

What's Buzzing!

Regfin Insight

AUGUST 2025

SEBI CIRCULARS

1. SEBI issues revised framework for independent review of penalties by MIIs

SEBI *vide* circular dated August 05, 2025, has introduced a revised framework titled ‘*Review, Appeal or Waiver of penalty requests emanating out of actions taken by the Member Committee*’, to guide Market Infrastructure Institutions (“MIIs”) in handling requests related to reviews, appeals and waivers of penalty. While previously, the Terms of Reference (“ToR”) of the Member Committee (“MC”) of MIIs on Regulatory Actions required all review, appeals or waiver requests to be placed before the MC for its consideration. The Secondary Market Advisory Committee (“SMAC”) has now revised the provision in the mentioned ToR to the following: (a) any request for review/ appeal/ waiver of penalties filed against actions taken by the Internal Committee (“IC”) of the MC or actions taken by MIIs as per pre-approved policy on regulatory action, must be placed before the MC for its consideration; and (b) any request for review/ appeal/ waiver filed against actions taken by the MC onwards of September 19, 2025, shall be handled by a mechanism constituted by the Governing Body of the MII with Public Interest Director and/or independent external professional who are not a part of the MC. In this regard, the Standard Operating Procedure to be notified by the mentioned Governing Body is awaited. The circular comes into effect on September 19, 2025.

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

2. SEBI introduces joint annual inspection framework for MIIs

SEBI, *vide* circular dated August 07, 2025, has notified a new framework under its ease of doing business initiative to streamline the annual inspection process of stock brokers and depository participants. Currently, annual inspection of stock brokers/ depository participants (“DPs”) is conducted by each MII (i.e., Stock Exchanges, Clearing Corporations and Depositories) separately. Considering that such separate inspections result in disproportionate diversion of resources as well as disruptions to the day-to-day operations of the SBs/DPs, SEBI has mandated a joint annual inspection by MIIs.

Further to implementation of the circular, entities selected for annual inspection will be inspected for all segments jointly by the stock exchange/s, along with their depository participant operations (by Depositories) and/or clearing activity (by Clearing Corporations), as applicable. Further, MIIs shall establish an information sharing mechanism with one other for sharing their inspection observations of entities holding multiple registrations with MIIs.

This circular has also revised the criteria for annual inspection, as follows:

- (a) top 25 entities paying high and recurring penalties for non-reporting or short reporting of margin/client code modification/ CTCL mismatch fines or any other similar high risk compliance issue shall be inspected irrespective of when they were last inspected;
- (b) top 25 entities in terms of investor complaints and arbitration cases filed by investors as percentage of number of active clients shall be inspected irrespective of the fact of when they were last inspected; and
- (c) for top 25 entities based on ‘high risk score’ based on risk based supervision.

The entities which do not fall under (a), (b) or (c) above shall be inspected by the MIIs once in three years. SEBI has also clarified that for entities which have been inspected in the preceding two years by any MII or SEBI and/or entities which have not executed a single trade during the preceding two financial years, such entities shall not be considered for inspection under the categories specified above. Further, notwithstanding the above, inspections of Professional Clearing Members registered with SEBI shall be conducted jointly by Clearing Corporations once in two years.

While MIIs will retain the authority to conduct special purpose or limited inspections based on specific triggers such as investor complaints, arbitration patterns, or references from authorities, a designated lead MII will take charge of initiating enforcement actions in joint inspections. MIIs are required to formulate a joint Standard Operating Procedure (SOP) by November 01, 2025, detailing inspection criteria, information sharing norms and the lead MII.

This circular will take effect from December 01, 2025.

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

3. SEBI Revises Framework for Conversion of Private Listed InvITs into Public InvITs

SEBI, *vide* circular dated August 08, 2025, has amended Chapter 14 of the Master Circular for Infrastructure Investment Trusts (InvITs), dated May 15, 2024, in order to streamline the process of converting a private listed InvIT into a public InvIT. Acting on market feedback and recommendations from the Hybrid Securities Advisory Committee (“HySAC”), key changes, including the following, have been introduced: (i) clarifying that sponsor(s) and sponsor group(s) as well as lock-in on units held by the sponsor(s) and sponsor group(s) must comply with the minimum unitholding requirements prescribed under the SEBI (Infrastructure Investment Trusts) Regulations, 2014 (“InvIT Regulations”) at all times; and (ii) aligning the procedure and disclosure norms for public offer with those applicable to follow-on offers.

This circular is applicable with immediate effect and can be accessed [here](#).

4. SEBI Removes Transaction Charges for Mutual Fund Distributors

SEBI, *vide* circular dated August 08, 2025, has revised the provisions under the SEBI Master Circular for Mutual Funds, dated June 27, 2024, which allowed Asset Management Companies (“AMCs”) to pay transaction charges to mutual fund distributors for bringing in minimum subscription of INR 10,000. Following public consultation, SEBI has done away with the said minimum subscription requirement as it believes distributors as agents of AMCs must be entitled to due remuneration by way of charges/ commission.

This circular is applicable with immediate effect and can be accessed [here](#).

