

BEGUR BULLETIN

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INVESTMENT FUNDS

JANUARY 2026

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*MONTHLY 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. As of December 31, 2025, assets under management (AUM) stood at ₹80.23 lakh crore, down from ₹80.80 lakh crore in November 2025. Further, Real Estate Investment Trusts ("REITs") were formally reclassified as equity-related instruments effective January 1, 2026, fueled by a surge in demand for commercial real estate 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 witnessing substantial progress with the government keen to attract global funds by offering favorable taxation benefits and a business-friendly environment under the new unified registration norms for intermediaries.

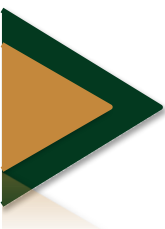
The month January 2026 marked a concentrated phase of regulatory action, with SEBI and IFSCA introducing a series of targeted reforms aimed at enhancing regulatory clarity, market integrity, and ease of doing business. During this month, key developments included the notification of the Stock Broker Regulation, 2026, the introduction of the SWAGAT-FI regime for foreign investors, and relaxations for Large Value and Angel Funds regarding operational filings. 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.

**We value your thoughts and suggestions. If there is feedback on how we can improve The Begur Bulletin, we'd love to hear from you on [communications@begurs.com](mailto:communications@begurs.com). Your input helps us keep this platform insightful.**

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

**— Team Begur**



## ALTERNATIVE INVESTMENT FUNDS (AIFs)

## 1. COMPLIANCE REPORTING FORMATS FOR SPECIALIZED INVESTMENT FUNDS (SIFS)

SEBI vide circular on January 8, 2026 aimed at making Specialized Investment Funds (SIFs) much more transparent. SEBI has issued this circular in order to ensure uniformity and clarity in compliance reporting for SIFs.

### New reporting rules:

- a. **Alignment of Disclosure Standards with Mutual Funds:** SIF has to be in compliance with all the reporting requirement applicable to Mutual Funds. They now have to use the same disclosure standards that Mutual Funds.
- b. **Compliance Test Report:** All Asset Management Companies (AMCs) managing SIF shall report standard compliance under Part I (General Compliance Test), Part II (Investment Compliance Test) and Part III (Investor Service Compliance Test) as stated in Format No. 2B of the Master Circular for Mutual Funds and shall additionally comply with "Part IV" as specified in "Annexure A1" to this circular as part of the Compliance Test Report submitted for Mutual Funds.
- c. **Half-Yearly Trustee Reporting:** AMC managing SIFs shall report compliance under Format 2C of Master Circular for Mutual Funds and additionally shall also comply with the provisions of Clause 72A as stated in "Annexure A2" of this circular as part of the Half-Yearly Trustee Report submitted for Mutual Funds.
- d. **Regulatory intend:** This circular is issued to protect the interest of

investors in securities and to promote the development of, and to regulate the securities market.

**B&P View:** This circular has been issued to ensure that the AMCs have more responsibility and proper system to manage the funds systematically. The goal is to make it clear to everyone that the SIF is different than a regular retail Mutual Fund.

## 2. SIMPLIFICATION OF REQUIREMENTS FOR GRANT OF ACCREDITATION TO INVESTORS

SEBI vide circular dated January 9, 2026 simplified the requirements for grant of accreditation to investors. It made it easier for Accredited Investors to invest in Alternative Investment Fund (AIFs). This step allows "Accredited Investors" to exempt from waiting weeks for paperwork to clear.

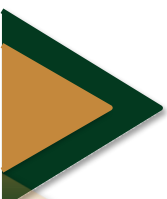
### Key Provisions include:

- a. **Corpus Counting:** No commitment made by the investor shall be included in calculation of corpus of the scheme until they are certified as an Accredited Investor.
- b. **Simplified Net Worth Certification:** It has been decided that specifying the actual net worth and submitting the detailed break-up of the net worth of Accredited Investors is not necessary as long as the Chartered Accountant shall certify if the Accredited Investor meets the specific threshold.
- c. **Instant Operational Start:** While the Accreditation certificate is pending, the "Investment Manger" may start the operation procedure or finalise/execute the contribution agreement based on



their assessment of the investor's eligibility criteria.

**B&P View:** After this, Fund Managers can sign the agreements based on their own check of investor's eligibility rather than waiting for a formal "Accredited Investor" certificate. Now, a single certificate is enough to prove the investors net worth without listing every asset they own.



## 1. EXTENSION OF TIMELINE FOR IMPLEMENTATION OF ADDITIONAL INCENTIVES STRUCTURE FOR DISTRIBUTORS FOR ONBOARDING NEW INDIVIDUAL INVESTORS FROM B-30 CITIES AND WOMEN INVESTORS

SEBI vide circular on January 7, 2026, is in further reference to the SEBI Circular No. HO/(83)2025-IMD-POD-1/1/152/2025 dated November 27, 2025 giving more time to the Mutual Fund houses and their tech partners (Distributors) for onboarding new individual investors from B-30 cities and women investors. It was supposed to come into effect from February 1, 2026 but is pushed to March 1, 2026.

