

What's Buzzing!

Regfin Insight

SEPTEMBER 2025

SEBI UPDATES

1. Securities and Exchange Board of India (“SEBI”) notifies the framework for intraday position limits monitoring for equity index derivatives (“SEBI Intraday Position Limits Monitoring Circular”)

SEBI, *vide* its circular bearing reference number SEBI/HO/MRD/TPD-1/P/CIR/2025/122 dated September 1, 2025, introduced a new framework at the entity level for intraday monitoring for index options. This circular builds upon SEBI’s previous circular (reference no. SEBI/HO/MRD/TPD-1/P/CIR/2025/79) dated May 29, 2025, which set end of day position limits for equity index derivatives. This has been done to balance ensuring market stability whilst facilitating participation from market makers and liquidity providers.

The measures are as follows:

- a. **Intraday net position limit:** On future equivalent (“FutEq”) basis, INR 5,000 crores (as against end of day limit of INR 1,500 crores).
- b. **Intraday gross position limit:** On FutEq basis, INR 10,000 crores (separately both on long and short sides), same as the present end of day limit.
- c. **Randomized snapshots:** The aforesaid intraday limits shall be monitored by Stock Exchanges through a minimum of four random snapshots during the trading day (including one snapshot at peak market activity time, i.e. 1445 hrs. to 1530 hrs.)
- d. **Underlying price:** To monitor the intraday positions of entities, the Stock Exchanges shall consider the underlying price at the time of taking positions snapshots.
- e. **Additional exposure:** In line with the SEBI circular dated May 29, 2025, entities shall be allowed to take additional exposure against holding of securities or cash/cash equivalent.
- f. **Breach of limits:** For entities breaching the aforesaid limits, Stock Exchanges shall examine their trading patterns and seek rationale for the same. They will further examine trading in the constituents of the index and discuss such instances with SEBI in surveillance meetings.
- g. **Punitive measures:** On the day of expiry of options contracts, the breaches of aforesaid position limits shall attract penalties/additional surveillance deposits.
- h. **Index Options Only:** The above framework shall be limited to index options only.

In furtherance of the above circular, NSE issued the SOP on September 30, 2025. The key directives include:

- a. Expiry day breach framework to be issued separately by exchanges before December 6, 2025.
- b. Net and gross limits to apply separately for each index.
- c. Prescription of detailed mechanics for delta computation.
- d. Underlying index price at snapshot time to be used for delta/position calculation.
- e. Use of the higher of the two volatility measures (asset or futures) from the previous day to plan exposure.

- f. 5 minutes to rectify breaches; if unresolved:
 - Provisional Breach → adjust using stocks/cash/cash equivalents (as per SEBI circular of May 29).
 - Final Breach → if still unrectified. (No cure period for last snapshot: 2:45–3:30 pm).
- g. Breach monitoring to be done on a PAN basis.
- h. Positions to be considered only after trade settlement.

The framework is in force since October 1, 2025, except the penalties provision, which shall come into effect from December 6, 2025.

The SEBI Intraday Position Limits Circular can be accessed [here](#).

The NSE SOP can be accessed [here](#).

2. SEBI streamlines process for surrender of KYC Registration Agency (“KRA”) registration (“SEBI KRA Surrender Circular”)

SEBI, *vide* its circular bearing reference number SEBI/HO/MIRSD/PODFATF/P/CIR/2025/62, dated September 5, 2025, i.e. the SEBI KRA Surrender Circular, notified some modalities for the procedure to be followed by a KRA surrendering its certificate of registration.

A KRA may surrender its registration in two situations – voluntary (strategic/business decision) or involuntary (financial distress, or regulatory actions such as suspension or cancellation of SEBI registration). The procedure to be followed is given below:

- a. **Transfer of KYC Records:** The KRA entity surrendering its registration must transfer KYC records available with it to another SEBI-registered KRA (“**Transferee KRA**”) ensuring complete transfer of client records (including updates/modifications) with audit trail and without any data compromise.
- b. **Critical Services:** Registration and modification of KYC records of investors through registered intermediaries and maintaining interoperability amongst KRAs for facilitating portability of such records is a core function of KRAs and are considered as critical.
- c. **Standard Operating Procedure (“SOP”):** KRAs shall have in place an SOP to be followed when the certificate of registration is to be surrendered.
- d. **Specifications for SOPs:** SOPs must outline the manner in which the critical services and operations of the KRA surrendering its registration are transferred to Transferee KRA to ensure continuity and protection of KYC data of investors and registered intermediaries, settlement of contractual/statutory obligations, and avoidance of disruptions in the securities market. It should further specify all relevant operational modalities.
- e. **Uniformity in SOPs:** Since KRAs are interoperable, the SOP shall be uniform and mutually agreed upon amongst KRAs, basis the Model SOP outlined in Annexure A of the circular.
- f. **Oversight for Winding Down:** A KRA surrendering its certificate of registration shall constitute an Oversight Committee that is responsible for monitoring the process and all modalities specified under the SOP.

- g. **Compliances:** KRAs must ensure compliance with the SEBI Act, 1992 and all the relevant regulations, rules, and other relevant guidelines issued thereunder. Other applicable statutes must also be complied with.

KRAs shall make the SOP available on their websites within 90 days from the date of issuance of the circular, and it shall be reviewed periodically as and when circumstances demand so, with one at least every 5 years.

The SEBI KRA Surrender Circular can be accessed [here](#).