5. SEBI permits IAs and RAs to use liquid mutual funds & overnight mutual funds for complying with deposit requirements

SEBI, *vide* August 12, 2025 circular, has permitted investment advisers (“IA”) and research analysts (“RA”) to use units of liquid mutual funds and overnight mutual funds, in addition to scheduled bank deposits, for meeting their mandatory deposit requirements as required under Regulation 8 of the SEBI (Investment Advisers) Regulations, 2013 and SEBI (Research Analysts) Regulations, 2014. This move provides greater flexibility to the above intermediaries while ensuring that such units are marked as lien in favour of the concerned supervisory body. IAs and RAs are required to comply with the revised framework by September 30, 2025, and BSE, which functions as both IAASB and RAASB, has been directed to implement the necessary systems for smooth execution.

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

6. **SEBI extends timeline for implementation of margin obligations given by way of pledge/re-pledge in depository system.**

SEBI *vide* circular dated August 18, 2025, has extended the timeline for implementation of the circular on margin obligations through pledge/re-pledge in the depository system from September 1, 2025 to October 10, 2025. The MIIs have been directed to notify members, update their systems, and amend relevant bye-laws to ensure smooth implementation for this circular.

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

7. **SEBI relaxes timeline to submit net worth certificate by the Stockbrokers to offer margin trading facility to their clients.**

SEBI *vide* circular dated August 26, 2025, has relaxed the timeline for submission of net worth certificate by stockbrokers providing margin trading facility to its clients. Such net-worth certificate was required to be submitted as on April 30 for the half year ending March 31 and as on October 31 for the half year ending September 30. Basis the representation received by SEBI, para 4.5.3 of Chapter 1 of the Master Circular for Stock Exchanges and Clearing Corporations dated December 30, 2024, has been modified to amend the submission date to May 31 for half year ending March 31 and November 15 for the half year ending September 30 .

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

8. **SEBI issues technical clarifications for Cybersecurity and Cyber Resilience Framework (“CSCRF”) for the SEBI regulated entities.**

SEBI *vide* circular dated August 28, 2025, has clarified that its CSCRF will apply only to systems exclusively used for SEBI regulated activities, and shared infrastructure/network/technology stack will

only be audited if not already under the audit scope of another primary regulator. Further, compliance by a Regulated Entity (“RE”) with equivalent cybersecurity norms issued by another primary regulator shall be deemed compliant with the cybersecurity norms issued by SEBI. The clarifications issued include:

- (i) The framework expands the scope of “critical systems” to cover systems in the same network segment where the other critical systems are deployed.
- (ii) Further, the zero-trust model shall be approved by the IT committee of the RE.
- (iii) The mobile application security guidelines shall be recommendatory in nature.
- (iv) The actions in case of a cyber-attack shall be as per the cyber crisis management plan.
- (v) In order for the REs to improve their cybersecurity posture, a range of security solutions in consultation with their IT Committee, such as threat simulation, vulnerability management, and decoy systems, shall be deployed.
- (vi) The cyber supply chain risk assessment process of identifying, prioritising and assessing the suppliers and third-party service providers of information systems, components, and services shall be undertaken in consultation with the IT committee.
- (vii) The REs shall submit the summary of VAPT and cyber audit reports strictly as per the format mentioned in CSCRF. It shall not submit explicit vulnerabilities unless sought by SEBI.
- (viii) The principles prescribed by National Critical Information Infrastructure Protection Centre (“NCIIPC”) shall only be applicable to REs identified as Critical Information Infrastructure (“CII”) by NCIIPC.

- (ix) Small size and self-certification REs may leverage their existing SOC for CSCRF, however, shall submit an SOC efficacy report as mandated in CSCRF.
- (x) The Recovery Point Objective (“RPO”) shall be 15 (fifteen) minutes, and Recovery Time Objective (“RTO”) shall be 2 (two) hours as recommended by IOSCO. The RE shall in consultation with the IT committee plan for scenarios wherein the resumption objective is not achieved.
- (xi) The obtaining of ISO 27001 certification by the Qualified REs shall be recommendatory and not mandatory.
- (xii) Further the criteria and threshold for Portfolio Managers (“PM”) and Merchant Bankers (“MB”) has been amended as follows:

Particulars	AUM for PM	AUM for MB
Qualified REs	NA	-
Mid-Size REs	INR 10000 crores and above	-
Small Size REs	More than INR 3000 crores and less than INR 10000 crores	All active MBs shall be small size REs* <i>*All inactive MBs shall be exempt.</i>
Self-Certification REs	INR 3000 crores and below	-

- (xiii) CERT-In has issued comprehensive Cyber Security Audit Policy Guidelines for reference of CERT-In empanelled auditing organisations and auditee organisations.