### Key updates include:

- a. **Timeline Extension:** Based on industry feedback regarding operational challenges in implementing the additional incentive structure, the implementation deadline has been extended to allow sufficient time for system readiness.
- b. **The Target:** The goal is to bring in new people. The incentives apply when distributors sign up New individual investors (new PAN) from B-30 cities and New women individual investors (new PAN) from both T-30 and B-30 cities.
- c. **Regulatory Objective:** This circular is issued in the interest of investors and to promote the orderly development of the mutual fund industry.

**B&P View:** SEBI main goal was to make investing more accessible for women and other people in smaller cities and this one-month delay does not change the main goal. One extra month is given by the SEBI since companies were facing operational difficulties in putting place the requisite

systems and processes for smooth implementation of the additional incentive structure to the distributors.

## 2. SECURITIES AND EXCHANGE BOARD OF INDIA (MUTUAL FUNDS) REGULATIONS, 2026

SEBI vide notification on January 16, 2026 aimed at a complete overhaul of the mutual fund regulatory framework by replacing the 1996 regulations. SEBI has issued this notification to modernize the legal structure, enhance cost transparency, and promote the ease of doing business through simplified compliance.

### New reporting rules:

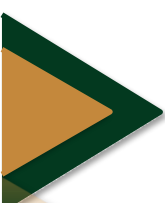
- a. **Unbundling of Total Expense Ratio (TER):** The expense structure is now split into a Base Expense Ratio (BER) and separate pass-through costs, where all statutory levies like GST, STT, and Stamp Duty must be charged on actuals rather than being bundled into the management fee.
- b. **Reduced Brokerage Caps:** Transaction costs charged to schemes have been slashed to 6 bps for cash market and 2 bps for derivatives to lower the impact of trading expenses on investor returns.
- c. **Abolishment of Additional Allowances:** The previous provision allowing an additional 5 bps for schemes with exit loads has been permanently removed to standardize the cost framework across all funds.
- d. **Performance-Linked Fee Option:** A new framework allows AMCs to offer a performance-linked BER, which directly aligns the fund manager's compensation with the actual investment outcomes for the unit holders.



- e. **Digital-First Compliance:** The regulations mandate a transition to digital disclosures and electronic filings, significantly reducing the paper-based compliance burden and streamlining communications with investors.
- f. **Regulatory Intent:** This notification is issued to protect the interests of investors in securities and to ensure a more transparent, efficient, and modern regulatory environment for the mutual fund industry.
- g. **Segregation of Costs Beyond TER:** Beyond unbundling TER, costs like custodian fees, fund accounting, and transaction costs must be transparently disclosed, ensuring investors know exactly what they are paying for.
- h. **Investor-Centric Disclosures:** AMCs must provide clear, standardized disclosures in digital format, including periodic reports and risk metrics, to enhance investor understanding and comparability across funds.
- i. **Fund Governance Enhancements:** The regulations strengthen AMC governance requirements, including responsibilities of trustees, investment committees, and fund managers, to ensure accountability in decision-making.
- j. **Operational Modernization:** Mandates digital filings and real-time reporting to SEBI for compliance, which reduces lag and improves regulatory oversight.

limits and unbundling taxes, SEBI is forcing AMCs to prioritize operational efficiency and performance over distribution size, ultimately leading to higher net returns for investors in the long run.

**B&P View:** This overhaul marks the transition from a "bundled" cost model to a highly transparent "a-la-carte" system, ensuring that investors only pay for active fund management. By slashing brokerage



## 1. SINGLE WINDOW AUTOMATIC AND GENERALISED ACCESS FOR TRUSTED FOREIGN INVESTORS (SWAGAT-FI) FRAMEWORK FOR FPIs AND FVCIs

SEBI, vide circular dated January 16, 2026 (No. 99107), specifically amended the FPI Master Circular to operationalize the SWAGAT-FI framework for FPIs. While circular 99106 established the broad structure, this circular provides the precise regulatory text and FPI-specific relaxations.

### Key clarifications include:

- a. **10-Year KYC & Registration Cycle:** For SWAGAT-FI FPIs, the registration validity and the periodicity of KYC reviews by custodians are extended to 10 years (from the standard 3 or 5 years), drastically reducing periodic paperwork.
- b. **Exemption from Aggregate Caps:** SWAGAT-FI FPIs are exempt from the standard 50% aggregate contribution cap for NRIs, OCIs, and Resident Indian individuals.
- c. **LRS Contribution Route:** Resident Indians (RIs) can now invest in SWAGAT-FI FPIs via the Liberalised Remittance Scheme (LRS), provided the fund is a global vehicle with less than 50% Indian exposure.
- d. **Public Retail Fund Criteria:** To qualify, retail funds (like Mutual Funds or Unit Trusts) must operate as a blind pool with an independent investment manager and diversified investors and be set up in identified jurisdictions.
- e. **Conversion Option:** Existing eligible FPIs (like Sovereign Wealth Funds or Pension Funds) are granted the option to convert their current registration to a SWAGAT-FI registration through their DDP.
- f. **Unified Accounting:** Depositories are mandated to provide a single, unified account view for SWAGAT-FIs to manage securities acquired across FPI, FVCI, and other investment vehicle routes.
- g. **Eligibility & Jurisdiction Requirements:** SWAGAT-FI FPIs must be from specified jurisdictions and meet criteria for low-risk, stable investors (like blind-pool retail funds with independent managers and diversified investor base).
- h. **Conversion & Transition:** Existing eligible FPIs (e.g., Sovereign Wealth Funds, Pension Funds) are allowed to convert their registration to SWAGAT-FI status through their DDP, ensuring a smooth transition.
- i. **Custodian & Operational Mandates:** SWAGAT-FIs must use the same DDP/custodian for registration and holdings, with depositories providing unified accounting and reporting for all FPI, FVCI, and related investment vehicle holdings.
- j. **Regulatory Fast Track & Risk Alignment:** The circular reinforces that SWAGAT-FIs are low-risk investors, justifying the 10-year KYC cycle and exemptions from aggregate caps, creating a "Green Channel" with minimal administrative burden.

