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In a nutshell...

Notified changes: SEBI notified the framework for net settlement of funds for outright FPI transactions in the cash market, reducing pre-funding and foreign-exchange costs for FPIs. For listed entities, the Stock Exchanges expanded mandatory XBRL filing to cover most deemed material events, and SEBI provided a one-time relaxation from penal consequences for listed entities unable to meet their minimum public shareholding deadline falling between April 1 and September 30. For merchant bankers, SEBI has extended the implementation timelines for certain requirements arising from the amendments to the merchant banking framework introduced earlier this year. For stock brokers, the Stock Exchanges revised the illustrative list of activities viewed as non-compliant under Rules 8(1)(f) and 8(3)(f) of the SCRR. On the REIT and InvIT front, amendments were issued easing temporary deployment of funds and continued SPV holding requirements, and high-leverage InvITs have been permitted to use fresh borrowings for capital expenditure, non-routine major maintenance and refinancing of principal.

The IFSCA raised experience and certification requirements for KMPs of fund management entities, mandated segregation of fiduciary roles in scheme governance, clarified that IFSCA-registered investment advisers may provide implementation services for executing investment advice, prescribed new quarterly and annual compliance audit reporting norms for capital market intermediaries, and issued a capital-raising framework (preferential issues, QIPs and rights issues) for entities listed solely on IFSC-recognised stock exchanges.

Interpretive developments: Pursuant to a Supreme Court order declining to interfere with SAT's ruling in an insider trading related matter involving Biocon's CEO, SAT's order that distinguishes bona fide trading while in possession of UPSI from 'insider trading' which is prohibited the PIT Regulations, continues to stand. SEBI issued informal guidance on issues relating to invocation/ revocation of pledge in the context of contra trade restrictions, bona fide transactions exempt from trading-window restrictions, pledge of securities by clients under non-discretionary PMS notwithstanding the borrowing restriction under the PMS Regulations and classification of renewable-energy projects awarded through tariff-based competitive bidding by public-sector entities as PPP projects under the InvIT Regulations.

Proposals: SEBI issued proposals for public consultation on expanding the margin trading facility, expanding the product-suite for Online Bond Platform Providers to include IFSCA-regulated products and tax-saving bonds, a Common Advertisement Code for specified intermediaries (including introducing celebrity endorsements at the brand-level), amendments to the NDCF computation for road InvITsand relaxing call-recording requirements for institutional investor clients of research analysts. While some of these proposals have recently been notified by SEBI (in respect of OBPPs and InvITs), others remain under consideration.

Foreign Portfolio Investors

Net Settlement of Funds for FPIs — A Welcome Step Towards Capital Efficiency

SEBI's **April 24** circular, "*Framework for net settlement of funds for transactions done by Foreign Portfolio Investors (FPIs) in cash market*", permits net settlement of funds for FPI outright transactions in the cash market. An outright transaction is a purchase or sale, but not both, in a particular security during the same settlement cycle. The framework on net settlement will be implemented by December 31, 2026.

Why it matters: Under the current gross-funding model, FPIs separately fund each purchase and sale even where the transactions offset in the same settlement cycle. Netting reduces pre-funding, funding and foreign-exchange costs and the risk of purchase rejection caused by a funding shortfall.

Scope and safeguards: Transactions involving both purchase and sale in the same security will remain gross-settled. Securities transactions will continue to settle on a gross basis between the FPI and its custodian, and STT and stamp duty continue to apply on a delivery basis, as applicable. Outright sale proceeds cannot be used to offset non-outright purchase obligations; any shortfall in outright sales against outright purchases, together with non-outright purchase obligations, must be funded by the FPI.

Illustration: If an FPI purchases Stock A worth ₹100 crore and sells Stock B worth ₹100 crore in the same settlement cycle:

	Gross Settlement (Current)	Net Settlement (New)
Pay-in by FPI (Funds)	FPI must deliver ₹100 crore towards purchase of Stock A	Nil – pay-in obligation of ₹100 crore is adjusted against sale proceeds of Stock B
Pay-in by FPI (Securities)	FPI must deliver Stock B worth ₹100 crore	FPI must deliver Stock B worth ₹100 crore
Pay-out to FPI (Funds)	FPI receives ₹100 crore as sale consideration for Stock B	Nil – sale proceeds already adjusted against purchase obligation
Pay-out to FPI (Securities)	FPI receives Stock A worth ₹100 crore	FPI receives Stock A worth ₹100 crore
Total funds required	₹100 crore	Nil

This is a pragmatic reform, expected to deliver meaningful benefits to FPIs operating in the Indian markets. Net settlement should materially improve capital efficiency and reduce funding costs for FPIs by freeing up capital that would otherwise remain locked in the settlement process. FPIs and custodians should assess systems, settlement instructions, funding arrangements and operational readiness ahead of implementation by December 31, 2026.