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

9. SEBI extends deadline and updates reporting authority for IAs and RAs on digital accessibility compliance.

SEBI *vide* circular dated August 29, 2025, has extended the timeline for compliance to digital accessibility circular on ‘Rights of Persons with Disabilities Act, 2016 and rules made thereunder’ issued on July 31, 2025. The amended timeline is:

Compliance Required	Timeline as per circular dated July 31, 2025	Extended timeline as per circular dated August 29, 2025
REs shall submit a compliance/ action taken report pertaining to the clauses of this circular.	August 30, 2025	September 30, 2025
REs shall submit a list of digital platforms provided by them for the investors.	August 30, 2025	September 30, 2025
Appointment of IAAP certified accessibility professionals as Auditor.	September 14, 2025	December 14, 2025

Conduct of Accessibility Audit for the digital platforms.	October 31, 2025	April 30, 2026
Remediation of findings from the audit and ensuring compliance with this circular.	January 31, 2025	July 31, 2026
Annually give compliance to conducting annual accessibility audits of all the digital platforms and submit final report of such audit to SEBI	April 30, 2026	April 30, 2027

Further, the reporting authority for all Investment Advisors and Research Analysts shall stand modified from SEBI and BASL to BSE Limited.

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

CONSULTATION PAPERS

10. SEBI seeks public comments on providing flexibilities to Large Value Funds for Accredited Investors

SEBI *vide* its consultation paper dated August 08, 2025, has invited public comments on a proposal seeking to provide flexibilities to Large Value Funds for Accredited Investors (“LVFs”). Further, it also provides an option to existing AIF schemes to avail the benefits available to the LVFs and convert themselves as LVF schemes.

The key proposals placed for public comments by SEBI are as follows:

- (1) **Reduction of minimum investment amount:** The paper proposes to lower the minimum investment amount for Accredited Investors from the existing INR 70 crore to INR 25 crore. This lower entry barrier is expected to broaden the investor base without compromising on the level of investor sophistication.
- (2) **Exemption from obtaining NISM certification:** The AIF Regulations state that at least one key personnel of the Manager is required to have the requisite NISM certification. Since LVF schemes are meant for accredited investors who are perceived to be capable of conducting independent and adequate due diligence while investing in AIFs, including the assessment of credentials and track record of the manager and its key investment team, the paper proposes that the NISM certification criteria for AIFs having only LVFs scheme, may not be required.
- (3) **Exemption from PPM template and annual audit:** The paper recommended that LVFs can be exempted from the requirement to follow template PPM as specified by SEBI and from requirement for annual audit of terms of PPM.
- (4) **Removal of investor-cap:** It is proposed to remove the restriction on maximum number of investors (i.e. 1000 investors) in a scheme, considering that the investor base of AI only funds is proposed to constitute sophisticated AIs.
- (5) **Investment Committee Responsibility:** Members of the investment committee for an LVF would be exempted from the responsibility of ensuring investment decisions comply with laid-down policies and procedures, also without needing a specific waiver from investors.
- (6) **Transition option to existing eligible AIFs:** Existing AIF schemes may be given an option to convert themselves as LVF scheme to avail the benefits, provided each investor of existing schemes meets the minimum threshold amount specified for LVFs and are also accredited investors, subject to consent obtained from all the investors in this regard.

The Consultation Paper can be accessed [here](#).

11. SEBI seeks public comments on introduction of separate type of AIF scheme for only Accredited Investors

SEBI *vide* consultation paper dated August 08, 2025, has invited public comments on a proposal to provide the option of AIF schemes consisting of only Accredited Investors (“AIs”), with a lighter touch regulatory framework than applicable to a regular AIF.

The key proposals provided in the paper have been summarized as follows:

- (1) The paper proposed a long-term vision of gradual transition from ‘minimum commitment threshold’ to ‘only accreditation status’ as a metric of risk sophistication of an investor in an AIF. The reason for the same being the commitment by an investor implies contractual obligation to contribute funds upon identification of suitable opportunity by AIF manager, which however may not lead to actual draw down of such funds by the AIF. Therefore, AIF schemes may be prone to onboarding investors with inflated commitments and thus may not necessarily depict the true risk-taking ability of the investor.
- (2) AI only schemes may be exempted from the requirement of maintaining pari-passu rights among investors, subject to a waiver provided by each investor to this effect.
- (3) AI Funds may be permitted to extend term up to 5 years, subject to requisite investor consent, as is the case with LVFs. Presently, extension of the tenure of close ended AIFs is permitted up to 2 years subject to approval of two-thirds of the unit holders by value of their investment in the AIF.
- (4) AI only schemes may be exempted from meeting the eligibility criteria specified in Regulation 4(g)(i) of the AIF Regulations i.e. at least one of the key personnel must meet the requisite NISM criteria.
- (5) AI only schemes may be exempted from the restriction of number of investors i.e. maximum 1000 investors.
- (6) The extant responsibilities on trustee of the fund shall solely rest with the manager, subject to the terms of agreement between the manager and the trustee and the fund documents.

The Consultation Paper can be accessed [here](#).

12. **SEBI seeks public comments on proposals to facilitate participation by resident Indians in Foreign Portfolio Investors**

SEBI *vide* a consultation paper dated August 08, 2025, has sought public comments on various proposals relating to facilitate participation by resident Indians in Foreign Portfolio Investors (“FPIs”). Currently, Non-Resident Indians (“NRIs”), Overseas Citizen of India (“OCI”) and resident Indians are not eligible to register as FPIs, but they may participate as constituents of FPIs subject to the limits on their contribution and control.

For further details, please refer to our newsletter, available [here](#).

The Consultation Paper can be accessed [here](#).