**B&P View:** This circular serves as the "execution manual" for the SWAGAT-FI reform. By shifting these "trusted" investors to a decadal compliance cycle and relaxing the LRS contribution norms, SEBI is effectively creating a "Green Channel" for stable, long-term global capital. These changes significantly lower the administrative barriers for the world's

largest institutional investors, aligning India's regulatory burden with the low-risk profile of these entities.

## 2. SINGLE WINDOW AUTOMATIC AND GENERALISED ACCESS FOR TRUSTED FOREIGN INVESTORS (SWAGAT-FI) FRAMEWORK FOR FPIs AND FVCIs

SEBI, vide circular dated January 16, 2026, operationalized the Single Window Automatic and Generalised Access for Trusted Foreign Investors ("SWAGAT-FI") framework to simplify entry and compliance for low-risk foreign investors.

### Key Provisions include:

- a. **Unified Registration:** Eligible applicants can obtain both FPI and FVCI registration through a single application with no additional documentation, provided they use the same custodian/DDP.
- b. **Eligible "Trusted" Entities:** Includes government-related investors (Sovereign Wealth Funds, Central Banks), appropriately regulated public retail funds, insurance companies, and pension funds.
- c. **10-Year Compliance Cycle:** The validity of registration, periodic KYC reviews, and fee payments is extended from the standard 3 or 5 years to 10 years for SWAGAT-FIs.
- d. **Simplified Operations:** Depositories will provide a unified accounting and investing experience, allowing SWAGAT-FIs to hold FPI, FVCI, and investment vehicle securities in a single demat account.
- e. **LRS Relaxation:** Resident Indian contribution limits are eased for SWAGAT-FIs, allowing investment via

the LRS route into global funds with less than 50% Indian exposure.

- f. **Unified Custodian Requirement:** While you mention a single application, SEBI also requires that SWAGAT-FIs use the same designated depository participant (DDP) or custodian for both FPI and FVCI registrations.
- g. **Reduced Reporting Requirements:** SWAGAT-FIs are subject to lighter ongoing reporting and compliance obligations compared to regular FPIs/FVCIs, reflecting their "trusted" status.
- h. **Risk-Based Fast Track:** The framework explicitly classifies these investors as low-risk, allowing them expedited access and minimal procedural friction, which is the rationale behind the 10-year compliance cycle.

**B&P View:** This framework significantly reduces procedural friction by consolidating the FPI and FVCI regimes for nearly 70% of the existing foreign capital base. By extending compliance lifecycles to a decade, SEBI has moved toward a risk-based "fast-track" model that enhances India's competitiveness while aligning with global institutional standards.

## 3. CONSULTATION PAPER ON PROPOSAL TO PERMIT NETTING OF FUNDS FOR TRANSACTIONS DONE BY FOREIGN PORTFOLIO INVESTORS (FPIs).

SEBI issued a consultation paper on January 16, 2026, proposing to allow "netting of funds" for FPI transactions in the cash market. This shift from gross to net settlement aims to reduce funding costs and improve capital efficiency for foreign investors.

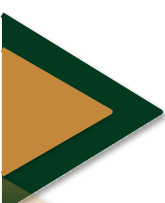
**Key proposals include:**

- a. **Netting of Funds:** SEBI proposes allowing FPIs to use sale proceeds from a given day to fund purchase obligations on that same day, requiring them to pay only the "net" amount.
- b. **Outright Transactions Only:** Netting is restricted to "outright" trades (where an FPI only buys or only sells a specific security). Buying and selling the same security will still be settled on a gross basis to discourage speculative intra-day trading.
- c. **Cost Efficiency:** The move addresses "hidden costs" like forex slippage and the need for temporary credit, which are particularly high during major events like index rebalancing.
- d. **Gross Delivery and Taxes:** Only the funds are netted; the delivery of securities remains on a gross basis. Accordingly, STT and stamp duty will continue to apply to the full value of the trades.
- e. **Risk Management:** While custodians raised concerns about potential chain failures (a failed sale causing a failed purchase), SEBI maintains that the existing Settlement Guarantee Fund (SGF) is robust enough to manage these risks.
- f. **Custodian-Level Netting & Scope:** Netting of funds applies only per FPI per custodian and is limited to outright trades in the cash market, excluding derivatives, intra-day trades, and securities lending.
- g. **Regulatory & Tax Compliance:** All regulatory obligations, reporting, and taxes (STT, stamp duty) remain

applicable on the full trade value; netting affects only cash settlement.

