

Modification in the Conditions Specified for Reduction in Denomination of Debt Securities and Non-Convertible Redeemable Preference Shares – August 1, 2025

The Securities and Exchange Board of India (SEBI) released a draft circular proposing amendments to its framework on the reduction in denomination of debt securities and Non-Convertible Redeemable Preference Shares (NCRPS). Currently, instruments issued through private placement can be listed at a reduced face value of ten thousand only if they carry interest or dividends, thereby excluding zero-coupon or zero-dividend securities that are offered at a discount and redeemed at maturity. Based on market feedback that this restriction limits issuers and excludes widely used instruments like zero-coupon bonds, SEBI has proposed allowing such instruments. Both debt securities and NCRPS may now be issued at the reduced denomination of ten thousand. The changes, intended for privately placed issues meant for listing, would require amendments to Chapter V of the non-convertible securities master circular and necessitate operational adjustments by stock exchanges, depositories, and clearing corporations. This move aims to enhance flexibility for issuers, particularly companies and institutions seeking efficient long-term financing structures, while expanding the investment universe for retail and institutional investors. To access the circular, [click here](#).

Consultation Paper on Amendments to Provisions Relating to Related Party Transactions Under SEBI (LODR) Regulations, 2015 and Circulars Thereunder – August 4, 2025

SEBI released a consultation paper proposing significant amendments to the framework governing Related Party Transactions (RPTs) under the SEBI (LODR) Regulations, 2015, and accompanying circulars. The key proposals include replacing the existing one-size-fits-all threshold (one thousand crore or 10% of consolidated turnover) with scale-based thresholds, which increase with a company's annual consolidated turnover, capped at five thousand crores, and thereby potentially reducing it by about 60%. To ensure oversight of subsidiary transactions, SEBI proposes that if an RPT exceeds one crore, it must be approved by the listed entity's audit committee when the value crosses the lower of the subsidiary's standalone turnover (or, for newer entities, 10% of standalone net worth certified by a CA) or the parent's scale-based threshold. The paper also recommends relaxed disclosure norms for relatively small RPTs, those above one crore but below either 1% of consolidated turnover or ten crores, allowing a simplified disclosure format instead of the full Industry Standards. Additionally, SEBI suggests codifying the validity periods for omnibus shareholder approvals into Regulation 23(4) of LODR: approvals granted at AGMs to remain valid until the next AGM (maximum fifteen (15) months), and those at other general meetings for up to one year. The paper seeks clarifications on the scope of RPT coverage, for instance, narrowing the definition of 'related party' so that retail purchases by directors or KMPs (and their relatives) are excluded, and 'employees' are removed from the clause, as they are not 'related parties' in any case. The proposal amends Reg. 2(1) (zc)(e) to cover directors/KMPs and their relatives, not employees. To access the consultation paper, [click here](#).

Consultation Paper on Providing Flexibilities to Large Value Funds for Accredited Investors (LVFs) under SEBI (AIF) Regulations – August 8, 2025

SEBI released a consultation paper proposing a number of relaxations (flexibilities) for Large Value Funds (LVFs) under the Alternative Investment Fund (AIF) Regulations, aimed at making LVFs more accessible while preserving protections for Accredited Investors. Key proposals include reducing the minimum investment threshold per investor in an LVF from seventy crores to twenty-five crores. Also, SEBI is considering exempting LVFs from some compliance requirements, such as mandatory National Institute of Securities Markets certification for key investment-team personnel under Regulation 4(g)(i), following a standard Private Placement Memorandum (PPM) template, and the annual audit of PPM terms. Further, the cap of 1,000 investors per AIF scheme (Regulation 10(f)) would be removed for LVFs. The paper also proposes exempting members of the Investment Committee from certain responsibilities under Regulation 20(8) without requiring investor waivers for such exemptions. Existing AIF schemes whose investors already meet the LVF criteria may opt to convert themselves into LVFs to take advantage of

these relaxations, subject to investor consent. To access the consultation paper, [click here](#).

Consultation Paper on Proposals to Facilitate Participation by Resident Indians in Foreign Portfolio Investors – August 8, 2025

SEBI released a consultation paper to broaden the Foreign Portfolio Investor (FPI) regime by enabling certain India-based fund structures to register as FPIs, especially schemes based in International Financial Services Centres (IFSCs) that are “retail schemes” with resident Indian non-individuals as sponsor/manager, aligning contribution limits under the FPI Regulations with those under the IFSCA (Fund Management) Regulations, 2025; it also proposes changing the test of “Sponsor or Manager” to “fund management entity or its associate” for IFSC-based FPIs, raising the permissible contribution by resident Indian non-individuals in AIFs and retail schemes in IFSCs to up to 10% of the corpus (or AUM); further, to allow Indian Mutual Funds to be constituents of FPIs (e.g. overseas mutual funds/unit trusts registering as FPIs) on conditions specified by SEBI; the draft includes amendments to the SEBI (FPI) Regulations, 2019 to embed these changes. To access the consultation paper, [click here](#).