13. **SEBI seeks public comments on amending the definition of strategic investor in the REIT and InvIT Regulations**

SEBI *vide* its consultation paper dated August 01, 2025, has invited public comments on the proposal to amend the definition of “Strategic Investor” under the SEBI (Real Estate Investment Trusts) Regulations, 2014 (“**REIT Regulations**”) and SEBI (Infrastructure Investment Trusts) Regulations, 2014 (“**InvIT Regulations**”).

Currently, ‘Strategic Investors’ are restricted to a limited group of entities such as infrastructure finance companies registered with the RBI as a Non-Banking Financial Company (“NBFC”), scheduled commercial banks, multilateral and bilateral development financial institutions, systemically important NBFCs, FPIs, insurance companies and mutual funds who must jointly and severally invest a minimum of 5% of the offer size and remain locked-in for 180 days post-listing. However, this definition excludes several long-term institutional investors like public financial institutions, insurance funds, pension funds, and provident funds, despite their significant role in REITs and InvITs, due to their regulated, long-horizon investment mandates.

To address this limitation and expand the eligible investor base, SEBI proposes to amend the Strategic Investor definition such that it includes Qualified Institutional Buyers (“QIBs”) as defined under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“ICDR Regulations”). Further, it is proposed that FPIs which are individuals, corporate bodies or family offices shall not be considered under the ‘Strategic Investor’ category.

The Consultation Paper can be accessed [here](#).

14. **SEBI seeks public comments on proposal for ‘SWAGAT-FI’ - a unified framework for improving access to investment from foreign investors**

SEBI *vide* a consultation paper on August 8, 2025, has sought public comments on its proposal to introduce a new system for simplifying onboarding and ongoing compliances for a specific set of Foreign Portfolio Investors (“FPIs”) – viz., Government-owned funds and certain regulated Public Retail Funds - that are objectively verified as belonging to a low-risk category.

For further details, please refer to our newsletter, available [here](#).

The Consultation Paper can be accessed [here](#).

15. **SEBI seeks public comments on for Ease of Doing Business for Investment Advisers (“IAs”) and Research Analysts (“RAs”)**

SEBI *vide* its consultation paper dated August 07, 2025, has invited public comments on its proposal to provide some relaxations to IAs and RAs in order to promote ease of doing business. The key proposals are as follows –

1. Permitting IAs and RAs to provide past performance to clients

IAs and RAs are presently unable to disclose or provide past performance data to clients. The upcoming Past Risk and Return Verification Agency (“PaRRVA”) has been envisaged as a central mechanism for verifying such data, but until its operationalisation, there is no standardized system for clients to access authentic past performance records.

The proposal allows IAs and RAs to provide past performance data for periods prior to PaRRVA’s launch only if a client specifically requests it. Such data must be certified by a professional member of ICAI, ICSI, or ICMAI. After PaRRVA becomes operational, only PaRRVA-verified risk and return metrics can be shared.

2. Allowing IAs to provide a second opinion to clients on pre-distributed assets

At present, IAs cannot include assets held under a pre-existing distribution arrangement with another entity in their Assets Under Advice (“AUA”) for fee calculation. This prevents "dual charging," i.e., clients paying both distributor commissions and advisory fees for the same assets.

The proposal permits IAs to charge up to 2.5% per annum under the AUA model for offering second opinion or advisory services on such distributed assets. This is subject to annual disclosure of dual costs and explicit client consent on a yearly basis.

3. Simplifying the compulsory corporatization process for individual IAs

Individual IAs who cross either 300 clients or ₹3 crore fee collection must apply for in-principle registration as non-individuals within three months. During the transition, they can only serve existing clients and are restricted from onboarding new ones until final approval is granted.

The proposal mandates that once the threshold is reached, the IA must immediately notify the IA Administration and Supervisory Body (“IAASB”). They must apply for in-principle approval within three months, complete the transition, and surrender their individual certificate. During the transition, however, they may continue onboarding new clients and collecting fees.

4. Relaxing the requirement of proof of address of key persons and details of infrastructure

Applicants for IA/RA registration must submit proof of address for themselves, directors/partners, principal officers, beneficial owners, and associated persons. The requirement to submit multiple proofs of address is to be removed. Instead, applicants will submit address details on a declaration basis, with updates to be notified to the ASB as changes occur. Proof of identity, email, and mobile verification through OTP will continue.

Further, applicants are required to provide details of office space, equipment, furniture, research capacity, and research software in Form A. These details will no longer be required. Instead, applicants must only declare that they possess adequate infrastructure to discharge obligations effectively.

5. Removal of the requirement to provide credit report/ score from CIBIL

Currently, applicants must submit a credit report/score from CIBIL as part of registration. This requirement is proposed to be removed, since SEBI and IAASB already rely on multiple databases, including CIBIL, for fit and proper assessments. Applicants must continue to declare that they are “fit and proper.”

6. Removal of requirement to provide details of assets and liabilities/Net worth certificate as well as income tax returns

Applicants must submit net worth statements, details of assets and liabilities, and income tax returns/Form 16. These requirements are to be removed, as the deposit lien system with the ASB now provides sufficient financial safeguard.

