

**Framework for Environment, Social and Governance Debt Securities (Other than Green Debt Securities) – June 5, 2025**

The Securities and Exchange Board of India (SEBI) issued a circular establishing a comprehensive Framework that applies to 'social bonds', 'sustainability bonds', and 'sustainability-linked bonds' (SLBs) listed or proposed for listing on recognised Indian stock exchanges. It mandates issuers to categorize their bond type and comply with both SEBI's existing Non-Convertible Securities and Listing Obligations and Disclosure Requirements Regulations, additionally, this new Environment, Social and Governance (ESG) framework, with alignment mandated to globally recognised standards such as International Capital Market Association Principles, Climate Bonds Standard, ASEAN, and EU guidelines.

Social bonds must exclusively finance predefined social objectives, including affordable infrastructure, essential services, employment generation, food security, or socioeconomic empowerment, with issuers detailing objectives, target populations, eligibility processes, fund-tracking mechanisms in their offer documents, and providing annual post-issuance disclosures on fund utilisation and unspent amounts. Sustainability bonds combine green and social components and require transparency on allocation splits and project qualification. SLBs tie financial characteristics to issuer-defined Key Performance Indicators (KPIs) and Sustainability Performance Targets (SPTs); issuers must disclose strategies, KPI definitions, rationales, SPT ambition, and employ third-party reviewers to validate KPI-SPT relevance, robustness, and alignment with ESG strategy.

The framework imposes mandatory third-party pre- and post-issuance review by independent experts or SEBI-registered ESG rating providers to prevent purpose-washing. Effective immediately, this regime strengthens transparency, governance, and accountability, and aligns India's ESG-labelled debt instruments with global standards, enhancing investor confidence, as reflected in Larsen & Toubro's favourable pricing under the new framework.

To access the circular, [click here](#).

**Limited Relaxation from Compliance with Certain Provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – June 5, 2025**

SEBI issued a circular, granting limited relaxation under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, to entities with listed non-convertible securities by temporarily easing the hard-copy dispatch requirement prescribed by Regulation 58(1)(b). Specifically, issuers that complied with the MCA's General circular No. 09/2024 dated September 19, 2024, and did not send physical copies of the statement containing salient features under Section 136 of the Companies Act, 2013 to holders lacking registered email addresses, will not face penal action for breaches of Regulation 58(1)(b) for the period from October 1, 2024, to June 5, 2025.

Furthermore, this relaxation extends from June 6, 2025, to September 30, 2025, contingent upon the condition that public advertisements under Regulation 52(8) include a web-link directing holders to the same salient-features statement online to ensure accessibility for non-email-registered security holders.

To access the circular, [click here](#).

**Extension of Timeline of Additional Liquidation Period for VCFs Migrating to SEBI (Alternative Investment Funds) Regulations, 2012 – June 6, 2025**

SEBI issued a circular extending the additional liquidation period available to Venture Capital Funds (VCFs) migrating to SEBI (Alternative Investment Funds) Regulations, 2012 (AIF Regulations). Under the original migration framework, VCFs were permitted an extension beyond the prescribed winding-up timeline to facilitate an orderly transition to the AIF regime.

In view of market feedback and implementation challenges, SEBI has now prolonged this extension period to September 30, 2025, thereby providing VCF managers with additional time to liquidate investments and complete migratory compliance tasks. The extension applies to all VCFs that initiated migration under the modality established by SEBI's August 2024 circular and ensures that no penal action will be taken for delayed liquidation carried out in good faith during the extended period. Fund managers must continue to adhere to interim reporting obligations, including disclosures regarding residual portfolio holdings, realised and unrealised gains or losses, and revised wind-up schedules, as mandated under the AIF Regulations.

To access the circular, [click here](#).

### **Reserve Bank of India (Lending Against Gold and Silver Collateral) Directions, 2025 – June 6, 2025**

The Reserve Bank of India issued a notification to revise guidelines on gold-backed lending and collateral management, specifically updating provisions for foreign and private banks under its purview. The notification clarifies that, when market rates for specific purities are unavailable, lenders are required to use published prices of the nearest purity and adjust collateral weight proportionately. Furthermore, if a borrower—individual or legal heir—repays a secured loan in full, lenders must release pledged collateral within the prescribed timelines; a failure on the lender's part triggers a compensation of ₹5,000 per day for each day's delay beyond the stipulated period. If delays result from factors beyond the lender's control, the lender must nonetheless inform the borrower of the reasons without incurring compensation liability.