3. **SEBI simplifies format for Disclosure Document for Portfolio Managers (“PMs”) (“SEBI PMs Disclosure Document Circular”)**

SEBI, *vide* its circular bearing reference number SEBI/HO/IMD/IMD-RAC-3/P/CIR/2025/125, dated September 9, 2025, i.e. the SEBI PMs Disclosure Document Circular, has modified the format prescribed for Disclosure Documents for Portfolio Managers, as required under Regulation 22(3) of the SEBI (Portfolio Managers) Regulations, 2020. Schedule V of the PM Regulations has been removed and a simplified version of the same has been prescribed under Annexure-I of the SEBI PMs Disclosure Document Circular.

The Disclosure Document has been divided into two sections, namely static and dynamic.

It has been specified that while making changes in the Disclosure Document, only pages containing changes in any parameter of the Disclosure Document would need to be certified by an independent Chartered Accountant and the Principal Officer of the Portfolio Manager.

The updated Disclosure Document pages in which changes are carried out shall be simultaneously communicated to the clients, updated on the website of the entity, and filed with SEBI within 7 working days from the date of change.

The SEBI PMs Disclosure Document Circular has come into force with immediate effect. It can be accessed [here](#).

4. **SEBI notifies co-investment facility for Category I and II Alternative Investment Funds (“AIFs”) (“SEBI AIFs Co-Investment Circular”)**

Pursuant to amendment to the SEBI (Alternative Investment Funds) Regulations, 2012 (“**AIF Regulations**”) to permit Category I and II AIFs to offer co-investment facilities to accredited investors by launching a separate co-investment scheme (“**CIV Scheme**”) within the AIF Regulations, a subsequent circular was issued by SEBI, bearing reference number SEBI/HO/AFD/AFD-POD-1/P/CIR/2025/126, dated September 9, 2025, to provide operational modalities for the CIV Scheme.

This is in addition to the co-investment facilitated to investors of AIFs through Co-investment Portfolio Managers under SEBI (Portfolio Managers) Regulations, 2020 i.e. the PMS route.

Regulation 17A (7) of the AIF Regulations specifies that co-investment through a CIV scheme shall be carried out by the manager of Category I or II AIF. The operational modalities for the same are as given below:

- a. **Route:** Managers of AIFs shall make co-investments either through the PMS route or CIV scheme route.
 - b. **Investors:** Only Accredited Investors of Category I and II AIFs can participate in the CIV scheme.
 - c. **Shelf Placement Memorandum:** Manager of an AIF shall file a shelf placement memorandum, with its template prescribed in the Annexure to the Circular, in terms of Regulation 17(A)(2) of the AIF Regulations.
 - d. **Separate Accounts and Assets:** Each CIV scheme shall have its own bank account, demat account, and its assets shall be ring-fenced from those of other schemes. Each CIV scheme shall invest only in one investee company.
 - e. **Investment Limits:** Co-investments of an investor across CIV schemes shall not exceed three times of the contribution made by such investor in the total investment made in the given investee company through the scheme of the AIF to which the CIV schemes are affiliated. However, the following investors are exempt from this limit:
 - i. Multilateral/Bilateral Development Financial Institutions;
 - ii. State Industrial Development Corporations;
 - iii. Entities owned or controlled by Central/State/Foreign government, including Central Banks and sovereign wealth funds.
- The terms of co-investment in an investee company by a Manager or Sponsor or Co-investor or a co-investment scheme, shall not be more favourable than the terms of investment of the AIF. Further, the timing of exit from the co-investment in an investee company shall be identical to the exit of the scheme of the AIF from the investment in the investee company.
- f. **Default and Excuse:** In case of default from an investor in contributions in an investee company via the AIF and/or excuse opted vis-à-vis such Investee Company, such investor shall not be allowed to co-invest in the said investee company.
 - g. **Restrictions on Contributions:** The manager shall ensure that the CIV scheme does not make investments:
 - i. That lead investors to acquiring or holding an interest/exposure in an investee company indirectly that they otherwise cannot directly;
 - ii. That would necessitate additional regulatory disclosure if they had invested directly;
 - iii. Where the investee company cannot receive investments from such investor directly.
 - h. **Restriction on Leverage:** CIV scheme shall not borrow funds directly/indirectly or engage in any kind of leverage.
 - i. **Rights of investors of CIV Schemes:** Investors shall have rights in the investment of the CIV scheme, the distribution of proceeds of the investment, pro-rata to their contribution to the CIV scheme, except to the extent carried interest/additional returns are shared with the sponsor or manager of the AIF or employees/directors/partners of the manager of the AIF.

- j. **Expenses:** Expenses associated with co-investments shall be shared proportionately between the scheme of the AIF and CIV scheme in the ratio of their investments.
- k. **Implementation Standards:** Standard Setting Forum of AIF (in consultation with SEBI) shall formulate implementation standards for the CIV scheme which shall be applicable to such CIV schemes.
- l. **Compliance Test Report:** The trustee/sponsor of the AIF shall ensure that the ‘Compliance Test Report’ produced by the manager in terms of Chapter 15 of the Master Circular for AIFs includes compliances with the provisions of this circular.

The circular shall come into force with immediate effect, and can be accessed [here](#).

5. **SEBI modifies the FPI Master Circular pursuant to amendment in the SEBI (FPI) Regulations, 2019 in order to incorporate GS-FPI related relaxations**

SEBI, *vide* its circular bearing reference number SEBI/HO/AFD/AFD-POD-3/P/CIR/2025/127, dated September 10, 2025, i.e. the SEBI Circular for GS-FPIs, has amended the contents of the Master Circular for Foreign Portfolio Investors in line with the changes made to the SEBI (Foreign Portfolio Investors) Regulations, 2019 (“**FPI Regulations**”) *vide* notification dated August 11, 2025.

