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IBC UPDATES



1. Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) (Amendment) Regulations, 2025.

IBBI vide **Notification** dated **February 03, 2025**, has notified the IBBI (Insolvency Resolution Process for Corporate Persons) (Amendment) Regulations, 2025, introducing key changes to streamline the Corporate Insolvency Resolution Process (CIRP), effective from February 03, 2025, including the following key changes.

- i. **Handing Over of Possession (Regulation 4E)**
The resolution professional (RP) shall transfer possession of plots, apartments, or buildings under real estate projects upon approval of the Committee of Creditors (CoC) with at least 66% voting and subject to the allottee fulfilling their obligations.
- ii. **Appointment of Facilitators (Regulation 16C & 16D)**
Where the number of creditors in a class exceeds 1,000, the CoC may direct the Resolution Professional to appoint facilitators for sub-classes within the creditors. The number of facilitators is capped at five, and their fees shall be 20% of the fee payable to the authorized representative.
- iii. **Participation of Real Estate Authorities (Regulation 18)**
The CoC may invite the competent authority under the Real Estate (Regulation and Development) Act, 2016, to attend the meetings as an observer to give inputs on real estate projects.
- iv. **Development Rights and Permissions Report (Regulation 30C)**
The RP must prepare and submit a report on the status of development rights and permissions for real estate projects to the CoC and Adjudicating Authority within sixty days from the insolvency commencement date.
- v. **Inclusion of Facilitator Fees (Regulation 31)**
The fee payable to facilitators shall be included as part of the insolvency resolution process cost.
- vi. **Disclosure of MSME Status (Regulation 36A)**
The Expression of Interest (EOI) process shall now include details of the corporate debtor's MSME registration. The CoC may relax EOI eligibility and refundable deposit conditions for allottees in real estate projects meeting specific thresholds.
- vii. **Performance Security Relaxation (Regulation 36B)**
The CoC may waive performance security requirements for associations of allottees in real estate projects meeting prescribed criteria.
- viii. **Establishment of Monitoring Committee (Regulation 38)**
The CoC may set up a monitoring committee to oversee the resolution plan's implementation. The committee may include representatives from the CoC, resolution applicants, and insolvency professionals, with the RP's fee capped at their CIRP fee. The monitoring committee shall submit quarterly progress reports to the Adjudicating Authority. These amendments aim to enhance efficiency in CIRP, particularly in real estate insolvencies, by improving transparency, stakeholder representation, and implementation monitoring.

The link for the aforesaid amended Regulation is as follows:

<https://ibbi.gov.in/uploads/legalframework/dad9d41a898644d81529c67ad5ff94b5.pdf>

2. Discussion Paper on 'Streamlining Processes under the Code: Reforms for Enhanced Efficiency and Outcomes'

IBBI, by way of a Notification dated **February 04, 2025**, came out with a discussion paper related to “Streamlining Processes under the Code: Reforms for Enhanced Efficiency and Outcomes” in relation to various aspects of Insolvency and Bankruptcy Code, 2016 (“Code”). This paper aims to enhance the efficiency, transparency, and effectiveness of the processes while providing clarity on various operational aspects, including management of essential services, coordinated resolution of interconnected entities, and streamlining of submission of resolution plans.

The proposals on which the comments from the stakeholders invited by the Board are as follows:

- i. Review of expenditure on Goods and Services availed during CIRP
- ii. Coordinated Insolvency Resolution for Interconnected Entities
- iii. Presentation of All Resolution Plans before the Committee of Creditors
- iv. Mandatory Submission of Statement of Affairs by Corporate Debtors
- v. Reliefs and Concessions subsequent to approval of Resolution Plan
- vi. Incentivizing Interim Finance Providers
- vii. Disclosure and Treatment of Avoidance Transactions
- viii. Request for resolution plans for part-wise resolution of Corporate Debtor
- ix. Empowering CoC for Expedited Implementation of Resolution Plans
- x. Non-receipt of Repayment Plan under Insolvency Resolution of Personal Guarantor
- xi. Sale of Corporate Debtor as a Going Concern.

The link for the aforesaid Discussion paper is as follows:

https://ibbi.gov.in/uploads/public_comments/Discussion%20Paper%20on%20Streamlining%20Processes%20under%20the%20Code%20Clean.pdf

3. Intimation to the Board on the appointment of insolvency professional under various processes under the Code

IBBI vide Circular dated **February 11th, 2025** issued a directive under Section 196 of the *Insolvency and Bankruptcy Code, 2016*, mandating Insolvency Professionals (IPs) to register their assignments on the IBBI electronic portal upon appointment across various processes.

Previously, only select assignments were required to be added, but to streamline compliance and improve record-keeping, the Board has formalized this requirement for all appointments, including those as **Interim Resolution Professionals (IRPs), Resolution Professionals (RPs), Liquidators, Bankruptcy Trustees, and Administrators** under different insolvency and liquidation processes.

IPs must register new assignments within **three days** of their appointment, while ongoing and closed cases must be added by **February 28, 2025, and March 31, 2025, respectively**. For closed cases involving **Personal Guarantors**, the assignments shall be added by **April 30, 2025**. Compliance with this directive ensures timely reporting of announcements, EOIs, and auction notices as per the Code.

The link for the aforesaid Circular is as follows:

<https://ibbi.gov.in/uploads/legalframework/713b4ed4c289b651c47d811bc997fbf9.pdf>

MCA UPDATES



4. The Companies (Prospectus and Allotment of Securities) Amendment Rules, 2025

MCA vide notification dated **February 12th, 2025**, has notified the Companies (Prospectus and Allotment of Securities) Amendment Rules, 2025, pursuant to its powers under the Companies Act, 2013. These amendments, effective from the date of their publication in the Official Gazette, modify Rule 9B of the Companies (Prospectus and Allotment of Securities) Rules, 2014.

The amendment provides an extended compliance timeline for certain private companies.

Specifically, a private company (excluding Producer Companies) that did not qualify to be a Small company as on 31st March, 2023, is granted an extension until June 30th 2025, to comply with the requirements of Rule 9B (2).

Revised Rule 9B(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 as follows:-

A private company, which as on the last day of a financial year, ending on or after 31st March, 2023, is not a small company as per audited financial statements for such financial year, shall, within eighteen months of the closure of such financial year, comply with the provisions of this rule.

Provided that a producer company covered under this sub-rule shall, within a period of five years of closure of such financial year, comply with the provision of this sub-rule.

Provided further that a private company, other than a Producer company, which is not a small company as on 31st March, 2023, may comply with the provision of this sub-rule by 30th June, 2025

The link for the aforesaid Notification is as follows:

<https://www.mca.gov.in/bin/dms/getdocument?mds=uB9cbvrHAgY40CP98CDaNQ%253D%253D&type=open>

RBI UPDATES



MASTER DIRECTION

5. Financial Market - Access of SEBI-Registered Non-Bank Brokers to NDS-OM

- Vide: Reserve Bank of India (Access Criteria for NDS-OM) Directions, 2025
- Dated: February 07, 2025.

The Reserve Bank of India (RBI) has issued new guidelines under the Master Direction – Reserve Bank of India (Access Criteria for NDS-OM) Directions, 2025, allowing SEBI-registered non-bank brokers to access the Negotiated Dealing System – Order Matching (NDS-OM) platform.

This initiative aims to **enhance retail investor participation in the government securities (G-Sec) market.** The revised access criteria supersede the 2024 guidelines issued on October 18, 2024, and come into immediate effect.

Definitions and Key Concepts

- **NDS-OM:** An Electronic Trading Platform (ETP) authorized by the RBI for trading government securities.
- **Direct Access:** shall mean access to NDS-OM wherein an entity that is party to a transaction directly executes/reports the transaction on/to the platform, and such transactions are settled in its own Subsidiary General Ledger (SGL) account;
- **Indirect Access:** shall mean access to NDS-OM wherein an entity undertakes its transactions through another entity that has direct access to NDS-OM and which assumes responsibility for the settlement of such transactions;
- **Negotiated Dealing System-Order Matching (NDS-OM)** shall mean the ETP authorised by the Reserve Bank for transactions in Government securities;
- **Stock Broker Connect** allows stockbrokers to provide retail clients with NDS-OM access via their SEBI-registered demat accounts.
- **Designated Settlement Bank (DSB):** A bank appointed for the settlement of fund obligations for members who do not have a current account with the RBI.

Eligibility for NDS-OM Access

Direct Access: The following entities can directly access NDS-OM:

Banks, Primary Dealers, NBFCs (including Housing Finance Companies), All India Financial Institutions (AIFIs), Mutual Funds, Provident Funds, Pension Funds, Insurance Companies, and Market Infrastructure Institutions (MIIs).

Requirements:

- Must have a Subsidiary General Ledger (SGL) account with RBI.
 - Maintain a current account with RBI or a DSB.
 - Be a member of the Clearing Corporation of India Limited (CCIL) securities settlement segment
1. **Indirect Access:** Available to entities not eligible for direct access or those choosing to route trades through an intermediary.
 2. **Stockbroker Connect:** Individual investors can access NDS-OM through SEBI-registered brokers linked with CCIL members.

Application & Compliance

- Entities must apply to RBI's **Financial Markets Regulation Department** for direct access.
- RBI retains discretion to **approve, reject, or terminate access** based on regulatory compliance and public interest.
- Any entity violating RBI's directions or engaging in market abuse may face suspension or termination.

Impact & Conclusion

- This framework **deepens the G-Sec market** by enabling **broader participation, improving liquidity, and empowering retail investors**.
- By integrating SEBI-registered brokers, the RBI fosters **market efficiency and transparency** in India's fixed-income securities ecosystem.

Link:

https://rbidocs.rbi.org.in/rdocs/notification/PDFs/127MD_NDSOMDIRECTIONS5790D42339FB46569DBC0752355C159A.PDF

CIRCULARS AND NOTIFICATIONS

6. Review of Risk Weights on Microfinance Loans

- ❖ Vide: **RBI/2024-25/119**
- ❖ Dated: **February 25, 2025**

The Reserve Bank of India (RBI) has revised the risk weight [framework](#) for microfinance loans, impacting various banking institutions. These changes affect commercial banks, including Small Finance Banks (SFBs), but exclude Regional Rural Banks (RRBs) and Local Area Banks (LABs). The revision aligns with Basel III Capital Regulations and recent regulatory measures concerning consumer credit.

Impact on Commercial Banks and Small Finance Banks

As per **para 5.9.1 of the Master Circular on Basel III – Capital Regulations (April 1, 2024)**, loans that meet the four qualifying criteria in **para 5.9.3** may be classified under the **Regulatory Retail Portfolio (RRP)** and attract a **risk weight of 75%**. However, **consumer credit, including personal loans**, is explicitly excluded from RRP classification under **para 5.9.2**.

In a **November 16, 2023, circular**, the RBI increased the risk weight on consumer credit (excluding housing, education, vehicle loans, and loans secured by gold) to **125%**. Upon review, the RBI has decided to **exclude microfinance loans in the nature of consumer credit from this higher risk weight**. Instead, such loans will now attract a **risk weight of 100%**.

