponding caps at the issuer level. Further, where a mutual fund group holds 10% or more in an issuer, SIF exposure has been restricted to 5%, ensuring group-level concentration controls.

d. **Alignment of terminology and exclusions:** References to "company" have been replaced with "entity" in relevant provisions, and references to REITs have been removed from certain investment restriction clauses to avoid duplication and regulatory overlap.

e. **Schedule VII amendments:** Consequential changes have been made to Schedule VII to align issuer-





level limits, entity references, and REIT-related exclusions with the revised regulatory framework.

B&P View: The amendments refine the mutual fund investment framework by clarifying treatment of REIT exposures, strengthening concentration limits for Specialised Investment Funds, and harmonising terminology across regulations and schedules. These changes enhance regulatory consistency and risk management while providing greater operational clarity to mutual fund managers.

4. SEBI ABOLISHES TRANSACTION CHARGES FOR MUTUAL FUND DISTRIBUTORS

On August 8, 2025, SEBI issued Circular No. SEBI/HO/IMD/PoD1/CIR/P/2025/115, effectively removing the provision that allowed Asset Management Companies (AMCs) to pay transaction charges to mutual fund distributors for investments exceeding a certain threshold. The circular clarifies that distributors, as agents of AMCs, are entitled to be remunerated by the AMCs, and therefore, transaction charges or commissions prescribed under paragraphs 10.4.1.b and 10.5 of the SEBI Master Circular for Mutual Funds dated June 27, 2024, shall be done away with. This decision follows public and industry consultations and aligns with SEBI's goal to streamline distributor compensation and enhance transparency in the mutual fund industry.

B&P View: By eliminating transaction charges, SEBI aims to simplify the distributor remuneration process and reduce indirect costs for investors. This move reflects a broader trend towards

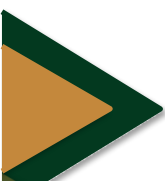
rationalizing mutual fund fee structures to foster investor trust and market efficiency.

5. TIMELINES FOR REBALANCING OF PORTFOLIOS OF MUTUAL FUND SCHEMES IN CASES OF ALL PASSIVE BREACHES

SEBI vide its circular dated June 26, 2025, has clarified that all passive breaches in actively managed mutual fund schemes, whether related to asset allocation, issuer, sector, or group-level limits permitted under the SEBI (Mutual Funds) Regulations, 1996, must be rebalanced within 30 business days from the date of breach. This timeline, earlier applicable only to asset allocation deviations, will now uniformly apply to other passive breaches as well. SEBI acknowledged that such breaches may occur due to factors beyond the control of the AMC, such as corporate actions, significant price movements in underlying securities, maturity of portfolio instruments or large redemptions, and are not the result of any deliberate action or oversight by the fund manager.

B&P View: SEBI's clarification brings much-needed consistency to the treatment of passive breaches in mutual fund portfolios. This approach enhances investor protection by ensuring timely corrective action without penalizing fund managers for factors outside their control, while reinforcing SEBI's broader focus on transparency and risk management within the mutual fund ecosystem.

6. CUT-OFF TIMINGS FOR NAV CALCULATION WITH RESPECT TO REPURCHASE/ REDEMPTION OF UNITS





IN OVERNIGHT SCHEMES OF MUTUAL FUNDS

SEBI vide its Circular dated April 22, 2025, amended the cut-off timing rules for redemption of units in overnight mutual fund schemes. Henceforth, redemption applications received in offline mode up to 3:00 PM will use the previous business day's closing NAV, while those after 3:00 PM will use the next business day's NAV. Importantly, online redemptions for overnight schemes now have a later cut-off of 7:00 PM. This will come into effect from June 1, 2025.

B&P View: SEBI's extension of the online cut-off time to 7:00 PM for redemptions in overnight scheme is a targeted operational reform aimed at aligning mutual fund processes with the settlement timelines of the securities market. This move facilitates smoother pledging and upstreaming of client funds by brokers and clearing members, especially in light of SEBI's stricter upstreaming framework.

7. PROPOSED ENHANCEMENT OF MUTUAL FUND HOLDINGS IN REITs AND InvITS

SEBI vide consultation paper dated April 17, 2025, proposed significant expansion in the investment limit for mutual funds in REITs and InvITs. Currently, mutual funds are allowed to invest upto 10% of a scheme's NAV in REITs and InvITs subject to a cap of 5% per issuer.

It is now proposed to increase the single issuer limit from 5% to 10% and the overall exposure limit of mutual funds to REITs and InvITs from 10% to 20% for equity and hybrid schemes. For debt schemes, the

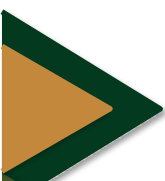
existing 10% aggregate limit is proposed to be retained.

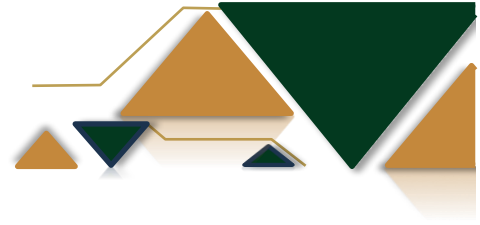
B&P View: The proposal is in response to increasing investor interest in REITs and InvITs as an income generating asset class, aiming to provide mutual funds greater flexibility to invest, particularly in equity and hybrid schemes, participating in infrastructure and commercial real estate backed instruments.

8. APPLICATION & INVESTMENT STRATEGY INFORMATION DOCUMENT FORMAT FOR SPECIALIZED INVESTMENT FUND

SEBI vide its Circular dated April 11, 2025, mandated a uniform application format for Mutual Funds seeking to establish Specialized Investment Funds ("SIFs"), along with a standardized Investment Strategy Information Document ("ISID"). The format includes sections detailing fund structure, investment personnel (including routes based on track record or alternate route), risk profiling, asset allocation, NAV computation, recurring expenses, distribution terms, and investor eligibility, etc.

B&P View: The introduction of SIFs marks SEBI's effort to create a distinct, regulated vehicle for thematic or concentrated investment strategies within the mutual fund ecosystem. By prescribing detailed application and disclosure norms upfront, SEBI aims to balance innovation with investor protection and regulatory oversight, while offering fund houses a flexible product structure tailored for informed, higher-ticket investors.





9. TIMELINES FOR DEPLOYMENT OF FUNDS COLLECTED BY AMCs IN NEW FUND OFFER (NFO)

SEBI vide circular dated February 27, 2025, mandated strict timelines for the deployment of funds raised during New Fund Offers (NFOs) to ensure they are invested as per the stated asset allocation without undue delay, effective April 1, 2025.

Key amendments:

- a. AMCs are required to deploy funds gathered in an NFO within 30 business days from the date of allotment of units, ensuring compliance with the asset allocation mentioned in the Scheme Information Document (SID).
- b. In exceptional cases where deployment is not possible within 30 business days, the AMC must provide written reasons and details of efforts made to its Investment Committee, which may grant a one-time extension of an additional 30 business days.
- c. The Investment Committee is prohibited from granting extensions where assets for the scheme are liquid and readily available in the market.
- d. If funds remain undeployed beyond the mandated (plus extended) timelines, the AMC is barred from accepting fresh flows into that scheme until the asset allocation is fully met.
- e. For non-compliance exceeding 60 business days, AMCs are prohibited from levying any exit load on investors, and all NFO investors must be proactively informed of their right to exit without charges via email or SMS.
- f. To curb mis-selling, distribution commissions for "switch" transactions from an existing scheme to an NFO within the same AMC must be the lower of the commissions offered under the two schemes.
- g. Fund managers are granted flexibility to extend or shorten the NFO period (except for ELSS) based on market dynamics and their ability to deploy the anticipated corpus effectively.

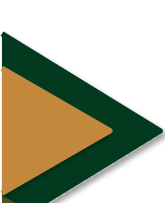
B&P View: This circular introduces much-needed accountability regarding the "idle cash" problem often seen after mega-NFOs. By linking fund deployment to specific timelines and providing investors with a free exit route in case of delays, SEBI has ensured that AMCs only raise capital they can prudently deploy, thereby protecting investor returns from the dilution caused by delayed market entry.

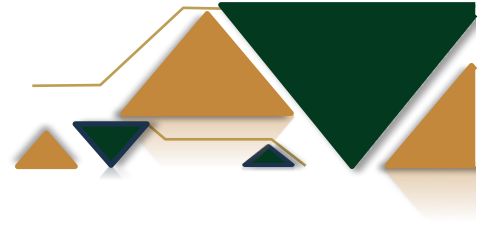
10. CLARIFICATION ON INVESTOR EDUCATION AND AWARENESS INITIATIVES (IEAI)

SEBI vide circular dated February 20, 2025, issued a clarification regarding the utilization of the 2 basis points (bps) mandatory allocation for investor education by Mutual Funds, expanding the scope of permitted activities.

Key clarifications:

- a. SEBI has clarified that the scope of "Investor Education and Awareness" now officially includes financial inclusion initiatives, provided such initiatives are specifically approved by SEBI from time to time.
- b. AMCs are required to continue setting apart at least 2 basis points (0.02%) on





daily net assets within the maximum limit of the Total Expense Ratio (TER) for these activities, as mandated under the SEBI (Mutual Funds) Regulations, 1996.

- c. The clarification ensures that funds earmarked for education can be used for projects that specifically target under-served or unbanked segments of the population, bridging the gap between awareness and actual financial onboarding.
- d. This regulatory move aims to provide AMCs with more flexibility in how they deploy their education budgets, allowing for more creative and impactful campaigns in B-30 (Beyond Top 30) cities.
- e. The circular emphasizes that while the scope is expanded, the primary intent remains the development of the securities market and the protection of investor interests, rather than purely commercial brand-building.

B&P View: By broadening the definition of "Investor Education" to include "Financial Inclusion," SEBI is encouraging Mutual Funds to move beyond passive awareness and focus on active participation from smaller towns and rural areas. This allows AMCs to align their mandatory spending with the national goal of increasing the penetration of formal financial products, ultimately leading to a more inclusive investment ecosystem.

11. SERVICE PLATFORM FOR INVESTORS TO TRACE INACTIVE AND UNCLAIMED MUTUAL FUND FOLIOS – MITRA

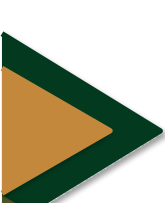
SEBI vide circular dated February 12, 2025, has introduced the Mutual Fund

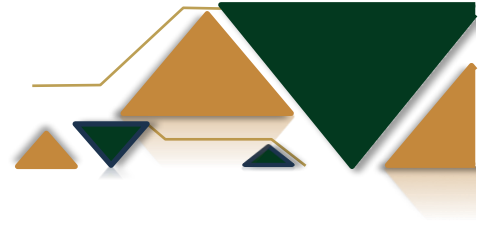
Investment Tracing and Retrieval Assistant (MITRA), a centralized digital platform designed to help investors identify and reclaim forgotten or dormant mutual fund investments.

Key provisions:

- a. The platform serves as a unified searchable database for inactive folios, defined as those where no investor-initiated financial or non-financial transactions have occurred for 10 consecutive years, but which still hold a unit balance.
- b. MITRA is jointly developed and hosted by Qualified Registrar and Transfer Agents (QRTAs) like CAMS and KFintech, and is accessible through the websites of MF Central, AMCs, AMFI, and SEBI to ensure maximum reach for retail investors.
- c. To protect against unauthorized access, the platform allows users to search using identifiers like PAN, mobile number, or bank account details, with a security cap of 25 search attempts per user and mandatory OTP-based identity verification.
- d. Beyond simple tracing, the platform acts as a catalyst for KYC hygiene, requiring investors to update their current contact and bank details as per modern regulatory standards before they can initiate the retrieval or redemption process.

B&P View: The launch of MITRA is a landmark step in addressing the multi-crore problem of unclaimed wealth in the Indian mutual fund industry. By





centralizing data that was previously scattered across dozens of individual AMCs, SEBI has significantly lowered the "search cost" for common investors. This initiative not only helps families recover lost assets but also proactively secures these dormant accounts against the growing risk of identity theft and fraudulent redemptions by bringing them back into the active, monitored ecosystem.

12. DISCLOSURE OF RISK ADJUSTED RETURN – INFORMATION RATIO (IR) FOR MUTUAL FUND SCHEMES

SEBI vide circular dated January 17, 2025, has mandated Mutual Funds and Asset Management Companies (AMCs) to disclose the Information Ratio (IR) for their schemes to provide investors with a more comprehensive view of risk-adjusted performance.

Key provisions:

- a. Mutual Funds are now required to disclose the Information Ratio of their scheme portfolios on their websites on a daily basis, ensuring that this risk metric is available to the public alongside traditional return figures.
- b. The mandate is currently limited to equity-oriented schemes, as these actively managed portfolios require a standardized measure to help investors evaluate if a fund manager is generating superior returns relative to the risk taken.
- c. The circular requires the use of the scheme's Tier 1 benchmark for all calculations to ensure consistency and prevent "benchmark shopping" that

could otherwise misrepresent a fund's actual performance quality.

- d. AMCs and AMFI are responsible for implementing educational programs to help retail investors interpret this new data, shifting the market focus from pure percentage gains to the efficiency of capital management.

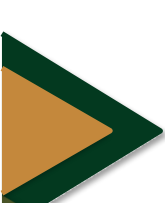
B&P View: By introducing mandatory IR disclosures, SEBI is shifting the focus from "absolute returns" to "efficient returns." This prevents fund managers from hiding high-risk strategies behind attractive top-line growth numbers. For the retail investor, this metric acts as a "skill-o-meter"—it clearly distinguishes between a manager who is lucky in a bull market and one who consistently beats the benchmark through superior stock selection and risk management. This move significantly matures the Indian mutual fund landscape, bringing it in line with global institutional reporting standards.

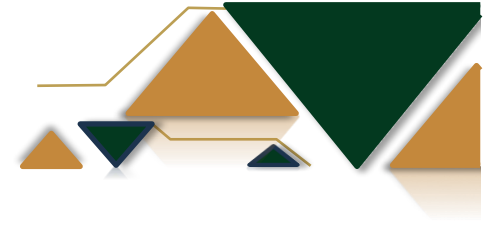
13. REVISE AND REVAMP NOMINATION FACILITIES IN THE INDIAN SECURITIES MARKET

SEBI vide circular dated January 10, 2025, has introduced a comprehensive new framework for nominations to streamline the transmission of assets and reduce the volume of unclaimed investments in mutual funds and demat accounts.

Key provisions:

- a. The circular increases the maximum number of nominees allowed per folio or account from three to ten, providing investors with greater flexibility for complex estate planning and asset distribution.

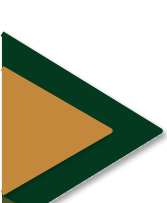




- b. Nomination is now mandatory for single-holder accounts, while remaining optional for joint holdings; however, for all accounts, the holder of a Power of Attorney (PoA) is strictly prohibited from making or changing nominations.
- c. A new rule of survivorship is reinforced for joint accounts, ensuring that upon the death of one holder, the assets transmit directly to the survivors as owners (not trustees), who then have the full right to change or cancel previous nominations.
- d. The framework introduces a trusteeship role for nominees, clarifying that they receive assets of a deceased sole holder as trustees on behalf of the legal heirs, thereby providing the regulated entity with a valid legal discharge.
- e. To improve accessibility, SEBI has authorized an online opt-out mechanism using two-factor authentication (2FA) and introduced provisions for nominees to operate accounts on behalf of physically incapacitated investors under specific medical verification.

potential disputes and ensuring that the transition of wealth is both faster and more transparent.

B&P View: This revamp is a major step toward modernizing the "succession" aspect of Indian investments. By increasing the nominee limit and simplifying the documentation required for transmission, SEBI is directly tackling the red tape that often leaves families unable to access the savings of deceased relatives. The distinction between the "survivorship" rule for joint holders and the "trustee" role for nominees adds much-needed legal clarity, reducing





REAL ESTATE INVESTMENT TRUSTS AND INFRASTRUCTURE INVESTMENT TRUSTS

1. SEBI (REAL ESTATE INVESTMENT TRUSTS) (THIRD AMENDMENT) REGULATIONS, 2025

SEBI vide notification dated December 9, 2025, notified the SEBI (Real Estate Investment Trusts) (Third Amendment) Regulations, 2025, amending the SEBI (Real Estate Investment Trusts) Regulations, 2014 with a view to rationalising investor classifications and bringing greater clarity to the definitions applicable to REIT investments.

Key amendments include:

- a. **Introduction of “Institutional Investor” (Regulation 2(1)(sa)):** A new definition of *institutional investor* has been inserted to include (i) qualified institutional buyers, and (ii) family trusts or SEBI-registered intermediaries having a net worth exceeding ₹500 crore, based on the latest audited financial statements.
- b. **Alignment of definition of Qualified Institutional Buyer (Regulation 2(1)(zg)):** The definition of qualified institutional buyer has been aligned with the meaning assigned under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.
- c. **Substitution of definition of “Strategic Investor” (Regulation 2(1)(ztb)):** The definition of *strategic investor* has been expanded to include institutional investors, certain FPIs, specified RBI-registered NBFCs, and other SEBI-specified entities, subject to a minimum investment of 5% of the REIT offer size (or as prescribed). For entities regulated by other financial

regulators, SEBI will consult the relevant regulator before classification

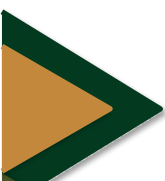
B&P View: The amendments streamline and harmonise key investor definitions under the REIT framework, bringing them in line with other SEBI regulations and strengthening the institutional and strategic investor regime. By clarifying eligibility thresholds and aligning cross-regulatory definitions, SEBI has enhanced regulatory consistency and certainty for REIT issuers and sophisticated investors.

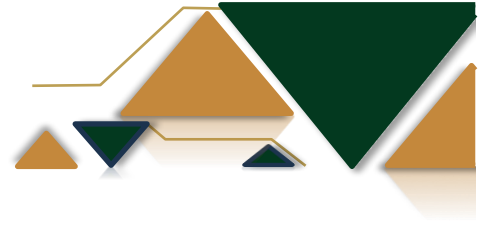
2. SEBI (INFRASTRUCTURE INVESTMENT TRUSTS) (FOURTH AMENDMENT) REGULATIONS, 2025

SEBI vide notification dated December 9, 2025, notified the SEBI (Infrastructure Investment Trusts) (Fourth Amendment) Regulations, 2025, amending the SEBI (Infrastructure Investment Trusts) Regulations, 2014 to rationalise investor classifications and align key definitions applicable to InvIT investments.

Key amendments include:

- a. **Revision to definition of Institutional Investor (Regulation 2(1)(ya)(ii)):** The definition has been revised to include family trusts or SEBI-registered intermediaries having a net worth exceeding ₹500 crore, based on the latest audited financial statements.
- b. **Alignment of definition of Qualified Institutional Buyer (Regulation 2(1)(zs)):** The definition of qualified institutional buyer has been aligned with the meaning assigned under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.





- c. **Substitution of definition of “Strategic Investor” (Regulation 2(1)(zza)):** The definition of strategic investor has been revised to include institutional investors, certain foreign portfolio investors, specified categories of RBI-registered NBFCs, and other entities as may be specified by SEBI, subject to a minimum investment threshold of 5% of the InvIT offer size or such amount as may be prescribed. Where such entity is regulated by another financial sector regulator, SEBI shall consult the relevant regulator before classification.

B&P View: The amendments bring greater clarity and regulatory consistency to investor classifications under the InvIT framework by harmonising definitions with other SEBI regulations and strengthening the institutional and strategic investor regime. These changes are expected to improve certainty for InvIT issuers and sophisticated investors while maintaining appropriate regulatory oversight.

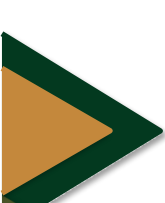
3. RECLASSIFICATION OF REITs AS EQUITY-RELATED INSTRUMENTS FOR MUTUAL FUNDS AND SIFs

SEBI vide circular dated November 28, 2025, issued clarifications pursuant to the amendments notified on October 31, 2025 to the SEBI (Mutual Funds) Regulations, 1996, reclassifying Real Estate Investment Trusts (“REITs”) as equity-related instruments to facilitate enhanced participation by Mutual Funds and Specialised Investment Funds (“SIFs”).

Key provisions of the circular include:

- a. **Reclassification of REIT investments:** With effect from January 1, 2026, all investments made by Mutual Funds and SIFs in REITs shall be treated as investments in equity-related instruments. Investments in InvITs shall continue to be classified as hybrid instruments.
- b. **Grandfathering of existing investments:** Existing investments in REITs held by debt schemes of Mutual Funds and investment strategies of SIFs as on December 31, 2025 shall be grandfathered. AMCs are encouraged to divest such holdings over time, taking into account market conditions, liquidity, and investor interest.
- c. **Market capitalisation classification:** In terms of the Master Circular for Mutual Funds dated June 27, 2024, AMFI shall include REITs in the list of scrips classified on the basis of market capitalisation.
- d. **Scheme documentation and indices:** AMCs shall issue an addendum to scheme documents to reflect the reclassification, which shall not be treated as a fundamental attribute change. Further, inclusion of REITs in equity indices shall be undertaken only after six months, i.e., from July 1, 2026.

B&P View: The reclassification of REITs as equity-related instruments marks a significant regulatory shift aimed at deepening institutional participation in the REIT market. By grandfathering existing debt-scheme exposures and providing phased implementation for index inclusion, SEBI has balanced





market development objectives with investor protection and operational stability for fund managers.