These changes include relaxations with respect to investor group details, NRI/OCI/RI participation in GS-FPIs, intimation of material changes by GS-FPIs and KYC refresh timelines.

The provisions of the circular shall come into force from February 8, 2026. It can be accessed [here](#).

6. **SEBI revises framework for Angel Funds under AIF Regulations (“SEBI Angel Funds Circular”)**

SEBI, *vide* gazette notification, dated September 8, 2025, amended the regulatory provisions for SEBI registered angel funds. In furtherance of the same, SEBI issued a circular bearing reference number SEBI/HO/AFD/AFD-POD-1/P/CIR/2025/128, dated September 10, 2025, , providing more operational clarity for such funds. The major specifics of the SEBI Angel Funds Circular and amendments to the AIF Regulations are as follows:

- a. **Investors:** Only Accredited Investors are permitted to invest in Angel Funds, except for KMP of an angel fund or its investment manager. No minimum value of investment is applicable for investment in the Angel Fund.
- b. **Offering:** The Angel Fund now has to prepare its offering document in the prescribed format of a Private Placement Memorandum along with Merchant Banker certificate. An Angel Fund should have at least five Accredited Investors before declaring its first close.

Further, a defined methodology for allocating the investments among angel investors have to be provided in the PPM (the timeline for this this requirement has currently been extended to January 31, 2026. Accordingly, allocation of any investment made by existing Angel Funds post January 31, 2026, needs to be in accordance with the allocation methodology disclosed in their PPMs).

- c. **Fund Raising:** Angel Funds (who are granted registration after issuance of the above circular) shall raise funds only from Accredited Investors. Those Angel Funds registered before the date of issuance of this circular shall implement the aforesaid mandate before September 8, 2026 and shall not offer investment opportunities to more than 200 non-Accredited Investors until then. Existing investors will continue to hold their investments per the terms of the fund documents. Managers will be responsible for ensuring validity of accreditation of investors.
- d. **Sponsor Contribution:** The manager or sponsor shall have a continuing interest in each investment of the angel fund of not less than half percent of the amount invested or fifty thousand rupees, whichever is higher, and such interest shall not be through the waiver of management fees.
- e. **Declaration of close:** The first close of an Angel Fund shall be declared no later than 12 months of the SEBI communication for taking the Private Placement Memorandum (“PPM”) of the Angel Fund on record. Failure to do so will result in requirement of refiling the PPM by the Angel Fund.
- f. **Investments:** Investments can be made without the requirement of launching a scheme by the Angel Fund. The requirement to file a term sheet for making investments with SEBI has been discontinued – however, Angel Funds shall nonetheless maintain such records. Each investment of an Angel Fund in an investee company shall have contribution from at least two Accredited Investors.

The manager shall accept contribution from an angel investor for investing in an investee company only after obtaining approval from the angel investor for such investment. The manager shall disclose and offer each investment opportunity to all the angel investors of the angel fund.

The investors of an angel fund shall have rights in an investment of the angel fund and in the distribution of proceeds of the investment, pro-rata to their contribution to such investment, except in the cases as may be specified by SEBI from time to time.

- g. **Follow-on Investments:** Angel Funds may take up investments in companies no longer start-ups, provided that:
 - i. Post-issue shareholding does not exceed pre-issue shareholding in the company;
 - ii. Total investments in a company does not exceed INR 25 crores;
 - iii. Investors may opt out of follow-on investments, in which case the pro-rata rights may be offered to other investors.
- h. **Lock-in Period:** An investment by an Angel Fund shall be locked-in for a period of one year, except where the exit is by way of a sale to a third party, in which case the period shall be six months.
- i. **Categorization:** All Angel Funds shall be considered to be registered as Category I AIF – Angel Funds.
- j. **Benchmarking:** Angel Funds are required to furnish information as required to Benchmarking Agencies as per the norms prescribed in the AIF Master Circular.

This circular shall come into effect immediately. The circular can be accessed [here](#).

7. **SEBI smoothen transmission process for securities from Nominee to Legal Heirs (“SEBI Transmission of Securities to Legal Heirs Circular”)**

SEBI, *vide* its circular bearing reference number SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/130 dated September 25, 2025, i.e. the SEBI Transmission of Securities to Legal Heirs Circular, has made the transmission of securities from nominee to legal heirs easier.

As per the existing procedures, the nominee may get assessed for capital gains tax while making such transfers to the legal heir. However, since transmissions are exempted from the definition of transfer under the Income Tax Act, 1961, the same would not be appropriate. To remove this inconvenience, it has been decided by SEBI that a standard reason code, namely “TLH” (Transmission to Legal Heirs) shall be used by nominees while reporting the transmission of securities. Other procedural requirements shall continue as was the case.

The circular is to be effected by January 1, 2026. The circular can be accessed [here](#).

8. **SEBI issues compliance guidelines for its Circular for Digital Accessibility for People with Disabilities.**

SEBI, *vide* its circular bearing reference number SEBI/HO/ITD-1/ITD_VIAP/P/CIR/2025/131 dated September 25, 2025 has issued compliance guidelines for digital accessibility to operationalize its July 31, 2025 circular requiring all regulated entities (“REs”) to ensure adequate accessibility of their digital platforms for specially abled people under the Rights of Persons with Disabilities Act, 2016 (“RPwD Act”).