Listed Entities

XBRL filing for most deemed material events under the LODR Regulations

What changed: A June 2026 stock-exchange circular expanded the single-utility filing system so that XBRL filing is mandatory for most deemed material events under Part A of Schedule III read with Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**LODR Regulations**). Only a few events such as new or revised ratings, third-party winding-up petitions, amendments to the memorandum and articles of association, and voluntary revisions of financial statements or the board's report, remain outside the XBRL utility.

One-time relaxation for minimum public shareholding (MPS) non-compliance

What changed: SEBI's **April 7** circular provides a one-time relaxation from penal consequences where a listed entity is unable to comply with its MPS deadline falling between April 1 and September 30, 2026. The relaxation follows an industry representation highlighting difficulties faced by listed entities in achieving MPS compliance due to volatility arising from ongoing geopolitical tensions in the Middle East. SEBI has also permitted withdrawal of penal action initiated by stock exchanges or depositories for MPS non-compliance between April 1, 2026 and the date of the circular.

SEBI's informal guidance: contra-trade rules and bona fide pledges

In informal guidance issued to Avenue Supermarts Limited published on **May 8**, SEBI has provided guidance on the application of contra trade provisions under the PIT Regulations in connection with pledge transactions for availing financing from banks/ financial institutions for exercise of ESOPs.

On the question of whether invocation or revocation of such pledge within six months from its creation would constitute a contra trade, SEBI noted that the answer would depend on whether there is a change in beneficial ownership. Revocation of a pledge within six months from creation does not involve a transfer of ownership and accordingly, it should not be treated as contra-trade. Invocation, by contrast, results in a transfer of beneficial ownership to the lender and is therefore akin to a sale. However, invocation within six months following creation of pledge would not by itself amount to a contra trade, if there are no other acquisition transactions during a six-month period preceding or following the invocation (other than acquisition through exercise of ESOPs).

SEBI also clarified that use of the term "such as" in Clause 4(3)(a) of Schedule B read with Regulation 9(1) of the PIT Regulations indicates that the list of bona fide transactions exempt from trading window restrictions is not limited to only those that are expressly set out. The compliance officer may, on a case-to-case basis, consider other transactions as bona fide while granting preclearance (including pledge transactions for ESOP financing, housing or medical emergencies).

This guidance reinforces that the compliance officer must assess preclearance applications on facts and appropriately record the rationale for pre-clearance.

Supreme Court order on bona fide insider-trading defences (non-binding)

In its order dated **May 29** concerning trades by Shreehas P. Tambe in Biocon Limited, the Supreme Court rejected SEBI's appeal and did not interfere with the Securities Appellate Tribunal's (SAT) ruling that the circumstances listed in the proviso to Regulation 4(1) of the PIT Regulations as defences to insider trading are illustrative, not exhaustive. SEBI had, in its order dated June 30, 2021, found that certain trades were done while in possession of unpublished price sensitive information (UPSI) relating to Biocon's collaboration with Sandoz and had imposed market-access restrictions and a penalty for delayed disclosure and code of conduct violations.

In an appeal before the SAT, by its order dated July 26, 2022, SAT accepted that the information was UPSI and that the noticee was an insider, but found the trades to be bona fide on facts. SAT noted that the noticee had obtained pre-clearance before trading, that the trading window was open at the time of the trades, and that he had entered into an agreement immediately prior to the trades to purchase a residential flat, which was partly funded by proceeds of the sale trades. Taken together, these facts satisfied SAT that the trades were bona fide and not motivated or induced by UPSI, and it set aside SEBI's directions (other than penalty for delayed disclosure of the trades).

In SEBI's appeal against the SAT order, the Supreme Court, while declining to interfere with SAT's findings, expressly stated that its order shall not be treated as a binding precedent and left the question of law open.

The outcome is useful for market participants because it leaves the SAT's view undisturbed that an insider may establish its defence against an insider trading charge on bona fide circumstances beyond the defences listed in Regulation 4(1) of the PIT Regulations. The intent-based distinction drawn by SAT between 'insider trading' and trading while in possession of UPSI is of particular significance. However, given that the Supreme Court expressly left the question of law open, this approach may be considered persuasive, but not settled law. Compliance officers should continue to assess each trade on its facts and maintain robust documentation.