4. SEBI HOSTS MUNICIPAL BOND AND REIT/InvIT OUTREACH PROGRAMME IN RAIPUR

SEBI organised a Municipal Bond and REIT/InvIT Outreach Programme in Raipur, Chhattisgarh, on October 30, 2025, aimed at enhancing awareness and capacity of Urban Local Bodies (“ULBs”) and state government departments on capital market-based financing mechanisms for urban infrastructure development.

The programme witnessed participation from senior officials of 14 Urban Local Bodies, including Raipur, Bilaspur, Bhilai, and Raigarh, along with representatives from the Urban Administration and Development Department and Finance Department of the Government of Chhattisgarh. The outreach initiative was held shortly after the Raipur Municipal Corporation announced a ₹100 crore municipal bond issuance on October 24, 2025.

The sessions focused on the use of municipal bonds, REITs/InvITs, investor expectations, and alternative financing models for urban infrastructure. SEBI officials highlighted the role of municipal bonds in funding scalable urban projects and the potential of asset monetisation through REITs and InvITs. A follow-up meeting held on October 31, 2025, addressed specific queries of municipal corporations and explored measures to enhance ULB participation in the bond market.

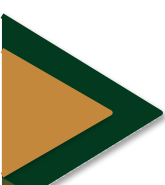
B&P View: The outreach programme reflects SEBI’s continued emphasis on strengthening municipal bond markets and promoting REIT/InvIT structures as viable tools for urban infrastructure financing. By engaging directly with state governments and ULBs, SEBI is facilitating market readiness, improving awareness of capital market instruments, and supporting the adoption of sustainable financing practices for urban development.

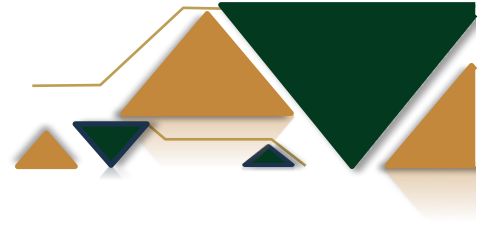
5. SEBI (REIT) (SECOND AMENDMENT) REGULATIONS, 2025

SEBI on September 3, 2025 notified the SEBI (Real Estate Investment Trusts) (Second Amendment) Regulations, 2025.

Key amendments:

- a. Revision of the definition of “public” to exclude related parties, sponsors, sponsor groups, managers, or any other person specified by SEBI, while expressly treating Qualified Institutional Buyers (QIBs) as “public” even if otherwise excluded;
- b. Alignment of the timeline for disclosing the development status of under-construction properties with quarterly financial results and requiring valuation reports to be submitted to trustees simultaneously with stock exchange filings;
- c. Permitting HoldCos with negative net distributable cash flow to offset such deficit against cash flows from SPVs, subject to mandatory disclosures to unitholders; and
- d. Standardizing the timing of annual and half-yearly valuation reports with





annual valuations to be carried out as on March 31 and half-yearly valuations as on September 30, and clarifying submission and unitholder communication obligations.

B&P View: The amendments strengthen the REIT framework by tightening the definition of “public,” improving disclosure quality, and aligning valuation and reporting timelines with financial results. Flexibility for HoldCos to adjust negative cash flows, backed by mandatory disclosures, balances operational needs with investor protection. Overall, the changes enhance transparency, reduce compliance friction, and improve market discipline.

6. SEBI (InvIT) (THIRD AMENDMENT) REGULATIONS, 2025

SEBI on September 03, 2025 notified the SEBI (Infrastructure Investment Trusts) Third Amendment Regulations, 2025.

Key amendments:

- a. Definition of public revised to exclude related parties, sponsors, sponsor groups, and managers, while allowing Qualified Institutional Buyers (QIBs) to be treated as ‘public’ even if otherwise excluded.
- b. Timelines for reporting and valuation aligned with quarterly financial results, including disclosure of under-construction project status and quarterly investment manager reports. Annual and half-yearly valuation reports must follow strict timelines, with quarterly valuations triggered when borrowings exceed 49%.

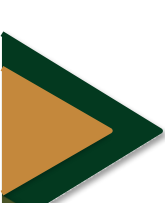
- c. Minimum investment threshold reduced from ₹1 crore to ₹25 lakhs, with the earlier ₹25 crore minimum investment requirement for InvITs investing 80% in completed, revenue-generating assets removed.
- d. Cash flow adjustments permitted for HoldCos, allowing negative net distributable cash flows to be offset with cash inflows from SPVs, subject to SEBI-prescribed disclosures to unitholders.

B&P View: These amendments lower barriers to entry for retail and mid-sized investors, improve regulatory clarity, and enhance transparency in reporting. The alignment of timelines with financial disclosures and strengthened governance norms are expected to attract a broader investor base and improve market efficiency.

7. REVIEW OF FRAMEWORK FOR CONVERSION OF PRIVATE LISTED InvIT INTO PUBLIC InvIT

SEBI vide circular dated 8 August 2025 revised the framework for converting private InvITs into public InvITs. The updated guidelines stipulate that the conversion process must include a public offering of units. The circular outlines the minimum unitholding for sponsor and sponsor groups, lock-in on the units held by the sponsor and sponsor groups and compliance with disclosure norms for follow-on offer.

B&P View: The revised framework introduces a structured pathway for private listed InvITs to transition into public entities, enhancing transparency and investor confidence. By enforcing





stringent eligibility and governance norms, SEBI aims to align private InvITs with public market standards, potentially broadening their investor base and liquidity.

8. MASTER CIRCULAR FOR REITs

SEBI vide circular dated July 11, 2025, ("Circular") consolidated various circulars issued by SEBI under the SEBI (Real Estate Investment Trusts) Regulations, 2014 up until July 11, 2025, superseding the previous Master Circular for REITs dated May 15, 2024.

9. MASTER CIRCULAR FOR InvITs

SEBI vide circular dated July 11, 2025, ("Circular") consolidated various circulars issued by SEBI under the SEBI (Infrastructure Investment Trusts) Regulations, 2014 up until July 11, 2025, superseding the previous Master Circular for InvITs dated May 15, 2024.

10. SEBI APPROVES AMENDMENTS PROMOTING EASE OF DOING BUSINESS FOR REITs AND InvITs

SEBI in its Board Meeting dated June 18, 2025 approved certain amendments aimed at streamlining operations and enhancing flexibility for REITs and InvITs. Related parties of the REIT/InvIT and that of its Sponsor, Manager and Project Manager shall now be considered as "public" unitholders only if they fall within the category of Qualified Institutional Buyers (QIBs), thus benefitting REITs and InvITs in complying with the provisions of minimum public holding.

Further, a Holding Company shall now be permitted to offset its own negative cash flows against the cash it receives from

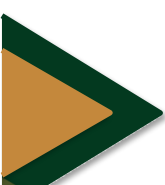
underlying Special Purpose Vehicles (SPVs) before distributing funds to the REIT/InvIT. Earlier, it had to pass on 100% of SPV cash flows regardless of its own losses. This change offers financial flexibility and ensures more realistic distributions, subject to proper disclosures to unitholders.

Moreover, the timeline for submission of several quarterly reports, such as certain financial information of the REIT and InvIT will now be aligned with the timeline for submission of quarterly financial statements. Reduction of minimum allotment lot in the primary market for privately placed InvITs from Rs. 1 crore to Rs. 25 lakhs has also been approved.

B&P View: The amendments, pending notification, signify SEBI's continuous push towards extensively promoting ease of doing business for REITs and InvITs balancing regulatory flexibility along with ensuring adequate investor protection.

11. INVESTOR CHARTER FOR REITs AND InvITs

SEBI vide notification dated June 12, 2025 issued a revised investor charter for REITs and InvITs ("Charter") aiming to further strengthen the regulatory framework for protection of interests of investors, mandating REITs/InvITs and their Investment Managers to display and disseminate the Charter prominently not only on their websites and office premises but also on mobile apps and through direct communication to investors, such as email or physical correspondence. Additionally, REITs/InvITs are now required to publish monthly data on investor grievances received and resolved, in a standardized





format, by the 7th of each month on their websites.

These changes align the Charter with recent market reforms, including the Online Dispute Resolution (ODR) platform and SCORES 2.0, SEBI's upgraded grievance redressal system. The Charter also consolidates and supersedes previous directives, providing a more streamlined compliance framework and ensuring that investor communication is proactive rather than merely passive.

B&P View: The Charter represents a shift towards greater regulatory clarity, accountability, and investor empowerment in REITs/InvITs. By mandating more frequent, transparent disclosures and integrating digital grievance mechanisms, SEBI aims to reinforce investor trust and foster a more robust and responsive investment environment.

12. SEBI REVISES DISCLOSURE GUIDELINES IN OFFER DOCUMENTS FOR REITs AND InvITs

SEBI vide circulars dated May 7, 2025 ("Circulars") revised Chapters 3 and 4 of the Master Circular for REITs and InvITs, enhancing disclosure requirements for offer documents and post-listing compliances.

Key amendments:

- a. Offer documents must include audited financial statements for the past 3 years, with additional pro forma data for material acquisitions/divestments.
- b. Enhanced project-level disclosures

covering cash flows, valuations, related party transactions and net distributable cash flows (NDCF).

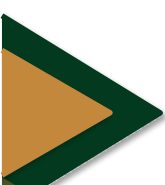
- c. Follow-on offers require financial projections for new acquisitions along with a Management Discussion and Analysis (MDA) including major business and financial trends.
- d. Quarterly/half yearly disclosures must now comply with Ind AS and Schedule III formats, including updated statements of NDCF and net assets at fair value.
- e. New governance and audit requirements: auditor certifications, Board approvals and CFO/CEO sign-offs are now mandatory.

B&P View: This is a significant move promoting transparency, comparability and investor confidence in Indian REITs and InvITs, aligning Indian disclosure standards with global benchmarks, likely to boost capital market participation and reduce diligence risks in the long run.

13. SEBI (InvIT) (SECOND AMENDMENT) REGULATIONS, 2025

SEBI on April 29, 2025 notified the SEBI (InvIT) (Second Amendment) Regulations, 2025, permitting InvITs to invest unutilized funds in unlisted equity, specified liquid mutual funds and interest rate derivatives. This amendment expands investment options beyond traditional projects, allowing InvITs to earn returns on surplus funds while waiting for deployment in core infrastructural assets.

B&P View: The amendment provides InvITs with greater operational flexibility





and improved cash management, enabling more efficient deployment of surplus resources while maintaining transparency and protecting unitholder interests.

14. SEBI REIT (AMENDMENT) REGULATIONS, 2025

SEBI on April 23, 2025, notified the SEBI (REITs) (Amendment) Regulations, 2025 introducing a host of reforms aimed at enhancing operational flexibility, aligning REIT governance with global best practices and expanding permissible investments.

Key amendments:

- a. **New definition of “Common Infrastructure”:** covering assets like power plants, water/waste treatment facilities, cooling systems, etc., any excess output can now be sold to the grid with full disclosure and audit confirmation
- b. **Expanded “cash equivalent” instruments:** REITs’ 20% investment bucket may now include liquid mutual fund units (Class A I, credit risk ≥ 12) and interest rate derivatives
- c. **Revised lock-in transfers:** Sponsors can transfer locked-in units within their own group, transfer must respect remaining lock-in period. Transfers permitted during sponsor change or transition to self-sponsored manager
- d. **Board composition timelines:** Any vacancy (including independent directors) must be filled either by the date of term expiry, or within three months if for any other reason

e. **Strengthened trustee duties:**

Trustees must now follow explicit fiduciary obligations such as transparency, due diligence, oversight, unitholder protection, etc.—with Schedule based role descriptions and a 180 day implementation window

f. **Mandatory issuer credit rating:**

Required for REIT borrowings exceeding specified thresholds

g. **Nomination & Remuneration Committee (NRC) flexibility:**

Now permits inclusion of non-executive directors if at least two-thirds of members are independent

B&P View: The amendments aim to enhance asset diversification, governance and operational flexibility by allowing infrastructure monetization, access to liquid assets and intra sponsor unit transfers. Strengthened governance and duties of trustees promote accountability, improve investor confidence and market liquidity.

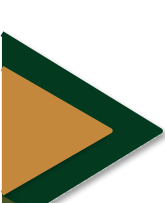
15. SEBI InvIT (AMENDMENT) REGULATIONS, 2025

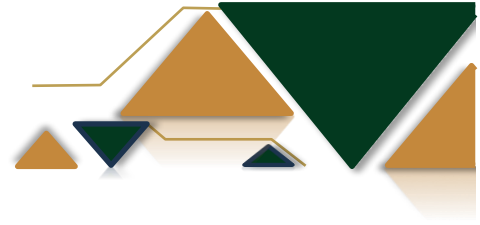
SEBI on April 02, 2025 notified the SEBI (Infrastructure Investment Trusts) (Amendment) Regulations, 2025.

Key amendments:

- a. **Additional onus on the trustee:** Regulation 9 now includes sub-regulation (23), expanding trustee duties to cover due diligence, governance standards, and prioritizing unitholders’ interests.

b. **Inter-se transfer of locked-in units:**





Sponsors and their group entities can now transfer locked-in units among themselves or to incoming sponsors, provided the lock-in period continues as required.

- c. **Investments in unlisted equity shares:** InvITs that raised funds publicly may now invest in unlisted equity shares of exclusive project managers/service providers, if wholly owned directly or indirectly by the InvIT.
- d. **Vacancies on the board of an investment manager:** Set timelines have been prescribed for filling independent director vacancies on the investment manager's board, which must include at least 50% independent directors and one woman independent director on a six-member board.

B&P View: The amendments mark a significant strengthening of trustee roles, enhancing governance but also increasing their liabilities. The flexibility introduced in transferring locked-in units and investing in unlisted equity shares of project managers supports smoother operations and better ease of doing business within the InvIT framework.

16. AMENDMENT TO MASTER CIRCULAR FOR INFRASTRUCTURE INVESTMENT TRUSTS (InvITs) DATED MAY 15, 2024

SEBI, vide circular dated March 28, 2025, introduced key amendments to the Master Circular for InvITs to refine the lock-in provisions for preferential issues and establish a comprehensive framework for Follow-on Offers (FPOs). The amendment aims to align preferential issue norms with the requirements applicable during an

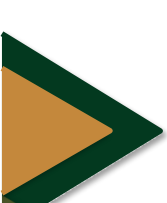
initial offer, thereby promoting ease of doing business.

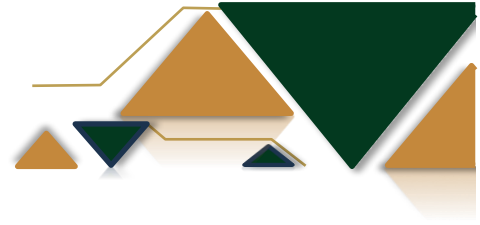
Key amendments:

- a. Reduction of the mandatory lock-in for sponsors in preferential issues from 25% to 15% of the total units for a period of three years, provided the project manager is the sponsor or an associate.
- b. Units held by sponsors exceeding the 15% (or 25% as applicable) threshold are now subject to a shorter lock-in period of one year from the date of trading approval.
- c. Permitting the inter-se transfer of locked-in units among the sponsor group or to incoming sponsors, ensuring the lock-in obligations continue with the transferee.
- d. Introduction of a comprehensive framework for FPOs by publicly offered InvITs, including requirements for in-principle exchange approvals, dematerialised issuance, and post-issue minimum public unitholding compliance.

B&P View: The amendments streamline capital raising by reducing the lock-in burden on sponsors and providing a structured pathway for follow-on offerings. By allowing greater flexibility in unit transfers and rationalising holding requirements, SEBI has improved liquidity and ease of doing business for listed InvITs while maintaining core skin-in-the-game norms.

17. AMENDMENT TO MASTER CIRCULAR FOR REAL ESTATE INVESTMENT TRUSTS (REITs) DATED MAY 15, 2024





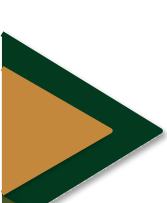
SEBI vide circular dated March 28, 2025, introduced amendments to the Master Circular for REITs to rationalise lock-in requirements for preferential issues and establish a formal framework for Follow-on Offers (FPOs), mirroring the relaxations provided to InvITs.

Key amendments:

- a. Modification of sponsor lock-in requirements for preferential issues, stipulating that 15% of the total units must be locked-in for three years if the manager is the sponsor or an associate; otherwise, the threshold remains 25%.
- b. Units held by sponsors in excess of the mandatory 15% or 25% thresholds are now subject to a reduced lock-in period of one year from the date of receiving trading approval.
- c. Provision for the inter-se transfer of locked-in units within the sponsor group or to an incoming sponsor, provided the residual lock-in period is honored by the transferee.
- d. Establishment of a structured process for FPOs, requiring REITs to obtain in-principle approval from stock exchanges and ensure all units are issued in dematerialised form while maintaining minimum public unitholding.
- e. Clarification that units already under lock-in from a previous initial offer shall be adjusted against the new requirements to avoid duplicative lock-in periods.

simplifies the capital-raising process for sponsors. By reducing the long-term lock-in burden and providing a clear mechanism for FPOs, SEBI has enhanced the ability of REITs to scale their portfolios and improved overall market liquidity.

B&P View: The alignment of REIT preferential issue norms with those of initial offers



FOREIGN PORTFOLIO INVESTORS

1. EXTENSION OF TIMELINE FOR ODI & FPI REGULATORY COMPLIANCE

SEBI vide its circular dated December 17, 2024, provided for additional disclosures to be made by Offshore Derivative Instruments (“ODI”) subscribers and FPIs with segregated portfolios. Originally slated to take effect by May 17, 2025, these provisions now apply from November 17, 2025. All other provisions from the December 2024 Circular remain effective immediately, and depositories along with relevant entities must ensure compliance by the revised deadline

B&P View: The extension granted by SEBI reflects a pragmatic approach to regulatory implementation, acknowledging operational challenges faced by market participants in complying with enhanced disclosure and compliance norms for ODIs and segregated portfolio FPIs. By deferring the applicability of specific provisions to November 17, 2025, SEBI provides additional time for systems alignment and process adjustments, without compromising the effectiveness of the broader framework. This phased approach helps avoid market disruption while reinforcing SEBI’s continued focus on addressing regulatory arbitrage and enhancing transparency in the FPI ecosystem.

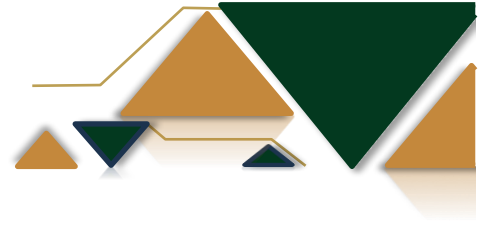
2. SEBI (FOREIGN PORTFOLIO INVESTORS) (SECOND AMENDMENT) REGULATIONS, 2025

SEBI vide notification dated December 1, 2025, notified the SEBI (Foreign Portfolio Investors) (Second Amendment) Regulations, 2025, amending the SEBI (Foreign Portfolio Investors) Regulations, 2019 to introduce and

operationalise the Single Window Automatic and Generalised Access for Trusted Foreign Investors (“SWAGAT-FI”) framework and to rationalise eligibility and fee-related requirements applicable to such investors.

Key amendments include:

- a. Introduction of SWAGAT-FI (Regulation 2(1)(r)):** A new definition of SWAGAT-FI has been inserted to include government and government-related investors and public retail funds, subject to conditions specified by SEBI.
- b. Expanded eligibility for applicant constituents (Regulation 4(c)):** Mutual funds registered under the SEBI (Mutual Funds) Regulations, 1996 may form part of an applicant under the FPI framework, subject to conditions prescribed by SEBI. Further, references to “sponsor or manager” have been replaced with “fund management entity or its associate”, and thresholds for contribution have been revised for AIFs and retail schemes.
- c. Exemptions for SWAGAT-FI:** Certain contribution and eligibility-related conditions under Regulation 4(c) shall not apply to SWAGAT-FIs, providing operational flexibility to trusted foreign investors.
- d. Rationalisation of registration fees (Regulation 7(6) and Second Schedule):** SWAGAT-FIs shall be required to pay registration fees once every block of ten years, payable in advance for each block, for the validity of their registration.



B&P View: The amendments institutionalise the SWAGAT-FI framework within the FPI regime and reflect SEBI's intent to provide a differentiated and facilitative regulatory pathway for trusted foreign investors. By easing eligibility conditions, broadening permissible constituents, and rationalising long-term registration fees, SEBI has reduced regulatory friction and enhanced certainty for large and stable foreign capital flows, while maintaining appropriate regulatory oversight.

3. SEBI EASES REGULATORY COMPLIANCE FOR FPIS INVESTING SOLELY IN GOVERNMENT SECURITIES

SEBI vide circular dated September 10, 2025, has simplified regulatory requirements for FPIs that invest exclusively in Indian Government Securities through Fully Accessible Route (GS-FPIs). FPIs are exempt from furnishing investor group details. GS-FPIs are required to inform all material changes (both Type I and Type II) within 30 days of such change. New FPI applicants willing to invest only in Government Securities may identify themselves as GS-FPIs by making appropriate declaration to their DDPs at the time of on boarding. Mechanism for transition from regular FPIs to GS-FPI is also provided in this circular. This provisions of this circular shall come into force with effect from February 8, 2026.

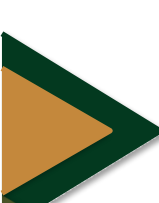
B&P View: SEBI's move to ease compliance for FPIs investing solely in government securities is intended to attract more foreign capital and deepen the sovereign debt market. By reducing regulatory hurdles, it strengthens market

liquidity and investor confidence while aligning with global best practices.