7. Changes to the educational qualification for registration as IA/RA

Eligibility is restricted to graduates in specified fields such as finance, economics, commerce, accountancy, or CFA charter holders, coupled with relevant NISM certification. The proposal widens

eligibility. Now, any graduate degree (not limited to specified fields) plus NISM-accredited certification suffices. Alternatively, post-graduate programs from NISM in investment advisory or financial planning (for IAs) and research analysis (for RAs) are also valid.

The Consultation Paper can be accessed [here](#).

16. **SEBI seeks public comments on smooth transmission of securities from nominee to legal heirs**

SEBI *vide* its consultation paper dated August 12, 2025, has invited public comments on the proposal to facilitate smooth transmission of securities from the nominee to legal heir(s). SEBI has noted that currently, these transmissions may be incorrectly treated as normal sales transactions, potentially subjecting nominees to capital gains tax despite Section 47(iii) of the Income Tax Act, 1961 explicitly exempting such transmissions from being considered as "transfers." This creates an inappropriate tax burden on nominees who act merely as trustees and do not have any beneficial ownership of the securities, as the assets ultimately belong to the legal heirs of the deceased security holder.

To resolve this issue SEBI has proposed to specify a standard reason code, viz., Transmission to Legal Heirs ("TLH") to be used by the reporting entities while reporting the transmission of securities to CBDT from nominee to legal heir so as to enable accurate application of the provisions of the Income Tax Act, 1961.

The Consultation Paper can be accessed [here](#).

17. **SEBI seeks public comments on modification in the conditions specified for reduction in denomination of debt securities and non-convertible redeemable preference shares**

SEBI *vide* its consultation paper dated August 01, 2025, has invited public comments on the proposal to include debt security or non-convertible redeemable preference share carrying zero interest/dividend, as an eligible security for issuance at reduced face value.

SEBI, *vide* circular SEBI/HO/DDHS/DDHS-PoD-1/P/CIR/2024/94 dated July 03, 2024 ("SEBI Circular"), provided for reduced face value of INR. 10,000 for debt security or non-convertible redeemable preference share without any structured obligation subject to certain conditions. One of such conditions is that the securities shall be interest/dividend bearing. However, this stipulation excludes those debts securities or non-convertible redeemable preference share which carry zero coupon/dividend.

As per the consultation paper, the market participants have expressed that zero coupon bearing debt securities are instruments that do not carry periodic interest but are generally issued at a discount and redeemed at par. Investors realize returns through the difference between the discounted issue price and the face value received at maturity. This structure effectively results in compounded returns, as the investment grows over time without interim pay-outs. Such structure makes these instruments attractive to non-institutional investors looking to diversify their portfolios. In order to address the prevalent gap, SEBI has proposed to amend Clause 3.2 of the SEBI Circular such that the issuer shall be eligible to issue debt security or non-convertible redeemable preference share at a reduced face value which may be either interest/dividend bearing or zero interest/dividend bearing.

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

18. **SEBI seeks public comments on amending provisions relating to Related Party Transactions (“RPT”) under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR Regulations”).**

SEBI *vide* its consultation paper, dated August 04, 2025, has invited public comments on the proposal to reform the thresholds for determining material RPTs undertaken by listed entities and threshold for determining material RPTs undertaken by subsidiaries of a listed entity under the LODR Regulations. SEBI has divided the consultation paper in two sections; the key proposals are provided below:

(A) Threshold for determining material RPTs undertaken by listed entities

Regulation 23(1) of LODR Regulations states that the listed entity shall consider an RPT material if the transaction to be entered into individually or taken together with previous transactions during a financial year, exceeds Rs. 1,000 Crore or 10% of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.

The current materiality threshold, i.e., Rs. 1,000 Crore or 10% of the annual consolidated turnover, whichever is lower, follows a flat 10% up to turnover of Rs. 10,000 Crore, whereby, the threshold amount changes with changes in turnover.

SEBI has proposed a scale-based threshold by linking the annual consolidated turnover buckets to different % threshold for consideration of material RPTs, as follows:

Buckets of annual consolidated turnover of listed entities	Proposed Threshold
Up to Rs. 20,000 crore	10% of annual consolidated turnover
Rs. 20,001-40,000 crore	Rs. 2,000 crore + 5% of annual consolidated turnover of the listed entity above Rs. 20,000 crore
Above Rs. 40,000 crore	Rs. 3,000 crore + 2.5% of annual consolidated turnover of the listed entity above Rs. 40,000 crore (capped at Rs. 5,000 crore) or Rs. 5,000 Crore, whichever is lower

(B) Threshold for determining material RPTs undertaken by subsidiaries of a listed entity

As per second proviso to Regulation 23(2) of LODR, a transaction to which an unlisted subsidiary is a party, but listed entity is not a party shall require approval of the audit committee of the listed entity if the amount of such transaction taken together with previous transactions during a financial year exceeds 10% of the standalone turnover of the subsidiary, as per the last audit financial statements of the subsidiary.

SEBI has proposed the following:

- *For subsidiaries who have published the financial track record for at least 1 year:*

The scale-based materiality threshold of listed entities as proposed under Regulation 23(1) of LODR may be specified in addition to the existing percentage-based threshold of 10% of standalone turnover of the subsidiary for approval of RPTs by audit committee of the listed entity, whichever is lower. This would harmonize the threshold under Regulation 23(2) of LODR with the proposed materiality threshold under Regulation 23(1) of LODR.