Additionally, microfinance loans **not classified as consumer credit** may still qualify for RRP treatment **if they meet all four criteria in para 5.9.3**. Banks must implement appropriate **policies and standard operating procedures** to ensure compliance with these qualifying conditions.

Impact on Regional Rural Banks (RRBs) and Local Area Banks (LABs)

All **microfinance loans extended by RRBs and LABs** will be subject to a **100% risk weight**, without differentiation based on consumer credit classification.

Applicability and Legal Basis

These **revised risk weights apply to both outstanding and new microfinance loans** from the date of the circular's issuance. Other regulatory guidelines remain unchanged.

The revised framework is issued under **Sections 21 and 35A of the Banking Regulation Act, 1949**, empowering the RBI to regulate risk assessment and capital adequacy norms in banking.

Conclusion

This review refines the risk weight treatment of microfinance loans, balancing **financial stability with the need for financial inclusion**. While commercial banks and SFBs benefit from continued classification under RRP, **the increased risk weight for consumer credit-oriented microfinance loans** may lead to a reassessment of lending strategies. RRBs and LABs, however, will uniformly apply a **100% risk weight** to all microfinance loans, ensuring regulatory consistency.

Link:

https://rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?Id=12786

The Circular is structured in a tabular format for better understanding:

Impact on Commercial Banks and Small Finance Banks (SFBs)	
Criteria	Risk Weight
Loans meeting the four qualifying criteria in para 5.9.3 of Basel III – Capital Regulations	75% (Regulatory Retail Portfolio - RRP)
Consumer credit (including personal loans)	Excluded from RRP classification
Consumer credit microfinance loans	100% (Previously proposed at 125%)
Microfinance loans not classified as consumer credit but meeting RRP criteria	Can qualify for RRP (75%)
Impact on Regional Rural Banks (RRBs) and Local Area Banks (LABs)	
Loan Type	Risk Weight
All microfinance loans	100%
Differentiation based on consumer credit classification	None
Applicability and Legal Basis	
Aspect	Details
Applicability	Applies to both outstanding and new microfinance loans
Legal Authority	Issued under Sections 21 and 35A of the Banking Regulation Act, 1949
Other Regulations	Remain unchanged

7. Government securities transactions between a Primary Member (PM) of NDS-OM and its own Gilt Account Holder (GAH) or between two GAHs of the same PM

Government Securities Transactions: New Guidelines for Primary Members and Gilt Account Holders

The Reserve Bank of India (RBI) has introduced new [guidelines](#) for transactions in government securities between a Primary Member (PM) of the Negotiated Dealing System – Order Matching (NDS-OM) and its Gilt Account Holder (GAH), as well as between two GAHs of the same PM.

Current Transaction System

Transactions in government securities within the Over-the-Counter (OTC) market occur through two channels:

- **NDS-OM Platform:** Securities are bought and sold on the Order Matching segment or the Request for Quote (RFQ) segment of NDS-OM.
- **Bilateral Negotiations:** Transactions are negotiated outside the system and subsequently reported on NDS-OM.

All transactions matched on NDS-OM are cleared and settled through the Clearing Corporation of India Limited (CCIL), which acts as a Central Counterparty (CCP) for these transactions.

Key Changes in Regulations

Previously, transactions between a PM and its own GAH or between two GAHs of the same PM were not allowed on NDS-OM. Additionally, such transactions were not cleared and settled through CCIL.

After a review and feedback from stakeholders, RBI has introduced the following changes:

- **Matching on NDS-OM:** Transactions between a PM and its own GAH or between two GAHs of the same PM are now permitted on both the Order Matching segment and the RFQ segment of NDS-OM. These transactions will be cleared and settled through CCIL.
- **Optional Clearing for Bilateral Transactions:** Transactions that are bilaterally negotiated and reported to NDS-OM may also opt for clearing and settlement through CCIL.

Settlement Failures and Penalties

Failure to settle these transactions will be classified as 'SGL bouncing', as per the Government Securities Act, 2006. This is subject to penalties outlined in the RBI circular dated July 14, 2010, which has been revised periodically.

Operational Guidelines and Legal Framework

The CCIL will issue detailed operational guidelines for the implementation of these changes. These directions are issued under Section 45W of the RBI Act, 1934 and are subject to compliance with other applicable laws.

Conclusion

The revised framework enhances the flexibility, efficiency, and transparency of government securities transactions. It strengthens market operations while ensuring regulatory compliance and risk mitigation.

Link:

<https://rbidocs.rbi.org.in/rdocs/Notification/PDFs/NT1159066D9AFA3144AC69619285CD18E0B17.PDF>

The Circular is structured in a tabular format for better understanding:

Current Transaction System	
Transaction Type	Description
NDS-OM Platform	Securities are bought and sold on the Order Matching segment or the Request for Quote (RFQ) segment of NDS-OM.
Bilateral Negotiations	Transactions are negotiated outside the system and subsequently reported on NDS-OM.
Clearing & Settlement	All matched transactions on NDS-OM are settled through the Clearing Corporation of India Limited (CCIL), which acts as a Central Counterparty (CCP).

Key Regulatory Changes	
Previous Rule	Updated Guidelines
Transactions between a Primary Member (PM) and its own Gilt Account Holder (GAH), or between two GAHs of the same PM, were not allowed on NDS-OM.	Such transactions are now permitted on both the Order Matching and RFQ segments of NDS-OM.
These transactions were not cleared or settled through CCIL.	Now, they will be cleared and settled through CCIL.
No option for clearing bilaterally negotiated transactions.	Bilateral transactions reported to NDS-OM may now opt for CCIL clearing and settlement.

Settlement Failures & Penalties	
Failure Type	Penalty
Failure to settle transactions	Classified as 'SGL bouncing' under the Government Securities Act, 2006.
Regulatory action	Subject to penalties as per the RBI circular dated July 14, 2010, and its periodic revisions.

8. Liquidity Adjustment Facility - Change in rates

- ❖ Vide: RBI/2024-25/109
- ❖ Dated: February 07, 2025

No.	Announcement	Previous Rate	New Rate	Details
1	Reduction of the policy repo rate under the Liquidity Adjustment Facility (LAF)	6.50%	6.25%	Decision by the Monetary Policy Committee (MPC) with immediate effect.
2	Adjustment of the Standing Deposit Facility (SDF) rate	-	6.00%	Revised with immediate effect.
3	Adjustment of the Marginal Standing Facility (MSF) rate	-	6.50%	Revised with immediate effect.
4	Standing Liquidity Facility for Primary Dealers (PDs) available at the revised repo rate	6.50%	6.25%	Collateralized liquidity support from the Reserve Bank with immediate effect.
5	Revision of the Bank Rate	6.75%	6.50%	Downwards adjustment by 25 basis points with immediate effect.

Link:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NOT1090C5E6F5BF60F4502873BDA6B6FB7108D.PDF>

9. All Agency Banks to remain open for public on March 31, 2025 (Monday)

- ❖ Vide: RBI/DoR/2024-25/112
- ❖ Dated: February 11, 2025

The Government of India has requested to keep all branches of the banks dealing with Government receipts and payments open for transactions on March 31, 2025 (Monday-Public Holiday) so as to account for all the Government transactions relating to receipts and payments in the Financial Year 2024-25 itself. Accordingly, Agency Banks are advised to keep all their branches dealing with government business open on March 31, 2025 (Monday).

Link:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NT112FF1E262985EE4D9EA04CD750EF955C1D.PDF>



10. Foreign Exchange Management (Manner of Receipt and Payment) (Amendment) Regulations, 2025

- ❖ Vide: FEMA 14(R)(1)/2025-RB
- ❖ Dated: February 10, 2025

Regulation 3(2)(I)(a)(ii) pertains to the payments between residents of Asian Clearing Union ("ACU") member countries and now stands revised through the Amended Regulations.

Authority and Context:

- Issued by the Reserve Bank of India (RBI) under Section 47 of the Foreign Exchange Management Act, 1999.
- Modifies the Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2023 (the Principal Regulations).

Relevant Regulation:

- Regulation 3(2)(I)(a)(ii) pertains to payments between residents of Asian Clearing Union (ACU) member countries, excluding Nepal and Bhutan.

New Provisions:

- Payments between ACU member countries can now be made through the ACU mechanism or as per RBI directions to authorized dealers.
- For all other transactions, receipts and payments will follow the manner specified under item (iii) of Regulation 3(2)(I)(a).

Previous Guidelines:

- Prior to the amendment, payments to and from non-ACU countries were required to be made in Indian Rupees or any foreign currency.
- Receipts and payments were also permissible according to the provisions of the Foreign Trade Policy set by the Central Government.

Objective of Amendments:

- Clarify that payments between ACU member countries (excluding Nepal and Bhutan) may be processed through the ACU mechanism.
- Aim to streamline payment processes for such transactions.
- Ensure alignment with RBI guidelines while continuing to allow payments in Indian Rupees and foreign currencies for other international transactions.

Link:

[https://rbidocs.rbi.org.in/rdocs/notification/PDFs/FEMA14R\(1\)12022025937F223E951C4B17A572909928D39D35.PDF](https://rbidocs.rbi.org.in/rdocs/notification/PDFs/FEMA14R(1)12022025937F223E951C4B17A572909928D39D35.PDF)



11. Reserve Bank of India (Prudential Regulations on Basel III Capital Framework, Exposure Norms, Significant Investments, Classification, Valuation and Operation of Investment Portfolio Norms and Resource Raising Norms for All India Financial Institutions) Directions, 2023 - Amendment

- ❖ Vide: RBI/2024-25/116
- ❖ Dated: February 17, 2025

RBI's Amendment Overview:

The RBI amended the Prudential Regulations for All India Financial Institutions (AIFIs) under the Basel III Capital Framework. This amendment, effective April 1, 2025, modifies the classification of investments under the Held to Maturity (HTM) category, allowing greater flexibility for AIFIs.

Changes to HTM Investment Classification:

- As per the original guidelines issued on September 21, 2023, investments under the HTM category were subject to a 25% ceiling, limiting the portion of investments that could be classified under this category.
- However, after review, the RBI has now allowed investments in long-term bonds and debentures issued by non-financial entities to be exempt from this ceiling, provided they have a minimum residual maturity of three years.

Applicability to Financial Institutions:

- The amendment applies to key AIFIs, including EXIM Bank, NABARD, NaBFID, NHB, and SIDBI.
- These institutions play a crucial role in financing agriculture, infrastructure, housing, and small industries.
- The exemption from the HTM ceiling is expected to provide them with greater flexibility in investment planning and resource allocation.

Impact of the Amendment

This regulatory change aims to enhance long-term investment in infrastructure and development sectors by ensuring that AIFIs can invest more in long-term bonds and debentures without breaching regulatory limits.

The move is expected to boost economic growth, provide better liquidity management, and support sustainable financing options for non-financial entities. By implementing this amendment, the RBI has taken a progressive step in supporting financial stability while ensuring regulatory compliance.