Master Circular on Surveillance of Securities Market

SEBI issued a comprehensive Master Circular on **May 15** on '*Surveillance of Securities Market*', consolidating all extant circulars into a single reference document, superseding the September 23, 2024 master circular.

It is primarily a consolidation exercise and does not introduce substantive changes to the existing regulatory framework, but incorporates later circulars issued on subscription to non-convertible securities during trading-window closures and automated implementation of trading-window closures for immediate relatives of designated persons in connection with declarations of financial results.

REITs and InvITs

Amendments to the REIT and InvIT Regulations – Ease of Doing Business

SEBI has notified amendments to SEBI (Infrastructure Investment Trusts) Regulations, 2014 (InvIT Regulations) and the SEBI (Real Estate Investment Trusts) Regulations, 2014 (REIT Regulations), with effect from April 16, 2026. The principal changes are summarised below.

Temporary Deployment of Funds: REITs and InvITs may now invest in liquid mutual fund units where the credit risk value is at least 10 (previously 12), with eligible potential risk classes expanded from Class A-I to Class A-I or Class B-I. This is expected to provide REITs and InvITs greater flexibility in deploying surplus or idle funds while maintaining a controlled risk framework.

Continued SPV Holding: An SPV holding an infrastructure project will not lose SPV status merely because its concession or similar agreement has expired or been terminated, subject to conditions specified by SEBI. This addresses situations where an InvIT may be unable to exit or wind up an SPV immediately due to pending claims, litigation, tax proceedings, regulatory approvals, or defect liability obligations. The change helps avoid forced or distressed exits from SPVs after the operating life of the underlying project has come to an end.

Permitted use of fresh borrowings by high-leverage InvITs

SEBI's May 15, 2026 circular specifies permitted uses of fresh borrowings by InvITs where net borrowings exceed 49% of the value of InvIT assets, following the April 17, 2026 amendment to Regulation 20(3)(b)(ii) of the InvIT Regulations, which permitted use of borrowings above the 49% threshold for other purposes, in the manner specified by SEBI.

Permitted uses: (i) capital expenditure to enhance asset performance or augment capacity; (ii) non-routine major maintenance for road projects in accordance with the concession agreement; and (iii) refinancing of debt by the InvIT, SPV or HoldCo where the original debt was used for a permitted purpose under Regulation 20(3)(b)(ii) and only principal is refinanced. The clarification provides InvITs with greater flexibility to manage asset lifecycle costs and debt refinancing, while ring-fencing the relaxation by excluding refinancing of accumulated interest, charges or fees.

Informal guidance: renewable-energy projects as PPP projects

In informal guidance published on **May 22** to *Sustainable Energy Infra Investment Managers Pvt. Ltd.*, SEBI indicated that renewable energy projects awarded to InvIT SPVs by public-sector or government entities through tariff-based competitive bidding may qualify as public-private partnership (PPP) projects under the InvIT Regulations.

On the facts presented, SEBI considered the following criteria in concluding that renewable energy projects would meet the PPP definition: (i) renewable energy generation and supply qualifies as an "infrastructure project," given that electricity generation, transmission and distribution are included in the harmonized master list of infrastructure sub-sectors; (ii) the projects are undertaken between a public concessioning authority, being the relevant government or public sector offtaker, and a private SPV concessionaire of the InvIT, with risk allocation under the power purchase agreement; and (iii) the SPVs are selected through tariff-based competitive bidding, thereby satisfying the "open competitive bidding" requirement under Regulation 2(1)(zm). This guidance provides useful clarity for InvITs holding renewable energy assets, particularly where the classification of such assets as PPP projects affects the applicability of SPV holding and sponsor unitholding requirements under the InvIT Regulations.

Consultation proposal: NDCF treatment of debt-funded major maintenance

SEBI's **June 1** consultation paper proposes changes to the framework for calculation of net distributable cash flows (NDCF) for InvITs, specifically in relation to debt-funded major maintenance expenses for road projects. The existing NDCF framework, prescribed by SEBI in December 2023 and consolidated in the InvIT Master Circular dated July 11, 2025, restricts InvITs and their SPVs from distributing cash flows funded by external debt, subject to limited exceptions. Industry representations highlighted that concession-linked major maintenance expenses for road projects are typically debt-funded, are required under concession agreements, and treated as operating expenses rather than capitalized costs, thereby reducing operating cash flows and NDCF under the current framework.