According to this circular, following are the timelines to be adhered to:

Sr. No.	Compliance Requirement	Time Line (Date of completion of compliance)
1	REs shall submit a list of digital platforms provided by them for the investors	September 30, 2025
2	Appointment of IAAP certified accessibility professionals as Auditor.	December 14, 2025
3	Conduct of Accessibility Audit for digital platforms.	April 30, 2026
4	Remediation of findings from the audit and ensuring compliance with this circular [for Digital Platform]	July 31, 2026
5	Remediation of findings from the audit and ensuring compliance with this circular [<u>Annual Compliance</u>]	April 30, 2027

In order to ensure consistency, SEBI has also prescribed standard formats for submissions covering platform details, auditor appointments, and audit outcomes, along with evidence of remediation.

In addition to the above, while Stock Brokers and Depository Participants have to report the compliances to Exchanges and Depositories, Investment Advisors and Research Analysts have to report to BSE Limited, and the Market Infrastructure Institutions and rest of the REs i.e. mutual funds, portfolio managers, credit rating agencies etc. are required to report the compliance directly to SEBI.

The circular is effective immediately and can be accessed [here](#).

OTHER REGULATORY UPDATES

9. The International Financial Services Centres Authority (“IFSCA”) notifies fee structure applicable for Third-Party Fund Management Services (“TPFMS”)

IFSCA, vide its circular bearing reference number IFSCA-AIF/104/2024-Capital Markets/08092025 dated September 8, 2025, notified the fee structure for Fund Management Entities (“FMEs”) desirous of offering TPFMS as follows:

- a. **Authorization-related Fees:** Registered FMEs (retail and non-retail) shall pay USD 2,500 as the application fee for TPFMS, and USD 7,500 as authorization fee prior to grant of authorization.
- b. **Recurring Fees:** A registered FME authorized to provide TPFMS shall pay recurring fee to the IFSCA on an annual basis of USD 2,000 for each such entity receiving TPFMS. It has been clarified that the above recurring fee is in addition to the Recurring Fee (Flat) of USD 2,000 payable by a Registered FME in terms of Circular dated April 08, 2025.
- c. **Activity based fees:** The activity-based fee and all the other applicable regulatory fees payable by a registered FME shall be governed by the provisions of the IFSCA Circular dated April 08, 2025 titled “Fee structure for the entities undertaking or intending to undertake permissible activities in IFSC or seeking guidance under the Informal Guidance Scheme” as may be amended or clarified from time to time.

The circular may be accessed [here](#).

CONSULTATION PAPERS

10. SEBI seeks public comments on implementing guidelines with respect to reporting of value of units of AIFs to Depositories.

SEBI *vide* consultation paper, dated September 19, 2025, has proposed to leverage upon the depository infrastructure such that AIFs may be required to maintain the updated Net Asset Value (“NAV”) of the units issued to investors based on valuation of their investments in the Depository system.

The AIF Regulations prescribe that AIFs can raise funds from investors by way of issue of units, the value of units is calculated based on the valuation of the investment portfolio of the AIF or the scheme of the AIF. Category I and II AIFs undertake valuation of their investments by an independent valuer at least once in every six months, which can be enhanced to one year by approval of at least 75% of investors by value and Category III AIFs are mandated to disclose their NAV to the investors at intervals not longer than a quarter for close ended funds and at intervals not longer than a month for open ended funds.

The consultation paper proposes the following:

- i) AIFs or their Registrar and Transfer Agents (“RTAs”) shall upload the NAV of the ISINs of all the units of AIF units to the depository within 15 days of valuation of the investment portfolio.
- ii) The valuation date will be the date of the valuation report, in case valuation is being carried out by an external valuer, and the date on which the valuation is documented in the internal records of the fund, if valuation is being carried out by an internal valuer.
- iii) For existing schemes, the AIFs or their RTAs shall upload the latest NAV in the depository system within 45 days from the issuance of a circular to this effect.
- iv) The depositories shall build necessary infrastructure for uploading of NAV by AIFs / RTAs and for reflection of the same in the depository system and make necessary amendments to the relevant Bye-laws, Rules and Regulations for the implementation of the afore-mentioned provisions.

The consultation paper can be accessed [here](#).

11. SEBI seeks public comments on reviewing the framework to address the technical glitches in the stock brokers electronic trading systems

SEBI *vide* consultation paper, dated September 22, 2025 has sought comments from the public on the proposed changes in the framework to address technical glitches in the stock brokers’ online trading systems. NSE *vide* circular bearing reference no NSE/COMP /70434 dated September 25, 2025 has further provided its inputs and comments on the aforementioned SEBI consultation paper (“NSE circular”). The consultation paper aims to ease the framework issued by SEBI on November 25, 2022 and subsequently, the stock exchanges issued detailed guidelines in this regard on December 16, 2022. The key proposals of the consultation paper are as follows:

(i) **Amending the definition of ‘technical glitch’**

The definition of technical glitch is proposed to be modified to exclude the technical glitches occurring after trading hours and it limits the scope of the definition to malfunctions in the electronic systems of the stock broker related to trading and risk management.

The proposed definition further states that the following will not be considered as technical glitches irrespective of the time of their occurrence and hence do not need to be reported to the stock exchanges:

- Technical glitches occurred due to global issues such as malfunction or technical disruption at the cloud service providers or any other global technology provider.
- Technology disruption due to technical issues at MII (glitch reported by MII to SEBI).
- Technological glitches observed while processing new trading account (KYC process).
- Technical issues at the back-office which do not impact the trading and settlement of the clients.
- The failure of payment gateway applications due to technical issues that exist at banks or at the service provider or at payment aggregators end.
- Technical issues observed in the decision support tools such as technical charts, profit and loss statements, back-office reports, etc.