- *For subsidiaries that do not have a financial track record:*

The percentage-based threshold may be specified as 10% of standalone net worth of the subsidiary computed on a date not more than 3 months prior to the date of seeking approval and it shall be certified by a practicing chartered accountant. Further, the scale-based materiality threshold of listed entities as proposed under Regulation 23(1) of LODR may also be applicable in such cases and lower of the two thresholds may be considered for approval of RPTs by the audit committee of the listed entity. This will maintain consistency in the thresholds for subsidiaries which have and the subsidiaries which don't have financial track record.

(C) Relaxation in the minimum information to be furnished to the Audit Committee and Shareholders for the approval of related party transactions

At present, SEBI requires detailed industry standards for RPT disclosures, with exemption only for transactions up to Rs. 1 crore. SEBI has proposed create a new intermediate disclosure category for RPTs that are above Rs. 1 crore but still relatively small. For transactions up to 1% of annual consolidated turnover or Rs. 10 Crore (whichever is lower), companies can provide simplified information instead of full RPT Industry Standards.

The Consultation Paper can be accessed [here](#).

19. SEBI seeks public comments on the block deal framework.

SEBI *vide* its consultation paper, dated August 22, 2025, invited public comments on the draft circular on review of the block deal framework. The major changes introduced by the draft circular include the following:

- Change in timing for afternoon block deal window:** The time for the afternoon block deal window to be revised from 01:45 pm to 2:00 pm now to 01:30 pm to 2:00 pm.
- Change in price range for stocks other than F&O stocks:** The previous price range of (+/-)1% of the applicable reference price in the respective windows to only be applicable to F&O stocks and for stocks other than F&O stocks, the price range of (+/-)3% of the applicable reference price in the respective windows, to be applied.
- Change in minimum order size:** The minimum order size for block deals to be amended from INR 10 crores to INR 25 crores.

The Consultation Paper can be accessed [here](#).

20. **SEBI seeks public comments on Minimum Public Offer and timelines to comply with Minimum Public Shareholding for issuers in terms of Securities Contracts (Regulation) Rules, 1957.**

SEBI *vide* consultation paper dated August 18, 2025, invited public comments for the review of minimum public shareholding for issuers in terms of Securities Contracts (Regulation) Rules, 1957. SEBI received comments stating that large issuers face challenges in undertaking substantial dilution of equity shares through IPOs, as such large offerings may be difficult for the market to absorb. Such constraints act as a deterrent for large issuers from considering listing in India, thereby limiting the investment opportunities for the Indian investors. In line with these comments, SEBI proposed the following changes:

Post Issue Market Capital	Existing Provision	Proposal
MCap \leq 1600 Cr	Minimum public offer of 25%	Same as existing provision
1,600 Cr < MCap \leq 4,000 Cr	Minimum public offer of INR 400 Cr; MPS of 25% to be achieved within 3 years from date of listing.	Same as existing provision
4,000 Cr < MCap \leq 50,000 Cr	Minimum public offer of 10%; MPS of 25% to be achieved within 3 years from date of listing.	Same as existing provision
50,000Cr < MCap \leq 100,000 Cr		Minimum public offer of INR 1,000 Cr and at least 8% of the post issue share capital. MPS of 25% to be achieved within 5 years from date of listing.
1,00,000Cr < MCap \leq 5,00,000 Cr	Minimum public offer of INR 5,000 Cr and at least 5% of the post issue share capital; MPS of 10% to be achieved within 2 years and 25% within 5 years from date of listing.	Minimum public offer of INR 6,250 Cr and at least 2.75% of the post issue share capital. In case public shareholding is less than 15% as on the date of listing, MPS of 15% to be achieved within 5 years and 25% within 10 years from date of listing. In case public shareholding is above 15% as on the date of listing, MPS of 25% to be achieved within 5 years from date of listing.
MCap > 5,00,000 Cr		Minimum public offer of 15,000 Cr and at least 1% of the post issue share capital, subject to a minimum dilution of 2.5%. In case public shareholding is less than 15% as on the date of listing, MPS of 15% to be achieved within 5 years and 25% within 10 years from date of listing. In case public shareholding is above 15% as on the date of listing, MPS of 25% to be achieved within 5 years from date of listing.

Further, attention shall be paid to the concerns of liquidity and extended timelines shall be provided to listed entities who have not yet achieved MPS.

The Consultation Paper can be accessed [here](#).

21. **SEBI seeks public comments on proposed amendment to the SEBI (Stock Brokers) Regulations, 1992**

SEBI vide consultation paper dated August 13, 2025, has invited public comments on a proposed amendments to the Stock Broker Regulations, 1992.