4. AMENDMENT TO SIZE CRITERIA THRESHOLD

SEBI vide its Circular dated April 9, 2025, has amended certain provisions of Master Circular for Foreign Portfolio Investors ("FPI"), Designated Depository Participants and Eligible Foreign Investors dated May 30, 2024, ("FPI Master Circular"), and increased the threshold under size criteria. The threshold under size criteria has been increased from INR 25,000 crore to INR 50,000 crore.

B&P View: FPIs are required to make additional disclosures as per the FPI Master Circular if they cross the threshold criteria. Effective immediately from the date of the Circular, the size based disclosure has increased. This may reduce compliance burdens for FPIs that fall below the new threshold, potentially broadening participation and attracting greater foreign investment.



INVESTMENT ADVISER (IA) & RESEARCH ANALYST (RA)**1. SEBI (INVESTMENT ADVISERS) (SECOND AMENDMENT) REGULATIONS, 2025**

SEBI vide notification dated November 25, 2025, notified the SEBI (Investment Advisers) (Second Amendment) Regulations, 2025, amending the SEBI (Investment Advisers) Regulations, 2013 to rationalise eligibility conditions, certification requirements, and the transition framework for individual investment advisers.

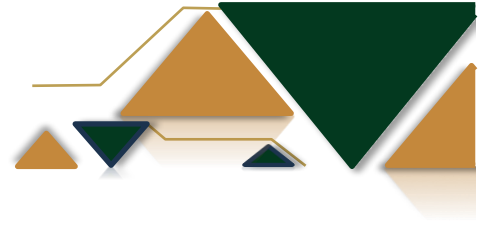
Key amendments include:

- a. **Removal of sub-broker reference (Regulation 4):** References to “sub-broker” have been omitted, thereby aligning the scope of investment advisers strictly with advisory activities.
- b. **Expansion and rationalisation of qualification and certification norms (Regulation 7):** The amendment expands the applicability of qualification and certification requirements to include persons associated with investment advice. Educational qualifications have been rationalised to include recognised graduate degrees or CFA Charter, along with relevant NISM certifications, and the requirement to obtain fresh certification within prescribed timelines has been clarified.
- c. **Mandatory transition from individual to non-individual investment adviser (Regulation 13):** Where an individual investment adviser exceeds 300 clients or collects fees exceeding ₹3 crore in a financial

year, such adviser must immediately initiate the transition to a non-individual investment adviser and apply for in-principal approval within three months. During the transition period, onboarding of new clients and collection of fees beyond the threshold is permitted.

- d. **Validity of in-principal approval and surrender of registration:** In-principal approval for transition shall be valid for three months, and upon completion of the transition or grant of registration as a non-individual investment adviser, the existing individual registration must be surrendered.
- e. **Procedural and disclosure-related amendments (First Schedule – Form A):** Form A has been rationalised by simplifying documentation requirements, introducing a declaration on availability of necessary infrastructure, and recognising submission of applications through SEBI-recognised Administration and Supervisory Bodies.

B&P View: The amendments strengthen the regulatory framework for investment advisers by tightening qualification and certification standards, clarifying transition obligations for scale-driven advisers, and simplifying procedural requirements. By mandating a structured shift to non-individual registration upon crossing defined thresholds, SEBI has enhanced supervisory oversight while allowing continuity of business during the transition period.



2. SEBI (RESEARCH ANALYSTS) (SECOND AMENDMENT) REGULATIONS, 2025

SEBI vide notification dated November 25, 2025, notified the SEBI (Research Analysts) (Second Amendment) Regulations, 2025, amending the SEBI (Research Analysts) Regulations, 2014 to rationalise qualification, certification, and procedural requirements applicable to research analysts and persons associated with research services.

Key amendments include:

- a. **Expansion of qualification and certification framework (Regulation 7):** The scope of Regulation 7 has been expanded to expressly cover persons associated with research services, in addition to research analysts. Educational qualifications have been rationalised to include a recognised graduate degree or CFA Charter, along with relevant NISM certification, or a postgraduate programme in securities market (research analysis) from NISM or any other programme specified by SEBI.
- b. **Removal of redundant certification provision:** Sub-regulation (2) of Regulation 7 has been omitted, and the certification framework has been streamlined under a revised sub-regulation (3).
- c. **Mandatory renewal of certification (Regulation 7(3)):** Individual research analysts, principal officers of non-individual research analysts, employees engaged in research services, associated persons, and partners of research analyst firms must obtain a fresh NISM certification

before expiry of the existing certificate or within three years from the date of registration, as applicable.

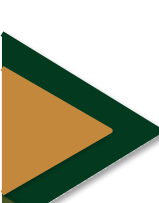
- d. **Rationalisation of application and disclosure requirements (First Schedule – Form A):** Form A has been amended to facilitate application through SEBI-recognised supervisory bodies, simplify documentation requirements, and introduce a declaration confirming availability of necessary infrastructure to carry out research analyst activities.

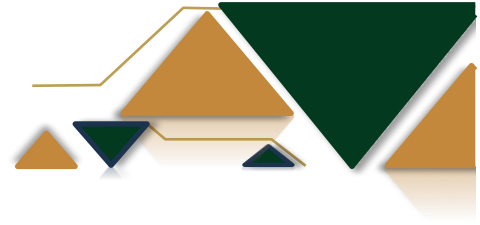
B&P View: The amendments strengthen the regulatory framework governing research analysts by enhancing qualification and certification standards, expanding regulatory coverage to associated research personnel, and simplifying procedural requirements. By reinforcing competence and infrastructure norms while easing application processes, SEBI has improved regulatory clarity and supervisory effectiveness in the research advisory ecosystem.

3. INTERIM FRAMEWORK FOR COMMUNICATION OF PAST PERFORMANCE BY INVESTMENT ADVISERS AND RESEARCH ANALYSTS

SEBI vide circular dated October 30, 2025, issued an interim framework to facilitate communication of past performance data by Investment Advisers (“IAs”) and Research Analysts (“RAs”) for the period prior to the operationalisation of the Past Risk and Return Verification Agency (“PaRRVA”), as part of its ease of doing business measures.

Key provisions of the circular include:





- a. **Permitted communication of past performance:** IAs and RAs may communicate past performance data certified by a member of ICAI or ICMAI to clients (including prospective clients) only upon specific request and strictly on a one-to-one basis. Such data shall not be made publicly available through websites, advertisements, or other public media.
- b. **Applicability period:** The interim arrangement applies only to performance data prior to the date of operationalisation of PaRRVA. Any performance data for periods thereafter may be communicated only if verified by PaRRVA.
- c. **Mandatory enrolment with PaRRVA:** IAs and RAs availing this interim facility must enrol with PaRRVA within three months of its operationalisation, failing which they shall not be permitted to communicate certified past performance data beyond such period.
- d. **Mandatory disclaimer:** All communications of certified past performance data must include a detailed SEBI-prescribed disclaimer clarifying that the data is not verified by PaRRVA and may not be comparable across the industry.
- e. **Sunset provision:** After two years from the date of operationalisation of PaRRVA, IAs and RAs shall be permitted to communicate or display only PaRRVA-verified risk and return metrics, and use of any earlier past performance data shall be prohibited.

- f. **Templates and enforcement:** IAASB and RAASB have been directed to prescribe standard templates for communication of certified past performance data. Any contravention of the circular may attract enforcement action, including summary proceedings under Regulation 30A of the SEBI (Intermediaries) Regulations, 2008.

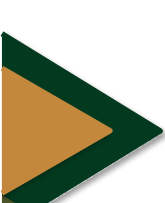
B&P View: The interim framework provides a calibrated transition mechanism for IAs and RAs pending full operationalisation of PaRRVA. By permitting limited, client-specific communication of certified historical performance while imposing strict safeguards, timelines, and disclaimers, SEBI has balanced ease of business considerations with investor protection and market integrity.

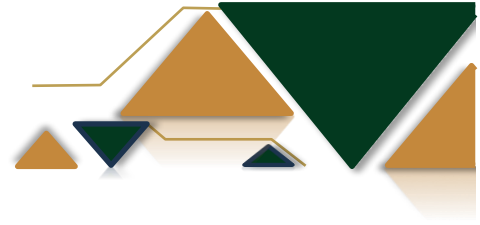
4. ENABLING INVESTMENT ADVISERS TO PROVIDE SECOND OPINION ON ASSETS UNDER PRE-EXISTING DISTRIBUTION ARRANGEMENTS

SEBI vide circular dated October 30, 2025, issued an ease of doing business measure enabling Investment Advisers ("IAs") to provide a second opinion to clients on assets held under pre-existing distribution arrangements with other entities, and to charge fees on such assets subject to specified conditions.

Key provisions of the circular include:

- a. **Charging of advisory fees on distributed assets:** IAs are permitted to charge fees on assets held under a pre-existing distribution arrangement when a client seeks a second opinion on such assets. The fee charged under





the Assets Under Advice (“AUA”) mode shall be capped at 2.5% of the value of such assets per annum.

- b. **Mandatory disclosure and client consent:** In such cases, IAs are required to disclose and obtain annual consent from clients that, in addition to advisory fees payable to the IA, the client will continue to incur distribution-related costs payable to the distributor of such assets.

B&P View: The circular provides practical flexibility to Investment Advisers by allowing them to offer second-opinion advisory services on assets distributed by other entities, while maintaining safeguards through fee caps and mandatory disclosures. This measure enhances investor choice and access to independent advice without diluting transparency around costs, and aligns with SEBI’s broader objective of easing regulatory friction while protecting investor interests.

5. SEBI ALLOWS IAs AND RAs to USE LIQUID & OVERNIGHT MFS FOR DEPOSIT COMPLIANCE

SEBI vide circular dated August 12, 2025 has permitted IAs and RAs to utilize liquid and overnight mutual fund schemes to meet the deposit requirements stipulated under IA Regulations and RA Regulations. As and RAs shall now maintain a deposit in the form of units of liquid mutual fund or an overnight mutual fund or as a deposit maintained with a scheduled bank. Such deposit shall be marked as lien in favour of IAASB or RAASB, as the case may be. IAs and RAs shall comply with the deposit

requirements latest by September 30, 2025.

B&P View: By allowing the use of liquid and overnight mutual funds, SEBI provides IAs and RAs with more efficient means to manage regulatory deposits, potentially reducing the opportunity cost associated with idle funds. This initiative reflects SEBI's commitment to fostering a more dynamic and adaptable regulatory environment for financial intermediaries.

6. MASTER CIRCULAR FOR IAs

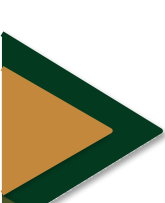
SEBI vide circular dated June 27, 2025, (“Circular”) consolidated various circulars issued by SEBI under the SEBI (Investment Advisers) Regulations, 2013 (“IA Regulations”) up until June 11, 2025, and superseding the previous Master Circular for IAs dated May 21, 2024.

7. MASTER CIRCULAR FOR RAs

SEBI vide circular dated June 27, 2025, (“Circular”) consolidated various circulars issued by SEBI under the SEBI (Research Analyst) Regulations, 2014 (“RA Regulations”) up until June 20, 2025, and superseding the previous Master Circular for IAs dated May 21, 2024.

8. FAQs RELATED TO REGULATORY PROVISIONS OF RA

SEBI vide circular July 23, 2025 has clarified key aspects of the RA Regulations. The clarifications state that all persons offering research services must secure NISM certification within one year; institutional investors and QIBs need only be informed of terms (not sign consents); exclusions of research report; journalists are exempt unless opining on specific securities; and additional





guidance is given on conflict management, segregation of functions, client classification, recordkeeping, and compliance officer requirements.

B&P View: The circular enhances clarity and credibility by setting clear boundaries and reducing compliance ambiguities, especially for large firms and institutions.

9. INVESTOR CHARTERS FOR IAs AND RAs

SEBI vide its 2 circulars issued on June 2, 2025 has modified and amended the Investor Charter dated May 21, 2024 published for IA and RA. The amended investor charters now include the Vision & Mission Statements for investors, list of businesses activities that IA/RA can provide to the investors, rights & responsibilities of investors and grievance redressal mechanism. The primary objective of these amendments is to strengthen financial consumer protection while advancing financial inclusion and literacy, in light of recent market developments such as the launch of the Online Dispute Resolution (ODR) platform and the introduction of SCORES 2.0.

B&P View: This move demonstrates SEBI's intent to streamline grievance redressal and improve accessibility, key steps toward boosting both financial inclusion and literacy in a fast-evolving market landscape.

10. RELAXATION FOR PROVISION OF ADVANCE FEE

SEBI vide circular dated April 2, 2025, ("Circular") increased the period of advance that IA/RA may charge from its clients. IA/RA may charge advance fee for

a period of one year, provided that (a) same is agreed upon by the client, and, (b) such fee related provisions are applicable only in case of individual clients and Hindu Undivided Family clients, who are not accredited investors. For non-individual clients, accredited investors, and in case of institutional investors seeking recommendation of proxy adviser, fee related terms and conditions will be governed by bilaterally negotiated contractual terms.

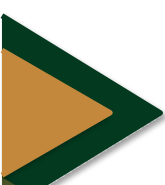
B&P View: By allowing advance fee collection for a longer period of 1 year, SEBI has addressed practical challenges faced by market participants in structuring their service arrangements. The emphasis on clear fee disclosure in client agreements helps maintain transparency, but its effectiveness will hinge on proper documentation, investor awareness, and continued regulatory monitoring to avoid potential misuse.

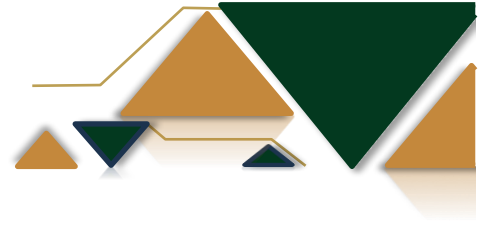
11. MOST IMPORTANT TERMS AND CONDITIONS (MITC) FOR RESEARCH ANALYSTS

SEBI vide circular dated February 17, 2025, mandated Research Analysts (RAs) to incorporate a standardized "Most Important Terms and Conditions" (MITC) into their service agreements, effective immediately.

Key provisions:

- a. RAs are required to formally disclose the MITC to all clients and obtain their consent (via signature or digital confirmation) to ensure that the risk and nature of research services are fully understood.





- b. The MITC prohibits RAs from promising assured, guaranteed, or fixed returns, emphasizing that all research recommendations are subject to market risks and do not guarantee profits or protection from losses.
- c. The circular establishes a strict fee ceiling for individual and HUF clients, capped at ₹1,51,000 per annum per family, and prohibits the collection of fees in cash; payments must be made through traceable banking channels or the Centralized Fee Collection Mechanism (CeFCoM).
- d. RAs can only collect fees in advance for a maximum period of one quarter (three months), and in cases of premature termination, clients are entitled to a proportionate refund for the unexpired period.
- e. The MITC explicitly states that RAs are not permitted to execute trades or manage funds on behalf of the client, and they are strictly barred from asking for client login credentials, OTPs, or sensitive account details.
- f. For existing clients, RAs must communicate these standardized terms via email or another preservable electronic mode by June 30, 2025, while new clients must be onboarded with these terms integrated into their initial documentation.

B&P View: By standardizing the "fine print" of research services, SEBI has significantly empowered retail investors. The clear cap on fees and the prohibition of cash payments and guaranteed returns address the most common areas of fraud

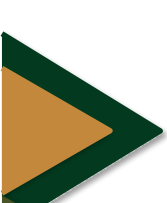
in the research industry. This framework transforms the RA-client relationship from a loosely defined service into a transparent, contractually bounded engagement, making it much easier for investors to hold analysts accountable for unethical practices.

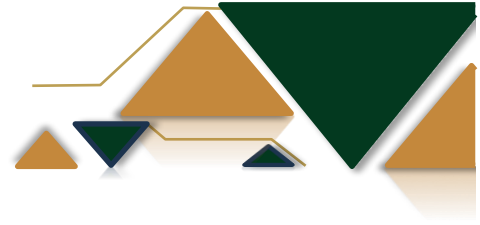
12. MOST IMPORTANT TERMS AND CONDITIONS (MITC) FOR INVESTMENT ADVISERS

SEBI vide circular dated February 17, 2025, mandated Investment Advisers (IAs) to incorporate a standardized "Most Important Terms and Conditions" (MITC) into their investment advisory agreements, effective immediately.

Key provisions:

- a. IAs are required to formally disclose the MITC to all clients and obtain their consent (via signature or digital confirmation) to ensure that the scope of services, risks, and responsibilities are fully understood.
- b. The MITC prohibits IAs from promising assured, guaranteed, or fixed returns, emphasizing that all investment advice is subject to market risks and that past performance does not guarantee future results.
- c. The circular establishes a strict fee ceiling for individual and HUF clients, capped at ₹1,51,000 per annum per family, and prohibits the collection of fees in cash; payments must be made through traceable banking channels or the Centralized Fee Collection Mechanism (CeFCoM).
- d. IAs can only collect fees in advance for a maximum period of one quarter





(three months), and in cases of premature termination, clients are entitled to a proportionate refund for the unexpired period within a specified timeframe.

- e. The MITC explicitly states that IAs are not permitted to execute trades or manage funds on behalf of the client (unless they hold a separate Portfolio Management license), and they are strictly barred from asking for client login credentials, OTPs, or sensitive account details.
- f. For existing clients, IAs must communicate these standardized terms via email or another preservable electronic mode by June 30, 2025, while new clients must be onboarded with these terms integrated into their initial documentation.

B&P View: By standardizing the "fine print" of investment advisory services, SEBI has significantly empowered retail investors. The clear cap on fees, the prohibition of cash payments, and the ban on guaranteed returns address the most common areas of fraud in the advisory industry. This framework transforms the IA-client relationship from a loosely defined service into a transparent, contractually bounded engagement, making it much easier for investors to hold advisers accountable for unethical practices.

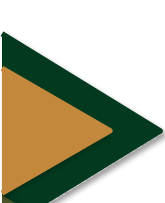
13. GUIDELINES FOR INVESTMENT ADVISERS

SEBI vide circular dated January 8, 2025, has introduced a comprehensive set of operational guidelines for Investment Advisers (IAs), following the December

2024 amendments. The circular aims to simplify entry barriers, such as removing experience requirements for graduates, while simultaneously tightening compliance around fee structures, AI usage, and client-level segregation to protect investor interests.

Key Provisions:

- a. IAs must maintain a mandatory "Security Deposit" with the Investment Adviser Administration and Supervisory Body (IAASB), with the amount ranging from ₹1 lakh to ₹10 lakhs based on the maximum number of clients handled in the previous financial year.
- b. The maximum fee an IA can charge under the "Fixed Fee" mode has been revised to ₹1,51,000 per annum per family of clients, while the "Assets under Advice" (AUA) mode remains capped at 2.5% per annum, with new flexibility to switch between modes without a waiting period.
- c. For any advice provided on products not regulated by SEBI (such as real estate or tax planning), IAs are strictly required to obtain a specific declaration from clients acknowledging that such advice is outside SEBI's regulatory purview and grievance redressal mechanism.
- d. IAs using Artificial Intelligence (AI) or Machine Learning (ML) tools for generating advice must disclose the extent of such usage to clients; however, the IA remains solely responsible for the accuracy, confidentiality, and legal compliance of the AI-generated advice.





- e. Individual IAs are mandated to transition to a non-individual entity (LLP or Body Corporate) once their client base exceeds 300 or their annual fee collection surpasses ₹3 crores, ensuring professionalized infrastructure for larger operations.
- f. The circular introduces the "Most Important Terms and Conditions" (MITC) as a mandatory part of the Investment Advisory Agreement, which must explicitly state that the IA cannot execute trades without the client's specific consent for every transaction.
- g. All IAs must maintain a functional website displaying their registration details, grievance redressal process, and any adverse findings from annual compliance audits, which must now be conducted and submitted to the IAASB/SEBI.

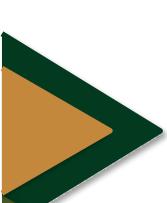
B&P View: This circular represents a strategic shift toward "Ease of Doing Business" by broadening the talent pool (allowing all graduates) while enforcing high accountability through the IAASB (BSE Limited). The inclusion of AI disclosures and the CeFCoM (Centralised Fee Collection Mechanism) reflects SEBI's intent to modernize the advisory landscape. While the new deposit requirements and mandatory website maintenance increase operational costs, the clarity on fee flexibility and the removal of the 12-month lock-in for fee modes provide much-needed commercial relief to practitioners.

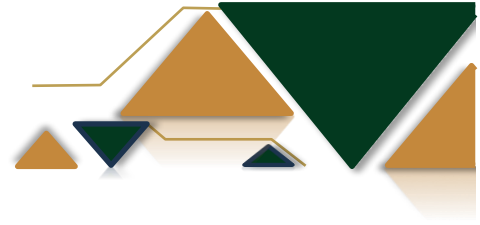
14. GUIDELINES FOR RESEARCH ANALYSTS

SEBI vide circular dated January 8, 2025, issued comprehensive guidelines for Research Analysts (RAs) to strengthen the regulatory framework and ensure the integrity of research reports. The circular addresses the growing influence of research providers and the need for enhanced transparency in their interactions with listed entities and investors.