(ii) Modifications to the reporting requirements

The following table captures the proposed modifications to the reporting requirements of stockbrokers during technical glitches:

Sr. No.	SEBI circular dated November 25, 2022 read with NSE circular dated December 16, 2022	SEBI consultation paper dated September 22, 2025
1.	Stock brokers shall inform about the technical glitch to the stock exchanges immediately but not later than 1 hour from the time of occurrence of the glitch.	Stock brokers shall inform regarding the technical glitch to the stock exchanges <u>and also to their clients within 2 hours</u> from the time of occurrence of the glitch. <u>Exchanges in turn shall disseminate the technical glitch incidents on their website. The intimation to clients should be made on the website or any other mode such as SMS/ email/ mobile-app etc.</u>
2.	Stock brokers shall submit a Root Cause Analysis (RCA) Report of the technical glitch to stock exchange, within 14 days.	Stock brokers shall submit a Root Cause Analysis (RCA) Report of the technical glitch to stock exchange, within 14 <u>calendar</u> days.

3.	Stock brokers are required to submit the reports on the designated email ID.	Stock brokers are required to submit the reports on the <u>'Samuhik Prativedan Manch' i.e. common portal for submissions by stock brokers.</u>
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(iii) Easing the modalities with respect to capacity planning

The SEBI circular dated November 25, 2022 read with NSE circular dated December 16, 2022 prescribed that stock brokers shall monitor peak load in their trading applications, servers and network architecture. The Peak load shall be determined on the basis of highest peak load observed by the stock broker during a calendar quarter. The installed capacity shall be at least 1.5 times (1.5x) of the observed peak load. Stock brokers shall deploy adequate monitoring mechanisms within their networks and systems to get timely alerts on current utilization of capacity going beyond permissible limit of 70% of its installed capacity.

The NSE circular proposes that the members shall monitor peak load in their 'critical systems' including servers and network architectures. The peak load shall be determined on the basis of highest peak load observed during a calendar quarter in case of QSB, during a calendar half year in case of specified stock brokers and during a calendar year in case of other stock brokers. Further, the installed capacity shall be at least 2 times (2X) of the observed peak load for QSBs and at least 1.5 times (1.5x) of the observed peak load for specified stock brokers and other stock brokers.

(iv) Exemptions from the BCP and DRS provisions

The NSE circular proposes the following exemptions for the smooth transition of the members who fulfil the criteria of QSBs or specified stock brokers or members with a minimum client base of 50,000 clients during the financial year:

- i. In case any new 'specified stock broker' is added in the list, DR drills/ live trading shall include running operations with 50% clients from DRS for at least 1 full trading day during first half year and with 100% clients from DRS for at least 1 full trading day from subsequent half year and onwards.
- ii. In case of any new 'QSB' is added in the list, DR drills/ live trading shall include running operations with 30% clients from DRS for at least 1 full trading day during first quarter and with 60% clients from DRS for at least 1 full trading day during second quarter and with 100% clients from DRS for at least 1 full trading day from subsequent quarter onwards.

The consultation paper can be accessed [here](#) and the NSE circular issued in furtherance of the consultation paper can be accessed [here](#).

12. IFSCA seeks public comments on the draft IFSCA FinTech Sandbox Framework

IFSCA *vide* its consultation paper dated September 19, 2025, has invited public comments on the proposed IFSCA FinTech sandbox framework.

The key terms of this framework are as follows:

(1) **Applicability:**

The framework shall apply to all eligible domestic and foreign entities, desirous of obtaining a limited use authorisation, as a FinTech Sandbox Entity (“FSE”) from IFSCA, for developing and/or testing one or more use cases of permissible activities under this framework.

(2) **Validity of IFSCA circular on ‘Framework for FinTech Entity in the International Financial Services Centres (IFSCs)’ dated April 27, 2022:**

The FinTech Entities who have a valid Limited Use Authorisation shall continue to be governed under the said circular till the validity of their Limited Use Authorisation.

(3) **Definition of FinTech Sandbox Entity:**

A ‘FinTech Sandbox Entity’ has been defined to mean an entity which has been granted Limited Use Authorisation by the IFSCA under this framework and shall include both Domestic FinTechs and Foreign FinTechs.

(4) **Definition of Limited Use Authorisation:**

The term ‘Limited Use Authorisation’ means a time-bound and purpose-specific approval granted by the IFSCA to a FinTech Sandbox Entity for developing and/or testing an innovative financial product and/or solution within a controlled environment.

(5) **Permissible sandboxes:**

An applicant under this framework can apply to develop and/or test its ideas and/or products in the following sandboxes:

- *IFSCA FinTech Regulatory Sandbox (FRS)* – it is a testing environment where the FSE can test its FinTech product/solution in a live environment with its testing partner;
- *IFSCA FinTech Innovation Sandbox (FIS)* – it is a testing environment where the FSE can develop and/ or test its FinTech idea/product/solution in isolation from the live market, based on market related data made available by the regulated entities in IFSCs;
- *Inter- Operable Regulatory Sandbox (IoRS)* – applications from domestic FinTech firms having global ambitions and foreign FinTech firms seeking entry to India shall be considered for the IoRS provided that the entity has a financial technology product / solution/ service whose business models / activities / features fall within the remit of more than one domestic financial sector regulator;
- *Overseas Regulatory Referral Mechanism/FinTech Bridge* offered by IFSCA.

(6) Application process:

The application process consists of two stages, wherein the applicant first submits a preliminary application through the SWIT portal. In the second stage, the applicant whose preliminary application has been found suitable shall be eligible to submit the final application through the SWIT portal.

