Consultation on Draft Circular on Review of Framework for Conversion of Private Listed InvIT into Public InvIT – July 1, 2025

Securities and Exchange Board of India (SEBI) has issued a draft circular proposing revisions to Chapter 14 of the Master Circular for InvITs, aimed at simplifying the conversion of private listed InvITs into public InvITs. The draft eliminates the lock-in requirement on the minimum sponsor contribution (15 % of units or post-issue capital locked for 18 months) as well as the lock-in on excess units (one year), relying instead on the perpetual unitholding obligation introduced in August 2023 to ensure sponsor commitment. It also proposes removal of the one-year lock-in for non-sponsor unitholders, noting that such restrictions hinder tradability, liquidity, and institutional investor participation; optionally, a six-month lock-in could remain if deemed necessary. Furthermore, the circular mandates that disclosure and procedural norms applicable to Follow-on Public Offers (FPOs) should apply when units are offered to the public during conversion, instead of those for initial public offerings. These changes are intended to enhance liquidity, align conversion mechanics with FPO practices, and reduce regulatory friction for private InvITs seeking public status. To access the circular, click here.

Consultation Paper on Review of Regulatory Framework on Permissible Business Activities for Asset Management Companies under Regulation 24 of the SEBI (Mutual Funds) Regulation, 1996 – July 7, 2025

SEBI has issued a consultation paper to review the regulatory framework governing permissible business activities for Asset Management Companies (AMCs) under Regulation 24(b) of the SEBI (Mutual Funds) Regulations, 1996. The paper proposes relaxation of the broad-basing requirement, allowing AMCs to manage and advise non-broad-based pooled funds (e.g., family offices, offshore funds) without a PMS licence, subject to robust safeguards such as capped fee differentials, prohibition of performance-linked fees, segregated personnel/research, and oversight via a unit holder protection. It considers two resource-sharing models: either through a subsidiary or a separate internal unit with distinct staff, to balance operational efficiency and conflict mitigation. The paper also proposes expanding ancillary activities, such as AMCs or their subsidiaries acting as points of presence for pension schemes and as global distributors for non-mutual fund products, subject to governing constraints ensuring mutual fund investor interests are preserved. To access the consultation paper, click here.

Consultation Paper on Measures for Regulation of Activities of Credit Rating Agencies – July 9, 2025

SEBI has issued a consultation paper to propose regulatory reforms in the functioning of Credit Rating Agencies (CRAs) under the SEBI (CRA) Regulations, 1999. The paper proposes to allow registered CRAs to rate financial instruments regulated by other Financial Sector Regulators (FSRs), including Reserve Bank of India (RBI), Insurance Regulatory and Development Authority of India (IRDAI), Pension Fund Regulatory and Development Authority (PFRDA), International Financial Services Centres Authority (IFSCA), Ministry of Corporate Affairs (MCA), and Insolvency and Bankruptcy Board of India (IBBI), even in the absence of specific rating frameworks. Such activity would only be permitted if fee-based and non-fund-based and must be conducted strictly through separate business units with Chinese walls, staff segregation (excluding key managerial personnel), segregated records and grievance mechanisms, within six months of notification. CRAs are required to ring-fence their minimum net worth as per SEBI norms from non-SEBI activities and to make prominent disclosures, both on their websites and in rating reports, clarifying that SEBI's investor protection mechanisms do not extend to such activities; stakeholders must also acknowledge this understanding formally before engagement. Bi-annual internal audit reports, board-reviewed compliance undertakings, and client acknowledgments are mandated as further safeguards. To access the consultation paper, click here.

Consultation Paper on Master Circulars for Capital Market Intermediaries in the IFSC – July 11, 2025

IFSCA has released a consultation paper proposing unified master circulars to consolidate all existing guidelines, including standalone circulars, across intermediary categories such as credit rating agencies, debenture trustees, distributors, ESG data providers, investment advisers, bankers, and research entities. These master circulars cover the full spectrum of intermediary regulation: registration modalities, perpetual validity of registration, permissible business activities, governance and code of conduct, KYC/AML/CFT requirements, outsourcing, complaint handling, change of control, periodic reporting, cyber-security, business continuity, surrender of registration, and net worth norms where applicable. The framework aims to reduce regulatory fragmentation, enhance ease of doing business, and improve regulatory clarity by providing a one-stop reference document for operational and compliance obligations of capital market intermediaries in the IFSC. To access the consultation paper, click here.