The key amendments proposed are as follows:

- a) **Introduction and amendments of definitions:** SEBI intends to introduce definitions of Algo Trading, Execution-Only Platform and Proprietary Trading while amending the definitions of Clearing Member, Self-Clearing Member and Professional Clearing Member.
- b) **Removal of definitions:** SEBI intends to remove the definitions of Small Investor and Variable Net Worth.
- c) Introduction of a requirement of at least one Designated Director (DD) of a stock broker applicant incorporated as a company to reside in India for a minimum of 182 days during the relevant financial year.
- d) Clarification that change in control applications must be routed to SEBI through any stock exchange, with corresponding intimation to Market Infrastructure Institutions (MIIs) for continued operations post such change.
- e) Obligation for stock brokers to immediately inform SEBI (via any exchange) and intimate MIIs regarding any material change (as prescribed by SEBI/stock exchanges) in information submitted at the time of registration.
- f) Incorporation of provisions relating to protection of client funds; technology requirements; and Risk management obligations which are presently governed by SEBI circulars, these provisions are intended to be codified under the Stock Broker Regulations.)
- g) Introduction of a grievance redressal provision mandating resolution of investor grievances within 21 calendar days of receipt.
- h) Enabling inspection of stock brokers by stock exchanges, and joint inspections by SEBI, exchanges, depositories, and other relevant authorities.
- i) **Permitted and Prohibited Activities:** SEBI intends to insert enabling provision for stock brokers to undertake additional activities as permitted by SEBI, such as accessing NDS-OM for government securities trading and undertaking securities market activities in GIFT-IFSC through a Special Business Unit (SBU) and introduction of explicit prohibition on activities such as running any un-authorized guaranteed-return schemes, acceptance of cash from clients; and carry on business activities in violation Rules 8(1)(f) and 8(3)(f) of the Securities Contracts (Regulation) Rules, 1957.
- j) Removal of compliance score and grievance redressal score as eligibility criteria for designating a stock broker as a Qualified Stock Broker (QSB).
- k) Insertion of a provision granting SEBI the power to relax strict enforcement of the regulations, subject to prescribed conditions.
- l) **Repeal of existing regulations:** Based on the above proposals SEBI proposes to introduce a newer set of regulations for stock brokers intending to repeal the existing Stock Brokers Regulations, 1992.

ORDERS

22. SEBI order in the matter of Dewan Housing Finance Corporation Limited (“Bandra Book” matter)

SEBI *vide* its order against the promoters of Dewan Housing Finance Corporation Limited (“DHFL”) has imposed penalties and restricted the promoters from associating themselves with the securities market for specified periods, owing to fraudulent acts.

DHFL was found to have disbursed large sums of money through its Bandra branch which was found to be a virtual branch to channel large unsecured loans to 87 entities (hereinafter referred to as “**Bandra Branch Entities**” or “**BBE**”) connected to its promoters, disguising these as small-ticket "housing loans" in its records. From FY 2007-08 to FY 2018-19, DHFL disbursed INR 11,309.12 crore to these BBES, booking these as 224,491 fictitious retail loans, significantly inflating its retail portfolio and hiding the true, unsecured, and related-party nature of the lending. Interest income of INR 10,853.68 crore was falsely recorded in the company’s P&L as having been received from these BBES, grossly overstating profits year after year. These schemes were enabled by specially coded functions in DHFL’s internal FoxPro accounting software, with monthly routines designed to spread large BBE payments across thousands of fake retail accounts.

Kapil Wadhawan (Chairman/MD) and Dheeraj Wadhawan (Non-Executive Director) were found to exercise significant control over both DHFL and the BBES, directly approving and managing the fund flows, director appointments in BBES, and disbursement processes. The process of BBE loan approval was highly centralized, with loan requests submitted to the Chairman, who would then direct accounts and treasury for payment, bypassing normal credit checks and collateral rules. Other executives also played varying roles with some signing off on financials or compliance certificates, others claiming ignorance, but their roles and reporting structures suggested at least constructive involvement, if not direct, knowledge and responsibility.

SEBI, *inter alia*, found the following violations: (a) Failure to disclose BBES as related parties- Despite clear connections (common addresses, common directors, direct control), none of the 87 BBES were disclosed as related parties from FY 2006-07 to FY 2018-19 as required under Companies Act, 2013 Listing Agreement, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**LODR Regulations**”); (b) approval and oversight lapses- BBE loan transactions were never properly presented to or approved by the audit committee or board, violating key governance and audit requirements; (c) issuance of false CEO/CFO certifications and sign-off on misleading financial statements, contributing to regulatory filings that defrauded investors and enabled the raising of bank, bond, and equity funding under false pretences.

The transactions routed through BBES resulted in the inflation of DHFL’s loan book by INR 10,685.95 crore, fictitious interest income of INR 10,853.68 crore in published results, masking over 25% of the loan book as “safe” housing finance rather than highly risky, unsecured, related-party loans.

In light of the above activities, SEBI *vide* the order has held Mr. Kapil and Mr. Dheeraj Wadhawan directly liable, and other directors/executives responsible to varying degrees, for fraud, misrepresentation, regulatory non-compliance, and facilitating or failing to prevent these actions. SEBI’s directions include prohibition on accessing the securities market, association with listed or to-be-listed companies or intermediaries for periods ranging between 3-5 years and monetary penalties up to INR 27 crores.

The entire order can be read [here](#).