Link:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NT1169A68D6B7EB914975ACA7CB79F56E6655.PDF>



12. Reserve Bank of India (Forward Contracts in Government Securities) Directions, 2025

- ❖ Vide: Notification No. RBI/2024-25/117
- ❖ Dated: February 21, 2025

The Reserve Bank of India (RBI) has issued the Forward Contracts in Government Securities Directions, 2025, following extensive public feedback on the draft released on December 28, 2023. These Directions, effective from May 2, 2025, establish a comprehensive framework for conducting forward contracts on government securities—commonly referred to as bond forwards—in India's Over the Counter (OTC) market.

Key Points on Bond Forward Transactions

Eligible Market Participants eligible to undertake bond forward transactions:

- A resident;
- A non-resident who is eligible to invest in Government Securities under the Foreign Exchange Management (Debt Instruments) Regulations, 2019.

Market makers:

The following entities will be eligible to undertake transactions in bond forwards as **Market-makers**:

- Scheduled Commercial Bank (except a Small Finance Bank, a Payment Bank, a Local Area Bank, and a Regional Rural Bank);
- Standalone Primary Dealer.
- Market maker can undertake long positions without any limit and cover short positions in bond forwards.
- Market makers will also be eligible to undertake uncovered short positions subject to the underlying government security being eligible for short sale.
- Such uncovered short sales have to be covered within a period of 3 months from the date of transaction.
- One of the parties to bond forward has to be a market maker or a central counterparty who is authorized by RBI.

Users:

Entity intending to be a user has to be eligible to be classified as a non-retailer user according to Rupee Interest Rate Derivatives (Reserve Bank) Directions, 2019, dated June 26, 2019.

Non-Retail users include:

- Entities regulated by the Reserve Bank.
- Insurance companies.
- Mutual funds, pension funds, and other collective investment vehicles.
- All India Financial Institutions such as Exim Bank, NABARD, NHB, and SIDBI.
- Companies/entities with a net worth of Rs. 500 crore or above.

- Non-residents other than individuals.

Directions for Users who are eligible:

- Users can undertake long positions in bond forwards without limit.
- Users can undertake covered short positions in bond forwards only for hedging purposes.
- Users must provide relevant information/documents for covered short positions upon request by market makers.
- Users must exit covered short positions in case it ceases to hold the underlying government security.

Settlement and Unwinding of Transactions:

Transactions can be:

- Can be physically settled or cash settled.
- Can be Settled through the Clearing Corporation of India Ltd. or another clearing agency, or
- Can be settled bilaterally.

Reporting Obligations for Market Makers:

- Market makers must report all bond forward transactions to the Trade Repository of CCIL by the end of the trading day.
- Reporting details must include:
 - Counterparty information
 - Underlying government security
 - Type of settlement
 - Whether the short position is covered or uncovered.
- Instances of unwinding, novation, bilateral settlement, and settlement defaults must also be reported to the TR.
- Regular reconciliation of outstanding balances between market makers and the TR is required, subject to ongoing concurrent audits.

Violations:

The RBI may prohibit violators from engaging in bond forward transactions for up to one month per instance.

Prudential Norms, Accounting, and Capital Requirements:

Market participants must adhere to:

- All applicable prudential norms, including capital adequacy, exposure norms, and related party transactions.
- Appropriate methodologies for marking to market their positions in bond forwards.

Link:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NT117115BA3350C4D4AEABEF8DE4C2BCDE7BB.PDF>

13. **Review and rationalization of prudential norms - UCBs**

- ❖ Vide: RBI/2024-25/118
- ❖ Dated: February 24, 2025

The Reserve Bank of India (RBI) has periodically introduced prudential norms for Urban Co-operative Banks (UCBs) to enhance their financial stability and resilience. Key aspects of these norms include small value loans, housing and real estate exposure ceilings, and provisioning requirements for investments in Security Receipts (SRs). To provide greater operational flexibility to UCBs while maintaining regulatory objectives, RBI has reviewed and rationalized these norms, as outlined below:

Here's a tabular summary of the revised prudential norms for Urban Co-operative Banks (UCBs):		
Aspect	Previous Norms	Revised Norms
Small Value Loans	At least 50% of total loans to be small value by March 2026. Defined as ≤ ₹25 lakh or 0.2% of Tier I capital (whichever is higher), with a max cap of ₹1 crore per borrower.	Definition revised to ₹25 lakh or 0.4% of Tier I capital (whichever is higher), with a max cap of ₹3 crore per borrower. Boards must monitor portfolio quality.
Real Estate Exposure Limits	Total real estate exposure capped at 10% of total assets, with an additional 5% for priority sector housing loans.	Housing loans (non-priority) capped at 25% of total loans. Other real estate exposure capped at 5% of total loans.
Maximum Loan per Borrower	Not specified in the given details.	Tier-based Limits: Tier 1: ₹60 lakh Tier 2: ₹1.40 crore Tier 3: ₹2 crore Tier 4: ₹3 crore
Provisioning for Security Receipts (SRs)	Provisions for valuation differentials on SRs were to be completed by FY2025-26.	Glide path extended to FY2027-28, but existing provisions must be maintained.
Repeal & Implementation	Previous circulars applied.	New norms take immediate effect; older circulars repealed.

Link:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NOT1189494DE298E0745AF88C9B1CA4F4C1ED6.PDF>



IMPORTANT PRESS RELEASES

14. RBI Press Releases

a. **RBI approves the voluntary amalgamation of The Citizen Cooperative Bank Limited, Vasco-Da-Gama, Goa with TJSB Sahakari Bank Ltd**

The Scheme will come into force with effect from February 10, 2025 (Monday). The branches of The Citizen Cooperative Bank Limited, Vasco-Da-Gama, Goa will function as branches of TJSB Sahakari Bank Ltd. with effect from February 10, 2025.

<https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR21112C8706EE3EA04B43A0D418A15FC5A994.PDF>

b. **RBI approves the voluntary amalgamation of Pune Commercial Co-operative Bank Ltd., Satara, Maharashtra with Pimpri Chinchwad Sahakari Bank Maryadit, Pune, Maharashtra**

The Scheme will come into force with effect from February 10, 2025 (Monday). The branches of Pune Commercial Co-operative Bank Ltd., Satara (Maharashtra) will function as branches of Pimpri Chinchwad Sahakari Bank Maryadit, Pune (Maharashtra) with effect from February 10, 2025.

<https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR2110457BF08ED2F6481D977E8D5EBC5A37F8.PDF>

c. **Issue of ₹50 Denomination Banknotes in Mahatma Gandhi (New) Series bearing the signature of Shri Sanjay Malhotra, Governor**

The Reserve Bank of India will shortly issue ₹50 denomination Banknotes in Mahatma Gandhi (New) Series bearing the signature of Shri Sanjay Malhotra, Governor. The design of these notes is similar in all respects to ₹50 banknotes in Mahatma Gandhi (New) Series. All banknotes in the denomination of ₹50 issued by the Reserve Bank in the past will continue to be legal tender.

d. **Removal of Supervisory Restrictions: Kotak Mahindra Bank Limited**

On April 24, 2024, the Reserve Bank of India imposed certain business restrictions on Kotak Mahindra Bank Limited. The bank was directed to cease and desist from:

- i. onboarding of new customers through its online and mobile banking channels, and
- ii. issuing fresh credit cards.



Subsequently, the bank initiated remedial measures to address the supervisory concerns and submitted compliances to the Reserve Bank. Now, having satisfied the Reserve Bank decided to lift the aforementioned restrictions placed on Kotak Mahindra Bank Limited.

<https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR21397402EF767E3E4E37837C2E6A23D03622.PDF>

e. Supersession of Board of Directors of New India Cooperative Bank Ltd., Mumbai

In exercise of the powers conferred under Section 36 AAA read with Section 56 of the Banking Regulation Act, 1949 (As Applicable to Co-operative Societies), the Reserve Bank has today superseded the Board of Directors of New India Cooperative Bank Ltd., Mumbai, for a period of 12 months.

The above action is necessitated due to certain material concerns emanating from poor governance standards observed in the bank.

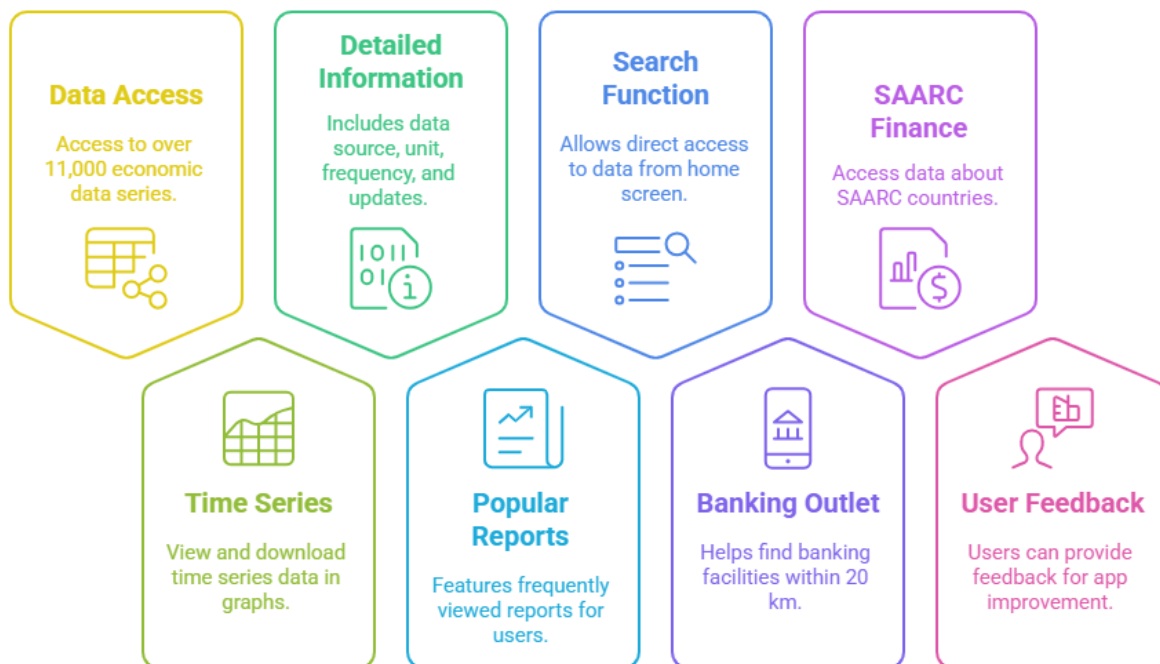
Consequently, the Reserve Bank has appointed Shri Shreekant, former Chief General Manager of State Bank of India (SBI) as 'Administrator' to manage the affairs of the bank during this period.

<https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR2162E3FF888102F34823A8729B727359AA4F.PDF>

f. Launch of the RBIDATA Mobile App by RBI

The Reserve Bank of India launched RBIDATA, a Mobile App, that offers macroeconomic and financial statistics relating to the Indian economy in a user-friendly and visually engaging format.

Key Features of RBIDATA Mobile App



This app offers quick access to the Database on the Indian Economy (DBIE – <https://data.rbi.org.in>) portal and aims to serve the researchers, students, and the general public. It is available for both iOS and Android users (version 12 and above). The app also lets users provide feedback to improve its functionality.