Key Provisions:

- a. All RAs are now required to enlist with the RAASB, which is empowered to monitor compliance, conduct audits, and handle administrative functions, effectively creating a first-level regulatory layer similar to the Investment Adviser framework.
- b. RAs must implement a robust "Internal Policy for Research" that covers the entire lifecycle of a research report, including the process of data collection, the basis for recommendations, and a formal review mechanism by a designated Compliance Officer.
- c. The circular introduces a strict "Quiet Period" and "Trading Restrictions," prohibiting RAs or their associates from trading in the securities of a subject company for a specified duration before and after the publication of a research report.
- d. Specific "Compensation Controls" have been established, ensuring that the salary or bonuses of individuals involved in research are not tied to specific investment banking transactions or any other activity that

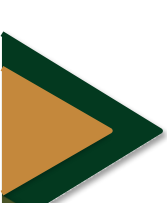




could compromise the independence of the research.

- e. Enhanced "Record Keeping" mandates require RAs to maintain all research recommendations, the data used for valuations (such as DCF or PE models), and records of communication with clients for a minimum period of five years.
- f. The guidelines clarify the "Scope of Research" to include digital communications and social media posts, ensuring that any public appearance or "stock tip" shared on digital platforms is backed by a full research report and appropriate disclosures.
- g. RAs are mandated to display their registration details, RAASB membership number, and a standardized disclaimer on all research reports and digital interfaces to ensure investors can verify their credentials easily.

B&P View: This extensive circular marks a transition from a principles-based to a rules-based regime for Research Analysts. By empowering the RAASB and tightening the link between data and recommendations, SEBI is effectively curbing the spread of "unfiltered" advice. While the compliance burden on smaller RAs will increase significantly—particularly regarding data retention and audit trails—it is a necessary evolution to ensure the sanctity of Indian capital market research.



INTERNATIONAL FINANCIAL SERVICES CENTRE

1. IFSCA ISSUES FAQs UNDER TECHFIN AND ANCILLARY SERVICES REGULATIONS, 2025

The International Financial Services Centres Authority ("IFSCA"), vide FAQs dated December 12, 2025, issued detailed clarifications under the IFSCA (TechFin and Ancillary Services) Regulations, 2025 ("TAS Regulations"), with a view to facilitating implementation, transition, and compliance by entities providing TechFin and Ancillary Services from IFSC.

The FAQs provide clarity on eligible entities and legal forms, including companies, LLPs, branches and partnership firms, and outline the migration and transition framework for entities authorized under the erstwhile Ancillary Services and FinTech frameworks. They detail timelines for obtaining a Certificate of Registration (CoR), conditions for continuation of operations, appointment requirements for Principal Officers and Compliance Officers, permitted currencies for operations and reporting, fee structures, and consequences of non-compliance. The FAQs also clarify coverage of technology services supporting BATF activities and consolidate procedural guidance for pending and sandbox-stage applications.

B&P View: The issuance of FAQs provides much-needed operational clarity on eligibility, transition, compliance timelines, and governance requirements under the TAS Regulations. By addressing practical implementation issues and streamlining migration from erstwhile frameworks, IFSCA has reduced regulatory uncertainty and facilitated smoother onboarding and continuity for

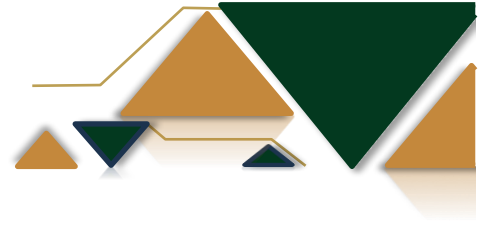
TechFin and Ancillary Service Providers operating in IFSCs.

2. IFSCA MANDATES AML/CFT CERTIFICATION FOR DESIGNATED DIRECTORS AND PRINCIPAL OFFICERS

The International Financial Services Centres Authority ("IFSCA"), vide circular dated November 17, 2025, mandated certification requirements for Designated Directors and Principal Officers under the IFSCA (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022, with a view to strengthening compliance and capacity building in AML/CFT matters across Regulated Entities in IFSCs.

Key requirements include:

- a. **Mandatory AML/CFT certification:** All Designated Directors and Principal Officers of Regulated Entities are required to mandatorily undergo the "NISM-IFSCA-01: Certification Course on Anti-Money Laundering and Counter-Terrorist Financing in the IFSC", developed by the National Institute of Securities Markets (NISM) in collaboration with the IFSCA Academy.
- b. **Timeline for completion:** The certification course must be completed within four months from the date of launch of the course or from the date of appointment of the Designated Director or Principal Officer, as applicable. Such certification must be maintained at all times while discharging responsibilities under the AML/CFT/KYC Guidelines.



- c. **Continuous capacity building:** In addition to the mandatory certification for Designated Directors and Principal Officers, Regulated Entities are required to ensure continuous capacity building for frontline staff and other relevant employees through training programmes, in accordance with the Guidelines.

B&P View: The mandatory certification requirement underscores IFSCA's emphasis on strengthening institutional accountability and AML/CFT governance within IFSCs. By ensuring that key managerial personnel possess specialised and updated knowledge of AML/CFT obligations, the circular enhances compliance effectiveness, risk awareness, and overall regulatory robustness of Regulated Entities operating in IFSCs. The circular has come into force with immediate effect.

3. IFSCA ISSUES CONSULTATION PAPER ON IMPLEMENTATION SERVICES BY INVESTMENT ADVISERS IN IFSC

The International Financial Services Centres Authority ("IFSCA"), vide Consultation Paper dated November 13, 2025, proposed a draft framework governing the provision of implementation services by Investment Advisers registered under the IFSCA (Capital Market Intermediaries) Regulations, 2025, in order to provide operational clarity and address industry representations.

Key proposals include:

- a. **Implementation services through regulated channels:** Investment Advisers may provide implementation services for financial products listed

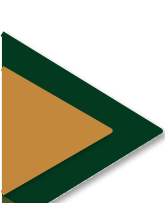
on stock exchanges in foreign jurisdictions only through Global Access Providers registered with IFSCA, and for IFSC-listed products through IFSCA-registered broker dealers.

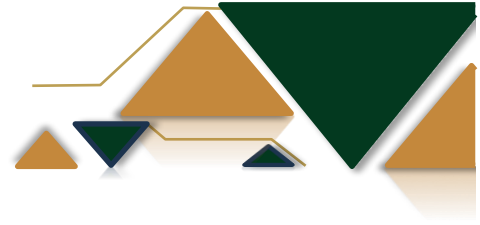
- b. **Optional nature of implementation services:** The framework reiterates that availing implementation services shall remain purely optional for advisory clients, and advisers shall not impose any obligation on clients to use such services.

- c. **Arrangements for non-listed products:** For products other than those listed on foreign stock exchanges, Investment Advisers may enter into formal arrangements with platforms or asset management companies regulated by foreign financial sector regulators.

- d. **Regulatory clarity and safeguards:** The proposed framework seeks to ensure separation between advisory and execution functions while maintaining transparency and compliance with existing conduct requirements under the CMI Regulations.

B&P View: The consultation paper brings much-needed clarity to the scope and manner in which Investment Advisers in IFSC may provide implementation services. By prescribing regulated execution channels and reinforcing client choice, IFSCA has sought to balance operational flexibility with investor protection, thereby supporting the orderly development of advisory services in





IFSCs. Public comments were invited up to December 3, 2025.

4. FATF UPDATES LIST OF HIGH-RISK AND MONITORED JURISDICTIONS

The International Financial Services Centres Authority ("IFSCA"), vide press release dated November 3, 2025, drew attention to the public statements issued by the Financial Action Task Force ("FATF") on October 24, 2025 relating to jurisdictions identified as "High-Risk Jurisdictions subject to a Call for Action" and "Jurisdictions under Increased Monitoring", on account of strategic Anti-Money Laundering ("AML") and Combating the Financing of Terrorism ("CFT") deficiencies.

As per the FATF update, Democratic People's Republic of Korea (DPRK), Iran and Myanmar continue to remain subject to enhanced countermeasures, including targeted financial sanctions and heightened due diligence. The list of jurisdictions under increased monitoring includes, inter alia, Algeria, Angola, Bulgaria, Kenya, Lebanon, Nepal, Vietnam and the UK Virgin Islands, while Burkina Faso, Mozambique, Nigeria and South Africa have been removed from the grey list following progress assessed at the October 2025 FATF Plenary. IFSCA clarified that the FATF advisory does not, by itself, prohibit legitimate trade or business transactions by IFSC-regulated entities with the listed jurisdictions, subject to applicable risk-based controls.

B&P View: The FATF update serves as an important compliance reference for regulated entities operating in IFSCs, particularly for risk assessment, customer due diligence, and transaction monitoring

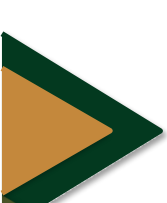
frameworks. By reiterating the FATF classifications and clarifying their applicability, IFSCA has reinforced the need for heightened vigilance while ensuring continuity of legitimate cross-border business activities in line with global AML/CFT standards.

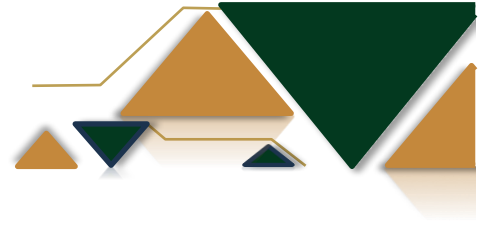
5. IFSCA MODIFIES AML, CFT AND KYC GUIDELINES TO EXPAND AND STRENGTHEN V-CIP FRAMEWORK

The International Financial Services Centres Authority ("IFSCA"), vide circular dated October 31, 2025, issued modifications to the IFSCA (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022, pursuant to public consultation and feedback received from market participants. The amendments primarily relate to the Video-based Customer Identification Process ("V-CIP").

Key modifications include:

- a. **Expansion of entities permitted to conduct V-CIP:** The definition of V-CIP has been expanded to permit the process to be undertaken not only by authorised officials of the Regulated Entity, but also by a financial group entity in India supervised by a financial regulator or a KYC Registration Agency, subject to responsibility continuing to vest with the Regulated Entity.
- b. **Substitution of Part-A of Annexure II, detailed V-CIP standards:** Part-A of Annexure II has been comprehensively substituted to prescribe detailed infrastructure, technology, cybersecurity, encryption, data storage, and audit requirements for V-CIP, including mandatory end-to-





end encryption, liveness detection, anti-deep fake checks, geo-tagging, and periodic system testing.

- c. **Detailed procedural safeguards for customer identification:** The modified framework prescribes granular procedural standards covering authorised official training, randomised questioning, handling of disruptions, Aadhaar and CKYCR-based verification, PAN verification, record retention, and concurrent audit prior to account activation.
- d. **Onboarding of low-risk NRI customers through V-CIP:** Specific conditions have been introduced for onboarding low-risk Non-Resident Indian (NRI) customers through V-CIP, including jurisdiction-based restrictions, IP address validation, debit-freeze account activation, and verification of first credit from the declared overseas bank account.
- e. **Pilot-phase jurisdictional restrictions:** During the initial pilot phase of four months, V-CIP onboarding has been restricted to customers located in specified jurisdictions, with expansion to additional countries to be considered post completion of the pilot.

B&P View: The modifications significantly strengthen the V-CIP framework under the IFSCA AML regime by introducing detailed technological, procedural, and jurisdictional safeguards while expanding operational flexibility through group-level execution. By balancing ease of digital onboarding with enhanced controls against identity fraud and money-laundering risks, IFSCA has reinforced

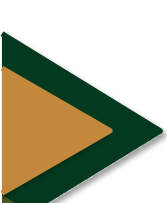
regulatory robustness while facilitating efficient customer onboarding in IFSCs. The circular has come into force with immediate effect.

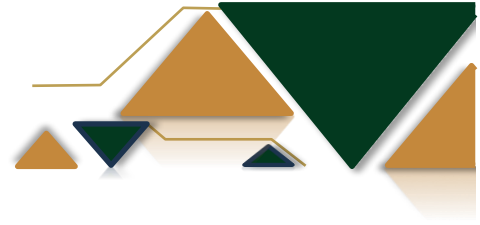
6. IFSCA ISSUES CONSULTATION PAPER ON DIFFERENTIAL DISTRIBUTION IN RESTRICTED AND VENTURE CAPITAL SCHEMES

The International Financial Services Centres Authority (“IFSCA”), vide Consultation Paper dated October 23, 2025, proposed a regulatory framework to permit differential distribution of returns in Restricted Schemes and Venture Capital Schemes under the IFSCA (Fund Management) Regulations, 2025, with the objective of facilitating blended finance and other innovative fund structures in GIFT IFSC.

Key proposals include:

- a. **Permitting multiple classes of units:** Eligible Venture Capital Schemes and Restricted Schemes may be permitted to issue multiple classes of units with differential distribution rights, including senior and junior/subordinate units, to cater to investors with varied risk-return profiles.
- b. **Facilitation of blended finance structures:** The framework seeks to enable blended finance mechanisms, including the use of concessional capital, first-loss capital, and grant-linked units, to mobilise private capital for socially desirable and sustainable development projects.
- c. **Safeguards against misuse and mis-selling:** Proposed safeguards include enhanced PPM disclosures, minimum





investment thresholds (USD 2 million, or USD 1 million for accredited investors), restrictions on utilisation of scheme investments to prevent ever-greening of loans, and mandatory valuation of each class of units by an independent valuer.

- d. **Acceptance of grants by ESG schemes:** ESG schemes may be permitted to accept grants up to 20% of the scheme corpus, subject to disclosures on alignment with the United Nations Sustainable Development Goals.

B&P View: The proposal reflects IFSCA's intent to align IFSC fund structures with global best practices by enabling flexible distribution mechanisms while embedding robust investor protection safeguards. If implemented, the framework could significantly enhance the viability of blended finance structures and strengthen GIFT IFSC's position as a hub for sustainable and impact-oriented investments. Public comments were invited up to November 11, 2025.

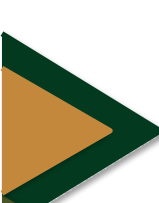
7. IFSCA ISSUES CONSULTATION PAPER ON DIFFERENTIAL DISTRIBUTION IN RESTRICTED AND VENTURE CAPITAL SCHEMES

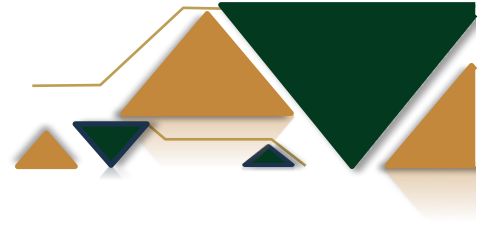
The International Financial Services Centres Authority ("IFSCA"), vide press release dated October 23, 2025, issued a Consultation Paper on the Regulatory Framework for Differential Distribution in Restricted Schemes and Venture Capital Schemes under the IFSCA (Fund Management) Regulations, 2025, with the objective of facilitating blended finance and other innovative fund structures in GIFT IFSC.

Key aspects of the consultation paper include:

- a. **Enabling differential distribution mechanisms:** IFSCA has proposed to permit differential distribution of returns within Restricted Schemes and Venture Capital Schemes, allowing fund managers to design structures where different classes of investors may receive differentiated risk-return outcomes.
- b. **Facilitation of blended finance structures:** The proposed framework aims to support blended finance models, which combine public, philanthropic, or concessional capital with private investment to catalyse larger flows of private capital for sustainable and climate-focused projects.
- c. **Flexibility for fund managers with safeguards:** The framework proposes to provide enhanced structuring flexibility to Fund Management Entities while prescribing safeguards relating to transparency, disclosure, governance, and investor protection, to ensure informed participation by diverse investor classes.
- d. **Stakeholder consultation:** IFSCA has invited comments and suggestions from stakeholders, market participants, and the public on the proposed framework, with feedback to be submitted on or before November 11, 2025.

B&P View: The consultation paper reflects IFSCA's continued focus on positioning GIFT IFSC as a global hub for sustainable and climate finance. By





proposing a regulatory framework that enables differential distribution and blended finance structures, IFSCA seeks to unlock innovative capital pooling mechanisms while balancing flexibility with investor protection. The proposal, if implemented, could significantly enhance the attractiveness of IFSC-based funds for institutional, impact, and philanthropic investors.

8. IFSCA ISSUES FRAMEWORK ON STEWARDSHIP CODE IN IFSC

The International Financial Services Centres Authority (“IFSCA”), vide circular dated October 23, 2025, issued a Framework on Stewardship Code in IFSC under the International Financial Services Centres Authority (Fund Management) Regulations, 2025, with the objective of enhancing investor protection and promoting robust corporate governance practices by institutional investors operating in IFSCs.

Key aspects of the framework include:

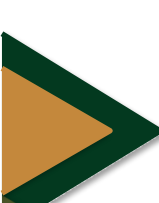
- a. **Adoption of Stewardship Code by Fund Management Entities:** All Fund Management Entities and Institutional Investors in IFSCs, including Alternative Investment Funds (AIFs) and Retail Funds (RFs), are encouraged to adopt a Stewardship Code in line with the principles specified by IFSCA, or a Stewardship Code prescribed by a financial sector regulator in India or the home jurisdiction, provided such code substantially reflects the core principles of the IFSCA framework.
- b. **Disclosure and reporting requirements:** The adopted Stewardship Code is required to be

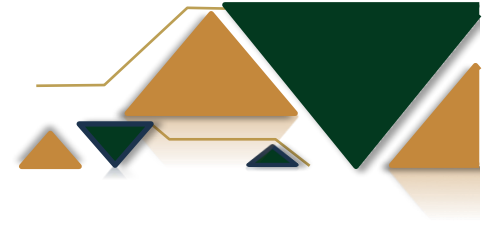
disclosed on the entity’s website and communicated to IFSCA. Regulated entities must ensure regular and transparent reporting on stewardship activities and outcomes, with periodic review of compliance and effectiveness.

- c. **Core stewardship principles:** The framework sets out key principles relating to formulation and disclosure of stewardship policy, monitoring of investee companies, intervention and escalation mechanisms, management of conflicts of interest, voting responsibilities, collaboration with other investors, and periodic disclosure of stewardship activities.
- d. **Flexibility for Fund of Funds structures:** Fund Management Entities of Fund of Funds schemes may disclose and publish the Stewardship Code of the underlying or target fund in lieu of formulating a separate code.

B&P View: The issuance of a Stewardship Code framework marks a significant step towards aligning governance and investor engagement practices in IFSCs with global standards. By encouraging structured stewardship, transparent disclosures, and active monitoring of investee companies, IFSCA has strengthened the institutional investor framework while retaining flexibility in adoption. The framework is expected to promote responsible investment behaviour and long-term value creation within the IFSC ecosystem.

9. IFSCA ISSUES CONSULTATION PAPER ON AMENDMENTS TO FUND MANAGEMENT REGULATIONS, 2025





The International Financial Services Centres Authority (“IFSCA”), vide Consultation Paper dated October 17, 2025, proposed amendments to the IFSCA (Fund Management) Regulations, 2025, with the objective of enhancing ease of doing business, introducing additional safeguards, and providing regulatory clarifications for fund management entities and schemes operating in GIFT IFSC.

Key proposals include:

- a. **Enhanced flexibility for fundraising and scheme operations:** IFSCA has proposed allowing multiple extensions of placement memorandum validity, greater flexibility in achieving minimum corpus requirements, and clarified rules on parking of funds prior to first close to address dynamic fundraising conditions.
- b. **Rationalisation of eligibility and experience requirements:** The consultation paper proposes alternative eligibility criteria for Key Managerial Personnel, including recognition of professional certifications and reduced experience thresholds, to address talent availability challenges faced by Fund Management Entities.
- c. **Clarification on investor rights and differential distribution:** Proposals include explicit recognition of pari-passu investor rights, while permitting differential rights and distributions subject to disclosure, paving the way for innovative structures such as blended finance (to be addressed through a separate framework).

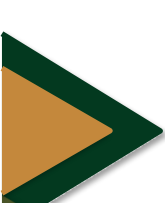
d. **Disclosure and valuation-related clarifications:** IFSCA has proposed alignment and clarification of timelines for NAV computation, portfolio disclosures, and commencement of reporting, including valuation norms for fund-of-funds schemes.

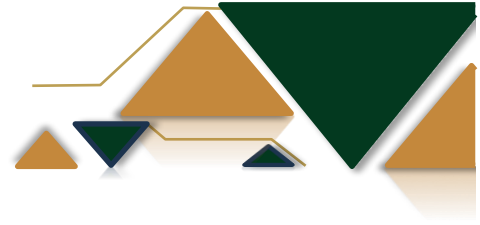
e. **Easing of “skin-in-the-game” requirements:** Expanded exemptions have been proposed for FME contribution requirements, particularly for fund-of-funds, passive schemes, relocated schemes, and index-based structures, to reduce capital constraints and improve commercial viability.

B&P View: The consultation paper reflects IFSCA’s calibrated approach to refining the fund management framework in IFSC by balancing operational flexibility with investor protection. The proposed amendments, if implemented, are expected to significantly reduce compliance friction, support innovative fund structures, and further strengthen GIFT IFSC’s positioning as a globally competitive fund management hub. Public comments were invited up to November 6, 2025.

10. INTERNATIONAL FINANCIAL SERVICES CENTRES AUTHORITY (LISTING) (AMENDMENT) REGULATIONS, 2025

The International Financial Services Centres Authority (IFSCA) vide notification dated October 13, 2025, notified the International Financial Services Centres Authority (Listing) (Amendment) Regulations, 2025, amending the IFSCA (Listing) Regulations, 2024 to rationalise





compliance timelines and align financial disclosure requirements for listed entities in International Financial Services Centres.