To address this issue, SEBI has proposed that payments made towards major maintenance expenses for road projects, to the extent funded by external debt, may be added back for NDCF computation at both the HoldCo / SPV level and the InvIT trust level. The proposal is limited to projects in the "roads and bridges" infrastructure sub-sector and to non-routine maintenance expenditure incurred in accordance with the obligations and requirements under the relevant concession agreement. SEBI has also proposed investor safeguards, including prior unitholder approval, project-wise disclosures on the proposed or existing major maintenance debt, year-wise and project-wise estimates, impact on future growth and distributions, funding alternatives, and statutory auditor certification that the expenditure is concession-linked and funded by external borrowing.

The proposed framework also requires enhanced ongoing disclosures in financial results and annual, half-yearly and quarterly reports, including segregation of borrowings for major maintenance expenses in the net borrowing ratio, disclosure of debt raised and outstanding for such expenses, and separate highlighting of such borrowings in debt maturity profiles. If implemented, the change would ease NDCF pressure for road InvITs by recognizing the lifecycle nature of major maintenance expenditure, while requiring unitholder approval and disclosure to ensure that investors understand the impact on leverage headroom and future distributions. The proposal is under consideration with SEBI.

On August 14, SEBI has issued a circular adopting some of these recommendations (with immediate effect) including addition of payment made towards major maintenance expenditure for road projects to the extent funded by external borrowings (subject to the specified conditions and adequate disclosures), while calculating NDCF.

Intermediaries

Stock-exchange clarifications under SCRR Rules 8(1)(f) and 8(3)(f)

On **June 23**, the NSE and BSE issued circulars and notices (Clarificatory Circulars) revising the illustrative list of activities viewed as non-compliant under Rules 8(1)(f) and 8(3)(f) of the Securities Contracts (Regulation) Rules, 1957 (SCRR), following the amendments made to these provisions on May 19, 2025.

By way of context, Rules 8(1)(f) and 8(3)(f) of the SCRR prohibit a stock broker from engaging in any business other than securities or commodity derivatives, except as a broker or agent not involving any personal financial liability. The amendment to the SCRR made effective from May 19, 2025 inserted an identical proviso under both Rules 8(1)(f) and 8(3)(f), clarifying that a stock broker's investments are not, by themselves, to be regarded as engaging in another business unless they use client funds or securities or create a financial liability for the stock broker.

With the scope of the restriction under these provisions having been narrowed, a corresponding revision to the position set out in the previous circular/ notices issued by the Stock Exchanges dated January 7, 2022 setting out the list of impermissible activities became necessary. The Clarificatory Circulars now set out the following as an illustrative list of impermissible activities:

- Issuing corporate guarantees towards credit facilities availed by any entity, including group companies such as subsidiaries & associates etc. of the member;
- Deposit pledged with the bank for overdraft facilities availed by any entity, including the group companies such as subsidiaries & associates etc. of the member.

Accordingly, activities such as borrowing funds for on-lending to associates, issuing commercial papers to fund group companies, and entering into arrangements for extending loans or providing deposits or advances to any entity (including group companies such as subsidiaries and associates) no longer appear in the illustrative list of activities identified by the Stock Exchanges as being inconsistent with Rules 8(1)(f) and 8(3)(f) of the SCRR.

However, the revisions introduced by the Clarificatory Circulars, including the deletion of certain illustrative activities should not be construed as conferring a blanket regulatory approval for undertaking such activities as they do not alter the underlying SCRR framework. Stock brokers should continue a fact-specific assessment of the permissibility of any proposed arrangement or activity under the SCRR, the SEBI (Stock Brokers) Regulations, 2026 and applicable stock exchange requirements.

Consultation paper: Online Bond Platform Providers

SEBI's **May 5** consultation paper proposes changes to the framework for Online Bond Platform Providers (OBPPs) under the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (NCS Regulations), including broader products and services on Online Bond Platforms (OBPs). The proposals are not operative unless adopted.

IFSCA-regulated products: The proposal would permit OBPPs to offer products, securities and services regulated by the International Financial Services Centres Authority (IFSCA), including overseas-listed debt securities through an IFSC framework, subject to applicable foreign-exchange rules, including the Foreign Exchange Management Act, 1999, the Overseas Investment Rules and Liberalised Remittance Scheme limits. It would require a separate business unit (SBU), an IFSC branch qualifying as an SBU or an IFSC subsidiary, together with disclosure of investor grievance mechanisms for non-SEBI-regulated products.