- h. **Settlement Cycle:** The proposal applies within the existing T+2 settlement framework, with no change to the timeline, and uses the Settlement Guarantee Fund (SGF) to manage default risks.

**B&P View:** This is a vital "ease of doing business" reform that brings Indian settlement practices in line with global institutional standards. By removing the need for FPIs to lock up massive amounts of capital for one-day cycles, SEBI is lowering the entry barrier and operational friction for foreign capital, making the Indian market significantly more competitive.



## 1. ONE-TIME WINDOW TO EXTEND THE VALIDITY OF THE PLACEMENT MEMORANDUM

IFSCA vide circular on January 27, 2026, aimed at streamlining the compliance reporting framework for Fund Management Entities (FMEs) in International Financial Services Centres (IFSCs). This circular has been issued to ensure uniformity in reporting and to provide clarity on the submission of the Private Placement Memorandum (PPM) Audit Report.

### Key Provisions:

- a. **Three-Month Extension Window:** A one-time opportunity (valid for 3 months from the circular date) is granted to Venture Capital and Restricted Schemes whose Placement Memoranda (PPMs) have expired or are nearing expiry.
- b. **Re-filing Procedure:** FMEs with schemes that haven't commenced investment must re-file the PPM within this window. The validity will then be extended for six months from the date the Authority takes the re-filed PPM on record.
- c. **Open-Ended Scheme Relief:** Open-ended Restricted Schemes that raised USD 1 million but failed to reach the mandatory USD 3 million corpus within 12 months can also apply for this extension.
- d. **No Material Changes:** Re-filed PPMs must not contain material changes to the fund's name, strategy, objective, or structure (open vs. close-ended).
- e. **Regulatory Intent:** Issued under the IFSCA Act, 2019, to facilitate ease of doing business and support fund

managers during volatile market conditions.

**B&P View:** This circular is a strategic "lifeline" for fund managers in GIFT City. By allowing a 3-month window to revive expired PPMs, IFSCA is providing a safety net for capital raising hurdles without forcing managers to restart the entire registration process from scratch.

## 2. PROCEDURE AND CLARIFICATION ON FILING OF SCHEME APPLICATION UNDER THIRD-PARTY FUND MANAGEMENT ARRANGEMENT

IFSCA issued a circular on January 16, 2026, clarifying the procedure for Registered Fund Management Entities (FMEs) to launch schemes under "Third-Party Fund Management" arrangements. This ensures a standardized process for global managers using IFSC-based platforms.

### Key procedures and clarifications include:

- a. **Digital Filing:** All applications must be filed through the IFSCA Single Window IT System (SWIT), following the standard format prescribed in the April 2024 circular.
- b. **Third-Party Transparency:** To ensure that the Third-Party Fund Manager is legitimate, they shall provide full legal name, registered office details, proof of its registration/license with regulatory authority of its home jurisdiction, and a "look-through" chart to identify their Ultimate Beneficial Owners (UBOs).
- c. **Track Record:** They shall provide the record of third-party's past investment strategies similar to the proposed scheme.



- d. **Governance & Conflict:** They shall provide outline of the deal execution, disclosure of Conflict of Interest, if any and Profiles of Key Managerial Personnel (KMPs) and the board of the third party are required, along with remuneration policies of third-party fund manager.
- e. **Legal Binding:** The FME must submit a formal Declaration-cum-Undertaking and the signed agreement governing the relationship with the third-party manager to ensure full regulatory accountability.

**B&P View:** This circular streamlines the "Platform Play" model, making it easier for global managers to enter the GIFT City ecosystem via local FMEs. By mandating granular disclosures on UBOs and past performance, IFSCA is balancing "Ease of Doing Business" with strict oversight, ensuring that only high-quality, reputable managers can operate under third-party arrangements.

### 3. ENABLING ELIGIBLE SEZ UNITS AND ADVANCE AUTHORISATION HOLDERS

IFSCA issued a circular on January 2, 2026, to simplify how a business can import gold and silver through the IIBX. This update makes the exchange accessible to more business by relaxing previous restrictions.

#### Key updates include:

- a. **Expanding Access for SEZ Units:** SEZ units that export jewellery can now import through IIBX if they meet specific turnover and net worth rules.
- b. **Lowered Financial Thresholds:** The minimum net worth for eligible SEZ

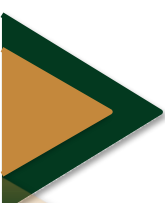
units has been reduced to INR 5 crore, earlier it was INR 15 crore.

- c. **Simplified Silver Importation:** Any business with a valid Import-Export Code can now import silver bars without needing a special "Qualified Jeweller" status.
- d. **New Pathways for DGFT Permit Holders:** Holders of these DGFT permits can now apply to be Qualified Jewellers to import metals specifically for their export work.
- e. **Strict Delivery Protocols:** To prevent misuse, gold or silver imported by SEZ units must be delivered directly to their SEZ premises after clearing customs.
- f. **Ongoing Eligibility Monitoring:** The IIBX will review net worth every six months to ensure businesses remain eligible to trade.