<https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR2193BF8C80AEC5644A0E9BD54ADFC3474720.PDF>



g. All-India House Price Index (HPI) for Q3:2024- 25

Key Points from RBI Press Release on All-India House Price Index (HPI) for Q3: 2024-25

Aspect	Details
HPI Growth	All-India HPI increased by 3.1 percent (y-o-y) in Q3:2024- 25 as compared with 4.3 percent growth in the previous quarter and 3.8 percent growth a year ago.
City-Wise Variation	Annual HPI growth varied widely across the cities <ul style="list-style-type: none"> Highest Growth: Kolkata at 8.1%. Lowest Growth: Kanpur at 0.1%.
Sequential Growth	On a quarter-on-quarter basis, the HPI increased by 0.4% in Q3: 2024-25 . Cities with sequential price increases include Mumbai, Bengaluru, Ahmedabad, Lucknow, Kolkata, Chennai, Jaipur, and Kochi.
Data Source	Data is derived from transaction-level information received from registration authorities in ten major cities.
Cities Covered	The ten major cities analysed for the House Price Index (HPI) are Ahmedabad, Bengaluru, Chennai, Delhi, Jaipur, Kanpur, Kochi, Kolkata, Lucknow, and Mumbai.

h. Renewal of the Bilateral Swap Arrangement between Japan and India

Japan and India renewed the Bilateral Swap Arrangement (BSA) effective today (Feb. 28, 2025).

The Bank of Japan, acting as agent for the Minister of Finance of Japan, and the Reserve Bank of India signed the second Amendment and Restatement Agreement of the BSA. The BSA is a two-way arrangement where both authorities can swap their local currencies in exchange for the US Dollar.

The size of the BSA remains unchanged, that is, up to 75 billion US Dollars.

i. Lending and Deposit Rates of SCBs (February 2025)

Data on [lending and deposit rates](#) of scheduled commercial banks (SCBs) (excluding regional rural banks and small finance banks) received during the month of February 2025 are:

Category	December 2024	January 2025	February 2025
Lending Rates			
Weighted Average Lending Rate (WALR) on fresh rupee loans of SCBs	9.25%	9.32%	—
WALR on outstanding rupee loans of SCBs	9.88%	9.87%	—
1-Year Median Marginal Cost of Funds-based Lending Rate (MCLR)	—	9.00%	9.05%
Deposit Rates			
Weighted Average Domestic Term Deposit Rate (WADTDR) on fresh rupee term deposits of SCBs	6.57%	6.56%	—
WADTDR on outstanding rupee term deposits of SCBs	7.00%	7.02%	—

PRESS RELEASES

[MONETARY PENALTY LEVIED BY RBI EXCEEDING INR 5 LACS]

15. Monetary Penalty exceeding INR 5 Lacs

1. RBI imposes a monetary penalty on **Federal Bank Limited**

Reason:

- For non-compliance with certain directions issued by RBI on Interest Rate on Deposits.
- The bank had opened certain savings deposit accounts in the name of ineligible entities.

Amount: ₹27.30 lakh (Rupees Twenty-Seven Lakh Thirty Thousand only)

<https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR21077F9AF775023047D8A150ECA627344F74.PDF>

2. RBI imposes a monetary penalty on **Karur Vysya Bank Limited**

Reason:

- For non-compliance with directions issued by RBI on 'Loan System for Delivery of Bank Credit.'
- The bank failed to ensure that the outstanding 'loan component' was at least the specified percentage of the sanctioned fund-based working capital limit for certain borrowers.

Amount: ₹8.30 lakh (Rupees Eight Lakh Thirty Thousand only)

<https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR2108E473D50F7D2E49D6B76965B266ABAADD.PDF>

3. RBI imposes a monetary penalty on **Shriram Finance Limited**

Reason:

- The company failed to put in place a system of periodic review of risk categorisation of accounts;
- The company did not ensure that its agreements with certain Direct Sales Agents had a clause regarding RBI's right to inspect books and accounts of service providers; and
- The company failed to share information about the Relationship Segment of the corporates to the Credit Information Companies during the financial year 2022-23.



Amount: ₹5.80 lakh (Rupees Five Lakh Eighty Thousand only)

<https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR21733BF0FCC0188146CCBF535F585D960027.PDF>

**4. RBI imposes a monetary penalty on
The Nainital Bank Limited**

Reason:

- For non-compliance with certain directions issued by RBI on 'Interest Rate on Advances' and 'Customer Service in Banks'
- The bank did not benchmark certain floating rate loans extended to MSMEs to an external benchmark rate; and
- The bank levied penal charges for non-maintenance of minimum balance in savings bank accounts at flat rates instead of the charges being directly proportionate to the extent of shortfall.

Amount: ₹61.40 lakh (Rupees Sixty-One Lakh Forty Thousand only)

<https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR217203AB86A37FAC4101B055C805A7F532A3.PDF>

**5. RBI imposes a monetary penalty on
Ujjivan Small Finance Bank Limited**

Reason:

- For non-compliance with certain directions issued by RBI on 'Loans and Advances - Statutory and Other Restrictions.'
- The bank failed to issue loan agreements to certain borrowers at the time of sanction/disbursement of loans.

Amount: ₹6.70 lakh (Rupees Six Lakh Seventy Thousand only)

<https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR217160DA222D57094A46A3556D99D7EB5332.PDF>

**6. RBI imposes a monetary penalty on
Asirvad Micro Finance Limited**

Reason:

- Non-compliance with certain provisions of the 'Master Direction - Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022' and 'Appointment of Internal Ombudsman by Non-Banking Financial Companies' issued by RBI.
- The company failed to report the household income of certain borrowers to Credit Information Companies;
- The company failed to provide fact sheets to certain gold loan customers; and
- The company failed to establish a system of auto-escalation of all complaints that were partly or wholly rejected by its internal grievance redress mechanism to the Internal Ombudsman for a final decision.

Amount: ₹6.20 lakh (Rupees Six Lakh Twenty Thousand only)

<https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR2226F0F3342B151C4E75B1BCFE7C7E111320.PDF>

**7. RBI imposes a monetary penalty on
Citibank N.A.**

Reason:

- Non-compliance with certain directions issued by RBI on 'Large Exposures Framework' and 'Furnishing of Credit Information to Credit Information Companies (CICs).
- The bank reported certain breaches in Large Exposures limits with delay;
- The bank did not upload the rectified data pertaining to a certain segment within seven days of receipt of the rejection reports from Credit Information Companies.

Amount: ₹39.00 lakh (Rupees Thirty-nine lakh only)

<https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR22249631B89A77114E3E8F3D63D2E76A6655.PDF>

**8. RBI imposes a monetary penalty on
Bombay Mercantile Co-operative Bank Ltd., Mumbai**

Reason:

The bank had engaged in and earned income from business not permissible under the Banking Regulation Act, 1949.

Amount: ₹33.30 lakh (Rupees Thirty-Three Lakh Thirty Thousand only)

<https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR2267FD7D8E9ADE9E407D97CF1131B3007A68.PDF>

**9. RBI imposes a monetary penalty on
The Hongkong and Shanghai Banking Corporation Limited**

Reason:

- Non-compliance with certain directions issued by RBI on 'Know Your Customer', 'Reporting of Information on Unhedged Foreign Currency Exposures of the Borrowers to Credit Information Companies, ' and 'Interest Rates on Deposits.
- The bank had outsourced the disposal/closure of AML alerts to a Group company;
- The bank did not report Unhedged Foreign Currency Exposures of certain borrowers to CICs; and
- The bank had opened savings deposit accounts in the name of certain ineligible entities.

Amount: ₹66.60 lakh (Rupees Sixty-Six Lakh Sixty Thousand only)

<https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR22809A2FFB03CC1944ECA50D622F376A26BD.PDF>

**10. RBI imposes a monetary penalty on
IIFL Samasta Finance Limited**

Reason:

- Non-compliance with certain provisions of the 'Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016' and 'Reserve Bank of India (Know Your Customer (KYC)) Directions, 2016' issued by RBI.
- The company charged interest on loans for a period prior to the date of actual disbursement of loan/issuance of cheque to certain borrowers in contravention of RBI directions on 'Fair Practices Code';
- The company failed to classify certain loan accounts with overdues of 90 days or more as Non-Performing Assets (NPAs);

- It classified certain loan accounts which were NPA as 'standard asset' without realisation of entire arrears of interest and principal amount due; and
- It allotted multiple customer identification codes to certain individual customers instead of a Unique Customer Identification Code (UCIC) to each individual customer.

Amount: ₹33.10 lakh (Rupees Thirty-Three Lakh Ten Thousand only)

<https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR22811D688EE827AB41F6BE5E32A495EC02E2.PDF>



SEBI UPDATES



16. Consultation on Draft Circular for Management Statement and Auditor's / Independent Practitioner's Report on digital assurance based on information obtained from external data repositories

SEBI, in consultation with Primary Market Advisory Committee (PMAC), proposes mandating a separate digital assurance report for listed companies to enhance transparency and investor confidence. This follows ICAI's "Technical Guide on Digital Assurance," which promotes digital audit evidence without additional reporting obligations. Currently, Regulation 33 of SEBI (LODR) governs financial reporting. On February 03, 2025, SEBI issued a Draft Circular inviting public comments by February 24, 2025.

The link to the aforesaid Draft Circular is as follows:

https://www.sebi.gov.in/reports-and-statistics/reports/feb-2025/consultation-paper-on-draft-circular-for-management-statement-and-auditor-s-independent-practitioner-s-report-on-digital-assurance-based-on-information-obtained-from-external-data-repositories_91557.html

17. Safer participation of retail investors in Algorithmic trading

SEBI issued guidelines on Algorithmic Trading in 2012 and has since strengthened regulatory controls. While algo trading offers benefits like automated execution, it has been primarily used by institutional investors. With growing retail interest, SEBI aims to refine the regulatory framework to ensure proper risk management and market integrity.

SEBI on **February 04, 2025**, vide **Circular No. SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/0000013** proposed following regulatory framework to define the roles and responsibilities of key stakeholders, including investors, brokers, algo providers, and Market Infrastructure Institutions (MIIs). Following a discussion paper in December 2021 and extensive consultations with Exchanges, Brokers, and industry forums, SEBI is now proposing a framework to enable safer retail participation in algo trading through brokers:

- i. Use of Application Programming Interface (API)¹ for Algo trading;
- ii. Roles and responsibilities of Stockbrokers;
- iii. Empanelment and Registration of Algo Providers;
- iv. Role and Responsibilities of Exchanges;
- v. Categorization of Algos.