(7) Approval process:

The proposed approval process, in brief, consists of the following key steps:

- If IFSCA is satisfied that the final application fulfils the conditions for granting Limited Use Authorisation, IFSCA may issue an “In-principle Approval” letter to the applicant.
- The applicant shall be required to fulfil conditions prescribed by IFSCA in the In-principle Approval letter within ninety (90) days, unless extended by IFSCA.
- IFSCA may, on being satisfied that the applicant has complied with the conditions laid down in the In-Principle Approval letter, grant a Limited Use Authorisation as “FinTech Sandbox Entity (FSE)” to develop and/or test the proposed idea/product/solution in the sandbox subject to such boundary conditions, and other terms and conditions.
- Upon obtaining the Limited Use Authorisation, the FinTech Sandbox Entity (FSE) shall proceed to the “testing stage,” during which it shall operate within the specified boundary conditions.
- The duration of the sandbox testing stage shall be a maximum of twelve (12) months, which may be extended by a further period of six (06) months, at the discretion of IFSCA, upon receipt of a written request from the FSE in this regard.

The consultation paper can be accessed [here](#).

ORDERS AND GUIDANCES

13. SEBI issues a regulatory censure against Raghunandan Capital for settlement and compliance failures.

SEBI *vide* order dated September 03, 2025, issued a regulatory censure against Raghunandan Capital Private Limited, a SEBI-registered stockbroker, for multiple lapses in compliance with stockbroker regulations and SEBI circulars.

The action arises from the observations made in the DA Report including the non-settling of the running accounts of clients, retainment of funds of clients in excess of permissible obligations, failure to dispatch physical retention statement and failure to send SMS to clients at the time of settlement in violation of Regulation 9(b) and 9(f) read with Schedule II (Code of Conduct) of the Stock Brokers Regulations, 1992 read with SEBI Circular dated June 16, 2021 and the BSE clarifications dated February 10, 2020 and March 31, 2022.

Considering that the Noticee had already paid a penalty of INR 8 Lakhs imposed under the adjudication order dated November 27, 2024, SEBI imposed a regulatory censure against the Noticee.

This order can be accessed [here](#).

14. SEBI issues adjudication order against 18 Entities for manipulating SecUR Credentials IPO.

SEBI *vide* order dated September 03, 2025, imposed a penalty of INR 30 lakhs on 18 connected entities, including members of the Vora family and Marfatia Stock Broking Pvt Ltd, for fraudulent and unfair trade practices in the IPO of SecUR Credentials Ltd (“SCL”). A penalty of INR 27 lakhs for violation of Section 12(A)(a),(b),(c) of SEBI Act read with Regulations 3(a),(b),(c) and (d) and Regulation 4(1) and 4(2)(a) of PFUTP Regulations along with a penalty of INR 3 lakhs for violation of Clause A(1), (2) and (5) of the Code of Conduct for Stock Brokers as specified under Schedule II read with Regulations 9(f) of Stock Brokers Regulations and circular ref no. SEBI/HO/MIRSD/DOP1/CIR/P/2018/54 dated March 22, 2018.

SEBI’s investigation found that these entities colluded to create artificial volumes, executed synchronised trades, and provided an unfair exit route to the company’s promoters, misleading investors about the stock’s liquidity. Noticees 1-17, largely from the Vora family, were found to have accounted for nearly half of SCL’s market volume during the IPO, while Marfatia Stock Broking facilitated the trades and failed to maintain due diligence and proper records. SEBI held that their coordinated actions violated the SEBI Act, PFUTP Regulations, Stockbrokers Regulations, and applicable circulars, thereby eroding investor confidence.

This order can be accessed [here](#).

15. SEBI issues order against NNM Securities Private Limited for breach of regulatory compliances.

SEBI *vide* order dated September 11, 2025, held NNM Securities Private Limited guilty of multiple compliance lapses during the inspection period from April 01, 2021, to June 30, 2022. The alleged violations included Clause 3.2 of Annexure of SEBI circular dated September 26, 2016, Section 23D of SCRA read with Clause 1 of SEBI circular dated November 18, 1993, Clause 3 of the SEBI circular dated September 26, 2016, Rule 8(1)(f) and 8(3)(f) of SCRR and Clause A (5) of Schedule II read with Regulation 9(f) of Stock Brokers Regulations and Regulation 4(2)(p) of PFUTP Regulations.

A joint inspection by SEBI, BSE, NSE, and CDSL revealed that the broker had misused clients' funds, incorrectly reported enhanced supervision data, and failed to properly verify proprietary Mark-to-Market (MTM) losses. Consequently, SEBI barred NNM Securities from onboarding new clients for one month, underscoring its focus on strict enforcement of client asset segregation and accurate reporting obligations by market intermediaries.

This order can be accessed [here](#).

16. SEBI issues order against Highlight Investment Research for fraudulent mis-selling.

SEBI *vide* order dated September 12, 2025, cancelled the registration of Highlight Investment Research (proprietor: Shilpa Garg) as an investment adviser for engaging in fraudulent practices, including mis-selling, assuring guaranteed returns, not obtaining BASL membership and failing to redress investor grievances. The investigation revealed that Garg solicited clients with promises of extraordinary profits, for instance, claiming that INR 30,000 investment could generate an INR 24 lakh daily turnover, while concealing the inherent risks of securities markets. Such practices amount to deliberate misrepresentation, breach of fiduciary duty, and violations of the SEBI (Investment Advisers) Regulations and PFUTP Regulations. As penal action, Garg and her firm have been barred from offering advisory services or presenting themselves as SEBI-registered advisers, and the cancellation order must be prominently displayed on the firm's website.

This order can be accessed [here](#).

17. SEBI issues order in the matter of Equicom Financial Research Private Limited.

SEBI *vide* order dated September 24, 2025, disposed of the enquiry proceedings initiated against Equicom Financial Research Private Limited and its directors ("Noticees"). The case originated from complaints received against the Noticees, leading to an ex-parte interim order dated January 21, 2020, and a final order dated April 19, 2021. In the final order, the Noticees were restrained from accessing the securities market for three years and directed to resolve pending complaints.