To access the notification, [click here](#).

### **Framework for Finance Company/Finance Unit Undertaking the Activity of Global/Regional Corporate Treasury Centres – June 9, 2025**

The International Financial Services Centres Authority (IFSCA) updated its framework for finance companies/finance units undertaking the activity of Global/Regional Corporate Treasury Centres (GCTCs/RCTCs), enhancing regulatory clarity for entities operating within International Financial Services Centres (IFSCs) under the IFSC Authority Act.

The updated framework clarifies permissible activities, licensing requirements, governance standards, capital adequacy norms, and operational limits for finance companies and finance units functioning as GCTCs/RCTCs. It introduces streamlined application procedures via the single window IT system platform, tightens Anti-Money Laundering (AML)/counter-terrorist financing/Know Your Customer (KYC) compliance obligations, and aligns reporting templates with international best practices. Licensing criteria now mandate minimum net worth thresholds, experienced management teams, robust risk management systems, and periodic disclosures to IFSCA.

Governance reforms require the appointment of independent directors, internal audits, and adherence to defined corporate governance norms. Capital adequacy standards were updated to reflect on-balance sheet and off-balance sheet exposures commensurate with risk profiles. Operational restrictions specify inter-company loan limits, borrowing caps, and risk concentration thresholds, along with hedging and investment policies aligned with prudential norms.

The framework also addresses exit and wind-down protocols, detailing timelines, creditor hierarchies, client notification requirements, and preferred modes of asset transfer. Entities must maintain contingency plans and appoint resolution officers. Non-compliance triggers graduated penalties, license revocation procedures, and enforcement actions.

To access the framework, [click here](#).

### **Foreign Exchange Management (Non-debt instruments) (Amendment) Rules, 2025 – June 11, 2025**

The Ministry of Finance amended the Foreign Exchange Management (Non-debt Instruments) Rules, 2019, under Section 46(2)(aa) and (ab) of the FEMA Act, 1999, by introducing the Foreign Exchange Management (Non-debt Instruments) (Amendment) Rules, 2025, which came into force upon publication. The amendment renumbers Rule 7 as Rule 7(1) and inserts Rule 7(2), authorizing Indian companies operating in sectors or activities prohibited for Foreign Direct Investment (FDI) to issue bonus shares to

pre-existing shareholders who are non-resident individuals, provided that their shareholding pattern remains unchanged post-issuance. Moreover, any such bonus shares issued to non-resident shareholders before the commencement of Rule 7(2) are retrospectively deemed compliant under these Rules or earlier regulations—the 2000 or 2017 Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations.

This amendment harmonizes regulatory treatment of past and future bonus issuances to non-residents in prohibited FDI sectors, offering legal certainty, avoiding retrospective penal consequences, and simplifying compliance by aligning past issuances with current policy.

To access the rules, [click here](#).

### **Consultation Paper on Draft Circular Mandating Periodic Disclosure Requirements for Securitised Debt Instruments – June 16, 2025**

SEBI released a consultation paper proposing a draft circular to mandate periodic disclosures for Securitised Debt Instruments (SDIs), seeking stakeholder feedback. The draft circular would require trustees or issuing entities to provide quarterly and annual disclosures covering key metrics such as loan-level performance, credit enhancements, defaults, recoveries, and asset pool composition, ensuring end-investor transparency and facilitating informed decision-making. It proposes standardized formats and timelines aligned with existing reporting frameworks such as those for non-convertible securities, with a clear deadline, likely within 30 days after quarter-end for quarterly updates and within 60 days post-financial year-end for annual reports.

The consultation seeks inputs on scope, frequency, data granularity, disclosure templates, thresholds for aggregation versus loan-level data, treatment of various asset classes (e.g., mortgages, auto loans, microfinance), and considerations for confidentiality and data privacy. In addition, it invited comments on whether the proposed framework should apply to all SDIs or be phased in, as well as clarity on enforcement mechanisms for non-compliance. SEBI's goal is to strengthen market discipline, enhance investor protection, and align India's securitisation market with international best practices.