**B&P View:** This circular effectively expands IIBX access by lowering entry barriers for SEZ manufacturers and silver importers. By reducing the net worth requirement for SEZ units to INR 5 crore and removing the "Qualified Jeweller" mandate for specific silver imports, IFSCA is making it easier to do business. These practical steps should drive higher trading volumes while maintaining oversight through strict "direct-to-SEZ" delivery rules and ongoing compliance reviews.

### 4. IMPORT OF GOLD OR SILVER BY QUALIFIED JEWELLERS AND VALID INDIA- UAE CEPA TRQ HOLDERS THROUGH IIBX- CONSOLIDATED CIRCULAR

This consolidated circular, updated on January 2, 2026, explains the rules for importing gold and silver through the India





International Bullion Exchange (IIBX). It combines various updates to make the trading process easier for businesses.

**Key updates include:**

- a. **Expanded List of Eligible Participants:** The eligible participants who can import which also include Qualified Jewellers, India-UAE trade quota (TRQ) holders, and businesses with Advance Authorisation from the government.
- b. **Relaxed Norms for SEZ Units:** Units in Special Economic Zones that export jewellery benefit from a lower net worth requirement of INR 5 crore and only need to show that 35% of their turnover comes from jewellery.
- c. **Simplified Silver Imports:** Any business with a valid Import-Export Code (IEC) can now buy specific silver bars through the exchange without needing the official Qualified Jeweller status.
- d. **Direct Delivery & Usage Rules:** Importers are only allowed to buy on the exchange, and for SEZ units, the metal must be delivered directly to their premises inside the SEZ after customs.
- e. **Strict Financial Timelines:** All imports and paperwork must be finished within 11 days of sending the money; any unused funds must be sent back to the bank in India.
- f. **Ongoing Compliance & Oversight:** The exchange reviews a business's net worth every 6 months, and if a business breaks the rules and stays suspended for 6 months, it loses its importing status.

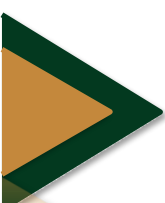
**B&P View:** This circular effectively expands exchange access by simplifying the rules for manufacturers, especially those in SEZs. By lowering the entry barriers and removing procedural hurdles for silver imports, the regulator is making the process much more practical. These changes should drive higher trading volumes while maintaining safety through the strict 11-day deadline and "fit and proper" checks for all owners.

**5. MODIFICATIONS UNDER THE INTERNATIONAL FINANCIAL SERVICES CENTRES AUTHORITY (ANTI MONEY LAUNDERING, COUNTER-TERRORIST FINANCING AND KNOW YOUR CUSTOMER) GUIDELINES, 2022**

The IFSCA issued a circular on January 02, 2026, to update the rules for how businesses in the IFSC must prevent money laundering and verify their customers (KYC). These changes are meant to make the process clearer and more secure.

**Key updates include:**

- a. **Scope and Exemptions:** All regulated entities must comply unless specifically exempt (e.g., Global-in-House Centres and certain educational institutions), though exempt units must still perform independent risk assessments.
- b. **Anti-Round Tripping:** To prevent illicit fund recycling, businesses are now required to identify and verify the ultimate source of wealth whenever the beneficial owner is an Indian National.
- c. **Digital Onboarding:** Financial institutions may use digital documents and biometric tools, including Aadhaar Face Authentication, while rejections of applications from Persons with



Disabilities must be formally justified in writing.

- d. **Privacy and Updating:** Customer risk categories (High/Medium/Low) must remain confidential from the client, with KYC refresh cycles mandated every 2, 8, or 10 years respectively for resident Indians.
- e. **Operational Banking:** All institutional transactions must be conducted through bank accounts specifically located within an IFSC Banking Unit, and any participating non-profit must be registered on the DARPAN portal.

**B&P View:** This update makes the IFSC a safer place for business by simplifying the rules while closing loopholes. By allowing digital and biometric KYC, the regulator is making it much faster to sign up new clients. At the same time, the new focus on checking the source of funds for Indian owners shows they are serious about stopping financial tricks. These changes find a good balance between being modern and being strict enough to keep the system clean.

## 6. PROCEDURE AND CLARIFICATION ON FILING OF SCHEME APPLICATION UNDER THIRD-PARTY FUND MANAGEMENT ARRANGEMENT

IFSCA issued a circular on January 16, 2026, clarifying the procedure for Registered Fund Management Entities (FMEs) to launch schemes under "Third-Party Fund Management" arrangements. This ensures a standardized process for global managers using IFSC-based platforms.

**Key procedures and clarifications include:**

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- d. **Governance & Conflict:** They shall provide outline of the deal execution, disclosure of Conflict of Interest, if any and Profiles of Key Managerial Personnel (KMPs) and the board of the third party are required, along with remuneration policies of third-party fund manager.
- e. **Legal Binding:** The FME must submit a formal Declaration-cum-Undertaking and the signed agreement governing the relationship with the third-party manager to ensure full regulatory accountability.