Tax-saving bonds: The proposal would permit OBPPs to offer specified tax-saving bonds under Section 54EC of the Income-tax Act, 1961 or Section 85 of the Income-tax Act, 2025, including bonds issued by notified entities such as Power Finance Corporation Limited, Indian Railways Finance Corporation Limited and REC Limited (collectively, "Tax Saving Bonds"), which are exempt from listing under Regulation 62A(4)(i) of the LODR Regulations, subject to prescribed disclosures, disclaimers and investor grievance-redressal information.

Compliance officer: The proposal would replace the requirement that every OBPP appoint a qualified company secretary as its compliance officer with the corresponding requirement under the SEBI (Stock Brokers) Regulations, 2026 (SB Regulations), allowing any person who satisfies those requirements to serve as a compliance officer.

The proposals set out in the above consultation paper have been adopted by SEBI and are now operative pursuant to the circular dated August 14, 2026.

Merchant banker compliance timelines extended

SEBI's **June 11** circular extends selected deadlines in its January 2, 2026 circular (the MB Circular), which prescribed the operational framework, implementation timelines and compliance requirements for merchant bankers pursuant to the recent amendments to the SEBI (Merchant Bankers) Regulations, 1992 (MB Regulations) notified on December 5, 2025.

The extensions respond to industry feedback on implementation challenges with the separate business unit (SBU) framework and aligning net-worth and liquid-net-worth compliance deadlines with the financial year-end.

Revised deadlines:

Requirement	Existing deadline	Revised deadline
Transfer of activities to SBU under Regulation 13A(2) of the MB Regulations and Clause 11.2.1 of the MB Circular	July 3, 2026	December 31, 2026
Compliance with Clause 11.2.10 of the MB Circular (i.e. submission of compliance report in relation to requisite disclosure to be made to stakeholders and obtaining acknowledgements for existing and ongoing mandates with respect to non-SEBI regulated activities)	July 3, 2026	December 31, 2026
Net worth and liquid net worth requirements under Regulation 7 and Regulation 7A of the MB Regulations, respectively – Phase I	January 2, 2027	March 31, 2027
Net worth and liquid net worth requirements under Regulation 7 and Regulation 7A of the MB Regulations, respectively – Phase II	January 2, 2028	March 31, 2028
Intimation to SEBI of Category I / Category II categorisation	January 2, 2027	March 31, 2027

All other requirements and deadlines under the MB Circular remain unchanged.

Master Circular for Merchant Bankers (consolidation)

SEBI's Master Circular dated **July 14** consolidates circulars previously issued under the MB Regulations, including the amendments issued on December 5, 2025 (effective January 3, 2026).

The Master Circular is primarily a consolidation exercise and does not introduce substantive new requirements; it provides a single reference point for merchant bankers and other relevant stakeholders.

Informal guidance: Client-initiated pledges under non-discretionary PMS

Responding to an interpretative request from Geojit Financial Services Limited, SEBI issued an informal guidance on **May 18** clarifying that a client under a non-discretionary portfolio management services arrangement (NDPMS) may, at the client's discretion, pledge securities held in the client's own demat account without contravening Regulation 23(8) of the SEBI (Portfolio Managers) Regulations, 2020 (the PMS Regulations), which restricts a PM from borrowing funds or securities on behalf of a client.

SEBI clarified that, under an NDPMS arrangement, a non-discretionary PM manages funds in accordance with client directions and the final investment decision rests entirely with the client and the client, as the beneficial owner of the securities, may pledge them at its own discretion. Accordingly, restrictions with respect to borrowing of funds under Regulation 23(8) of the PMS Regulations do not prevent ND-PMS clients from initiating a pledge, provided the pledge is initiated solely by the client or at the client's discretion.

SEBI further clarified that a pledge does not transfer beneficial ownership to the lender (pledgee) unless the pledge is invoked. Since the pledged securities remain with the client, the market value of such securities will continue to be included in the portfolio manager's Assets Under Management (AUM) until invocation of the pledge and be reflected in regulatory reporting accordingly.

The guidance provides useful regulatory clarity for NDPMS arrangements by confirming that client-initiated pledges for obtaining loans under NDPMS are permissible in terms of the PMS Regulations. As with all informal guidance, this is a fact-specific guidance confined to the facts and request presented; it does not prevent SEBI from adopting a different position where the facts differ.