Key amendments include:

- a. **Extension of compliance timelines under specified regulations:** The timelines prescribed under Regulations 25(2), 52(3), and 65 have been extended by substituting the word “five” with “eight”, providing additional time to listed entities for compliance with specified disclosure and procedural requirements.
- b. **Revision of threshold under Regulation 16(8):** The threshold specified under Regulation 16(8) has been increased from one hundred and thirty-five to one hundred and eighty, thereby easing certain compliance thresholds applicable to listed entities.
- c. **Alignment of half-yearly financial disclosure timelines (Regulations 96 and 107):** Regulations 96(2) and 107(2) have been amended to require listed entities to disclose their financial statements for the first half of the financial year to recognised stock exchange(s) immediately after approval by the board of directors, but in any event not later than forty-five days from the end of the first half-year.

B&P View: The amendments rationalise procedural timelines and harmonise financial disclosure requirements under the IFSCA Listing Regulations. By extending compliance periods and aligning half-yearly disclosure timelines, IFSCA has enhanced operational flexibility for listed entities while continuing to

ensure transparency and regulatory consistency within the IFSC framework. The regulations shall come into force from the date of their publication in the Official Gazette.

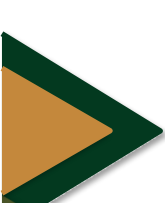
11. IFSCA FEE STRUCTURE FOR THIRD-PARTY FUND MANAGEMENT SERVICES

IFSCA vide circular dated 8 September 2025 has specified the fee structure for Fund Management Entities (FMEs) offering Third-Party Fund Management Services (TPFMS) under Part D of the Fund Management Regulations, 2025. Registered FMEs (Retail and Non-Retail) are required to pay an Application Fee of USD 2,500 along with their application and an Authorisation Fee of USD 7,500 prior to the grant of authorisation. Additionally, FMEs must pay a conditional recurring fee of USD 2,000 per TPFM annually, starting from the financial year following the execution of a contract with a TPFM, payable in April. Activity-based and other regulatory fees will continue to follow the existing fee framework for IFSC entities as per the circular dated April 08, 2025.

B&P View: The circular clearly defines upfront and recurring costs for FMEs, ensuring transparency and regulatory clarity. While it standardizes fees, smaller FMEs managing multiple TPFMs may face a significant cumulative financial burden.

12. MASTER CIRCULAR FOR INVESTMENT ADVISERS IN IFSC

IFSCA vide circular dated 5 August 2025 has issued the Master Circular for Investment Advisers in IFSC, consolidating the regulatory framework under the CMI Regulations. The circular outlines the registration process,





governance requirements, permissible activities, and compliance obligations for Investment Advisers operating in the IFSC. Key provisions include the necessity for a valid Certificate of Registration and Letter of Approval, appointment of Principal and Compliance Officers based in the IFSC, adherence to Know Your Customer, Anti-Money Laundering, and Counter-Terrorist Financing guidelines, and maintenance of a Code of Conduct. Additionally, Investment Advisers are required to conduct client risk profiling, enter into formal agreements with clients, and ensure transparency in fee structures. The circular also emphasizes the importance of maintaining client records, implementing internal policies for outsourcing activities, and establishing robust grievance redressal mechanisms.

13. MASTER CIRCULAR FOR RESEARCH ENTITIES

IFSCA vide circular dated 5 August 2025 has issued the Master Circular for Research Entities in IFSC, consolidating the regulatory framework under the CMI Regulations. The circular outlines the registration process, governance requirements, permissible activities, and compliance obligations for Research Entities operating in the IFSC. Key provisions include the necessity for a valid Certificate of Registration and Letter of Approval, appointment of Principal and Compliance Officers based in the IFSC, adherence to Know Your Customer, Anti-Money Laundering, and Counter-Terrorist Financing guidelines, and maintenance of a Code of Conduct. Additionally, Research Entities are required to conduct client risk profiling, enter into formal agreements with clients, and ensure transparency in

fee structures. The circular also emphasizes the importance of maintaining client records, implementing internal policies for outsourcing activities, and establishing robust grievance redressal mechanism.

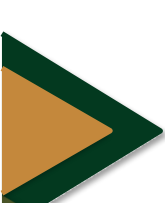
14. TRANSITION TO IFSCA (TECHFIN AND ANCILLARY SERVICES) REGULATIONS, 2025

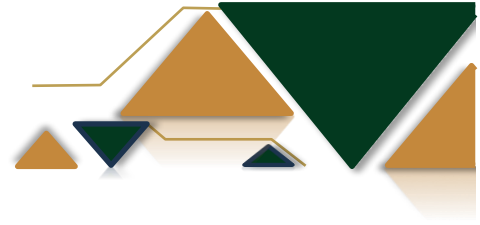
IFSCA vide its circular dated July 31, 2025, has issued framework to facilitate the transition of existing Ancillary Service Providers and FinTech entities into the new TechFin & Ancillary Services (TAS) Regulations, 2025. The circular lays down how new applications should be made with associated fees, how pending applications under legacy frameworks will be processed under TAS (without additional fees where already paid), and the timeline for in-principle approvals to convert into a full Certificate of Registration (CoR) within 12 months, failing which approvals lapse. It also permits existing entities to continue operations under old frameworks during the transition period (up to 12 months or until CoR issuance) unless extended.

B&P View: This circular provides clarity and continuity by avoiding disruption for entities during transition while aligning them under a unified regulatory regime. The fixed timeline and CoR conversion creates certainty on regulatory status.

15. IFSCA FUND MANAGEMENT AMENDMENT REGULATIONS, 2025: INTRODUCTION OF THIRD-PARTY FUND MANAGEMENT SERVICES

IFSCA vide notification dated 24 July 2025 has amended the Fund Management





Regulations, 2025 by introducing a new Part D: Third-Party Fund Management Services under Chapter VI. This framework allows a Fund Management Entity (FME) in IFSC to manage investment schemes on behalf of a third-party fund manager, i.e., an entity already regulated or registered for fund management, portfolio management, investment advisory, or similar activity in its home jurisdiction, without requiring the third party to set up separately in IFSC. FMEs remain fully responsible for all regulatory obligations under these arrangements, must appoint designated Principal Officers and Compliance Officers, ensure disclosures on third-party roles and conflicts, and implement strong risk management and monitoring systems.

B&P View: The regulatory changes are intended to boost investor confidence in IFSC-based funds by imposing stricter regime while allowing for operational flexibility in delegation and outsourcing, subject to safeguards. While the amendment enables a platform-play model and greater flexibility by allowing third-party fund managers to piggy-back on FMEs, it also elevates compliance burdens significantly on FMEs, who must shoulder full liability.

16. IFSCA (TECHFIN & ANCILLARY SERVICES) REGULATIONS, 2025

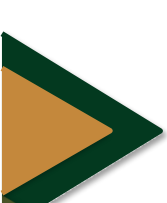
IFSCA notified TechFin & Ancillary Services (TAS) Regulations, 2025 on July 8, 2025. It is a consolidated framework for entities providing technology-driven or supporting services in IFSCs, superseding prior separate regimes for TechFin and Ancillary Service providers. These regulations define eligibility (entity form,

promoter jurisdictions), require registration (via SWIT), prescribe “fit & proper” criteria, mandatory appointment of IFSC-based Principal Officer and Compliance Officer, code of conduct, reporting norms, and allow for regulatory relaxation or inspection powers.

B&P View: The regulations centralize oversight and rationalize the framework for TechFin and ancillary services, ensuring consistency. However, by treating both categories at the same level and imposing similar compliance requirements, the framework may unfairly burden ancillary service providers who do not pose the same risks as TechFin entities.

17. EXTENSION OF TIMELINE FOR APPOINTMENT OF CUSTODIAN

IFSCA, through its circular dated May 24, 2025, has granted a six-month extension for compliance with Regulation 132 of the IFSCA Fund Management Regulations, 2025 (“FME Regulations”), which mandates the appointment of an independent custodian based in an IFSC. The extension applies to schemes taken on record on or after February 19, 2025, and also to schemes recorded earlier where no custodian agreement was executed by that date. During the extended period, FMEs may appoint a domestic or foreign-regulated custodian, subject to providing custodial details to IFSCA upon request. During this six-month period, FMEs are permitted to appoint a domestic or foreign-regulated custodian temporarily, with obligations to provide custodial information to IFSCA upon request.





B&P View: By allowing interim arrangements with domestic or foreign-regulated custodians, IFSCA reduces immediate disruption while maintaining regulatory oversight through information-sharing obligations. This phased extension supports market stability and continuity, ensuring FMEs have clear pressure relief while preserving the objective of relocating custodial services into GIFT IFSC within a reasonable timeframe.

18. CO-INVESTMENT BY VENTURE CAPITAL SCHEME AND RESTRICTED SCHEME

IFSCA's Circular dated May 21, 2025 introduces a structured framework FMEs with operational Venture Capital or Restricted Schemes to set up a Special Scheme, an SPV, structured as a Company, LLP, or Trust. The Special Scheme must align with the parent scheme's AIF category, hold a minimum 25% equity by the existing scheme, and invest in a single portfolio company. Co-investment, with or without leverage (within limits disclosed in the parent placement memorandum), is permitted. The FME retains control, and any term sheet must be filed with IFSCA within 45 days of investment. Existing investors are exempt from fresh KYC, while new investors must comply with IFSCA's KYC guidelines.

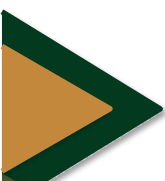
B&P View: The framework marks a significant step by IFSCA to promote flexible yet regulated co-investment structures within GIFT IFSC. By allowing FMEs to launch Special Schemes for single-asset investments with streamlined KYC for existing investors and post-investment regulatory filings, it enables

faster deal execution while maintaining oversight. The 25% minimum investment by the parent scheme ensures alignment of interests, and continued FME control supports consistency in governance. Overall, the framework enhances structuring options for venture and private capital, aligning with global investment practices.

19. STOCK BROKERS TO OPERATE IN GIFT-IFSC VIA SEPARATE BUSINESS UNITS

SEBI, through its circular dated May 2, 2025, has allowed SEBI-registered stock brokers to undertake permissible activities in the GIFT International Financial Services Centre (IFSC) by setting up a Separate Business Unit (SBU) of the same legal entity. The circular specifies that the SBU must maintain separate accounts, net worth, and operations that are clearly segregated from the domestic business of the broker. Activities in the IFSC will be governed by the applicable framework prescribed by the International Financial Services Centres Authority (IFSCA), and clients dealing with the SBU will not have access to SEBI's SCORES platform or the Investor Protection Fund.

B&P View: This move is aimed at facilitating ease of doing business and promoting operational flexibility for stock brokers looking to participate in IFSC. By allowing the use of an SBU structure under the same legal entity, SEBI reduces the compliance burden and cost of entry for brokers while maintaining essential safeguards through operational and financial segregation.





20. IFSCA (CAPITAL MARKET INTERMEDIARIES) REGULATIONS, 2025

IFSCA vide notification dated 16 April 2025 has issued the IFSCA (Capital Market Intermediaries) Regulations, 2025 (CMI Regulations) providing a comprehensive framework for regulation, registration, and supervision of Capital Market Intermediaries (CMIs) in IFSC. CMIs include entities such as Custodians, Investment Advisers, Research Analysts, Investment Bankers, Brokers/Dealers, Credit Rating Agencies, and other entities specified by the Authority. The regulations outline the process for obtaining a Certificate of Registration, specifying eligibility criteria, minimum net worth requirements, governance standards, compliance obligations, and reporting requirements. Only eligible entities can apply for registration under these regulations. All CMIs are required to submit annual compliance audits to ensure adherence to regulatory norms. The framework provides clarity on permissible activities, internal governance, risk management, and investor protection mechanisms within the IFSC.

B&P View: The regulations provide a clear, structured framework for regulating CMIs and specifying who can obtain registration, enhancing transparency and supervision.

21. TRANSITION TO NEW FME REGULATIONS

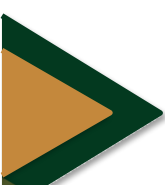
IFSCA, through its circular dated April 8, 2025, has outlined a transition framework for Fund Management Entities (FMEs) shifting from the Fund Management

Regulations, 2022 to the new Regulations, 2025. The circular also permits schemes recorded under the 2022 Regulations within six months prior to February 19, 2025, or those granted PPM extensions beyond that date, to migrate to the new regime. Additionally, FMEs whose PPMs expired before February 19, 2025, are offered a one-time opportunity to re-file within three months, with a 50% reduced fee and extended validity of six months. Filings made pursuant to regulatory changes or IFSCA directions will be exempt from processing fees.

B&P View: The circular reflects IFSCA's intent to ensure a smooth and practical transition to the Fund Management Regulations, 2025, without disrupting ongoing or planned fund activity. Grandfathering existing schemes and offering a one-time re-filing window reduce administrative disruption, while the fee waiver provision acknowledges the need for flexibility amid evolving norms. Overall, this demonstrates a thoughtful regulatory approach, fostering a supportive environment for fund managers navigating the shift to the new regulations.

22. GUIDELINES ON CYBER SECURITY AND CYBER RESILIENCE FOR REGULATED ENTITIES IN IFSCs

IFSCA vide circular dated March 27, 2025, has issued a comprehensive set of guidelines to enhance the cyber security posture and resilience of all Regulated Entities (REs) operating within the IFSC. Recognizing the systemic importance of the financial hub, the Authority has mandated a multi-layered defensive approach to protect against sophisticated





cyber threats and ensure business continuity.

Key Guidelines:

- a. REs must establish a Board-approved Cyber Security Policy and appoint a designated Chief Information Security Officer (CISO) to lead governance and program implementation.
- b. A "Defense-in-Depth" strategy is mandated, including network segmentation, Multi-Factor Authentication, and continuous monitoring through a Security Operations Centre (SOC).
- c. Significant cyber incidents must be reported to IFSCA and CERT-In within 6 hours of discovery, supported by regular Vulnerability Assessments (VAPT) and independent annual audits.
- d. Entities are responsible for third-party risk management and must maintain immutable or offline data backups to ensure rapid recovery from potential attacks.

B&P View: This circular enforces global-standard security protocols within GIFT City. By emphasizing rapid 6-hour reporting and board-level accountability, IFSCA is ensuring that cyber resilience is treated as a critical business priority rather than a peripheral IT function.

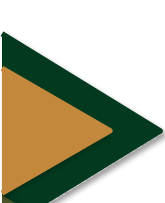
23. CONTRIBUTION TO SETTLEMENT GUARANTEE FUND (SGF)

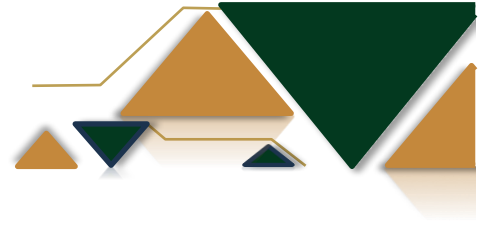
IFSCA vide circular dated March 7, 2025, has issued essential clarifications regarding the contributions made to the Settlement Guarantee Fund (SGF) by Market Infrastructure Institutions (MIIs).

This circular streamlines the financial treatment of these contributions under the amended IFSCA (Market Infrastructure Institutions) Regulations, 2021, ensuring a clear distinction between corporate assets and risk management funds.

Key Provisions:

- a. The Authority has clarified that the contribution made by a Clearing Corporation (CC) to its own Settlement Guarantee Fund shall be considered as an integral part of the Clearing Corporation's "Net Worth" for regulatory compliance purposes.
- b. As per the amended Regulation 15, the net worth of a Clearing Corporation is defined as the aggregate value of its liquid assets, which includes cash, bank balances, fixed deposits, and Government Securities.
- c. In terms of fund management, any interest earned on cash contributions held within the SGF will now accrue directly to the fund itself rather than to the general accounts of the contributors.
- d. This interest income must be attributed to the various contributors (Clearing Corporations, Stock Exchanges, and Clearing Members) on a pro-rata basis, in strict proportion to their respective contributions to the fund.
- e. These measures are designed to ensure that the SGF remains robust and self-sustaining, providing a dedicated buffer to guarantee the settlement of trades in the event of a clearing member's default.





- f. The circular emphasizes that the attribution of interest and the classification of net worth are critical for maintaining the financial resilience of the market infrastructure in the International Financial Services Centre (IFSC).

B&P View: This clarification provides significant balance sheet relief for Clearing Corporations operating in GIFT City. By allowing SGF contributions to count towards net worth, IFSCA has reduced the "double-capital" burden where an entity would otherwise have to maintain separate capital for both regulatory net worth and risk funds. Furthermore, the pro-rata attribution of interest ensures a fair and transparent distribution of returns, incentivizing participants to maintain adequate liquidity within the settlement ecosystem.

24. REVISED FEE STRUCTURE FOR INTERNATIONAL TRADE FINANCE SERVICES (ITFS)

IFSCA vide circular dated March 7, 2025, has introduced a revised fee structure for ITFS platforms operating within the IFSC. This move aims to standardize the cost of operations and ensure the financial sustainability of trade finance infrastructure while maintaining the competitiveness of GIFT City as a global trade hub.

The circular establishes a standardized application fee and a non-refundable one-time registration fee for new platforms, alongside a recurring annual fee scaled based on the volume of trade finance transactions processed. Additionally, a transaction-based fee applies to every

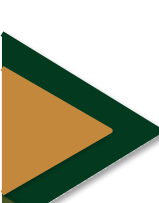
successfully closed trade, with all payments mandated in US Dollars (USD) or other freely convertible foreign currencies to align with IFSC financial standards.

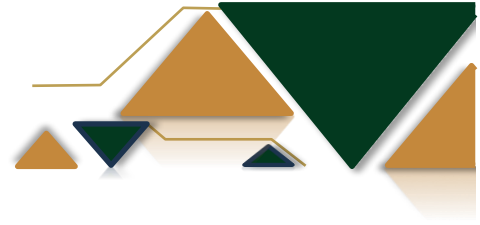
B&P View: The introduction of a structured fee model provides much-needed clarity for ITFS operators regarding their long-term regulatory costs. By linking a portion of the fees to transaction volumes, IFSCA has adopted a balanced approach that supports smaller startups during their gestation period while ensuring that high-volume platforms contribute proportionally to the regulatory oversight of the ecosystem.

25. AMENDMENTS TO FRAMEWORK FOR AIRCRAFT LEASING IN THE IFSC

IFSCA vide circular dated February 26, 2025, has issued amendatory guidelines to the existing framework for Aircraft Leasing entities. These revisions are intended to streamline the operational requirements and provide greater clarity for Lessors and Lessees operating within the IFSC, further strengthening India's position as a global hub for aviation financing.

The circular clarifies that the "Net Worth" requirement for aircraft leasing entities must be maintained on a continuous basis, and any infusion of capital to meet shortfalls must be reported to the Authority immediately. It further refines the "Permitted Activities" to include a broader scope of ancillary services related to aircraft engines and components, while streamlining the documentation process for the novation and assignment of lease contracts. Additionally, the amendment specifies that entities must ensure





compliance with updated Cape Town Convention standards to safeguard the interests of international creditors and investors.

B&P View: These amendments reflect IFSCA's proactive approach to addressing the evolving needs of the aviation industry. By broadening the scope of permitted activities and emphasizing continuous net worth compliance, the regulator is fostering a more robust and transparent environment. This alignment with international aviation standards like the Cape Town Convention is a significant step in reducing the risk premium for aircraft leasing in India, making GIFT City an increasingly attractive destination for global lessors.

26. INTEREST ON LATE PAYMENT OF FEE BY ENTITIES IN THE IFSC

IFSCA vide circular dated February 26, 2025, has issued a significant clarification and revision regarding the interest levied on the late payment of fees and dues. This circular modifies the existing fee structure framework to provide a more balanced approach to penalties, effective from March 1, 2025.

Key provisions:

- a. For defaults occurring prior to March 1, 2025, the Authority clarified that the 15% simple interest per month is applicable only on the "late fee" (which is 20% of the outstanding dues) and not on the principal outstanding amount itself. Effective from March 1, 2025, the interest regime has been revised to a single, consolidated rate of 0.75% simple interest per month, calculated

directly on the amount of fee remaining unpaid or short-paid.

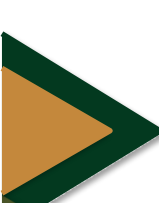
- b. The new 0.75% monthly interest rate applies for every month of delay or part thereof, simplifying the calculation process for both the Regulated Entities and the Authority.
- c. To ensure clarity, the circular provides detailed illustrations for different scenarios, distinguishing between payments delayed before and after the transition date of March 1, 2025.

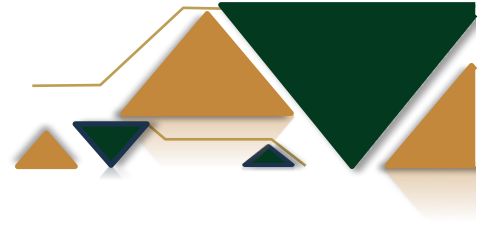
B&P View: This circular is a welcome move that significantly reduces the penal burden on IFSC entities. The previous regime, which applied 15% monthly interest on a 20% penalty, resulted in an extremely high effective cost for delays. By transitioning to a flat 0.75% monthly interest (9% per annum) on the principal unpaid amount, IFSCA has aligned its penalty structure with standard commercial and tax practices, making GIFT City a more business-friendly jurisdiction for global participants.

27. REGISTRATION ON FIU-IND FINGATE 2.0 PORTAL FOR AML/CFT COMPLIANCE

IFSCA vide circular dated February 26, 2025, has reinforced the mandatory requirement for all Regulated Entities (REs) to register on the FIU-IND FINGate 2.0 portal. This directive ensures robust compliance with the IFSCA (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022, and streamlines the reporting of financial intelligence.