23. SEBI order in the matter of Swaraj Shares and Securities Private Limited

SEBI *vide* its order dated August 19, 2025 has found the merchant banking entity, Swaraj Shares and Securities Private Limited, liable for various non-compliances under applicable law and has suspended its merchant banker registration for three months due to serious regulatory breaches and integrity concerns. SEBI's inspection of the entity highlighted multiple violations including failure to exercise proper due diligence in takeover transactions and non-disclosure in offer documents, discrepancies in periodic reporting, investor grievance-handling lapses, failure to maintain a dedicated regulatory communication email, and failure to comply with requirements under SEBI (Prohibition of Insider Trading) Regulations, 2015 ("**PIT Regulations**").

As per the order, the merchant banker had: (a) failed to independently verify critical information in takeover transactions of Sheetal Diamonds and Richrich Inventures, relying heavily on publicly available data and promoter certifications without robust supporting documents; (b) there was failure in timely and accurate reporting of investor complaints and delays in uploading complaints data on the entity's website, violating SEBI requirements on investor grievance redressal; (c) periodic reports submitted to SEBI contained discrepancies such as unaudited net worth being reported as audited and omission of complaints data; (d) non-maintenance of a specific email ID exclusively for regulatory communication was noted, violating SEBI's mandates; and (e) violations of PIT Regulations were established due to non-inclusion of key personnel in the designated persons list and untimely entries in the structured digital database managing unpublished price-sensitive information.

Further, SEBI noted during its inspections creation and submission of fabricated board meeting documents, dated March 6, 2024, which the entity later claimed were "preliminary drafts" or "rough notes." SEBI found these claims inconsistent, concluding that the entity had acted dishonestly. The presence of signatures and the timing of the board meeting raised serious doubts about the entity's integrity, striking at the core 'fit and proper' criteria required for merchant bankers.

In its order, SEBI has emphasized the responsibility of merchant bankers as fiduciaries in the securities market, requiring them to uphold high standards of integrity, diligence, and transparency and has effectively suspended the registration of Swaraj Shares and Securities Private Limited for three months. In this regard, *vide* the addendum dated August 22, 2025 to this order of August 19, 2025, it was brought to SEBI's attention that Swaraj Shares was engaged as a merchant banker in certain ongoing open offers where public announcements had already been made. In order to balance enforcement with investor protection, SEBI has clarified that the entity will be permitted to continue and complete its assignments as a merchant banker in open offer transactions where public announcements have already been issued, the entity must disclose the SEBI suspension order dated August 19, 2025, to the acquirers or clients involved in these ongoing assignments and the respective acquirers or clients must explicitly consent to continue engaging the entity for the sole purpose of completing the ongoing open offer processes.

The final order and the addendum can be accessed here: [Final Order](#) | [Addendum](#)

24. SEBI order in the matter of Landmark Opportunity Fund, its investment manager and its key managerial personnel

In an order dated August 26, 2025, the Adjudicating Officer, SEBI ("**AO**") has levied penalty on Landmark Opportunity Fund ("**Fund**"), being a Category II Alternative Investment Fund ("**AIF**" for short), its Manager i.e. Landmark Capital Advisors Private Limited ("**Manager**") and Mr. Ashish Joshi being the key managerial personnel of the fund ("**KMP**").

Vide a show cause notice dated May 24, 2024, the AO alleged that being a Category – II AIF, the Fund was supposed to adhere to the 25% investment limit prescribed under Regulation 15(1)(c) of the SEBI (AIF) Regulations, 2012 (“**AIF Regulations**”). However, the Fund breached the said limit as investments of one of its schemes i.e. Landmark Return Multiplier Fund (“**Scheme**”) in Sai Krishna Warehousing Private Limited (“**Investee Company**”) amounted to 60.40% of the investable funds of the Scheme.

In response to the allegation, the Fund responded stating that at the point when the investments were made in the Investee Company, the investments were well within the prescribed limits, and it was only because of investor defaulting on their investment commitments that there was a fall in the corpus and investable funds of the Scheme.

Considering the response of the Fund, the AO concluded that an AIF is required to abide by the prescriptive investment limits under Regulation 15(1)(c) at all times. Hence, the Fund was in violation of Regulation 15(1)(c) and 20(1) read with clause 1(e) of the Code of Conduct specified in Fourth Schedule of the AIF Regulations.

With respect to Landmark Capital Advisors Private Limited being the Manager of the fund, it was observed that because the Fund was in violation of the AIF Regulations, the Manager was also liable for violation of Regulation 15(1)(c), 20(1), 20(2) and 20(5) read with clauses 2(a), 2(c) and 2(d) of the Code of Conduct specified in Fourth Schedule of the AIF Regulations.

Further considering that Mr. Ashish Joshi was involved in day-to-day management and operations of the Fund, he was responsible for ensuring compliance with the statutory and regulatory mandates by the Fund. Based on the above finding against the Fund, he was held to have violated Regulation 15(1)(c), 20(1) and 20(2) read with clauses 2(a), 2(c) and 2(d) of the Code of Conduct specified in Fourth Schedule of the AIF Regulations read with clause 13.1.2 of the Master Circular dated July 31, 2023.

Hence, penalties of INR 5 Lakh, 3 Lakh and 2 Lakh were imposed on Landmark Opportunity Fund, Landmark Capital Advisors Private Limited and Mr. Ashish Joshi respectively.

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



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