Securities and Exchange Board of India (Certification of Associated Persons in the Securities Markets) Regulations, 2007 – July 15, 2025

SEBI has notified the Securities and Exchange Board of India (Certification of Associated Persons in the Securities Markets) (Amendment) Regulations, 2025, amending the 2007 CAPS Regulations on July 15, 2025. Regulation 3(1) was substituted to empower SEBI, via circulars rather than Gazette notifications, to designate categories of associated persons, intermediaries, and certification timelines, while preserving existing notifications until rescinded. Sub-regulation (2) was omitted, and wording updates were made in Regulations 3(4) and 4(3) for consistency with the new drafting. Regulation 6 now stipulates that any associated person performing activities under clauses (a) to (f) of Regulation 3(4) must hold a valid SEBI-specified certificate to remain engaged. To access the regulations, click here.

Consultation Paper on Review of Valuation of Physical Gold and Silver held by Gold and Silver Exchange Traded Funds – July 16, 2025

SEBI has released a consultation paper proposing that AMCs value physical gold and silver held in Exchange Traded Funds (ETFs) using domestic spot prices published by SEBI-regulated Indian commodity exchanges, rather than relying on London Bullion Market Association prices adjusted through currency conversion, duties, and subjective premiums or discounts. The current practice introduces inconsistency as AMCs apply varying benchmarks and adjustment frequencies, leading to discrepancies in ETF performance. SEBI proposes enforcing a uniform domestic benchmark and requiring transparent disclosure of the polling process, including methodology, participant profiles, and trimmed-mean computation, publicly available per its master circular. The proposed framework aims to eliminate valuation duplication, standardise NAV calculations, improve transparency, and better align valuations with domestic supply-demand realities. To access the consultation paper, click here.

Digital Banking Channels Authorisation Directions, 2025 – July 21, 2025

RBI has issued the master direction proposing mandatory prior approval for banks before launching full transactional digital banking services, while allowing only view-only access without approval if specified eligibility norms, such as a core banking system, IPv6 infrastructure, and minimum net worth of ₹50 crore, are met. The draft prohibits banks from mandating digital enrolment as a prerequisite for other services like debit cards and requires documented customer consent for activating digital functionalities. It proposes a ban on displaying third-party products, including those of promoter or group entities, on digital platforms unless explicitly permitted by the RBI. Enhanced fraud detection systems with real-time monitoring, customer alerts for unusual transactions, and possible prior transaction confirmation are mandated. Banks must also ensure clear, multilingual disclosures of terms, fees, and grievance redressal mechanisms. Public comments on the draft are invited until August 11, 2025. To access the direction, click here.

Consultation Paper for review of LODR Regulations - Measures Towards Ease of Doing Business – July 25, 2025

SEBI has released a consultation paper proposing to align delivery and timeline norms for sending annual reports to debenture holders of non-convertible securities with those applicable to holders of specified securities, eliminating redundant hard-copy dispatch obligations. It aims to streamline compliance, reduce operational burdens, and foster digital communication channels, thereby enhancing ease of doing business under the (Listing Obligations and Disclosure Requirements) LODR framework. The proposals focus on harmonising disclosure timelines, removing duplication between disclosures required under

LODR and ICDR (Issue of Capital and Disclosure Requirements) regulations, and updating procedural obligations to reflect current technological and market practices. The public comments have been invited until August 15, 2025. To access the consultation paper, click here.

Consultation Paper on Facilitating Ease of Doing Business relating to Anchor Investor Allocation, Long-Term Institutional Participation and Retail Quota in Initial Public Offerings under ICDR Regulations 2018 – July 31, 2025

SEBI has issued a consultation paper proposing to increase the number of permissible anchor investor allottees for Initial Public Offerings (IPOs) exceeding ₹2,500 crore, with the aim of attracting large Foreign Portfolio Investors (FPIs) by allowing multiple funds from the same FPI to participate. It also recommends revising the anchor allocation reservation: raising the collective share for domestic mutual funds, life insurance companies, and pension funds from 33 % to 40 %, with 7 % specifically earmarked for insurers and pension funds and the balance for mutual funds. Additionally, the paper suggests reducing the retail investor quota in large IPOs (exceeding ₹5,000 crore) from 35 % to 25 % and increasing the Qualified Institutional Buyer (QIB) allocation to around 60 %, with the mutual fund portion within non-anchor QIBs rising from 5 % to 15 %. The reforms aim to enhance operational flexibility, streamline anchor investor participation, broaden the long-term institutional base, and improve market depth, while maintaining access for retail investors through adjusted allocation channels. The public comments have been invited until August 21, 2025. To access the Consultation Paper, 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

Please feel free to address any questions or requests for advice to: dmdadvocates@dmd.law