**B&P View:** This circular streamlines the "Platform Play" model, making it easier for global managers to enter the GIFT City ecosystem via local FMEs. By mandating granular disclosures on UBOs and past performance, IFSCA is balancing "Ease of Doing Business" with strict oversight, ensuring that only high-quality, reputable managers can operate under third-party arrangements.

## MISCELLANEOUS

## 4. SEBI BULLETIN - JANUARY 2026

SEBI's January 2026 Bulletin provides a consolidated overview of the capital markets' health and the regulatory landscape. This publication ensures that market participants are updated on resource mobilization trends, secondary market performance, and the latest legal amendments aimed at market integrity.

**Key Provisions:**

- a. **Resource Mobilization Trends:** During December 2025, the primary market remained active with 51 IPOs raising approximately ₹23,553 crore. The bulletin highlights a trend of "volume-driven" growth, with a high number of SME IPOs providing a platform for capital formation for smaller entities.
- b. **Secondary Market Performance:** The bulletin tracks the performance of major indices, noting that while the Nifty Metal index was a top performer (up 8.5%), sectors like Realty and Media lagged. It also reports a combined Average Daily Turnover (ADT) of ₹1.02 lakh crore across BSE and NSE.
- c. **New Regulatory Notifications:** The January bulletin features several major 2026 amendments, most notably:
  - **Retail Investor Recognition:** A ₹2 lakh investment limit for "Retail Individual Investors" in debt securities to provide targeted incentives.
  - **Closing Auction Session (CAS):** Introduction of an auction-based

"marking the close" manipulation.

- **SIF Compliance Formats:** Specific reporting structures for Specialized Investment Funds to mirror Mutual Fund transparency.
- d. **Foreign Portfolio Investor (FPI) Activity:** The report details the "SWAGAT-FI" framework, which simplifies on-boarding for trusted foreign investors, reflecting SEBI's push for ease of doing business.
- e. **Regulatory Intent:** The bulletin serves as a formal record of SEBI's exercise of powers under the SEBI Act, 1992, intended to keep the public informed and ensure the orderly development of the securities market.

**B&P View:** The SEBI Bulletin is more than just a data dump; it's a "state of the union" for the Indian markets. The January 2026 edition shows a clear shift toward protecting retail investors in the debt market and tightening technical trading rules (like the Closing Auction). For compliance officers, the bulletin acts as a final checklist to ensure no circular or notification from the busy year-end period was missed.

## 5. INVESTOR SURVEY 2025

The SEBI Investor Survey 2025, released in late 2025, provides a comprehensive look at the Indian investment landscape based on a massive study of 90,000 households across 400 cities and 1,000 villages. SEBI commissioned this report to understand the disconnect between high market awareness and actual retail participation.

**Key reporting findings:**

- a. **The Awareness-Action Gap:** While 63% of Indian households (approx. 21.3 crore) are aware of at least one securities market product, only 9.5% (3.21 crore) actually invest, highlighting a massive untapped market.
- b. **Deep Risk Aversion:** Nearly 80% of households prioritize capital preservation over high returns, with even 79% of Gen-Z identifying as low-risk-tolerant, contradicting the popular narrative of a highly speculative young generation.
- c. **Geographic and Demographic Concentration:** Penetration is heavily skewed toward urban areas (15%) versus rural areas (6%), with Delhi (21%) and Maharashtra (17%) leading the charts, while states like Nagaland and Meghalaya show participation below 5%.
- d. **Product Popularity vs. Complexity:** Awareness is highest for Mutual Funds (53%) and Equities (49%) but drops sharply for complex products like F&O (13%) and REITs/InvITs (10%), where penetration remains under 1%.
- e. **The "Finfluencer" Influence:** Approximately 62% of retail investors admit to making investment decisions based on social media recommendations, with many preferring video-based content over traditional financial advice.
- f. **Barriers to Entry:** Non-investors cited product complexity (74%), fear of losing money (34%), and a general lack of trust in financial institutions (51%) as the primary reasons for staying away from the markets.
- g. **Grievance Redressal Paradox:** While awareness of SEBI's formal grievance system (SCORES) is low (14%), those who have used it report an exceptionally high satisfaction rate of 90%.
- h. **Regulatory Intent:** This survey was conducted to gather empirical data to help SEBI design targeted investor education programs and simplified regulatory frameworks for the next decade of market growth.
- i. **Investor Knowledge Levels:** The report shows that among those who do invest, only a minority have moderate or high knowledge about securities markets — highlighting a knowledge gap even within the investor pool.
- j. **Intenders & Triggers:** A significant portion of non-investors who are aware of the markets (called "intenders") plan to invest within the next year, and key triggers include simplified digital platforms, relatable success stories, peer influence, and education in local languages.
- k. **State Level & Town Class Penetration:** The survey reveals granular differences in participation not only between urban and rural areas but also across town classes and states (e.g., much higher penetration in top metros vs smaller towns).
- l. **Household Investment Patterns:** The survey also highlights asset allocation trends—most investors prefer bank deposits, post office schemes, and gold over equities, reflecting conservative investment behaviour beyond just risk aversion.

m. **Digital & Technology Adoption:** The report notes a growing role of digital platforms for market access, especially mobile apps and online brokers, but adoption is limited in semi-urban and rural areas, pointing to infrastructure and literacy gaps.