The link to the aforesaid Circular is as follows: https://www.sebi.gov.in/legal/circulars/feb-2025/safer-participation-of-retail-investors-in-algorithmic-trading_91614.html

18. Consultation Paper on aspects relating to Secretarial Compliance Report, Appointment of Auditors and Related Party Transactions of A Listed Entity

On **February 07, 2025**, SEBI issued a **Consultation Paper** seeking public comments on proposed amendments to the following provisions of the SEBI LODR 2015:

- i. Strengthening the Secretarial Compliance Report – Updating the format to enhance enforcement and include confirmation of compliance with key securities laws, considering recent regulatory developments.
- ii. Defining Eligibility Criteria for Statutory Auditors – Introducing provisions to ensure auditors of listed entities have appropriate qualifications and experience, aligning with Companies (Audit and Auditors) Rules, 2014.
- iii. Enhancing Auditor Appointment Disclosures – Standardizing disclosures to the Audit Committee, Board, and shareholders regarding the appointment/reappointment of statutory and secretarial auditors.
- iv. Simplifying Related Party Transaction (RPT) Approvals – Addressing approval thresholds for subsidiary transactions, particularly where financial track records are unavailable.
- v. Clarifying RPT Provisions – Refining definitions and exemptions under Regulation 23(5) to specify that exemptions apply only when accounts of wholly owned subsidiaries are consolidated with a listed holding company.

Public comments were invited on these proposals by February 28, 2025. These proposals, based on recommendations from SEBI's Advisory Committee on Listing Obligations and Disclosures (ACLOD), may require amendments to the SEBI LODR 2015 and SEBI SBEB Regulations 2021.

The link to the aforesaid Consultation Paper is as follows:

https://www.sebi.gov.in/reports-and-statistics/reports/feb-2025/consultation-paper-on-aspects-relating-to-secretarial-compliance-report-appointment-of-auditors-and-related-party-transactions-of-a-listed-entity_91740.html

19. Consultation on Draft Circular on Extension of automated implementation of trading window closure to Immediate Relatives of Designated Persons

On **February 7, 2025**, SEBI issued a **Consultation Paper** seeking public comments on extending the automated Trading Window Closure framework to Immediate Relatives of Designated Persons during financial results announcements. This aims to simplify compliance and prevent inadvertent violations of SEBI (PIT) Regulations, 2015.

Previously, SEBI introduced PAN-level trading restrictions for Designated Persons during the Trading Window Closure, initially for NIFTY 50 and SENSEX companies (August 2022) and later extended to

all listed companies (July 2023). The proposed extension further strengthens insider trading controls. The public comments were to be submitted by February 28, 2025.

The link to the aforesaid Consultation Paper is as follows:

https://www.sebi.gov.in/reports-and-statistics/reports/feb-2025/consultation-paper-on-draft-circular-on-extension-of-automated-implementation-of-trading-window-closure-to-immediate-relatives-of-designated-persons_91727.html

20. Consultation Paper on review of Regulation 17 (a) of SEBI (AIF) Regulations, 2012, with the objective of Ease of Doing Business

On **February 07, 2025**, SEBI has issued a **Consultation Paper** seeking public comments on allowing greater holdings in listed debt below a certain rating, considering the potential reduction in investment opportunities in unlisted debt due to the recent Regulation 62A of SEBI LODR 2015. Category II AIFs are required to invest primarily in unlisted securities (more than 50% of investible funds). However, under the new SEBI LODR 2015 amendments, entities with listed Non-Convertible Debentures (NCDs) can no longer issue unlisted NCDs, limiting available investment options for AIFs. Additionally, unlisted debt securities issued after January 01, 2024, may later be mandatorily listed, creating compliance challenges beyond AIFs' control. SEBI's analysis of September 2024 AIF data shows that 192 Category II AIF schemes have invested over 50% in unlisted debt and could be affected by this regulatory shift. While the extent of impact depends on investee companies' listing preferences, SEBI is exploring regulatory adjustments to mitigate potential investment constraints for AIFs. The public comments were to be submitted by February 28, 2025.

The link to the aforesaid Consultation Paper is as follows:

https://www.sebi.gov.in/reports-and-statistics/reports/feb-2025/consultation-paper-on-review-of-regulation-17-a-of-sebi-aif-regulations-2012-with-the-objective-of-ease-of-doing-business_91737.html

21. Facilitation to SEBI registered Stockbrokers to access Negotiated Dealing System-Order Matching (NDS-OM) for trading in Government Securities- Separate Business Units (SBU)

The RBI, through its notification dated February 07, 2025, has permitted SEBI-registered non-bank brokers to access the NDS-OM under the Master Direction - RBI (Access Criteria for NDS-OM) Directions, 2025.

In line with this, SEBI, in **Circular No. SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/14** dated **February 11, 2025**, has mandated stockbrokers to operate NDS-OM transactions through a Separate Business



Unit (**SBU**) within their entity. Accordingly, to demarcate the regulatory obligations and to ring fence the activities of the stockbrokers and its NDS-OM activities, some of the key safeguards prescribed are as under:

- i. Ring-fencing: NDS-OM activities must be separate from securities market operations.
- ii. Exclusive Functioning: The SBU should engage only in NDS-OM transactions.
- iii. Separate Accounts & Net Worth: The SBU must maintain distinct accounts and net worth, independent of the stockbroker's securities market operations.

As the SBU falls under a different regulatory authority, investor protection mechanisms such as SCORES, Stock Exchange Grievance Redressal Mechanism, and Investor Protection Fund (IPF) will not apply.

The link to the aforesaid Circular is as follows:

https://www.sebi.gov.in/legal/circulars/feb-2025/facilitation-to-sebi-registered-stock-brokers-to-access-negotiated-dealing-system-order-matching-nds-om-for-trading-in-government-securities-separate-business-units-sbu_91764.html

22. Consultation Paper on “Treatment of unclaimed funds and securities of clients lying with Trading Members (TMs)”

On **February 11, 2025**, **SEBI** issued a **Consultation Paper** seeking public comments on the treatment of unclaimed client funds and securities held by Trading Members (TMs). As of January 31, 2025, unclaimed funds totaled INR 323 Cr., and unclaimed securities were valued at INR 182 Cr. Given the substantial amounts, SEBI proposes a detailed mechanism for managing these unclaimed assets and measures to trace the rightful clients. The public comments are to be submitted latest by March 04, 2025.

The link to the aforesaid Consultation Paper is as follows:

https://www.sebi.gov.in/reports-and-statistics/reports/feb-2025/consultation-paper-on-treatment-of-unclaimed-funds-and-securities-of-clients-lying-with-trading-members_91811.html

23. Service platform for investors to trace inactive and unclaimed Mutual Fund folios- MITRA (Mutual Fund Investment Tracing and Retrieval Assistant)

SEBI in **Circular No. SEBI/HO/IMD/IMD-SEC-3/P/CIR/2025/15** dated **February 12, 2025**, introduced **MITRA Platform for Inactive and Unclaimed Mutual Fund Folios**. Many mutual fund investors lose track of their investments, especially those made in physical form with minimal KYC details. Open-



ended growth mutual fund schemes can remain invested indefinitely unless claimed by the investor, nominee, or legal heir. Inactive folios, due to outdated contact details or investor demise, are vulnerable to fraudulent redemptions. To address this, the **MITRA** platform, developed by **RTAs (CAMS & KFIN Technologies)**, will provide a **searchable database** for investors to:

- Identify overlooked or unclaimed investments.
- Update KYC details, reducing non-compliant folios.
- Enhance transparency and prevent fraud.

Inactive folios are those with no financial or non-financial transactions in the last **10 years** but still holding units. Investors who are aware of their investments but choose not to redeem will face no consequences. **MITRA** will be hosted on **MF Central, AMC websites, AMFI, QRTAs, and SEBI**. It will comply with **SEBI's cybersecurity and resilience framework**. QRTAs are responsible for compliance, system audits, and business continuity plans.

Implementation:

- The platform will go live **within 15 working days**, with a **2-month beta launch**.
- AMCs, RTAs, RIAs, AMFI, and distributors must **promote awareness**.
- New RTAs must adhere to these guidelines as per SEBI directives.

The link to the aforesaid Circular is as follows:

<https://www.sebi.gov.in/legal/circulars/feb-2025/service-platform-for-investors-to-trace-inactive-and-unclaimed-mutual-fund-folios-mitra-mutual-fund-investment-tracing-and-retrieval-assistant-91847.html>

24. Consultation Paper on Advance Fee to be charged by Investment Advisers (IA) and Research Analysts (RA)

On **February 12, 2025**, SEBI issued a **Consultation Paper** seeking public comments on the advance fee charged by Investment Advisers (IAs) and Research Analysts (RAs). Currently, IAs can charge advance fees for up to two quarters, while RAs can do so for one quarter, to prevent investors from being locked into services due to upfront payments.

RAs have requested relaxation, proposing an advance fee period of 12 months, arguing that:

- It would support long-term recommendations.
- Existing annual fee limits already protect investors.
- Periodic fee mandates cause inconvenience and additional costs.

Similar requests have been received from IAs, prompting SEBI to reconsider the advance fee provisions for both IAs and RAs.

The public comments were to be submitted by February 27, 2025.



The link to the aforesaid Consultation Paper is as follows:

https://www.sebi.gov.in/reports-and-statistics/reports/feb-2025/consultation-paper-on-advance-fee-to-be-charged-by-investment-advisers-and-research-analysts_91858.html

25. Consultation paper on Introduction of format for No-objection Certificate (NOC)/ Consent Letter to be submitted by existing charge holders to issuer

On **February 12, 2025**, SEBI issued a **Consultation Paper** seeking public comments on introducing a standardized format for the No-Objection Certificate (NOC)/Consent Letter from existing charge holders. As per Chapter II of SEBI's Master Circular for Debenture Trustees (DTs) dated May 16, 2024, issuers must obtain Consent/NOC when creating additional charges on encumbered assets. However, the absence of a uniform format has led to inconsistencies in submissions. To enhance standardization and due diligence, SEBI proposes a specified NOC format, based on recommendations from Trustees Association of India (TAI) and United Trustee Association of India (UTAI), along with internal deliberations. The public comments are to be submitted latest by March 05, 2025.

The link to the aforesaid Consultation Paper is as follows:

https://www.sebi.gov.in/reports-and-statistics/reports/feb-2025/consultation-paper-on-introduction-of-format-for-no-objection-certificate-noc-consent-letter-to-be-submitted-by-existing-charge-holders-to-issuer_91866.html

26. Margin obligations to be given by way of Pledge / re-pledge in the Depository system

To prevent misuse of client securities, SEBI, through circular SEBI/HO/MIRSD/DOP/CIR/P/2020/28 dated February 25, 2020, mandated brokers to accept collateral only via the 'margin pledge' mechanism. However, brokers often delay selling invoked client securities, leading to accumulation and potential misuse. To address this, it is proposed that such securities be blocked for early pay-in in the client's demat account upon invocation. Further, the current two-step process for selling pledged securities—un-pledging and pay-in—creates operational challenges for brokers. To simplify this, a single instruction, "pledge release for pay-in," is proposed, ensuring both actions happen simultaneously.

To this end SEBI on **February 12, 2025**, has published a **Consultation Paper** inviting public comments to be submitted latest by March 04, 2025.

The link to the aforesaid Consultation Paper is as follows:

https://www.sebi.gov.in/reports-and-statistics/reports/feb-2025/margin-obligations-to-be-given-by-way-of-pledge-re-pledge-in-the-depository-system_91849.html

27. Industry Standards Recognition Manual

SEBI in its **Press Release No.08/2025** dated **February 12, 2025**, informed that in July 2023, SEBI launched a pilot programme for Industry Standards Fora (ISF) to develop implementation standards for regulatory instructions. Initially set up for listed companies and stockbrokers, ISFs were later extended to other market stakeholders like Portfolio Managers, Custodians, and Alternative Investment Funds based on industry feedback.