Consultation paper: Review of the margin trading facility framework

SEBI's **June 18** consultation paper proposes to revise the framework for the Margin Trading Facility (MTF) in Chapter 1 of the Master Circular for Stock Exchanges and Clearing Corporations dated December 30, 2024 (the Master Circular). It responds to increased MTF activity and proposes operational changes while recalibrating risk and margin requirements. The current framework applies a higher maintenance margin where funded securities are used as margin.

Key proposals: (i) Align MTF collateral with the cash-market framework and allow early pay-in sell credits as collateral; (ii) allow 30 days to rebalance after a change in grouping of funded or collateral securities; (iii) adopt a uniform "Rights and Obligations" document across stock exchanges; (iv) expand funding sources to include non-convertible debentures and other debt instruments; (v) recalibrate overall and client-level exposure limits applicable to stock brokers, including passive-breach treatment; (vi) increase minimum net worth from ₹3 crore to ₹5 crore and permit LLP stock brokers to offer MTF; (vii) revise position reporting timelines and mechanism; (viii) permit greater fungibility of unencumbered funds and securities between normal trading and MTF ledgers; and (ix) revise the treatment of securities for maintenance-margin purposes.

This is a consultation proposal and is not operative unless adopted by SEBI.

Consultation proposal: reduced call-recording requirements for institutional clients: a risk-proportionate recalibration

SEBI's **May 18** consultation paper proposes to relax the RA requirement to maintain telephone recordings for institutional investor clients (as defined under the RA Regulations). The current framework requires RAs to maintain records of client interactions, including calls, generally for five years, for all clients.

In this regard, the Industry Standard Forum for Research Analysts (RA-ISF) has, *inter alia*, represented that institutional investors are generally sophisticated entities possessing specialised knowledge and substantial resources to independently evaluate complex research inputs before making investment decisions. The requirement of recording client interactions is primarily intended to protect the interests of investors by facilitating supervisory oversight and compared with retail investors, institutional investors are more likely to be aware of their legal rights and available regulatory mechanisms. In view of this, and the fact that research analyst business does not involve client specific investment advice, asset management or transaction execution, it is proposed to relax the existing requirement for RAs to maintain call records for clients that are institutional investors. The proposal adopts a risk-proportionate approach. RAs would continue to maintain all other specified records of interactions (emails, SMS, physical records, etc.) with institutional clients.

This is a consultation proposal and is not operative unless adopted by SEBI.

Consultation paper: Common advertisement code

SEBI's **June 23** consultation paper, "Common *Advertisement Code for Specified SEBI Regulated Entities*", proposes a Common Advertisement Code (CAC) for stock brokers, depository participants, investment advisers, research analysts (RAs), online bond platform providers, portfolio managers (PMs) and mutual funds/asset management companies (AMCs) (collectively, the Specified Intermediaries). The CAC is proposed to be incorporated into the SEBI (Intermediaries) Regulations, 2008, replacing the existing fragmented, entity-specific advertisement frameworks with a single statutory code.

Key proposals: (i) replacing the approval requirement from the concerned regulatory authority prior to issuance of any advertisement with a post-issuance reporting model, requiring advertisements to be reported within 24 hours through a centralised digital reporting system; (ii) permitting Specified Intermediaries to engage celebrities with prior approval for brand or entity-level (but not product or service-level) endorsements. Notably, the proposed definition of "celebrity" extends beyond traditional public figures to include influencers with more than five lakh followers on a social media platform and virtual characters capable of influencing viewers, reflecting SEBI's recognition of evolving digital advertising practices; (iii) permitting the use of ratings and rankings assigned by recognised Past Risk and Return Verification Agencies (PaRRVAs) in advertisements, subject to prescribed conditions; (iv) permitting abbreviated disclosures with hyperlinks for short-format communications such as SMSs and push notifications; (v) excluding purely educational and investor-awareness communications with no promotional intent from the scope of the advertisement code; and (vi) expressly prohibiting the use of dark patterns as specified in the Guidelines for Prevention and Regulation of Dark Patterns, 2023 issued by the Central Consumer Protection Authority. A transition period of six months or such period as may be specified, from the date of SEBI notification of the CAC is proposed.

Entities registered in multiple capacities would particularly benefit from a common compliance framework and reporting mechanism. This remains a consultation proposal; existing advertisement requirements continue until SEBI notifies a final code.