**B&P View:** The report confirms that while India's market infrastructure is world-class, the retail "psychology" remains anchored in safety. The heavy reliance on unverified "influencers" combined with low participation in rural areas suggests that SEBI's next challenge is not just technical but educational. To move from 9.5% to 20% participation, the focus must shift from "selling products" to "simplifying risk" in regional languages.

## 6. CONSULTATION PAPER FOR SIMPLIFICATION OF CLIENT ONBOARDING AND RATIONALISATION OF RISK MANAGEMENT FRAMEWORK AT KYC REGISTRATION AGENCIES

SEBI issued a consultation paper on January 16, 2026, to simplify investor onboarding and strengthen the KYC risk framework. The proposal aims to make KYC records "portable" so that investors don't have to submit the same information every time they approach a new broker or fund house.

### Key proposals include:

- a. **Centralized Data:** Supplementary information (income range, occupation, PEP status) will be stored centrally at the KRA level and shared across all intermediaries once validated.
- b. **Automated Alerts:** KRAs will send advance alerts to intermediaries when a client's KYC record hasn't been updated for five years, an ID document has expired, or a minor turns 18.

- c. **Simplified Documentation:** Investors who have already updated their names in PAN/Aadhaar databases or have verified mobile numbers linked to Aadhaar will not need to provide separate proof to intermediaries.
- d. **OCI/PIO Relaxations:** Overseas address proof will become optional for OCI cardholders who have resided in India for more than 182 days, provided they provide proof of Indian residence.
- e. **Sync Timelines:** Intermediaries must notify KRAs of account closures within three working days, and KRAs must update or delink the records within two business days to ensure data privacy.
- f. **Uniform KYC Standards Across Intermediaries:** SEBI proposes standardizing KYC processes and risk scoring across all intermediaries, so investors get consistent treatment regardless of the intermediary.
- g. **Risk-Based Approach:** KRAs are expected to categorize investors based on risk profiles (low, medium, high) to tailor monitoring and periodic updates.
- h. **Data Privacy Safeguards:** While sync timelines are mentioned, the consultation also emphasizes stronger data access controls and audit trails to protect investor information.
- i. **Intermediary Responsibilities:** Intermediaries must periodically verify KYC details, not just notify closures, ensuring ongoing accuracy of investor records.

**B&P View:** This is a major move toward a "Single KYC" ecosystem. By centralizing supplementary data and automating updates, SEBI is removing the repetitive

paperwork that frustrates investors. It effectively balances "Ease of Doing Business" with a robust risk framework, ensuring that critical investor data remains accurate and accessible across the entire securities market.

## 7. REVIEW OF FRAMEWORK TO ADDRESS THE 'TECHNICAL GLITCHES' IN STOCK BROKERS' ELECTRONIC TRADING SYSTEMS

SEBI vide circular dated January 09, 2026, issued a reviewed framework to address 'technical glitches' in stock brokers' electronic trading systems, superseding the previous circular dated November 25, 2022. This review aims to streamline compliance, rationalize technology requirements based on broker size, and simplify reporting obligations.

### Key clarifications include:

- a. **Defining a "Technical Glitch":** A technical problem is only officially a "glitch" if it causes a disruption lasting 5 minutes or more.
- b. **Exclusion of External Issues:** Brokers don't have to report issues that are out of their control, such as global cloud outages, stock exchange (MII) problems, KYC processing errors, or simple chart display issues.
- c. **Size-Based Exemptions:** Only brokers with more than 10,000 active clients need to follow this framework. Smaller brokers are now exempt to save them from extra paperwork.
- d. **Streamlined Reporting Process:** Brokers now have 2 hours to notify exchanges about a problem. They must use a single online portal called 'Samuhik Pratedan Manch' for all reports.

- e. **Penalty Relief for Alternative Access:** Brokers won't be fined if one trading method (like their website) is down, but another (like their mobile app) is still working fine for customers.
- f. **Simplified Disaster Recovery:** Brokers must monitor their systems to handle "peak loads". However, the rules for backup sites and disaster recovery are now much simpler for smaller firms.
- g. **Transparency to Clients:** Brokers are required to inform their clients about any technical glitch within the reporting timeline (2 hours), ensuring customers are aware of disruptions and can take necessary precautions.

**B&P View:** This update makes life easier for brokers by focusing only on major disruptions rather than minor tech hiccups. By exempting small brokers and giving everyone more time to report issues, SEBI has simplified the rules and reduced unnecessary paperwork. These changes ensure that brokers can focus on fixing technical problems quickly instead of being overwhelmed by strict reporting deadlines and unfair penalties

## 8. SECURITIES AND EXCHANGE BOARD OF INDIA (STOCK BROKERS) REGULATIONS, 2026

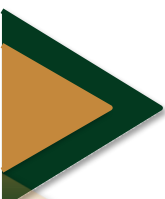
The SEBI (Stock Brokers) Regulations, 2026, notified on January 7, 2026, marks a significant structural overhaul by replacing the decade-old 1992 framework. The move is designed to simplify compliance, enhance transparency, and modernize the regulatory environment for the digital age.