Market participants found these industry-driven standards beneficial for promoting good governance, regulatory compliance, and ease of adherence. However, with no uniform norms, ISFs have varied in their formation and functioning. To streamline their structure and ensure representative standards, SEBI has introduced the Industry Standards Recognition Manual, available on its website under Legal > Advisory/Guidance at www.sebi.gov.in.

The link to the aforesaid Press Release is as follows:

https://www.sebi.gov.in/media-and-notifications/press-releases/feb-2025/industry-standards-recognition-manual_91864.html

28. Consultation Paper on Draft Circular on “Strengthening of ESG Rating Providers (ERPs)”

SEBI’s Master Circular for ESG Rating Providers (ERPs) dated **May 16, 2024**, outlines procedural, disclosure, and compliance requirements for ERPs. Based on representations from ERPs, SEBI proposes to issue a circular giving clarifications and guidelines on its provisions. Accordingly, SEBI on **February 13, 2025**, has published a **Consultation Paper** inviting public comments on the Draft Circular to be submitted latest by March 06, 2025.

The link to the aforesaid Consultation Paper is as follows:

https://www.sebi.gov.in/reports-and-statistics/reports/feb-2025/consultation-paper-on-draft-circular-on-strengthening-of-esg-rating-providers-erps_91876.html

29. Industry Standards on “Minimum information to be provided for review of the audit committee and shareholders for approval of a related party transaction”

SEBI on **February 14, 2025**, issued in **Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2025/18** titled “Industry Standards on Minimum information to be provided for review of the audit committee and shareholders for approval of a related party transaction.”

Related Party Transactions (RPTs) are a crucial component of corporate operations, involving business dealings between entities or individuals with a pre-existing relationship. RPTs can yield numerous benefits, including improved operational efficiency, cost reductions, and business synergies. However, it poses risks of unfair advantages to specific parties, potentially harming public shareholders and leading to conflicts of interest. To mitigate these risks, SEBI has strengthened many provisions in the listing regulations.

To promote a standardized approach, the Industry Standards Forum (ISF) comprising representatives from three industry associations, viz. ASSOCHAM, CII and FICCI, under the aegis of the Stock Exchanges, have formulated industry standards, in consultation with SEBI, for minimum information to be provided for review of the audit committee and shareholders for approval of RPTs.

In this Article, our co-founder CS Amita S Desai explains the Applicability Matrix, Classification of RPTs, Disclosure, and the Additional Disclosure requirements with a detailed tabular format covering information to be placed in case of different transactions defined in the Applicability Matrix in the Standards.

Click the link to download the full article: <https://lnkd.in/daF4EPxW>

The link to the SEBI Circular is as follows:

https://www.sebi.gov.in/legal/circulars/feb-2025/industry-standards-on-minimum-information-to-be-provided-for-review-of-the-audit-committee-and-shareholders-for-approval-of-a-related-party-transaction_91945.html

The link to the Industry Standards is as follows:

<https://nsearchives.nseindia.com/web/sites/default/files/inline-files/CML66697.pdf.pdf>

30. Relaxation in timelines for holding AIFs’ investments in dematerialised form

SEBI amended the AIF Regulations, 2012 on January 05, 2024, mandating AIFs to hold investments in dematerialized form. A subsequent SEBI Circular (January 12, 2024), later incorporated into Chapter 21 of the Master Circular for AIFs (May 7, 2024), prescribed timelines for compliance. Now

SEBI in **Circular No. SEBI/HO/AFD/PoD-1/P/CIR/2025/17** dated **February 14, 2025**, has decided to relax the aforesaid timelines, and accordingly have modified the relevant provisions of the Master Circular.

The link to the aforesaid Circular is as follows:

https://www.sebi.gov.in/legal/circulars/feb-2025/relaxation-in-timelines-for-holding-aifs-investments-in-dematerialised-form_91919.html

31. Revised timelines for issuance of Consolidated Account Statement (CAS) by Depositories

SEBI's Master Circular for Depositories (December 3, 2024) mandates the issuance of a Consolidated Account Statement (CAS) for all securities assets.

To streamline compliance SEBI in Circular No. **SEBI/HO/MRD/PoD1/CIR/P/2025/16** dated **February 14, 2025**, has revised the CAS issuance timelines as follows:

- i. Monthly CAS: AMCs/MF-RTAs must send PAN data to depositories by the 5th day of the month-end. Depositories must dispatch e-CAS by the 12th day and physical CAS by the 15th day.
- ii. Half-Yearly CAS: AMCs/MF-RTAs must provide PAN data by the 8th day of April and October. Depositories must dispatch e-CAS by the 18th day and physical CAS by the 21st day.

Accordingly, the Master Circular has been revised to give effect to the above.

The link to the aforesaid Circular is as follows:

https://www.sebi.gov.in/legal/circulars/feb-2025/revised-timelines-for-issuance-of-consolidated-account-statement-cas-by-depositories_91927.html

32. Draft Circulars for public comments - Review of - (a) disclosure of financial information in offer document / placement memorandum, and (b) continuous disclosures and compliances by Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs)

SEBI's Master Circulars for REITs and InvITs (May 15, 2024) outline disclosure requirements for financial information, Net Distributable Cash Flow calculations, and continuous compliance post-listing. A Working Group on **Ease of Doing Business** for REITs and InvITs, under HySAC, submitted recommendations, incorporating inputs from the Indian REITs Association and Bharat InvITs Association. Based on these, SEBI on **February 14, 2025**, has published **Consultation Paper** inviting public comments on draft circulars proposing revisions to the Master Circulars explained in detail

in the said Consultation Paper. The public comments are to be submitted latest by March 07, 2025.

The link to the aforesaid Consultation Paper is as follows:

https://www.sebi.gov.in/reports-and-statistics/reports/feb-2025/consultation-on-draft-circulars-review-of-a-disclosure-of-financial-information-in-offer-document-placement-memorandum-and-b-continuous-disclosures-and-compliances-by-real-estate-investment-_91923.html

33. Most Important Terms and Conditions (MITC) for Investment Advisers

As per SEBI (Investment Advisers) Regulations, 2013, Investment Advisers (IAs) must enter into an investment advisory agreement with clients. SEBI's Circular dated January 8, 2025, mandates the inclusion of Most Important Terms and Conditions (MITC) in these agreements, standardized by the Industry Standards Forum (ISF) in consultation with IAASB and SEBI.

In view of the above SEBI in **Circular No. SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/19** dated **February 17, 2025** (Circular) has published the MITC for the services of IAs, as standardized by

the ISF for Investment Advisers in consultation with IAASB and SEBI. MITC to be communicated to existing clients via email or other recordable means by June 30, 2025, and inter-alia incorporated into new agreements entered by IA with clients after the date of this circular post this Circular.

The link to the aforesaid Circular is as follows:

https://www.sebi.gov.in/legal/circulars/feb-2025/most-important-terms-and-conditions-mitc-for-investment-advisers_91963.html

34. Most Important Terms and Conditions (MITC) for Research Analysts

As per SEBI (Research Analysts) Regulations, 2014, Research Analysts (RAs) must disclose the terms and conditions of research services to clients and obtain their consent. SEBI's Circular dated January 8, 2025, mandates the inclusion of Most Important Terms and Conditions (MITC) in these disclosures, standardized by the Industry Standards Forum (ISF) in consultation with RAASB and SEBI.

In view of the above SEBI in **Circular No. SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/20** dated **February 17, 2025** (Circular) has published the standardized MITC for the services of RAs, as standardized by the ISF for Research Analysts in consultation with RAASB and SEBI. MITC to be communicated to existing clients via email or any recordable means by June 30, 2025, and inter-alia incorporated into the 'Terms and Conditions' for research services.



The link to the aforesaid Circular is as follows:

https://www.sebi.gov.in/legal/circulars/feb-2025/most-important-terms-and-conditions-mitc-for-research-analysts_91965.html

35. Notification under Securities and Exchange Board of India (Certification of Associated Persons in the Securities Markets) Regulations, 2007 (CAPSM Regulations, 2007)

As per Regulation 7 of SEBI (Research Analysts) Regulations, 2014 (RA Regulations, 2014), individuals acting as Research Analysts (RAs) must obtain certification from NISM by passing the NISM-Series-XV: Research Analyst Certification Examination (as per NISM communique dated February 16, 2015).

Now, under Regulation 3 of CAPSM Regulations, 2007 and Regulation 7(3) of RA Regulations, 2014, SEBI vide **Notification No. SEBI/LAD-NRO/GN/2025/231** dated **February 14, 2025**, mandates that:

- i. RAs, principal officers of non-individual RAs, employed research analysts, persons associated with research services, and partners in RA firms must obtain the NISM-Series-XV certification.
- ii. To maintain compliance, they must renew their certification before expiry by passing the NISM-Series-XV-B: Research Analyst Certification (Renewal) Examination, as per NISM communique dated January 6, 2025.

The link to the aforesaid Notification is as follows:

https://www.sebi.gov.in/legal/gazette-notification/feb-2025/notification-under-securities-and-exchange-board-of-india-certification-of-associated-persons-in-the-securities-markets-regulations-2007-research-analyst-ra-certification-examination_92002.html

36. Consultation Paper on Technology based measures to secure trading environment and to prevent unauthorised transactions in trading/demat account of investors

SEBI, noting rising risks like unauthorized access, SIM spoofing (to divert OTPs), and fraud in web and mobile trading, formed a working group to recommend stronger authentication measures. A key proposal is hard binding of SIM with the mobile device and UCC, similar to UPI payments, to enhance security.

To address these concerns, SEBI released a **Consultation Paper** on **February 18, 2025**, inviting public comments on proposed technology-based measures for a secure trading environment and



prevention of unauthorized transactions in trading and demat accounts.

The link to the aforesaid Consultation Paper is as follows:

https://www.sebi.gov.in/reports-and-statistics/reports/feb-2025/consultation-paper-on-technology-based-measures-to-secure-trading-environment-and-to-prevent-unauthorised-transactions-in-trading-demat-account-of-investors_92015.html

37. Clarification regarding Investor Education and Awareness Initiatives

SEBI's Master Circular on Mutual Funds (June 27, 2024) requires AMCs to allocate at least 2 basis points of daily net assets within the total expense ratio for investor education and awareness initiatives, as per Regulation 52 of SEBI (Mutual Funds) Regulations, 1996. SEBI in Circular No. **SEBI/HO/IMD/PoD1/P/CIR/2025/21** dated **February 20, 2025**, has clarified that these initiatives also include financial inclusion programs, as approved by SEBI.

The link to the aforesaid Circular is as follows:

https://www.sebi.gov.in/legal/circulars/feb-2025/clarification-regarding-investor-education-and-awareness-initiatives_92064.html

38. Consultation Paper on Draft Circulars for public comments on Amendment to Master Circular for Infrastructure Investment Trusts (InvITs) and Master Circular for Real Estate Investment Trusts (REITs) dated May 15, 2024.