Subsequently, the Noticees failed to comply with the direction to resolve 12 complaints within the prescribed period, resulting in initiation of enquiry proceedings under the SEBI (Intermediaries) Regulations, 2008. The Designated Authority (DA), after examining the replies and evidence, observed that while the Noticees failed to resolve the complaints in time, the misconduct did not yield disproportionate gains, and the unresolved complaints represented only 0.1% of their total client base. Since the Noticees were already undergoing six years of debarment under the April 19, 2021 order, the DA recommended no further action.

The Whole Time Director in exercise of its powers under Section 19 of the SEBI Act, 1992 read with Regulation 27(5) of the Intermediaries Regulations, SEBI disposed of the present proceedings without issuing any further directions.

This order can be accessed [here](#).

18. **SEBI issues order against Nucleus Software Shares penalising two individuals for insider trading.**

SEBI *vide* order dated September 24, 2025, imposed a total penalty of INR 25 lakh on Anupam Gupta and his cousin, Nitin Kumar Garg, for indulging in insider trading in the shares of Nucleus Software Exports Ltd. SEBI's investigation found that Mr. Garg, a project manager at Nucleus, had access to unpublished price-sensitive information (UPSI) about the company's financial results and passed it on to Mr. Gupta, besides funding trades through his and his father's bank accounts. Acting on this information, Mr. Gupta purchased 3,020 shares ahead of the results announcement, making a profit of about INR 8.98 lakh, which was later proportionately shared back with Mr. Garg.

SEBI rejected their defence of accidental profits, observing that the timing of trades, suspicious fund transfers, and WhatsApp communications indicated a planned scheme. Accordingly, penalties of INR 15 lakh on Mr. Garg and INR 10 lakh on Mr. Gupta were imposed, with the regulator underscoring that even family-based insider trading undermines market fairness and will be strictly penalised.

This order can be accessed [here](#).

19. **SEBI passes settlement order against Edelweiss Stressed and Troubled Assets Revival Fund Trust.**

SEBI *vide* order dated September 30, 2025, issued a settlement order against Edelweiss Stressed and Troubled Assets Revival Fund Trust (“**Noticee 1**”) and Edelweiss Alternative Asset Advisors (“**Noticee 2**”) for the alleged violation of Clauses 2(C)(c)(i) and (ii) of SEBI Circular dated October 01, 2015 read with para 5 and 6 along with Clauses 13.3.2.i and 13.3.2.ii under Chapter 13 of SEBI Master Circular for AIFs dated May 07, 2024, and Regulations 21(1) and 21(2) of SEBI (AIF) Regulations, 2012, Clauses 2(C)(b)(ii), 2(C)(c)(i) and (ii) of SEBI Circular dated October 01, 2015 and Clause 4(a) of SEBI Circular dated June 19, 2014 read with paras 5 and 6 along with Clauses 13.3.1.ii, 13.3.2.i, 13.3.2.ii and 15.2.1 of SEBI Master Circular for AIFs dated May 07, 2024.

SEBI held that the Noticees failed to act in the interest of investors and exercise independent professional judgment and to carryout activities of AIF in accordance with PPM, failed to implement policies and procedures to appropriately mitigate conflict of interest and submitted inaccurate information to trustee in CTR of FY 2016-17. In light of the aforementioned violations, SEBI proposed a settlement amount of INR 61,42,500/- and the non-engagement /association of the officers in default with the company, for a period of 12 months.

The order can be accessed [here](#).

GLOBAL DEVELOPMENTS

20. **Executive order to expand access to alternative assets by retail investors in the USA**

The US president had signed an executive order in August 2025 to direct the competent authorities in the US namely the Securities and Exchange Commission (“SEC”) and the Department of Labour (“DOL”) to expand access to alternative assets (read as private equity, private credit, real estate, and other asset classes that are not publicly traded, but also commodities and digital assets) for “main street” investors. Historically, investments in private funds, at least in the US and Europe, have been reserved for so called “accredited investors” or “professional investors”. Specifically, the executive order directs the DOL, within 180 days, to relieve the regulatory burdens and litigation risk that impede investments in alternative assets by 401(k) plans which is the US equivalent of pension plans meant for salaried or self-employed individuals. The executive order does not by itself change any existing rules and is a directive for the competent authorities to revisit their existing guidance on alternative assets and issue new framework to facilitate retail access.

This approach to enhance retail access in the US is in contrast with the regulatory perception of alternative investment funds in India where SEBI aims to push for accreditation and has previously unveiled draft guidance subject to consultation on regulatory concessions for funds with accredited investors only.

21. **SEC Brings Enforcement Action Against Private Fund Adviser for Fee Offset Related Conduct**

The SEC *vide* its order dated August 15, 2025 has accepted a settlement offer from TZP Management Associates, LLC (“TZP”), a registered investment adviser to several private funds, concerning its calculation of credits and offsets to management fees and transaction fees. TZP advises private funds that focus on investing in lower-middle market companies that provide technology services, business services, and consumer products in the US and Canada. Each of the funds advised by TZP is governed by independent Limited Partnership Agreements (“LPA”), which entitles TZP to management fees and transaction fees from portfolio companies, wherein TZP is required to credit back to each fund, a portion of the transaction fee in order to reduce or offset the management fees the fund owes to TZP. It was found that between October 2018 to November 2023, TZP had engaged in two fee offset calculations which created conflicts of interest and were not adequately disclosed to the funds or their limited partners and were inconsistent with the LPAs.