GIFT-IFSC

A. Fund Management Entities

KMP experience and certification requirements

The International Financial Services Centres Authority (IFSCA) has raised the bar for key personnel steering the fund management activity in a registered fund management entity (FME). Amendments to the IFSCA (Fund Management) Regulations, 2025 (FM Regulations) effective January 30, 2026, added mandatory professional-experience requirements of two to five years for key managerial personnel (KMPs) of registered FMEs, depending on the FME and KMP. IFSCA's April 1, 2026 circular '*Specification of Certification Course for KMPs / Employees under the FM Regulations*' also requires KMPs and employees performing core fund-management activities to complete the course '*Regulatory Framework for Fund Management in IFSC: AIFs and Retail Schemes*' by **September 30, 2026**.

Governance and Oversight of Schemes: Segregation of Fiduciary Roles

IFSCA's **April 10** circular titled '*Governance and oversight of Schemes in IFSC - Segregation of the role of Fiduciaries*' puts independence at the centre of scheme governance in IFSC. The circular, which applies to all FMEs in IFSC, specifically addresses segregation of fiduciary roles and refers to Regulation 17(2) of the FM Regulations, under which FMEs are required to appoint fiduciaries, including trustees for schemes set up as trusts, boards of directors for schemes set up as companies and designated partners for schemes set up as LLPs.

The new rule of thumb is simple: the referee should not be the service provider. The circular clarifies that an FME is not permitted to appoint an entity acting as a fiduciary to a scheme to provide fund administration, valuation, audit or lending or financing services to that same scheme. This restriction applies whether the services are provided directly by the fiduciary or through its associate. The policy objective is to reinforce fiduciaries' obligation to exercise due diligence, proper care and independent professional judgement under the Code of Conduct and obligations in the FM Regulations.

This may require FMEs to revisit existing service stacks and related-party arrangements. For schemes already taken on record by IFSCA or filed with IFSCA as on the date of the circular, FMEs are required to take steps to comply by **September 30, 2026**. The circular comes into force with immediate effect. FMEs should therefore review trustee, director or designated partner arrangements against fund administration, valuation, audit and financing service mandates for the same scheme.

B. Capital Market Intermediaries

Implementation services by investment advisers

IFSCA's **May 12** circular titled '*Implementation services by Investment Advisers in the IFSC*' gives investment advisers a clearer map for the journey from advice to execution. It clarifies the meaning of the term 'implementation services' referred to in Regulation 34 of CMI Regulations, which permits an IFSCA-registered investment adviser to provide implementation services to advisory clients in securities markets, subject to the conditions specified in those regulations.

The circular clarifies that "implementation services" means services provided for executing or giving effect to investment advice rendered by the investment adviser. For financial products listed on a recognised stock exchange in IFSC, implementation is required to be through a member of that recognised stock exchange. For financial products listed on stock exchanges in foreign jurisdictions, implementation services are required to be carried out through a Global Access Provider (GAP) or an Introducing Broker in the IFSC. For unlisted financial products, the investment adviser may provide implementation by entering into formal arrangements with platforms and/or asset management companies regulated by a financial sector regulator in a foreign jurisdiction.

Certification requirements for KMPs and CMI employees

IFSCA has also put a training clock on capital market intermediaries (CMI). By its circular dated **April 2** titled '*Specification of Certification Course for KMPs and other employees of CMIs under the IFSCA (CMI) Regulations, 2025*', IFSCA specified the certification course *"Regulatory Framework for Capital Market Intermediaries in IFSC"*, offered by the Institute of Company Secretaries of India, for KMPs and other employees of capital market intermediaries under the IFSCA (Capital Market Intermediaries) Regulations, 2025. The circular applies to all CMIs in the IFSC.

CMIs are required to ensure that their KMPs and all other employees discharging core business activities successfully complete the certification course on or before **September 30, 2026**. The compliance burden sits squarely with the institution and its control persons, making this a boardroom and management-tracking item rather than a routine HR exercise. The CMI and the persons in control of the CMI are responsible for ensuring timely completion of the specified certification course by employees. Employees of CMIs involved in non-operational or support services are encouraged to undertake the certification to enhance professional competence, regulatory preparedness and operational standards within the IFSC but are not required by this circular, to complete the course.

Reporting and annual compliance audit for CMIs

IFSCA's reporting architecture for CMIs is becoming more granular, more standardised and increasingly central to ongoing regulatory compliance. By its circular dated **April 8** titled '*Reporting norms for Capital Market Intermediaries in IFSC*', IFSCA prescribed reporting norms for CMIs in IFSC, superseding the earlier circular dated February 8, 2024. The circular applies to all CMIs in IFSC and to market infrastructure institutions in IFSC. The circular came into force on **April 1, 2026**.