Key Provisions:





- a. Regulated Entities must complete their registration on the FIU-IND portal prior to the commencement of business operations, or within a maximum of 30 days from commencement in cases of documented urgency.
- b. Any addition or modification to an entity's "Line of Business" (LOB) must be updated on the portal within 30 days of such change to ensure accurate and up-to-date reporting to the Financial Intelligence Unit.
- c. In the event of technical difficulties, REs must notify the FIU-IND helpdesk and provide weekly email updates to the IFSCA's AML & CFT Division until registration is finalized; non-compliance is deemed a breach of licensing conditions.

B&P View: By strictly linking business commencement to FIU-IND registration, IFSCA is prioritizing the integrity of the IFSC's financial borders. The transition to the FINGate 2.0 portal reflects an upgrade in India's digital anti-money laundering infrastructure. For REs, the 30-day window for updating the Line of Business is a critical compliance checkpoint; failing to sync operational changes with the portal could lead to inadvertent reporting gaps. This proactive oversight ensures that GIFT City remains aligned with FATF standards and global best practices for financial transparency.

28. APPOINTMENT AND CHANGE OF KEY MANAGERIAL PERSONNEL BY A FUND MANAGEMENT ENTITY

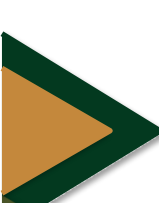
IFSCA vide circular dated February 20, 2025, has specified the procedure for the

appointment and change of Key Managerial Personnel (KMPs) by Fund Management Entities (FMEs) subsequent to their registration. This circular aims to ensure continuous compliance with the newly notified IFSCA (Fund Management) Regulations, 2025, while providing a clear administrative process for management transitions.

Key provisions:

- a. FMEs are required to file an intimation for any proposed KMP appointment or change in the prescribed format along with a USD 500 processing fee; notably, all pending applications must be refiled under this new framework.
- b. The Authority shall provide its observations on the proposed change within seven working days of receiving a complete filing, which the FME must address before finalizing the appointment.
- c. In the event of a vacancy, the FME must identify and intimate a candidate to the Authority within 3 months, ensuring the position is not vacant for more than 6 months total from the date the vacancy arose.
- d. While KMPs must meet strict "Fit and Proper" criteria and experience requirements under the FM Regulations, changes to the Board of Directors that do not involve KMPs require only a simple intimation for record-keeping without a fee.

B&P View: This circular streamlines the transition process for fund managers by replacing a cumbersome approval process with a time-bound "intimation and





observation" mechanism. The seven-day turnaround for regulatory feedback is a highly positive benchmark for "Ease of Doing Business." However, the strict six-month limit for filling vacancies means that HR and succession planning must be proactive, particularly given the niche talent pool required for IFSC operations.

29. AMENDMENT TO TRANSACTIONS THROUGH SPECIAL NON-RESIDENT RUPEE (SNRR) ACCOUNTS

IFSCA vide circular dated February 18, 2025, has amended the previous guidelines on the use of SNRR accounts by IFSC Units. This update clarifies the permissible scope of transactions in Indian Rupee (INR) following recent changes to the RBI's FEMA Deposit Regulations.

The circular permits IFSC Units to open SNRR accounts with authorized banks in India (outside the IFSC) for all general business-related transactions, such as paying administrative expenses in INR, receiving sale-of-scrap proceeds, or collecting government incentives. However, it explicitly mandates that any monetary consideration directly related to the "delivery of a financial service"—including funds, fees, or transaction amounts—must continue to be processed exclusively through accounts maintained with a Banking Unit within the IFSC.

B&P View: This is a clarifying amendment that balances operational ease with regulatory oversight. By allowing SNRR accounts for general business expenses, IFSCA reduces the friction of managing small, localized INR costs. Crucially, the "Chinese wall" remains for core financial services, ensuring that the primary

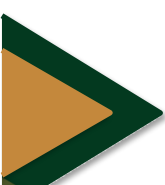
financial activity of GIFT City stays within the IFSC's banking ecosystem.

30. REMOTE TRADING PARTICIPANTS (RTP) ON STOCK EXCHANGES IN THE IFSC

IFSCA vide circular dated February 11, 2025, has revised the eligibility norms for Remote Trading Participants (RTPs), superseding the previous April 2024 framework. These modifications are designed to increase market traction by making it easier for foreign entities without a physical presence in the IFSC to trade directly on GIFT City stock exchanges.

Key provisions:

- a. Foreign entities regulated by their home jurisdiction's securities regulator are eligible to be onboarded as RTPs, provided their regulator is a signatory to the IOSCO-MMoU or has a bilateral MoU with IFSCA.
- b. Unregulated foreign entities may also qualify if they are members of specified prominent global exchanges (such as NYSE, LSE, SGX, or Euronext) for at least one year and are residents of a non-FATF deficient jurisdiction.
- c. RTPs are strictly permitted to trade only on a proprietary basis (no client onboarding) and are restricted to transacting exclusively in cash-settled derivative products on the IFSC Stock Exchanges.
- d. Every RTP must enter into a formal agreement with an IFSCA-registered Clearing Member for the clearing and settlement of its transactions, and





Indian entities are explicitly excluded from being onboarded as RTPs.

B&P View: This circular is a strategic recalibration to boost liquidity on GIFT City exchanges. By allowing members of top-tier global exchanges to participate—even if they aren't directly regulated in their home country for the specific activity—IFSCA is significantly widening the net for sophisticated proprietary traders. The restriction to cash-settled derivatives is a practical measure that avoids the logistical hurdles of physical delivery for entities without a local presence, while the reliance on local Clearing Members ensures that financial risk remains contained within the IFSC ecosystem.

31. IMPLEMENTATION OF WMD ACT AND UAPA: CHANGE OF NODAL OFFICER

IFSCA vide circular dated February 5, 2025, has updated the designated Nodal Officer for enforcing financial sanctions under the WMD Act, 2005, and UAPA, 1967. This change ensures a central point of contact for the immediate freezing of assets related to prohibited individuals or entities.

The circular designates Mr. Ankit Bhansali (General Manager) as the new Nodal Officer for IFSCA, replacing the previous official. Regulated Entities must update their records with his contact details to report any "hits" during mandatory sanctions screening. The requirement for entities to immediately report matches and freeze the funds of listed individuals remains a critical, unchanged obligation.

B&P View: This administrative update is vital for compliance teams to ensure that

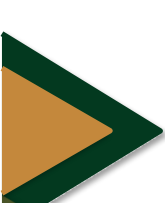
reporting lines to the Ministry of Home Affairs remain open. Entities should immediately update their internal AML/CFT manuals with the new contact information to avoid any reporting delays that could lead to severe penalties under national security laws.

32. LIQUIDITY ENHANCEMENT SCHEME FOR BULLION EXCHANGE

IFSCA vide circular dated February 4, 2025, has introduced a framework for the implementation of the Liquidity Enhancement Scheme (LES) by Bullion Exchanges in the IFSC. This initiative is designed to boost trading volumes and market depth for illiquid commodity derivatives contracts, ensuring a more vibrant bullion ecosystem.

Key provisions:

- a. The Bullion Exchange is permitted to introduce LES for specific commodity derivative contracts with the prior approval of its Governing Board; such schemes are valid for a maximum of one year and must be reviewed quarterly for effectiveness.
- b. Incentives under the scheme may include fee discounts, cash payments, or the issuance of shares (including options and warrants) of the Exchange, provided they are transparent, objective, and non-discriminatory.
- c. Financial prudence is mandated by capping total incentives at 25% of the Exchange's net profits or free reserves from the preceding year, with a special provision allowing up to 25% of audited net worth to be earmarked during the first five years of operation.





- d. To maintain market integrity, the Exchange must implement monitoring systems to prevent "self-trades" (same UCC on both sides) and ensure that participants do not engage in trades solely for the purpose of earning incentives.

B&P View: The LES is a strategic tool to solve the "chicken-and-egg" problem of liquidity in new markets. By allowing the Exchange to incentivize market makers through fee rebates or equity, IFSCA is accelerating the maturity of the bullion ecosystem. While this creates lucrative opportunities for early participants, the strict caps and anti-manipulation rules ensure that growth remains sustainable and transparent.

33. INTERNET BANKING SERVICES FOR SNRR ACCOUNTS OF IFSC UNITS

IFSCA vide circular dated January 29, 2025, has mandated that IFSC Banking Units (IBUs) provide full internet banking facilities for SNRR accounts. This aligns with recent FEMA amendments allowing these accounts to be used for all business-related transactions by IFSC units.

IBUs must now offer comprehensive digital services for SNRR accounts, including information, interactive exchange, and full transactional capabilities. Banks are required to coordinate with their head offices for an immediate rollout and must submit quarterly status reports to the IFSCA starting March 31, 2025, until these facilities are fully operational.

B&P View: This directive ensures that the expanded use of SNRR accounts for business expenses is supported by

efficient digital infrastructure. For GIFT City entities, it removes manual processing hurdles and brings the INR banking experience at par with global digital standards.

34. EXPANDED SCOPE OF PERMISSIBLE TRANSACTIONS THROUGH SNRR ACCOUNTS

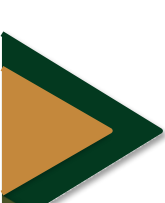
IFSCA vide circular dated January 29, 2025, has significantly expanded the utility of Special Non-Resident Rupee (SNRR) accounts for IFSC Units, following RBI's recent FEMA amendments.

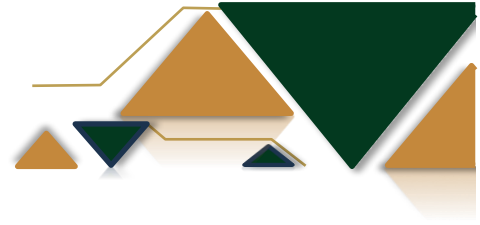
The circular notifies that SNRR accounts can now be used for all business-related transactions of the IFSC unit, removing previous restrictions that limited use to specific items like administrative expenses or scrap sales. However, any funds directly related to the "delivery of financial services" (e.g., core transaction capital or service fees) must still be processed through banking units located within the IFSC.

B&P View: This change "unshackles" the SNRR account, allowing GIFT City entities to manage Indian vendor payments and operational costs with far greater flexibility. By moving from a restrictive list to an "all business" approach, IFSCA has significantly reduced the administrative burden for local Rupee management.

35. EXTENSION OF TIMELINE FOR COMPLAINT HANDLING AND GRIEVANCE REDRESSAL

IFSCA vide circular dated January 13, 2025, has extended the implementation deadline for the comprehensive "Complaint Handling and Grievance

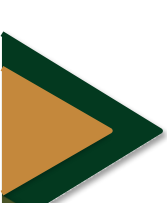




Redressal" framework originally issued on December 2, 2024.

The Authority has extended the deadline for Regulated Entities (REs) to comply with the new grievance redressal requirements from January 1, 2025, to April 1, 2025. This extension applies to the appointment of a dedicated Grievance Redressal Officer (GRO), the setup of internal complaint-handling mechanisms, and the publication of the grievance policy on the entity's website.

B&P View: This three-month extension provides much-needed breathing room for entities to align their internal systems and staffing with the rigorous new standards. It signals IFSCA's pragmatic approach, ensuring that when the framework does go live, entities have robust, fully tested mechanisms in place rather than rushed, superficial setups.



MISCELLANEOUS

1. SEBI APPROVES WIDE-RANGING REGULATORY REFORMS TO SIMPLIFY MARKET FRAMEWORKS AND ENHANCE EASE OF DOING BUSINESS

SEBI, in its Board Meeting dated December 17, 2025, approved a series of regulatory measures across primary markets, mutual funds, intermediaries, debt markets, and corporate governance, aimed at simplification, investor protection, and enhancing ease of doing business.

The Board approved the replacement of the SEBI (Stock Brokers) Regulations, 1992 with the SEBI (Stock Brokers) Regulations, 2025, with the objective of simplifying regulatory language, removing redundant provisions, updating the framework to reflect contemporary market practices, and enhancing ease of compliance. The new regulations reorganise provisions into a structured format, rationalise reporting obligations, and strengthen the framework for identification and supervision of qualified stock brokers.

Further, the Board approved a comprehensive review of the SEBI (Mutual Funds) Regulations, 1996, resulting in the proposed SEBI (Mutual Funds) Regulations, 2026, aimed at improving readability, consolidating provisions, rationalising expense ratios and brokerage limits, and simplifying compliance requirements through digital-first disclosures. Amendments were also approved to the SEBI (ICDR) Regulations, 2018, including the introduction of a draft abridged prospectus at the DRHP stage and a revised mechanism for lock-in compliance of pledged shares, to enhance

retail investor participation and ease of fund raising.

Additionally, the Board approved amendments to permit issuers to offer incentives in public issues of debt securities to specified categories of investors such as senior citizens, women, armed forces personnel, and retail investors, with a view to encouraging wider participation in the corporate bond market. Amendments to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 were also approved to simplify investor service processes, facilitate transfer of certain physical securities, align timelines for transfer of unclaimed amounts with the Companies Act, and provide governance and compliance relaxations for High Value Debt Listed Entities, including an increase in the threshold for identification of such entities to ₹5,000 crore.

The Board also approved measures to enable Credit Rating Agencies to rate financial instruments regulated by other financial sector regulators, subject to prescribed safeguards, and acknowledged the report of the High-Level Committee on conflict of interest, disclosures, and related matters in respect of SEBI Members and Officials, with further deliberations to follow.

B&P View: The approvals at the 212th SEBI Board Meeting reflect a comprehensive regulatory recalibration aimed at modernising legacy frameworks, reducing compliance friction, and strengthening investor protection across market segments. By simplifying core regulations, rationalising disclosure and governance requirements, and facilitating capital



formation in equity and debt markets, SEBI has reinforced its commitment to promoting ease of doing business while maintaining robust regulatory oversight.

2. SEBI (REGISTRARS TO AN ISSUE AND SHARE TRANSFER AGENTS) REGULATIONS, 2025

SEBI vide notification dated December 15, 2025, notified the SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 2025, consolidating, amending, and streamlining the regulatory framework governing registrars to an issue and share transfer agents ("RTAs"), and specifying their registration requirements, obligations, and responsibilities.

Key features of the Regulations include:

- a. **Mandatory registration and eligibility framework:** No person shall act as an RTA unless registered with SEBI. The Regulations prescribe eligibility conditions, including infrastructure requirements, experience, fit and proper criteria, appointment of compliance officer, and a minimum net worth of ₹50 lakh, with an 18-month transition period for existing RTAs to meet the revised net worth requirement.
- b. **Segregation of services for unlisted entities:** RTAs providing services to unlisted companies are required to carry out such activities through a separate business unit, which shall remain outside SEBI's regulatory purview, subject to prescribed disclosures and disclaimers.
- c. **Governance, conduct, and record-keeping obligations:** The Regulations prescribe a detailed code of conduct,

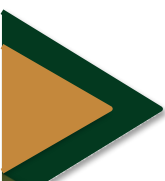
investor grievance redressal timelines, maintenance of books and records, periodic reporting to SEBI, and retention of records for a minimum of eight years.

- d. **Enhanced internal controls and surveillance:** RTAs are required to put in place robust internal controls, fraud detection mechanisms, whistle-blower policies, and board-level oversight to prevent market abuse and ensure regulatory compliance.
- e. **Inspection, enforcement, and regulatory flexibility:** SEBI has been empowered to conduct inspections, investigations, appoint auditors, and initiate enforcement actions under the SEBI (Intermediaries) Regulations, 2008. The Regulations also enable SEBI to grant limited exemptions, including for participation in regulatory sandbox initiatives.

B&P View: The Regulations replace the earlier fragmented framework with a comprehensive and principle-based regime for RTAs. By strengthening eligibility norms, mandating governance and internal control mechanisms, and clearly segregating regulated and unregulated activities, SEBI has enhanced accountability, investor protection, and operational clarity for RTAs while facilitating ease of compliance through transitional provisions.

3. SEBI (INTERMEDIARIES) (THIRD AMENDMENT) REGULATIONS, 2025

SEBI vide notification dated December 3, 2025, notified the SEBI (Intermediaries) (Third Amendment) Regulations, 2025, amending the SEBI (Intermediaries)





Regulations, 2008 to strengthen the regulatory framework relating to financial and operational thresholds applicable to intermediaries.

Under the newly inserted clause (da) of Regulation 30A(1), SEBI is empowered to take action against intermediaries for three specific compliance failures: failing to maintain prescribed minimum net worth or liquid net worth, falling short of minimum revenue targets from permitted activities, or ignoring directives to segregate business functions into separate units. This amendment broadens SEBI's oversight by allowing for summary proceedings to ensure that intermediaries remain financially stable and structurally compliant with regulatory standards.

B&P View: The amendment broadens SEBI's enforcement powers by explicitly linking regulatory action to an intermediary's failure to meet prescribed financial thresholds, revenue benchmarks, and structural segregation requirements. This change enhances supervisory oversight, promotes financial resilience among intermediaries, and reinforces regulatory discipline within the securities market. The regulations shall come into force 30 days from the date of publication in the Official Gazette.

4. SEBI NOTIFIES REVISED INFORMAL GUIDANCE SCHEME TO ENHANCE REGULATORY CLARITY

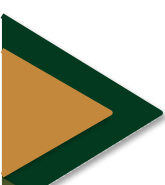
SEBI has notified the Securities and Exchange Board of India (Informal Guidance) Scheme, 2025, which shall come into effect from December 1, 2025, replacing the erstwhile SEBI (Informal Guidance) Scheme, 2003. The revised

Scheme has been introduced to provide regulatory clarity and facilitate orderly development of the securities market.

Under the Scheme, eligible applicants, including SEBI-registered intermediaries, listed companies, entities proposing to list securities, acquirers under the takeover regulations, stock exchanges, clearing corporations, and depositories—may seek informal guidance from SEBI in the form of No-action letters or Interpretive letters in relation to proposed transactions or specific factual situations. Applications are required to be filed electronically in the prescribed format, accompanied by a fee of ₹50,000.

The Scheme prescribes a defined procedure and timelines for disposal of applications, provides for seeking clarifications, and specifies circumstances where SEBI may decline to issue guidance, such as where matters are hypothetical, sub-judice, under investigation, or raise policy concerns. The guidance issued under the Scheme shall not be binding on SEBI and shall not be construed as a final determination of law or fact. Provisions have also been introduced to allow confidential treatment of applications and guidance for a limited period, subject to specified conditions.

B&P View: The revised Informal Guidance Scheme updates and streamlines SEBI's long-standing guidance framework by introducing clearer procedures, defined timelines, and enhanced confidentiality safeguards. While reaffirming the non-binding nature of informal guidance, the Scheme provides regulated entities with a structured mechanism to seek regulatory clarity on proposed transactions, thereby





reducing interpretational uncertainty and supporting informed compliance decisions.

5. SEBI (DEPOSITORIES AND PARTICIPANTS) (THIRD AMENDMENT) REGULATIONS, 2025

SEBI vide notification dated November 21, 2025, notified the SEBI (Depositories and Participants) (Third Amendment) Regulations, 2025, amending the SEBI (Depositories and Participants) Regulations, 2018 to strengthen governance, clarify management roles, and enhance accountability within depositories.

Key amendments include:

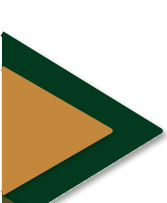
- a. Recognition of executive directors (Regulation 24): Executive directors have been expressly recognised as a separate category of directors, and managing directors along with executive directors have been classified as non-independent directors.
- b. Expanded role and responsibilities of Managing Director (Regulation 26): The scope of Regulation 26 has been widened to expressly include the role and responsibilities of the managing director, covering overall management, regulatory compliance, public interest obligations of core functions, risk management, and adequacy of infrastructure. The managing director may also, with prior approval of the governing board, hold specified non-executive positions in certain entities.
- c. Appointment and framework for Executive Directors (Regulation 26A): A new Regulation 26A mandates

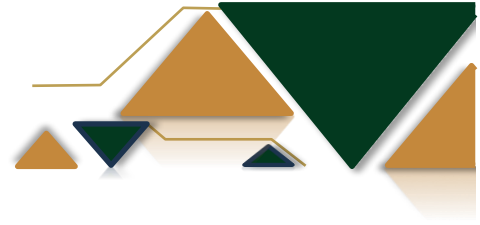
appointment of executive directors to head Vertical 1 and Vertical 2 of a depository (and optionally Vertical 3), prescribes parity in stature with the managing director, and sets out their appointment process, tenure, restrictions on board positions, and defined responsibilities, including infrastructure oversight and risk management.

- d. Mandatory appointment of Chief Technology Officer and Chief Information Security Officer (Regulations 81B and 81C): Depositories are required to appoint a Chief Technology Officer (CTO) to oversee technology systems and IT risk management, and a Chief Information Security Officer (CISO) to manage cybersecurity risks, establish controls, and implement cyber resilience and information security policies.

B&P View: The amendments significantly strengthen the governance and operational framework of depositories by clearly delineating leadership roles, introducing a structured executive management layer, and mandating dedicated technology and cybersecurity leadership. These measures are expected to enhance regulatory oversight, improve risk management, and reinforce the resilience and integrity of market infrastructure institutions. The regulations shall come into force 30 days from the date of publication in the Official Gazette.

6. ROLLOUT OF “VALIDATED UPI HANDLES” AND “SEBI CHECK” FOR SECURE INVESTOR PAYMENTS





SEBI vide press release dated October 1, 2025, announced the rollout of “Validated UPI Handles” and the “SEBI Check” tool for secure investor payments, pursuant to its earlier circular dated June 11, 2025. These initiatives are aimed at enhancing investor protection and preventing fraudulent fund transfers to unregistered entities.