To access the consultation paper, [click here](#).

### **SEBI Board Meeting – June 18, 2025**

SEBI, at its 210th board meeting, approved extensive regulatory reforms across India's capital markets to streamline compliance, encourage investment, and modernize governance structures.

Key IPO reforms include exempting equity shares converted from fully paid compulsorily convertible securities under court-approved schemes from the one-year lock-in, allowing such shares to count towards minimum promoter contribution by AIFs, banks, and insurers, and permitting promoters to retain employee stock ownership plans held a year before Draft Red Herring Prospectus (DRHP) filing. Dematerialisation was mandated for all key stakeholders before DRHP submission to enhance transparency.

For PSUs, SEBI introduced a fixed-price delisting framework, bypassing reverse book-building, requiring a 15% premium over the floor price, while unclaimed proceeds will be retained for seven years. Qualified institutional placements documentation was simplified for efficiency. The social stock exchange framework expanded to include trusts and societies as NPOs, mandated fundraising within two years post-registration, and required bifurcated impact disclosures.

Angel fund norms were relaxed: only accredited investors, now classified as qualified institutional buyers, may invest, with limits widened to ₹10 lakh–₹25 crore and the 25% concentration cap removed. Co-investment by Category I and II AIFs was enabled via co-investment schemes, eliminating portfolio management services registration.

Government securities-FPIs gained relief through relaxed KYC norms and exemptions from investor group disclosures, while NRIs/OCIs were allowed to invest without control-based restrictions. Portfolio managers gained flexibility with SEBI removing Schedule V from regulations, enabling circular-based disclosure formats. Mutual funds were approved as collateral for investment advisers and research analysts. Merchant bankers, debenture trustees, and custodians were permitted to perform non-SEBI-

regulated services within the same entity, subject to safeguards.

VCFs and defunct National Spot Exchange Ltd brokers received one-time settlement schemes to resolve legacy non-compliance and litigation. SEBI mandated dematerialisation for corporate actions and simplified proof requirements for signature mismatches. Certification norms for associated persons will now be issued via circulars, expediting regulatory updates and aligning market practices with evolving operational realities.

To access the press release, [click here](#).

### **Amendment to the Directions to IBUs for Operations of the Foreign Currency Accounts of Indian Resident Individuals Opened Under the Liberalised Remittance Scheme – June 23, 2025**

IFSCA issued circular Banking-Part(1)/3, amending its December 13, 2024, directions to IFSC Banking Units (IBUs) on operations of Foreign Currency Accounts (FCAs) of Indian resident individuals opened under the Liberalised Remittance Scheme (LRS), with immediate effect. The amendment replaces two pivotal provisions to require IBUs to obtain from resident individuals a declaration confirming that any amount spent from FCAs for financial products or services within IFSCs—or remitted abroad—is either consistent with the purpose originally declared under the LRS or otherwise permitted under the LRS. This clarifies and expands permissible FCA utilisation, reducing compliance friction by obviating repeated purpose-specific declarations, while reinforcing adherence to LRS policies.

The amendment, issued under Sections 12 and 13 of the IFSCA Act, strengthens regulatory oversight, enhances transparency, and mitigates misuse risks by instituting standardized declaration mechanisms. By explicitly embedding purpose-alignment safeguards within FCA operations, IFSC Banking Units must now integrate revised protocols into KYC and AML processes, update disclosure and internal compliance systems, and maintain records as mandated.

To access the circular, [click here](#).



#### **NEW DELHI**

30, Nizamuddin East  
New Delhi – 110 013  
Tel: + 91 11 4719 4400 | Fax: + 91 11 4050 6977  
E-mail: delhi@dmd.law

#### **MUMBAI**

121, Maker Chambers – IV, Nariman Point  
Mumbai – 400 021  
Tel: + 91 22 4356 5555 | Fax: + 91 22 4356 5550  
E-mail: mumbai@dmd.law

[www.dmd.law](http://www.dmd.law)

Please feel free to address any questions or requests for advice to: [dmdadvocates@dmd.law](mailto:dmdadvocates@dmd.law)

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