The circular brings newer business categories into the reporting net, including GAPs, Credit Rating Agency, ESG Ratings and Data Products Provider and Research Entity. CMIs are required to submit information quarterly in the specified format available on IFSCA's downloads page. The quarterly report is required to be submitted as an editable Excel file and is required to include general information, complaint handling and grievance redressal data, V-CIP reporting, AML/CFT/KYC compliance information and a signed undertaking. The analytical point is that IFSCA is seeking comparable, structured and audit-ready data across intermediary categories. MIIs are required to create appropriate digital infrastructure for their members to submit quarterly reports and are required to provide information submitted by CMIs in the manner and format specified by IFSCA. Other CMIs, including GAPs, custodians and investment bankers, are required to submit reports within 21 calendar days from quarter-end to the IFSCA by email.

IFSCA has separately issued a circular on **June 5, 2026** titled '*Reporting format and norms for Annual Compliance Audit for CMIs in IFSC*' prescribing the reporting format and norms for annual compliance audit for CMIs in IFSC. It refers to Regulation 25 of the CMI Regulations, which requires CMIs to conduct an annual audit of compliance with the CMI Regulations and submit the compliance audit report to IFSCA. All categories of CMIs are required to submit the Annual Compliance Audit Report (ACAR), together with the Annual Compliance Audit Checklist (ACAC), to IFSCA in the specified format, on an annual basis by September 30 each year for the preceding financial year. The circular also consolidates annual audit reporting for GAPs and Introducing Brokers by requiring their annual audit for global access activities to be reported as part of the ACAR in the Part B format, with the ACAR and ACAC submitted to IFSCA by the concerned intermediary.

Master Circular: Broker Dealers and Clearing Members

IFSCA's **May 12** Master Circular consolidates the circulars applicable to broker dealers and clearing members as of that date. For broker dealers and clearing members, the master circular is a useful single-window reference point; for compliance teams, it is also a reminder to align internal manuals with the consolidated position rather than legacy circular-by-circular tracking.

C. Primary Market

Capital-raising framework for IFSC-only listed companies

In a clear move to boost capital raising within the IFSC, IFSCA has now given IFSC-only listed companies a comprehensive and enabling capital-raising playbook. On **April 22**, IFSCA issued two circulars setting out the framework for preferential issues, qualified institutions placements and rights issue under the IFSCA (Listing) Regulations, 2024. The circular applies only to listed entities whose specified securities are listed **solely** on recognised stock exchange(s) in the IFSC. Entities with a secondary listing are excluded.

The circular imposes common eligibility and issuance conditions for preferential issues and QIPs. The investor must not have sold or transferred the issuer's equity shares during the 30 trading days before the relevant date; the issuer must have no outstanding dues to IFSCA, the relevant stock exchange(s) or the depository, unless those dues are subject to an appeal or proceeding before the appropriate forum. Equity shares allotted through a preferential issue or QIP are required remove; shares must be fully paid up at allotment; and shareholder approval by special resolution or applicable home-jurisdiction approval and in-principle exchange approval are required.

For preferential issues, pricing is required to be supported by a valuation report, the basis for the price is required to be disclosed in the explanatory statement, allotment is generally required to be completed within 30 days of the shareholder resolution or applicable regulatory approval, and securities allotted preferentially to promoters and controlling shareholders will be locked up for six months from trading approval. For QIPs, the issuer must appoint one or more IFSCA-registered investment bankers as lead managers and issue on the basis of a preliminary placement document and placement document containing all material information. Securities should be allotted within one year from the date of passing of special resolution. The focus is on a disclosure-led, adviser-supported framework that should make IFSC issuances more predictable for institutional investors.

The IFSCA rights issue framework requires issuers to comply with home-jurisdiction law as well as IFSCA and recognised stock exchange requirements, and where there is a direct irreconcilable conflict, the issuer's home-jurisdiction law prevails. The issuer is not eligible to undertake a rights issue if its equity shares are suspended from trading as a disciplinary measure. The circular further provides a comprehensive framework for rights issuance, including, disclosures in the letter of offer, conditions and procedure for issuance, on-market/ off-market renunciation of rights entitlement, appointment of monitoring agency, minimum subscription period, basis of allotment, post-issue filings, etc. An indicative timeline for completion of various activities involved in a rights issue process is also provided. This structured and transparent approach to rights issuances is aimed at enhancing investor confidence and facilitating efficient capital raising for IFSC-listed issuers.

Please feel free to address any further questions or request for advice to:

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