Key features include:

- a. Introduction of “@valid” UPI handles: The UPI IDs of SEBI-registered investor-facing intermediaries shall carry the exclusive “@valid” handle issued by NPCI, along with category-specific suffixes (such as .brk for brokers and .mf for mutual funds), enabling investors to easily identify legitimate entities.
- b. Visual and QR-based verification: Payments made through “@valid” handles will display a distinctive thumbs-up icon inside a green triangle, along with a specially designed QR code, confirming the authenticity of the intermediary and the transaction.
- c. SEBI Check verification tool: SEBI has introduced the “SEBI Check” functionality, which enables investors to independently verify the bank account details and UPI IDs of SEBI-registered intermediaries using the account number and IFSC code or the “@valid” UPI ID, through SEBI’s online platforms and mobile application.
- d. Investor advisory: SEBI has advised investors to actively use the “@valid” UPI handle and the SEBI Check tool when making payments to SEBI-

registered intermediaries, while continuing to retain flexibility to use other permitted payment modes.

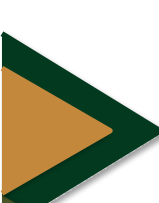
B&P View: The rollout of Validated UPI Handles and SEBI Check introduces a secure, transparent, and verifiable payment framework for investor transactions in the securities market. By enabling real-time identification and verification of SEBI-registered intermediaries, these initiatives significantly strengthen fraud prevention measures, enhance investor confidence, and reinforce SEBI’s commitment to safeguarding investor interests and market integrity.

7. COMPLIANCE GUIDELINES FOR DIGITAL ACCESSIBILITY MANDATORY COMPLIANCE CIRCULAR

SEBI vide circular dated September 25, 2025 has issued Compliance Guidelines for Digital Accessibility Circular ‘Rights of Persons with Disabilities Act, 2016 and rules made thereunder - mandatory compliance by all Regulated Entities’ dated July 31, 2025. It provides for a summary of compliance requirements, mechanism of submission of compliance, formats for compliance submission, and list of REs who are required to submit compliance directly to SEBI.

B&P View: The guidelines will require regulated entities to upgrade digital platforms, potentially increasing compliance costs. They reinforce SEBI’s commitment to an inclusive financial ecosystem, ensuring accessibility for persons with disabilities

8. SEBI EXTENDS TIMELINES AND UPDATES REPORTING AUTHORITY





FOR DIGITAL ACCESSIBILITY COMPLIANCE BY IAs AND RAs

SEBI vide circular dated August 29, 2025 has extended the timelines for mandatory compliance with the Rights of Persons with Disabilities Act, 2016 as per SEBI circular dated July 31, 2025.

S/N	Compliance required	Timeline	Current Date	Extension Granted	New Date
1	REs shall submit a compliance/ action taken report pertaining to the clauses of this circular	Within 30 days	Aug 30, 2025	1 month	Sept 30, 2025
2	REs shall submit a list of digital platforms provided by them for the investors	Within 30 days	Aug 30, 2025	1 month	Sept 30, 2025
3	Appointment of IAAP certified accessibility professionals as Auditor.	Within 45 days	Sept 14, 2025	3 months	Dec 14, 2025
4	Conduct of Accessibility Audit for the digital platforms.	Within 3 months	Oct 31, 2025	6 months	April 30, 2026
5	Remediation of findings from the audit and ensuring compliance with this circular.	Within 6 months	Jan 31, 2026	6 months	July 31, 2026
6	Annually give to compliance conducting annual accessibility audits of all the digital platforms and submit final report of such audit to SEBI	Within 30 days of each Financial Year	April 30, 2026	To next Financial year	April 30, 2027

9. TECHNICAL CLARIFICATIONS TO CSCRF FOR SEBI REGULATED ENTITIES

SEBI vide circular dated August 28, 2025 provides detailed technical clarifications to its Cybersecurity and Cyber Resilience Framework for SEBI Regulated Entities (REs). For ease of compliance and clarity in implementation, SEBI has introduced two key principles: (i) the Principle of Exclusivity, which ensures that the scope of CSCRF shall be limited to only those systems/ applications/ infrastructure/ processes which are exclusively used for REs, and, (ii) the Principle of Equivalence, which ensures that CSCRF controls which have an equivalence in other regulators cybersecurity frameworks/guidelines shall be deemed compliant provided that

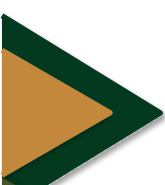
the frameworks/ guidelines issued by primary regulator are adhered by such REs. Furthermore, certain technical clarifications have been provided by SEBI relating to zero-trust security model, mobile application security guidelines, recommendation (but not mandatory) requirement of ISO 27001 certification for Qualified REs, etc.

B&P View: The circular strengthens cybersecurity accountability and clarity for SEBI-regulated entities. By formalizing these principles, it balances compliance rigor with practical implementation flexibility.

10. MANDATORY COMPLIANCE WITH RIGHTS OF PERSONS WITH DISABILITIES ACT, 2016 BY ALL REGULATED ENTITIES

SEBI vide circular dated 31 July 2025 directed all regulated entities, including stock exchanges, depositories, clearing corporations, mutual funds, and intermediaries, to comply with the Rights of Persons with Disabilities Act, 2016 and related rules. Entities are required to ensure accessibility of their websites, mobile applications, and physical premises, provide reasonable accommodations for persons with disabilities, and train staff on disability inclusion. Regulated entities must designate a Nodal Officer to oversee compliance and submit detailed reports to SEBI, including timelines and steps taken to implement accessibility measures.

B&P View: This directive underscores SEBI's commitment to inclusivity and accessibility in the financial sector. By enforcing compliance with the Disabilities





Act, SEBI ensures that financial services are accessible to all, promoting equal participation and opportunities for persons with disabilities.

11. EXTENSION FOR ADOPTION OF CYBERSECURITY AND CYBER RESILIENCE FRAMEWORK

SEBI, via its circular dated June 30, 2025, has extended the compliance deadline under its Cybersecurity and Cyber Resilience Framework (CSCRF). The new deadline for adoption and implementation is now August 31, 2025, granting a two-month extension. This extension applies to all SEBI-regulated entities, except Market Infrastructure Institutions, KYC Registration Agencies, and Qualified Registrars to an Issue and Share Transfer Agents, who continue to adhere to the original timeline.

B&P View: SEBI's extension signals a practical response to the readiness gaps among regulated entities, without compromising on its broader cybersecurity mandate. By excluding MIIs, KRAs, and QRTAs from this relief, SEBI reinforces its expectation that systemically critical entities maintain stricter timelines, while allowing others the flexibility to align their systems and controls.

12. STANDARDISED VERIFIED UPI IDS FOR INVESTOR PAYMENTS TO INTERMEDIARIES

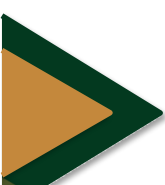
SEBI, through its circular dated June 10, 2025, has mandated that all SEBI-registered intermediaries adopt standardised, validated, and exclusive UPI IDs for collecting payments from

investors. These UPI IDs must follow a prescribed format ending with “@valid” and will be verified by NPCI. The circular also introduces a “SEBI Check” tool to help investors authenticate UPI details, and the implementation will be carried out in phases starting from October 1, 2025. This framework is applicable only for UPI-based payments; investors may continue using other approved payment methods.

B&P View: This initiative marks a proactive step by SEBI to enhance payment security and curb rising instances of fraud in capital market transactions. By requiring intermediaries to use uniquely formatted and NPCI-validated UPI handles, SEBI ensures that investors can clearly identify and trust legitimate payment channels. The integration of visual markers, like a thumbs-up icon, and the launch of the “SEBI Check” tool further strengthen verification at the user level. While preserving investor choice in payment modes, SEBI's move promotes safer use of UPI and aligns with its broader push toward digital infrastructure, financial hygiene, and investor protection.

13. ACCESSIBILITY AND INCLUSIVENESS OF DIGITAL KYC TO PERSONS WITH DISABILITIES

SEBI, through its Circular dated May 23, 2025, directed all SEBI-registered intermediaries to ensure that digital KYC processes are accessible and inclusive for persons with disabilities. The circular arises from a Supreme Court judgment dated April 30, 2025, the need for equal and accessible inclusion of persons with disabilities for availing financial services.





B&P View: By updating digital KYC systems to accommodate visual or physical disabilities and allowing flexible verification methods, SEBI is helping reduce barriers in onboarding disabled clients. It marks a crucial step in aligning digital financial services with the principles of accessibility and non-discrimination, ensuring that technological advancement does not come at the cost of exclusion.

14. CLARIFICATIONS TO THE CYBERSECURITY AND CYBER RESILIENCE FRAMEWORK

SEBI, through its circular dated April 30, 2025 issued clarifications to the Cybersecurity and Cyber Resilience Framework (CSCRF) applicable to SEBI regulated entities. It standardizes how entities are classified—based on previous financial year data, fixed for the full year, and provides updated thresholds for categorizing entities such as AIF/VCF managers, stock brokers, portfolio managers, and investment advisers.

B&P View: SEBI's clarifications exemplify a risk-aligned, pragmatic regulatory approach, standardizing entity categorization timelines and thresholds removes ambiguity and enhances compliance predictability. Fixing categories for the entire year and requiring adherence to the strictest applicable criteria for multi-registered entities strengthens governance integrity.

15. EXTENSION OF TIMELINES FOR SUBMISSION OF OFFSITE INSPECTION DATA FOR MUTUAL FUNDS

SEBI vide circular dated March 28, 2025, modified the Master Circular for Mutual

Funds to extend the timelines for submission of offsite inspection data, aiming to facilitate ease of doing business for Asset Management Companies (AMCs) and RTAs.

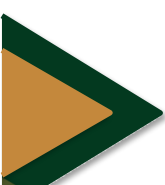
Key amendments:

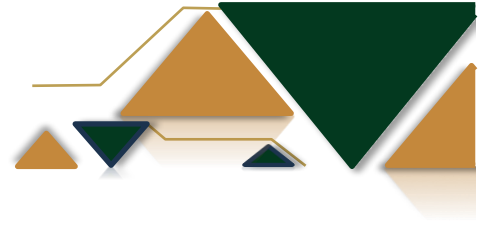
- a. The timeline for Mutual Funds to submit daily data in a monthly file on a quarterly basis has been extended from 10 calendar days to 15 calendar days from the end of the quarter.
- b. Clause 5.27.2 of the Master Circular for Mutual Funds dated June 27, 2024, stands modified to reflect this revised submission window.
- c. Registrars to an Issue and Share Transfer Agents (RTAs) are required to continue the submission of the said data on an ongoing basis.

B&P View: By increasing the reporting window, SEBI has balanced the need for robust offsite monitoring with the practical operational requirements of AMCs. This extension reduces the immediate compliance pressure at the end of each quarter, ensuring higher data accuracy and better alignment with industry capabilities.

16. INDUSTRY STANDARDS ON MINIMUM INFORMATION FOR RELATED PARTY TRANSACTION APPROVAL

SEBI, vide circular dated March 21, 2025, has extended the implementation timeline for the "Industry Standards" governing Related Party Transactions (RPTs). Originally introduced to standardize the information presented to Audit Committees and shareholders, this circular defers the effective date to July 1,





2025, to allow listed entities more time to align their internal processes with the new disclosure requirements.

Key provisions:

- a. The circular extends the mandatory compliance date for the Industry Standards—originally set for April 1, 2025—providing a three-month buffer to ensure smooth adoption by the industry.
- b. The Industry Standards Forum (ISF), comprising representatives from ASSOCHAM, CII, and FICCI, has been tasked with reviewing stakeholder feedback to further simplify the disclosure formats without compromising transparency.
- c. Listed entities are required to provide a standardized set of "minimum information" to Audit Committees, including detailed justifications, commercial terms, and a comparison with arm's length prices for all proposed RPTs.
- d. For material RPTs requiring shareholder approval, the explanatory statement must now include specific data points as prescribed by the standards, ensuring that public shareholders can make well-informed voting decisions.

B&P View: This extension is a pragmatic move by SEBI that acknowledges the practical challenges companies face in overhauling their RPT reporting frameworks. By involving the Industry Standards Forum to simplify the requirements, SEBI is striking a balance between rigorous corporate governance

and the "Ease of Doing Business." Once effective, these standards will eliminate the current inconsistency in RPT disclosures, making it much harder for entities to mask complex transactions and significantly strengthening the oversight role of independent directors.

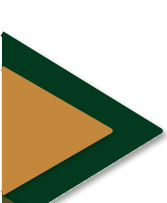
17. EXTENSION OF TIMELINES FOR SUBMISSION OF OFFSITE INSPECTION DATA

SEBI vide circular dated March 28, 2025, notified an extension of timelines for intermediaries to submit data for offsite inspections, in response to representations regarding operational difficulties.

Key provisions:

- a. The deadline for submitting offsite inspection data for the current cycle has been extended to ensure intermediaries can provide accurate and verified information.
- b. Market participants are permitted a broader window to comply with data requests without attracting the regulatory consequences associated with the original submission dates.
- c. The circular reiterates that the relaxation in timing does not waive the requirement for intermediaries to maintain data integrity and strictly follow reporting formats.

B&P View: The extension demonstrates SEBI's responsiveness to the operational constraints of intermediaries. By providing this relief, the regulator ensures that the offsite monitoring process remains effective and data-driven while





reducing the immediate compliance burden on market participants.

18. DISCLOSURE OF HOLDING OF SPECIFIED SECURITIES IN DEMATERIALIZED FORM

SEBI vide circular dated March 20, 2025, modified the format for disclosure of shareholding patterns to enhance transparency regarding encumbrances and dilution, effective from the quarter ending June 30, 2025.

Key amendments:

- a. Mandatory disclosure of Non-Disposal Undertakings (NDUs) and other forms of encumbrances, alongside the total number of shares pledged by listed entities.
- b. Clarification that "underlying outstanding convertible securities" explicitly includes Employee Stock Option Plans (ESOPs), with the relevant column header in the disclosure format updated accordingly.
- c. Introduction of a new column in the shareholding pattern to capture the total number of shares on a fully diluted basis, incorporating warrants, ESOPs, and all convertible securities.
- d. Addition of a footnote in Table II to specifically identify and provide details of promoters and promoter group entities that hold "NIL" shareholding.

B&P View: The revised disclosure norms significantly improve the quality of information available to investors by providing a clearer picture of actual

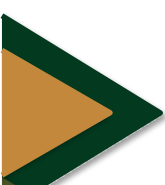
control and potential dilution. By mandating the reporting of NDUs and ESOPs within the shareholding pattern, SEBI has aligned Indian reporting standards with global transparency benchmarks, reducing information asymmetry in the secondary market.

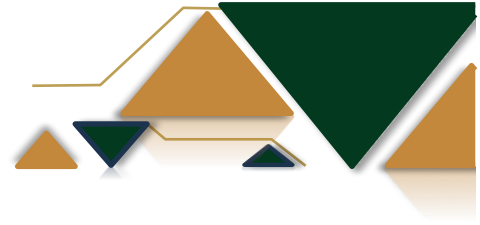
19. FRAMEWORK ON SOCIAL STOCK EXCHANGE (SSE)

SEBI, vide circular dated March 19, 2025, has further refined the operational framework for the Social Stock Exchange (SSE). These updates are designed to encourage greater retail participation and broaden the eligibility criteria for social enterprises, effective immediately.

Key Provisions:

- a. The minimum application size for subscribing to Zero Coupon Zero Principal (ZCZP) instruments issued by Not-for-Profit Organizations (NPOs) has been drastically reduced from ₹10,000 to ₹1,000, making impact investing accessible to a wider pool of retail donors.
- b. The scope of "eligible social activities" has been expanded to include the promotion and education of art, culture, and heritage, as well as activities focused on climate change, animal welfare, and the protection of vulnerable children and the elderly.
- c. To qualify as a Social Enterprise, an entity must now demonstrate that at least 67% of its activities (measured via revenue, expenditure, or beneficiary base over the last three years) are directed toward these eligible social goals.





- d. Listed social enterprises are mandated to submit a Social Impact Report (SIR) and a Social Impact Scorecard annually, which must be audited by qualified Social Audit firms to ensure that the funds raised are resulting in measurable social outcomes.

B&P View: By lowering the entry barrier for ZCZP instruments to ₹1,000, SEBI is effectively democratizing philanthropy. This move transforms the SSE from an institutional niche into a platform where the common man can contribute to social causes with the same transparency as buying a stock. The inclusion of art and culture as eligible activities is a visionary step that recognizes the socio-economic value of India's creative economy, while the mandatory social audits provide a robust defence against "social-washing."

20. FACILITATING EASE OF DOING BUSINESS RELATING TO THE FRAMEWORK ON ALIGNMENT OF INTEREST OF DESIGNATED EMPLOYEES OF AMCs

SEBI vide circular dated March 21, 2025, introduced relaxations to the framework regarding the "Alignment of Interest of Designated Employees of Asset Management Companies (AMCs) with Unitholders" to provide greater operational flexibility and reduce the compliance burden on fund house staff.

Key amendments:

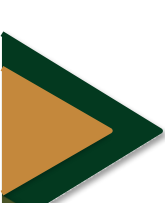
- a. The mandatory "Skin-in-the-game" requirement, which involves locking in 20% of salary/perks in the units of the fund, has been modified to exempt certain junior-level designated employees and non-investment staff.

- b. AMCs are now permitted to allow employees to redeem their locked-in units under specific circumstances, such as financial hardship, retirement, or major medical emergencies, subject to the approval of the AMC's Board of Directors.
- c. The definition of "Designated Employees" has been rationalized to focus more on those directly involved in investment decision-making and risk management, thereby excluding staff with purely administrative or support roles.
- d. Flexibility has been granted in the choice of schemes for investment; employees may now invest in a diversified basket of schemes managed by the AMC rather than being strictly confined to the specific schemes they oversee.

B&P View: The amendments reflect SEBI's intent to balance the "alignment of interest" principle with the practical needs of AMC employees. By providing exit routes for emergencies and exempting lower-level staff, the regulator has significantly improved the ease of doing business and employee morale within the mutual fund industry without compromising the core objective of unitholder protection.

21. FASTER RIGHTS ISSUE WITH ALLOTMENT FLEXIBILITY

SEBI, vide circular dated March 11, 2025, has overhauled the rights issue framework to drastically reduce the time taken for capital raising. By automating several processes and providing flexibility to include specific investors, SEBI aims to





make rights issues as efficient as preferential allotments, effective for issues approved on or after April 7, 2025.

Key Provisions:

- a. The entire timeline for completing a rights issue—from the board's approval to the commencement of trading—has been compressed to just 23 working days, a significant reduction from the previous 55–60 day cycle.
- b. Issuers now have the flexibility to allot the under-subscribed portion of the issue to "specific investors" (strategic or anchor investors), and promoters are permitted to renounce their rights entitlements in favor of such pre-identified investors.
- c. To ensure a swift process, the requirement to file a Draft Letter of Offer (DLoF) with SEBI for observations has been dispensed with; issuers can now file directly with Stock Exchanges for in-principle approval, which is to be granted within 3 working days.
- d. The subscription period has been made more adaptable, with a new mandatory window of a minimum of 7 days and a maximum of 30 days, supported by an automated bid-validation system developed by Stock Exchanges and Depositories.

B&P View: This is a transformative shift that effectively removes the "procedural tax" on rights issues. By shrinking the timeline to 23 days and allowing for strategic investor participation, SEBI has made rights issues a viable alternative to

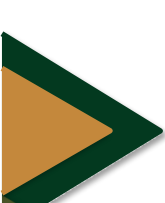
QIPs or preferential issues for urgent capital needs. The flexibility to bring in specific investors to backstop the issue reduces the risk of failure for the company while ensuring that existing shareholders still get their "first right" to participate—thereby protecting against the dilution typical of other fast-track fundraising routes.

22. HARNESSING DIGILOCKER FOR REDUCING UNCLAIMED ASSETS IN THE SECURITIES MARKET

SEBI vide circular dated March 19, 2025, introduced a framework for the integration of DigiLocker with the Indian securities market to address the issue of unclaimed dividends, interests, and redemption proceeds.

Key provisions:

- a. SEBI-registered intermediaries, including Listed Companies, RTAs, and Mutual Funds, are now permitted to use DigiLocker to access and verify digital documents of investors for the purpose of identifying and processing unclaimed assets.
- b. Depositories and RTAs are required to share data regarding unclaimed assets with DigiLocker to enable proactive notifications to investors through their digital accounts.
- c. Introduction of a standardized process for "Digital KYC" through DigiLocker to simplify the updation of bank accounts, addresses, and signatures, which are common hurdles in claiming legacy assets.
- d. Entities are mandated to implement security protocols ensuring that the





use of DigiLocker data complies with the Information Technology (Preservation and Retention of Information by Intermediaries) Rules and data privacy norms.

B&P View: By leveraging DigiLocker as Digital Public Infrastructure, SEBI has moved toward a more proactive investor-reach model. This integration significantly reduces the friction in reclaiming assets by digitizing the verification process, thereby protecting investor interests and reducing the quantum of unclaimed funds held by market participants.

23. EASE OF DOING BUSINESS: ESG DISCLOSURES AND VOLUNTARY GREEN CREDITS

SEBI, vide circular dated March 28, 2025, introduced measures to simplify the Business Responsibility and Sustainability Reporting (BRSR) framework. These changes focus on easing the compliance burden for the value chains of listed entities and introducing a mechanism for reporting environmental initiatives, effective for the FY 2024-25 reporting cycle.