The SEC concluded that these practices violated Section 206(2) of the Investment Advisers Act of 1940, which prohibits advisers from engaging in transactions that operate as a fraud or deceit upon clients. To settle the matter, TZP agreed to pay a total of \$683,877, including \$502,041 in disgorgement, \$6,836 in prejudgment interest, and a \$175,000 civil penalty.

The Order can be accessed [here](#).

22. **Enforcement collaboration between HKMA and SFC - SFC reprimands and fines HSBC HK\$4.2 million for disclosure failures in research reports (Aug 26, 2025)**

Hong Kong’s Securities and Futures Commission (“SFC”) reprimanded and fined the Hongkong and Shanghai Banking Corporation Limited (“HSBC”) HK\$4.2 million for breaching the disclosure requirement when publishing research reports on Hong Kong-listed securities over an eight-year period. Following a self-report by HSBC, the Hong Kong Monetary Authority (“HKMA”), in collaboration with the SFC, conducted an investigation. Both regulators found that HSBC had failed to disclose and/or made incorrect disclosures regarding its investment banking relationships with various companies covered in research reports published between 2013 and 2021, thereby violating various provisions including Paragraph 16.5(d), 12.1 and General Principles 2, 3 and 7 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (“SFC”).

The SFC and HKMA found that the research reports published by HSBC contained omissions and/or incorrect disclosures regarding its investment banking relationships with the issuer or new listing application, thereby breaching regulatory requirements. These issues, which were caused by deficiencies in HSBC's data recording and mapping across systems, are estimated to have affected disclosures in estimated 4,252 research reports on Hong Kong-listed securities. The SFC found that HSBC had failed to ensure compliance with the disclosure requirement and the accuracy of disclosures in its research reports by acting with due skill and care, as well as implementing effective systems and controls.

The Order can be accessed [here](#) and the Press Release can be accessed [here](#).

23. SFC bans Zhu Hong for 12 months and fines her \$400,000 for fund management failures (Aug 18, 2025)

The SFC on August 18, 2025 has banned Ms. Zhu Hong, a substantial shareholder, director and former manager-in-charge of core functions (“MIC”) of Kylin International (HK) Co., Limited (“Kylin”), from engaging in any regulated activities for 12 (twelve) months from August 16, 2025 to August 15, 2026 and fined her \$400,000 for failures in managing various private funds. Between August 2018 and July 2021, Kylin was the investment manager and/or consultant of sub-funds of a Cayman-incorporated fund. At the material time, Ms. Zhu was responsible for, among other things, approving borrowing agreements on behalf of the sub-funds and implementing internal control procedures to prevent money laundering and terrorist financing. The SFC's investigation revealed that Zhu had failed to discharge her duties as Kylin's director and MIC for AML/CTF in managing the funds in question.

The SFC has through various [circulars](#) and ordinances, has recognised the MIC regime which has augmented the accountability of senior management of licensed corporations to assess corporate governance measures including management oversight.

The Press Release can be accessed [here](#).

24. SFC reprimands and fines Deutsche Bank Aktiengesellschaft \$23.8 million for regulatory breaches.

The SFC in its Statement of Disciplinary Action has reprimanded and fined Deutsche Bank Aktiengesellschaft (“DB”) \$23.8 million for various regulatory breaches, including overcharging clients on management fees for various discretionary portfolio management accounts (~USD 5 million being overcharged), overstating or understating the valuation of various private equity funds, incorrect assignment of product risk ratings with respect to debt instruments, and failure to disclose investment banking relationships in certain research reports, resulting in various breaches of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission. The SFC through its Statement has found DB to be guilty of misconduct and in breach of applicable provisions.

The Statement of Disciplinary Action can be accessed [here](#).

25. SFC bans Suen Kin-wing for life in light of criminal convictions for money laundering.

The SFC on September 02, 2025 has banned Mr Suen Kin-wing, a former Associate Director of UBS AG (UBS), from re-entering the industry for life in light of his criminal convictions for money laundering and committal for contempt of court. The case arose from Mr. Suen's role as the Client Advisor of two mainland Chinese clients who held a joint account with UBS. Since they encountered

difficulties in remitting Renminbi (“**RMB**”) from the mainland to Hong Kong, they had an arrangement with Mr. Suen to facilitate the fund transfers where they would transfer funds into mainland bank accounts designated by Mr. Suen, which would be then remitted to Hong Kong and deposited into the Joint Account. In this regard, over RMB132 million was transferred to Mr. Suen’s designated mainland accounts between November 2016 and February 2018. Although Mr. Suen provided transaction confirmations and bank statements which purported to show that the funds had been deposited into the joint account, the clients discovered that a significant proportion of the transferred money was missing. It was subsequently found that the deposits totalling over HK\$134 million had been diverted into two Hong Kong bank accounts belonging to Mr. Suen. The Court of First Instance found that the diverted deposits were crime proceeds, being sums which Mr. Suen had defrauded from the clients and had sentenced him to 10 years imprisonment on June 21, 2024 following his guilty pleas of dealing with property known or believed to represent proceeds of indictable offence. Further, two of Mr. Suen’s clients has obtained a worldwide freezing injunction against Mr. Suen in July 2018 as part of their legal action to recover the misappropriated amounts and Mr. Suen was prohibited from dealing with any of his assets up to the value of HK\$130 million. However, the SFC issued a lifetime ban when it was found that Mr. Suen had assigned his interest in a number of properties to companies owned by him, in breach of the earlier sentence of the Court of First Instance in addition to him being declared as not a ‘fit and proper to be regulated person’.

The Press Release can be accessed [here](#).



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