SEBI on **February 20, 2025**, has published a **Consultation Paper** seeking public comments on draft circulars containing following proposals related to REITs and InvITs:

- i. Review of lock-in provisions for preferential issue of units for InvITs and REITs
- ii. Guidelines for Follow-on offer by a REIT and a publicly offered InvIT

The public comments are to be submitted latest by March 13, 2025.

The link to the aforesaid Consultation Paper is as follows:

https://www.sebi.gov.in/reports-and-statistics/reports/feb-2025/consultation-on-draft-circulars-amendment-to-master-circular-for-infrastructure-investment-trusts-invits-and-master-circular-for-real-estate-investment-trusts-reits-dated-may-15-2024_92036.html

39. Investor Charter for Stock Brokers

SEBI, through its Circular (December 2, 2021) and Clause 75 of the Master Circular (August 9, 2024), issued the Investor Charter for Stock Brokers. To strengthen financial consumer protection, inclusion, and literacy, and considering recent market developments like the Online Dispute Resolution (ODR) platform and SCORES 2.0, SEBI in **Circular No. SEBI/HO/MIRSD/MIRSD-PoD1/P/CIR/2025/22** dated **February 21, 2025** on consultation with Brokers' Industry Standards Forum (ISF), updated investor charter for stock brokers.

The link to the aforesaid Circular is as follows:

https://www.sebi.gov.in/legal/circulars/feb-2025/investor-charter-for-stock-brokers_92099.html

40. Consultation paper on expanding definition of Qualified Institutional Buyers under SEBI (ICDR) Regulations, 2018, to include Accredited Investors for the limited purpose of investments in Angel Funds

Angel Funds, a type of Category I AIF - Venture Capital Fund, raise capital through private placement to invest in start-ups. A review of the regulatory framework highlighted gaps in operational clarity and concerns about investor suitability. SEBI had published a consultation paper seeking stakeholder views on streamlining regulations for Angel Funds. The key proposal in the said consultation paper was to mandate that Angel Funds onboard only Accredited Investors (AIs) to ensure alignment with risk appetite. To expand investment opportunities, SEBI on **February 21, 2025**, has published a **Consultation Paper** inviting public comments on the proposal to amend the ICDR Regulations to include AIs in the definition of Qualified Institutional Buyers (QIBs) solely for Angel Funds. This would allow Angel Funds to attract more discerning investors, boosting start-up funding while maintaining regulatory integrity.

The public comments are to be submitted latest by March 14, 2025.

The link to the aforesaid Consultation Paper is as follows:

https://www.sebi.gov.in/reports-and-statistics/reports/feb-2025/consultation-paper-on-expanding-definition-of-qualified-institutional-buyers-under-sebi-icdr-regulations-2018-to-include-accredited-investors-for-the-limited-purpose-of-investments-in-angel-funds_92102.html

41. Consultation Paper on Enhancing Trading Convenience and Strengthening Risk Monitoring in Equity Derivatives

SEBI, on **February 24, 2025**, published a **Consultation Paper** on Open Interest (OI) calculation in



derivatives, divided into **Part A** and **Part B**.

Part A proposes shifting OI calculation from notional terms to a Future Equivalent (Delta-based) approach and revising index derivatives position limits. The aim is to:

- i. Prevent unnecessary stock bans due to low-risk positions.
- ii. Reduce the risk of bypassing position limits in index derivatives.

Part B seeks feedback on:

- i. Introducing pre-open and post-closing sessions for derivatives.
- ii. Revising position limits for single-stock derivatives.
- iii. Setting eligibility criteria for derivatives on non-benchmark indices.

The shift to a Delta-based OI calculation aims to improve accuracy and aggregation across futures and options.

The public comments are to be submitted latest by March 17, 2025.

The link to the aforesaid Consultation Paper is as follows:

https://www.sebi.gov.in/reports-and-statistics/reports/feb-2025/consultation-paper-on-enhancing-trading-convenience-and-strengthening-risk-monitoring-in-equity-derivatives_92133.html

42. Industry Standards on Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

SEBI, through **Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2025/25** dated **February 25, 2025**, announced that the Industry Standards Forum (ISF)—comprising ASSOCHAM, CII, and FICCI, under the Stock Exchanges' aegis—has formulated industry standards (Standards) in consultation with SEBI. These standards aim to ensure effective compliance with Regulation 30 of SEBI LODR, 2015, for the disclosure of material events or information.

Objective:

Facilitate uniform approach, set out standard operating procedures and assist listed entities in complying with their obligations in respect of disclosures under Regulation 30 read with Schedule III of the SEBI LODR, 2015 and circulars issued thereunder.

The Standards inter-alia provides guidance with regard to the following:

- i. **Numerical thresholds for certain companies in case of acquisition, amalgamation, merger, demerger, restructuring etc.**

For acquisitions of listed (or to be listed) equity, convertible, or debt securities of another entity, disclosure is required only if the acquisition cost or price of acquisition exceeds 2% of the investor entity's net worth, based on its last audited consolidated financial statements. In such cases, other materiality thresholds under Regulation 30(4)(i)(c) do not apply. However, for any other type of acquisition, all prescribed materiality thresholds must be considered to determine if disclosure is needed.

ii. **Interpretation of the terms “value or the expected impact in terms of value”, “last audited consolidated financial statements”, “significant market reaction”, “cumulative basis” used in Reg 30 read with Schedule III of SEBI LODR, 2015 and master circulars/circulars issued thereunder.**

When assessing the “expected impact in terms of value” of an event, a listed entity should consider its impact over the next four quarters, including the current quarter if the event occurs within the first 60 days. Disclosure should align with accounting standards like Ind AS 37 to ensure consistency with financial statements. Events falling under “probable” or “possible” categories may require disclosure, while “remote” events may not. Disclosure is required if the gross amount exceeds the materiality threshold, though entities may also disclose indemnity or insurance claims for context. Not all materiality parameters (profit, net worth, turnover) may apply to every event, and entities should refer to Annexure A to the Standards for guidance.

iii. **Materiality for disclosure with regard to action taken or orders passed by any regulatory, statutory, enforcement authority or judicial body against the listed entity or its directors, key managerial personnel, senior management, promoter or subsidiary, in relation to the listed entity in Para A(20) of Part A of Schedule III of SEBI LODR, 2015.**

Listed entities must disclose any action or order from their **sector** regulator or enforcement authority if the impact **where quantifiable** exceeds SEBI's threshold. Listed entities may refer to Annexure B to the Standards to identify their sector regulator and may include other sector regulator/ enforcement authorities depending on their business in their materiality policy. Actions or orders from **other** regulatory or statutory or enforcement or judicial or quasi-judicial authorities must also be disclosed if the impact exceeds SEBI's threshold. Fine or penalty below aforementioned quantifiable thresholds should be disclosed on a quarterly basis.

iv. **Significant Market Reaction**

Market reaction varies by company and can be assessed based on stock price, following stock exchange guidelines.

v. **Disclosure of show cause notices, confidential litigation / dispute / order / action initiated, events or information which emanate from a decision taken in a meeting of board of directors, communication from regulatory, statutory, enforcement or judicial authority, fraud or default,**

resignation key managerial personnel, senior management etc.

- i. A listed entity may choose to disclose matters involving directors, key managerial personnel, senior management, promoter or subsidiary only if they relate to the entity and affect its operations, finances, or reputation.
- ii. A show cause notice alone doesn't require disclosure under Para A(20). However, if issued by a regulatory or enforcement authority, and falls under Para B(8) then it must be disclosed if it meets materiality guidelines under Regulation 30(4). Further in case of disclosure of information from regulatory, statutory, enforcement or judicial authority under Regulation 30(13) The listed entities, while disclosing material information which is disclosable under Regulation 30 with respect to such communication, shall not be required to disclose confidential and sensitive information, including proprietary information. A summary of key elements of such communication given in Annexure C to the Standards shall constitute sufficient compliance under Regulation 30(13).
- iii. Listed entities should assess the impact and disclosure of pending litigation, disputes, or orders while considering any confidentiality requirements under applicable laws or regulatory directions.
- iv. Disclosures from board meetings must follow the specified timeline for PDF format. Listed entities may submit them in XBRL format within 24 hours of the meeting.
- v. Listed entities must disclose material information under Regulation 30 but can exclude confidential or sensitive details. A summary in the prescribed format (Annexure C) is sufficient, and they need not provide the original communication from authorities.
- vi. **Compliance of timelines for disclosure under Regulation 30(6) of SEBI LODR, 2015.**
Listed entities should implement systems for prompt internal reporting and conduct regular training on Regulation 30 compliance. Disclosure timelines begin when an officer becomes aware of an event through credible sources. Non-compliance may be excused for reasonable delays due to force majeure, materiality assessments, or events involving subsidiaries or key personnel, with an explanation provided.

The Standards also provide guidance on appropriate parameter (profit / net-worth / turnover) to be considered for determination of materiality for different types of events under Para B of Part A of Schedule III of SEBI LODR, 2015, list of sectoral regulators and enforcement authorities in India and format of letter for disclosure of event or information pursuant to receipt of a communication from any regulatory, statutory, enforcement or judicial authority in the form of Annexures to the Standards.

The link to the aforesaid Circular is as follows:

https://www.sebi.gov.in/legal/circulars/feb-2025/industry-standards-on-regulation-30-of-sebi-listing-obligations-and-disclosure-requirements-regulations-2015_92172.html

The link to the aforesaid Industry Standards is as follows:

<https://nsearchives.nseindia.com/web/sites/default/files/inline-files/NSE%20Circular%205022025.pdf>

43. Opening of Demat Account in the name of Association of Persons

SEBI, in **Circular No. SEBI/HO/MRD/PoD1/CIR/P/2025/24** dated **February 25, 2025** after reviewing legal provisions and consulting stakeholders, has allowed the opening of demat accounts in the name of Associations of Persons (AoP) for holding securities like mutual fund units, corporate bonds, and government securities. Accordingly, a new section, "Opening of Demat Account in the name of Association of Persons (AoP)," will be added to the Master Circular for Depositories dated December 03, 2024.

The link to the aforesaid Circular is as follows:

https://www.sebi.gov.in/legal/circulars/feb-2025/opening-of-demat-account-in-the-name-of-association-of-persons_92170.html

44. Timelines for deployment of funds collected by Asset Management Companies (AMCs) in New Fund Offer (NFO) as per asset allocation of the scheme

To ensure that AMCs collect only as much as they can deploy within a reasonable time and to prevent mis-selling of NFOs, SEBI in **Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2025/23** dated **February 27, 2025** notified the amendment to SEBI (Mutual Funds) Regulations, 1996, effective from April 1, 2025.

Key provisions for fund deployment in NFOs:

- i. AMCs must specify achievable deployment timelines in the Scheme Information Document (SID) and raise funds accordingly.
- ii. Funds must be deployed within 30 business days from the unit allotment date.
- iii. If delayed, reasons must be presented to the Investment Committee, which may grant a one-time extension of 30 business days.
- iv. Trustees must monitor deployment and take necessary actions to ensure timely compliance.
- v. If funds remain undeployed beyond the allowed timeline:
- vi. The scheme cannot accept fresh inflows until deployment is completed.
- vii. No exit load can be levied on investors exiting after 60 business days.
- viii. Investors must be informed of their exit option without exit load.
- ix. Any deviations must be reported to Trustees.