Key provisions:

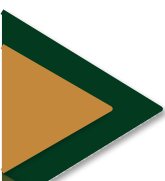
- a. The mandatory "reasonable assurance" requirement for ESG Disclosures for Value Chain has been transitioned to a "comply or explain" basis for the first two years, allowing listed entities more time to align their vendors and suppliers with sustainability standards.
- b. Listed entities are now permitted to consolidate ESG disclosures for their Value Chain at a group level or by key

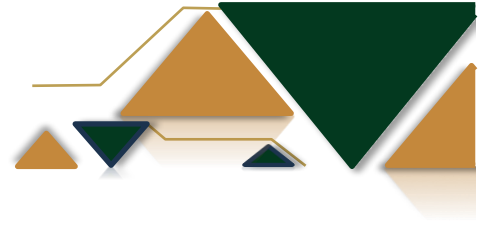
business segments, rather than requiring individual reporting for every minor supplier, provided they account for at least 75% of the purchase/sale value.

- c. A new provision for Voluntary Disclosure on Green Credits has been introduced, enabling companies to report credits generated under the Green Credit Rules, 2023, providing a formal channel to showcase environmental restoration efforts to stakeholders.
- d. To ensure data integrity without overburdening smaller partners, the circular allows the use of secondary data or industry averages for value chain disclosures where primary data collection from small and medium enterprises (SMEs) is practically unfeasible.

B&P View: This circular strikes a delicate balance between India's global ESG commitments and the ground realities of Indian supply chains. By moving to a "comply or explain" model, SEBI has prevented a scenario where smaller vendors are prematurely delisted by large corporates due to high compliance costs. Furthermore, the inclusion of Green Credits within the BRSR framework incentivizes proactive environmental work, turning sustainability reporting from a mere "compliance chore" into a potential competitive advantage for transparent companies.

24. INDUSTRY STANDARDS ON KEY PERFORMANCE INDICATORS (KPIs) DISCLOSURES IN OFFER DOCUMENTS





SEBI vide circular dated February 28, 2025, notified the adoption of industry-standardized KPIs for inclusion in draft offer documents and offer documents, aimed at enhancing the comparability and reliability of financial disclosures for prospective investors.

Key amendments:

- a. Adoption of the "Industry Standards for KPI Disclosures" formulated by the Industry Standards Forum (ISF) for various sectors, including E-commerce, Fintech, and SaaS.
- b. Issuers are required to disclose KPIs that have been consistently used for a period of at least three years preceding the filing of the draft offer document.
- c. Mandatory audit or verification of the disclosed KPIs by the statutory auditor or a peer-reviewed chartered accountant to ensure data integrity.
- d. Requirement for issuers to provide a clear explanation of the methodology used to compute each KPI and its relevance to the business model of the company.
- e. Issuers must provide a comparison of the disclosed KPIs with those of their listed peers (Indian or Global) to facilitate better relative valuation by investors.

B&P View: The standardization of KPIs addresses the long-standing issue of non-comparable "vanity metrics" often used by new-age tech companies. By mandating audit verification and peer comparison, SEBI has significantly improved the transparency of offer documents, enabling investors to make more informed

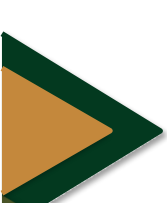
decisions based on standardized business performance data.

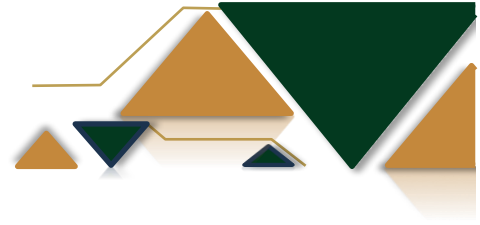
25. AMENDMENTS AND CLARIFICATIONS TO REVISED NOMINATION FACILITIES IN THE SECURITIES MARKET

SEBI vide circular dated February 28, 2025, issued amendments and clarifications to the previous circular dated January 10, 2025, regarding the revamping of nomination facilities, to address implementation challenges and streamline investor convenience.

Key amendments:

- a. Extension of the effective date for the revised nomination framework from April 1, 2025, to July 1, 2025, providing intermediaries additional time for necessary system upgrades.
- b. Clarification that the "Opting out" of nomination through the specified form shall be considered a valid and permanent choice unless the investor specifically chooses to provide a nomination at a later date.
- c. Provision for account holders to nominate up to ten nominees (increased from three) with the flexibility to assign varying percentages of share to each nominee.
- d. Simplification of the process for updating nominations through digital platforms, allowing the use of e-Sign or Aadhaar-based OTP as valid authentication for nomination changes.
- e. Requirement for intermediaries to send a formal confirmation to the investor via SMS and email within two





working days of any change or fresh registration of nomination.

B&P View: SEBI's revised circular prioritizes investor convenience and system readiness. By increasing nominees to ten, simplifying digital authentication, and extending implementation timelines, the regulator balances enhanced flexibility with operational security, ensuring a more transparent and efficient asset transmission process across the market.

26. OPENING OF DEMAT ACCOUNT IN THE NAME OF ASSOCIATION OF PERSONS (AOP)

SEBI vide circular dated February 25, 2025, permitted 'Associations of Persons' (AOPs) to open demat accounts in their own name for the purpose of holding specific permitted securities, effective June 2, 2025.

Key amendments:

- a. **Permitted Securities:** AOPs are now allowed to hold units of mutual funds, corporate bonds, and Government Securities in dematerialized form directly in the name of the AOP.
- b. **Equity Prohibition:** The circular explicitly prohibits these demat accounts from being used to subscribe to or hold equity shares. For equity holdings, AOPs must continue to use the names of natural persons (members).
- c. **Principal Officer (PO):** The AOP must designate a "Principal Officer" (e.g., Secretary, Treasurer, or Manager) to act as its legal representative. The PO's PAN and KYC details must be captured

along with the AOP's PAN at the time of account opening.

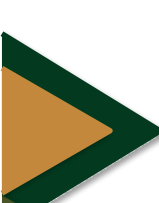
- d. **Constitutional Declaration:** At the time of opening the account, the AOP must provide a declaration confirming that it will only subscribe to financial instruments permitted by its own governing statutes.
- e. **Joint & Several Liability:** To ensure regulatory accountability, all members of the AOP shall remain jointly and severally liable for all obligations and actions related to the demat account at all times.

B&P View: This is a significant "Ease of Doing Business" measure for unincorporated entities like investment clubs or professional bodies. By allowing them to hold non-equity assets in the entity's name, SEBI has eliminated the "key-man risk" (where an account is frozen if an individual member dies). The restriction on equity shares is a strategic safeguard to prevent complex beneficial ownership issues or the misuse of voting rights by unincorporated groups.

27. REVISED TIMELINES FOR ISSUANCE OF CONSOLIDATED ACCOUNT STATEMENT (CAS) BY DEPOSITORIES

SEBI vide circular dated February 14, 2025, revised the timelines for the issuance of Consolidated Account Statements (CAS) by depositories to enhance operational efficiency and ease of compliance for market participants, effective from May 14, 2025.

Key provisions:





- a. Asset Management Companies (AMCs) and Mutual Fund Registrar and Transfer Agents (MF-RTAs) are now required to provide common PAN-based data to depositories within five (5) days from the end of the month, compared to the previous three-day deadline.
- b. Following data receipt, depositories must consolidate and dispatch the monthly CAS to investors opting for electronic delivery (e-CAS) by the 12th day of the succeeding month and for physical mode by the 15th day from the month-end.
- c. For the half-yearly CAS (sent to investors with no transactions), AMCs and MF-RTAs must provide common PAN data to depositories on or before the 8th day of April and October each year.
- d. Depositories are mandated to dispatch half-yearly e-CAS by the 18th day and physical CAS by the 21st day of April and October, respectively.
- e. If any activity occurs in a demat account or mutual fund folio, the CAS will continue to be sent on a monthly basis via email; in the absence of transactions, the CAS containing holding details will be sent half-yearly.
- f. While the default mode is electronic, the circular preserves the investor's right to opt-out of email delivery and receive the CAS in physical form at their registered address.

B&P View: By extending the processing window for AMCs and depositories, SEBI has acknowledged the increasing volume of data and the complexity of

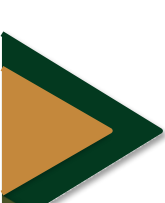
consolidating holdings across diverse platforms. While this move adds a slight delay for investors—pushing the receipt of portfolio data toward the middle of the month—it significantly reduces the risk of data mismatches and "failed" dispatches caused by rushed timelines. This balance ensures that the "One PAN, One Statement" objective remains reliable and accurate as the retail investor base continues to expand.

28. INVESTOR CHARTER FOR STOCK BROKERS

SEBI, vide circular dated February 21, 2025, has introduced a comprehensive Investor Charter for stock brokers to enhance transparency and protect the interests of investors in the securities market. By clearly defining the rights and responsibilities of investors alongside the obligations of stock brokers, SEBI aims to foster a more accountable and trust-based ecosystem, effective immediately for all registered stock brokers.

Key provisions:

- a. The Charter outlines fundamental rights of investors, including the right to fair treatment, timely receipt of funds and securities, and access to a robust grievance redressal mechanism (SCORES) for any service deficiencies.
- b. Stock brokers are now mandated to display the Investor Charter prominently on their websites and mobile applications to ensure that every client is aware of the standard operating procedures and service delivery timelines.
- c. To ensure accountability, the circular specifies mandatory activities for





brokers, such as providing a copy of the 'Rights and Obligations' document to new clients and maintaining strict segregation of client funds from proprietary funds.

- d. Investors are also informed of their own responsibilities, which include providing accurate KYC details, never sharing trading passwords or OTPs, and regularly monitoring contract notes and account statements to detect unauthorized trades.

B&P View: This initiative is a significant step toward investor empowerment and market integrity. By codifying the expectations of the broker-client relationship into a standardized "Charter," SEBI reduces information asymmetry and provides investors with a clear roadmap for recourse. This formalization not only helps in reducing disputes through better-informed participation but also forces a higher standard of compliance and professional conduct across the brokerage industry, ultimately strengthening the retail investor's confidence in the capital markets.

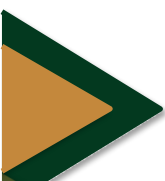
29. FRAMEWORK FOR MONITORING AND SUPERVISION OF SYSTEM AUDIT OF STOCK BROKERS

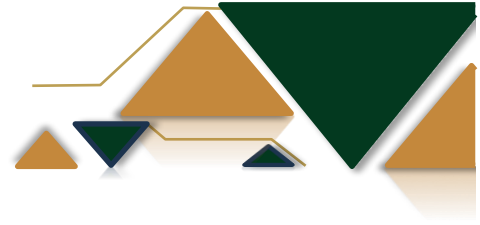
SEBI, vide circular dated January 31, 2025, has introduced a technology-based framework to overhaul the monitoring and supervision of system audits for stock brokers. To mitigate escalating technology risks, SEBI has mandated the creation of an automated oversight mechanism by Stock Exchanges to ensure that audits are conducted with greater rigor, transparency, and physical verification, effective for the audit period FY 2025-26.

Key Provisions:

- a. Stock Exchanges are required to develop a dedicated web portal to manage the entire system audit lifecycle, replacing manual submissions with an end-to-end digital tracking system for audit plans, reports, and corrective actions.
- b. To ensure the authenticity of audits, the framework mandates geolocation capturing; auditors must log into the exchange portal using an OTP-based mechanism while physically present at the broker's premises to verify on-site inspection.
- c. Eligibility criteria for system auditors have been tightened, requiring a minimum of three years of experience in IT audits of securities market participants and enforcing a mandatory two-year cooling-off period after three consecutive years of engagement.
- d. The framework introduces a standardized audit report template and an automated "Action Taken Report" (ATR) module, where the same auditor must validate the rectification of previously identified non-compliances before the audit is closed.

B&P View: This is a sophisticated regulatory upgrade that moves away from "paper-based" compliance to real-time, evidence-based supervision. By utilizing geolocation and OTP-linked logins, SEBI is effectively curbing the practice of "desk audits" and ensuring that auditors actually scrutinize the physical and digital infrastructure of brokers. For Qualified Stock Brokers (QSBs), the added layer of





Governing Board approval further elevates system security to a boardroom priority, significantly reducing the systemic risk of technical glitches or security breaches in the trading ecosystem.

30. ASSOCIATION OF REGULATED ENTITIES AND THEIR AGENTS WITH PERSONS ENGAGED IN PROHIBITED ACTIVITIES

SEBI vide circular dated January 29, 2025, has issued comprehensive clarifications and FAQs to ensure that regulated entities and their agents do not inadvertently or intentionally associate with persons providing unauthorized investment advice or making false performance claims.

Key provisions:

- a. The circular defines prohibited activities as providing securities advice/recommendations without SEBI registration or making any claims of returns or performance (express or implied) without explicit Board permission.
- b. An association is broadly defined to include any transaction involving money or money's worth, client referrals, the integration of information technology systems, or any other engagement of a similar nature that could lend credibility to an unauthorized person.
- c. Regulated entities are strictly barred from using the services of, or providing services to, "finfluencers" or other individuals who speak about specific securities using market price data from the preceding three months, unless those individuals are registered intermediaries.

- d. While investor education is permitted, such activities must remain purely educational; the circular clarifies that any person solely engaged in education must not mention specific security names, code names, or display tickers in their content to avoid being classified as a prohibited associate.

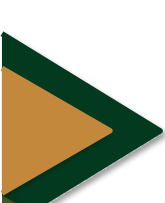
B&P View: This circular is a decisive strike against the "finfluencer" menace and the ecosystem of unregistered investment advisors. By placing the onus on regulated entities—such as brokers and mutual funds—to vet their associates and digital partners, SEBI has effectively cut off the oxygen supply (revenue and technical tools) for unauthorized players. This framework protects retail investors from being misled by "get-rich-quick" schemes promoted under the guise of casual social media content while still preserving the space for genuine, unbiased investor education.

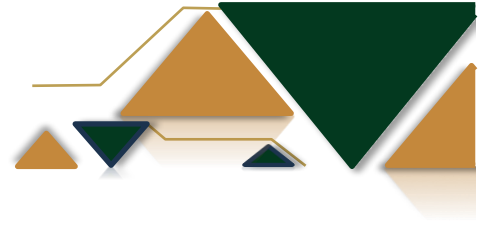
31. TIMELINE FOR REVIEW OF ESG RATING PURSUANT TO OCCURRENCE OF MATERIAL EVENTS

SEBI, vide circular dated January 17, 2025, has streamlined the timeline for ESG Rating Providers (ERPs) to review and update their ratings following significant corporate developments. By establishing a strict window for reacting to material events, SEBI aims to ensure that ESG ratings remain a dynamic and accurate reflection of a company's sustainability profile, effective immediately.

Key Provisions:

- a. ERPs are now mandated to review an ESG rating within 7 working days of the





occurrence of a material event or upon becoming aware of such an event, ensuring that ratings are not based on stale or outdated information.

- b. Following the review, the ERP must publicly disseminate the updated rating or a statement on the impact of the event within 2 working days of the review completion, providing immediate clarity to the investment community.
- c. Material events have been clearly defined to include developments such as major environmental accidents, significant labor disputes, changes in top-tier management, or large-scale regulatory penalties that could alter the ESG score.
- d. To maintain consistency, ERPs must update their internal policies and "Rating Methodologies" to incorporate these specific timelines and display these updated procedures prominently on their official websites.

B&P View: This circular addresses a critical gap in the ESG ecosystem where ratings often lagged behind real-world controversies. By imposing a "T+7" review cycle, SEBI is transforming ESG ratings from static annual benchmarks into high-frequency indicators similar to credit ratings. This move protects investors from "greenwashing" by ensuring that sudden environmental or social lapses are reflected in the rating almost instantly, thereby increasing the reliability of ESG-linked investment decisions and institutional portfolio monitoring.

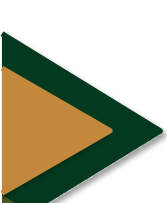
32. EASE OF DOING BUSINESS FOR CREDIT RATING AGENCIES (CRAs) – TIMELINES

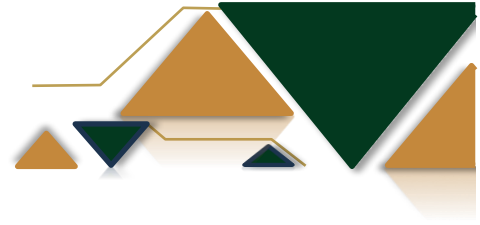
SEBI, vide circular dated January 07, 2025, revised the operational timelines for Credit Rating Agencies (CRAs) to improve efficiency and maintain consistency. By transitioning specific deadlines from "calendar days" to "working days," SEBI has addressed the practical difficulties CRAs face in obtaining third-party confirmations during weekends and holidays, effective immediately.

Key provisions:

- a. CRAs are now required to publish press releases regarding rating actions (including reiterations) within 7 working days of the event, providing a buffer for non-working days while ensuring timely market disclosure.
- b. In instances of delayed debt servicing by an issuer, the CRA must conduct a rating review and disseminate the rating action through a press release within 2 working days of receiving the issuer's statement.
- c. The timeline for migrating a rating to the "Issuer Not Cooperating" (INC) category—following three consecutive months of non-submission of the No-Default Statement (NDS)—has been streamlined to 5 working days.
- d. For debt servicing verification, CRAs must now follow up with the Debenture Trustee within 1 working day post-due date; if no response is received from the issuer within 2 working days, a mandatory press release must be issued.

B&P View: This circular is a significant step toward operational realism in the credit markets. By acknowledging that





CRAs rely heavily on external confirmations from bankers and trustees—who often do not operate on weekends—SEBI has removed the risk of technical non-compliance during holidays. While the shift to "working days" slightly extends the absolute time in some cases, it ensures that the "Issuer Not Cooperating" tags and default disclosures are based on verified facts rather than rushed administrative assumptions.

33. SETTLEMENT OF ACCOUNT OF CLIENTS INACTIVE FOR 30 DAYS

SEBI, vide circular dated January 06, 2025, revised the requirements for the settlement of running accounts for clients who have not traded for 30 days. This measure, aimed at enhancing the Ease of Doing Business, simplifies the operational burden on Trading Members (TMs) and is effective immediately.

Key provisions:

- a. For clients with a credit balance who have not performed any transaction for 30 calendar days, the entire credit balance must now be returned on the upcoming settlement date of the monthly running account settlement cycle, as notified by Stock Exchanges.
- b. This replaces the previous requirement which mandated TMs to identify such clients daily and return their funds within three working days of the 30-day inactivity period, a process that was found to be procedurally inefficient.
- c. The new timeline applies irrespective of whether the client has originally opted for a monthly or quarterly settlement cycle; however, if the client

resumes trading before the scheduled monthly settlement date, the TM will revert to the client's original preferred settlement frequency.

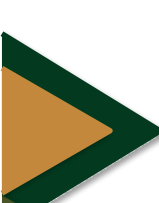
- d. Stock Exchanges are required to monitor compliance through the standard reporting mechanisms and ensure that the annual settlement calendar is clearly communicated to all members to facilitate a smooth transition to this consolidated settlement process.

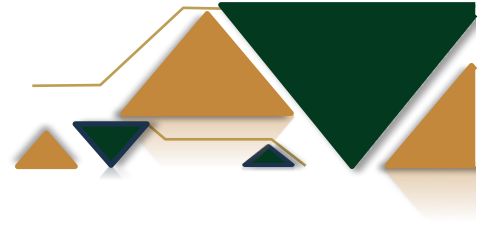
B&P View: This is a pragmatic shift that balances investor safety with operational efficiency. By aligning the "inactive account" settlement with the existing monthly cycle, SEBI has eliminated the need for brokers to run daily payout batches for dormant accounts. Since client funds are already "upstreamed" to Clearing Corporations, the security of the funds is not compromised by this short extension, while the reduction in administrative friction helps in lowering the overall cost of compliance for the brokerage industry.

34. PROCEDURE FOR SEEKING WAIVER OR REDUCTION OF INTEREST IN RECOVERY PROCEEDINGS

SEBI vide circular dated January 3, 2025, has outlined the procedure for applicants to seek a waiver or reduction of interest levied under Section 220 of the Income Tax Act, 1961 (as applied to SEBI recovery proceedings). This follows the SEBI (Settlement Proceedings) (Amendment) Regulations, 2024, which introduced the provision for such waivers under specific conditions.

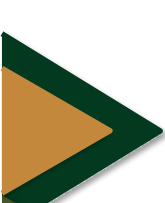
Key provisions:





- a. An applicant may seek a waiver if the interest payable causes genuine hardship, the default was due to circumstances beyond their control, and they have cooperated in any inquiry/proceeding relating to the recovery.
- b. Requests must be submitted to the concerned Recovery Officer (RO) in the prescribed format (Annexure-A). The application must include evidence of "genuine hardship" and proof that the underlying penalty has already been paid.
- c. The application is evaluated by a "Waiver Committee" comprising three Executive Directors of SEBI. The committee provides a recommendation to the competent authority (the Chairperson or Whole Time Member) for a final decision.
- d. SEBI aims to pass an order within six months from the end of the month in which the application was received. The decision to grant or reject the waiver is final and must be communicated to the applicant within 15 days of the order.

B&P View: The circular provides a much-needed formal mechanism for relief in cases where the interest burden significantly exceeds the principal penalty due to prolonged litigation or genuine financial distress. By establishing a structured "Waiver Committee" and clear eligibility criteria, SEBI ensures that the discretionary power to reduce interest is exercised objectively and transparently, balancing the need for deterrence with the principle of fairness.





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IFLR1000 (34th Edition) 2024

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