### Key features include:

- a. **Consolidation and Simplification:** Regulations streamlined from 59 pages



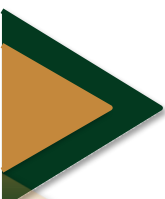
- to 29, with schedules integrated into chapters to improve readability.
- b. **Expanded Regulated Activities:** Stock brokers can undertake other regulated financial activities (RBI, IRDAI, PFRDA), subject to compliance with respective regulators' laws.
  - c. **Enhanced Reporting for QSBs:** Risk-based classification introduces enhanced obligations for "Qualified Stock Brokers" based on size, client base, and trading volume, including robust cybersecurity frameworks and scalable technical infrastructure.
  - d. **Mandatory Indian Residency:** At least one Designated Director must reside in India for a minimum of 182 days per financial year to ensure local accountability.
  - e. **Fraud Detection & Whistleblower Policy:** Brokers must have effective mechanisms to prevent, detect, and report fraud/market abuse, including a written whistleblower policy with confidential reporting channels.
  - f. **Timeline for Grievance Redressal:** Investor grievances must be resolved within 21 calendar days from receipt.
  - g. **Repeal & Transitional Continuity:** The 1992 Regulations are fully repealed, with provisions ensuring continuity of existing registrations, inspections, and investigations.
  - h. **Disclosure & Reporting:** Brokers must promptly disclose material changes (e.g., control, key personnel, compliance failures) to SEBI.
  - i. **Record Retention:** Books and records must now be maintained for 8 years to aid audits and investigations.
  - j. **Prohibited Activities:** Clear prohibitions on schemes offering guaranteed returns, unauthorized collective investment schemes, and acceptance of cash from clients.
  - k. **Net Worth & Penalty Framework:** Minimum net worth thresholds revised, and penalties (including interest on delayed fees at 15% per month) updated to reflect non-compliance.
- B&P View:** This regulation represents a "structural reset" of the broking industry in India. By shifting from a reactive enforcement model to a preventive compliance framework, SEBI has placed greater responsibility on the board and senior management of brokerage firms. The goal is to provide operational flexibility through "Ease of Doing Business" while ensuring that the infrastructure—especially regarding cyber-security and client fund segregation—is robust enough to handle modern market volumes.
- ## 9. CONSULTATION PAPER ON NORMS FOR SHARING AND USAGE OF PRICE DATA FOR EDUCATIONAL PURPOSES
- SEBI issued a consultation paper on January 6, 2026, to simplify the rules for using stock market price data in teaching and awareness programs. The goal is to make the rules consistent while ensuring the data is fresh enough to be useful but old enough to prevent misuse.
- Key proposals include:**
- a. **Uniform 30-Day Lag:** SEBI suggests a standard 30-day delay for both sharing and using price data. This replaces the old, confusing system where data could be shared after one day but only used for teaching after three months.





- b. **Balancing Learning and Safety:** A one-day lag was found to be risky as it allowed for unauthorized "live" investment tips, while a three-month lag made educational content feel outdated and irrelevant for students.
- c. **Preventing Misuse:** By enforcing a 30-day gap, SEBI aims to stop people from giving real-time investment advice under the guise of "education," which requires a specific license.
- d. **Strict Standards:** Educators must still follow existing conduct rules, ensuring they don't engage in prohibited activities like promising guaranteed returns or giving specific stock picks.
- e. **Feedback Period:** Stakeholders have until January 27, 2026, to share their views on whether this 30-day window is the right balance.
- f. **Continuation of Existing Rules:** All other provisions of the May 2024 and Jan 2025 circulars remain in force, and entities engaged solely in education must continue to follow prohibited activity rules while complying with the proposed 30-day lag.
- g. **Stakeholder Feedback Questions:** SEBI seeks specific comments on whether the 30-day lag is appropriate and if any additional safeguards are needed to prevent misuse of price data for educational purposes.

**B&P View:** This is a practical move that helps real educators stay relevant without opening the door for "finfluencers" to give unlicensed tips. It strikes a fair balance: students get to learn from recent market events, but the data is "cold" enough to prevent it from being used for risky, real-time trading advice.





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## Latest Awards and Recognitions

### RSGI Resight (RSG India)

#### IBLJ A List

A List (2023-2024)

### ALB India Law Awards 2025

Notable Firm (2024)

### Legal 500

Private Equity (including Venture Capital) - Tier 5 (2025)

### IFLR1000 (34th Edition) 2024

1. Rajesh Begur B Ranking: Leading Lawyer – Highly Regarded
2. Firm Ranking: Recommended Firm
3. Southern Asia, Australasia and Central Asia Ranking: Highly Regarded

### Corporate INTL Global Awards

Cross Border Private Equity Transactions Law Firm of the Year in India - 2025

### Forbes India – Legal Powerlist 2023

Top Law Firm (above 10 years' experience)

### Asia Law 2022

Notable Firm – Private Equity, Investment Funds, Banking and Finance, Corporate and M&A

### Global Law Expert 2021

Cross Border Private Equity Transactions Law Firm of the year

### RSG Consulting 2019

Top 40 Indian Law Firm