Fund managers may extend or shorten the NFO period (except for ELSS) based on market conditions and asset availability.

To prevent mis-selling:

- i. For switch transactions to an NFO of a regular plan from an existing scheme of the same AMC, the commission paid to distributors must be the lower of the two schemes' commissions.
- ii. AMFI, in consultation with SEBI, will issue detailed guidelines.

The link to the aforesaid Circular is as follows:

https://www.sebi.gov.in/legal/circulars/feb-2025/timelines-for-deployment-of-funds-collected-by-asset-management-companies-amcs-in-new-fund-offer-nfo-as-per-asset-allocation-of-the-scheme_92270.html

45. Regulatory framework for Specialized Investment Funds ('SIF')

India's investment landscape has evolved with various products catering to different investor needs. SEBI regulates these products based on complexity, investor profile, and investment size, with increasing flexibility from Mutual Funds (MFs) to Portfolio Management Services (PMS) to Alternative Investment Funds (AIFs).

To bridge the gap between MFs and PMS in portfolio flexibility, SEBI has amended the Mutual Funds Regulations, 1996, introducing a new investment product—Specialized Investment Fund (SIF). The detailed regulatory framework for SIF is provided in Annexure A to SEBI **Circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2025/26** dated **February 27, 2025**.

The link to the aforesaid Circular is as follows:

https://www.sebi.gov.in/legal/circulars/feb-2025/regulatory-framework-for-specialized-investment-funds-sif-_92299.html

46. Launch of 'Bond Central' – A Centralised Database Portal for Corporate Bonds

SEBI, in its **Press Release No. 09/2025** dated **February 27, 2025**, announced the launch of '**Bond Central**', a centralized database portal for corporate bonds.

Developed by the Online Bond Platform Providers Association (OBPP Association) in collaboration with Market Infrastructure Institutions (MIIs), the portal serves as a free, authentic information hub for corporate bonds in India.

Key Features of Bond Central:

- i. Comprehensive Bond Listings
- ii. Price Comparison
- iii. Investor-Centric Information
- iv. Enhanced Transparency
- v. This initiative aims to improve transparency and support informed investment decisions.

Additional features will be added based on stakeholder feedback.

Users can access **Bond Central** at: <https://bondcentral.in>

The link to the aforesaid Press Release is as follows:

https://www.sebi.gov.in/media-and-notifications/press-releases/feb-2025/launch-of-bond-central-a-centralised-database-portal-for-corporate-bonds_92306.html

47. Extension of timeline for submission of public comments on the consultation paper titled "Consultation Paper on aspects relating to Secretarial Compliance Report, Appointment of Auditors and Related Party Transactions of a Listed Entity"

SEBI has extended the deadline for public comments on its consultation paper titled, "**Consultation Paper on aspects relating to Secretarial Compliance Report, Appointment of Auditors and Related Party Transactions of a Listed Entity**" from February 28, 2025, to March 7, 2025.

The link to the aforesaid Notification is as follows:

<https://www.sebi.gov.in/reports-and-statistics/reports/feb-2025/extension-of-timeline-for-submission-of-public-comments-on-the-consultation-paper-titled-consultation-paper-on-aspects-relating-to-secretarial-compliance-report-appointment-of-auditors-and-related-p-92381.html>

48. Amendments and clarifications to Circular dated January 10, 2025 on Revise and Revamp Nomination Facilities in the Indian Securities Market

SEBI, through circular dated January 10, 2025, revised norms for nomination in demat accounts and mutual fund (MF) folios. Now SEBI in **Circular No. SEBI/HO/OIAE/OIAE_IAD-3/P/ON/2025/0027** dated **February 28, 2025** has issued clarification to the circular dated January 10, 2025 and the key clarifications include:

- i. Joint Accounts: On the demise of a joint holder, assets will be transmitted to the surviving holder(s). They may also choose to transfer assets to another account/folio.
- ii. Opting Out of Nomination: Single account holders can opt out online or offline.



- iii. Empowering a Nominee: A single account holder can authorize a nominee (excluding minors) to operate the account if physically incapacitated.
- iv. KYC Norms for Transmission: Surviving holders are not required to resubmit KYC unless previously requested. However, they may update details voluntarily.
- v. Nomination Requirement: If a joint account becomes a single holding after a holder's demise, nomination or opt-out is mandatory.
- vi. Credit Transactions: Allowed in such accounts/folios.
- vii. Opt-Out Mechanism: Online opt-out is required for online account openings, while offline accounts follow offline procedures. Depository Participants will facilitate online opt-out for demat accounts.

The link to the aforesaid Circular is as follows:

https://www.sebi.gov.in/legal/circulars/feb-2025/amendments-and-clarifications-to-circular-dated-january-10-2025-on-revise-and-revamp-nomination-facilities-in-the-indian-securities-market_92377.html

49. Industry Standards on Key Performance Indicators ("KPIs") Disclosures in the draft Offer Document and Offer Document

SEBI on **February 28, 2025** in **Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2025/28** announced that to ensure uniformity in identifying and disclosing Key Performance Indicators (KPIs), the Industry Standards Forum (ISF) – comprising ASSOCHAM, CII, and FICCI, has formulated industry standards in consultation with SEBI. These standards, developed under the aegis of Stock Exchanges, will be published on their respective websites.

Issuer Companies and Merchant Bankers must adhere to these standards while disclosing KPIs in draft offer documents and offer documents, as per SEBI (ICDR) Regulations, 2018.

The link to the aforesaid Circular is as follows:

https://www.sebi.gov.in/legal/circulars/feb-2025/industry-standards-on-key-performance-indicators-kpis-disclosures-in-the-draft-offer-document-and-offer-document_92380.html

50. Clarification on fixing the record date under Regulation 42 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

NSE vide **Circular No. NSE/CML/2025/04** and BSE vide **Notice No. 20250207-33 dated February 07, 2025** has issued a clarification on fixing Record Date under Reg. 42 Of SEBI LODR, 2015.



Pursuant to clarification in addition to making intimation of Record Date at least 3 working days in advance excluding the date of intimation of intimation and Record Date, the listed entities shall also ensure a gap of at least 3 working days between the board/shareholders meeting and the record date excluding the date of the said meeting, as applicable and the record date.

The link to the aforesaid NSE Circular is as follows:

https://nsearchives.nseindia.com/web/sites/default/files/inline-files/NSE_Circular_07022025.pdf

The link to the aforesaid BSE Circular is as follows:

<https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20250207-33>

51. Update on single filing system through API-based integration between Stock Exchanges

NSE vide **Circular No. NSE/CML/2025/07** and BSE vide **Notice No. 20250228-37 dated February 28, 2025** has announced that single filing system has been extended for Integrated Filing (Governance) with effect from March 1, 2025 pursuant to which Single filing system through API-based integration shall now be available for the following disclosures:

- i. Investor Grievance Report;
- ii. Corporate Governance Report;
- iii. Reconciliation of Share Capital Audit Report;
- iv. Meetings of shareholders and voting; and
- v. Integrated Filing (Governance) – Reg. 13(3), 27(2) and 30 of SEBI LODR, 2015.

The matrix showing the applicability of the above to different listed entities viz. only equity listed, equity and debt listed, exclusively debt listed and REITs & InVITs is given in the abovementioned Circular and Notice.

The link to the aforesaid NSE Circular is as follows:

https://nsearchives.nseindia.com/web/sites/default/files/inline-files/CML_API_Integrated%20filing%20for%20governance.pdf

The link to the aforesaid BSE Circular is as follows:

<https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20250228-37>

52. Update on single filing system through API-based integration between Stock Exchanges

NSE vide Circular No. NSE/CML/2025/08 and BSE vide Notice No. 20250228-85 dated February 28, 2025, have reminded listed companies of their obligation under SEBI's April 5, 2018, circular on monitoring foreign investment limits. Listed companies must update their Paid-Up Equity Capital



and Paid-Up Equity Capital on a fully diluted basis (including the Conversion Ratio, if applicable) on the NEAPS portal and BSE Listing Centre, even if no convertible instruments are outstanding. Going forward, any changes to this information must also be updated on the BSE Listing Centre.

The link to the aforesaid NSE Circular is as follows:

https://nsearchives.nseindia.com/web/sites/default/files/inline-files/CML_Update%20of%20paid%20up%20equity%20capital%20on%20a%20fully%20diluted%20basis%20at%20Exchange%20portal.pdf

The link to the aforesaid BSE Circular is as follows:

<https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20250228-85>



LEGAL WORDS AND LEGAL MAXIMS



53. Legal words:

1. **Revocation Hearing:** A hearing held before a judge to determine whether or not a person has violated the conditions of probation. If there is a finding that a violation has occurred, the judge may impose all or part of the original sentence.
2. **Rule to Show Cause:** Summons compelling a person to appear in court on a specific date to answer to a request that certain orders be modified or vacated.
3. **Slip Opinions:** Opinions, or written decisions, of the Supreme Court or the Appellate Court that are publicly released prior to their official publication in the Connecticut Law Journal
4. **Substance Abuse Education:** A community-based program for drug offenders that provides education about the harmful effects of drug abuse and also supervises community service.
5. **Vacate:** To cancel or rescind a court order.
6. **Voir Dire:** "To speak the truth." The process of questioning prospective jurors or witnesses about their qualifications.
7. **Wage Withholding:** A court order to deduct child support or alimony payments from someone's wages. All child support court orders must include an income withholding order unless both parents ask the judge not to.

54. Legal Maxims:

1. **Suppressio Veri or Suggestio Falsi :** Concealment of truth or a statement of falsehood
2. **Res Integra:** An entire thing; an entirely new or untouched matter.
3. **Pari Materia:** Of the same matter; on the same subject
4. **Nemobis punitur poreo dem delicto:** No one can be punished twice for the same crime or offence
5. **Lexspecialis derogate legigenerali:** Special law repeals general laws.
6. **Iipse Dixit:** He himself said it.
7. **Impotentia Excusat Legem:** Impossibility excuses the law. Inability excuses the non-observance of the law.

QUIZ TIME



55. Test Your Knowledge

1. Can a company issue sweat equity to any Director of its subsidiary outside India?
 - a) Yes
 - b) No

 2. Can a Practicing CS sign the Annual Return when the company has a Whole time Company secretary?
 - a) Yes
 - b) No

 3. Can a private placement offer cum application letter mention the right of renunciation?
 - a) Yes
 - b) No

 4. Can a Company issue Optionally Convertible Redeemable Preference Shares on a Right Basis?
 - a) Yes
 - b) No

 5. If the Board of the Holding Company approves, can a Whole time Key Managerial Personnel hold office in the Holding Company and its subsidiary at the same time?
 - a) Yes
 - b) No
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(Ans. 1.a, 2.b, 3.b, 4.a, 5.a)