Consultation Paper on Draft Circular on Ease of Doing Investment - Smooth Transmission of Securities from Nominee to Legal Heir – August 12, 2025

SEBI released a consultation paper along with a draft circular aimed at simplifying the process of transmitting securities held by a nominee to the legal heirs of a deceased investor. Currently, nomination is mandatory for new demat accounts opened from October 1, 2021, and mutual fund units from October 1, 2022; existing accounts are also being encouraged to update their nomination details. The issue identified is that when securities are transmitted from nominee to legal heir, they are often incorrectly reported as a “sale,” which may trigger capital gains tax for the nominee, despite clause (iii) of Section 47 of the Income Tax Act, 1961, excluding such transmissions from “transfer.” To address this, SEBI proposes introducing a standard reason code, Transmission to Legal Heirs (TLH), that reporting entities (RTAs, listed issuers, depositories, depository participants) would use to notify the central board of direct taxes when securities move from nominee to heir. The procedural requirements for these transmissions would remain governed by SEBI’s Listing Obligations & Disclosure Requirements Regulations, 2015, and the Master Circular for RTAs dated June 23, 2025. Implementation of the TLH code would need system changes by the concerned entities within three (3) months after the circular is issued. To access the consultation paper, [click here](#).

The Insolvency and Bankruptcy Code (Amendment) Bill, 2025 – August 12, 2025

The Insolvency and Bankruptcy Code (Amendment) Bill, 2025 (Bill) proposes sweeping reforms to address recommendations made by the Insolvency Law Committees and the Government’s discussion papers aimed at resolving key issues under the Insolvency and Bankruptcy Code, 2016 (IBC). Among its key changes, the Bill narrows the concept of “security interest” to only consensually created securities, thereby preventing revenue authorities from automatically claiming such status, and introduces definitions of “avoidance transactions” and “fraudulent or wrongful trading.” For cases involving multiple corporate insolvency resolution process (CIRP) applications, the initiation date will now be determined based on the first filing, while resolution plan methods have been broadened to include asset sales. The Bill mandates adjudicating authorities to admit or reject Section 7 applications within fourteen (14) days, relying on Information Utility (IU) records as proof, with applicants granted seven (7) days to rectify defects. Operational creditors will be required to file financial information with IUs before submitting Section 9 applications, and all personnel, promoters, and contractual associates must assist interim resolution professionals. Liquidation timelines will be reduced to one hundred eighty (180) days, extendable by ninety (90) days, while the fast-track CIRP provisions stand omitted. Further, creditor-initiated insolvency is introduced, enabling creditors holding 51% of the debt to trigger insolvency with limited moratorium rights. The Bill also mandates admission on proof of default, requiring the Adjudicating Authority to admit a financial creditor’s application if default is proven, no disciplinary proceedings are pending against the proposed resolution professional, and procedural compliance requirements are met, leaving no scope for additional grounds of rejection. Finally, it formalises the clean-slate principle by extinguishing all pre-plan claims unless specifically preserved and prohibiting the suspension of grants or rights for past dues where ongoing obligations are met. To access the bill, [click here](#).

Reserve Bank of India Know Your Customer (2nd Amendment) Directions, 2025 – August 14, 2025

The Reserve Bank of India (RBI) has issued the directions, which amend the 2016 Master Directions on

KYC with immediate effect. The changes includes the insertion of a reference to an FAQ document on RBI's website to improve clarity for users; ensuring that applications for onboarding or periodic updation of KYC from persons with disabilities cannot be rejected without proper consideration and that rejection decisions must have recorded reasons; expanding the requirement for KYC to apply not just to ongoing relationships but also to occasional transactions of fifty thousand or more (whether single or aggregated), and for international money transfer operations; adding "Aadhaar Face Authentication" as part of the authentication methods under Explanation 2 of paragraph 16; ensuring that "liveness checks" (where applicable) do not exclude persons with special needs; and updating the Appendix by adding entries (serial numbers 205A and 206A) corresponding to older department of non-banking supervision circulars issued in 2009–10. These amendments are in force immediately and are aimed at enhancing accessibility, clarity, and inclusivity of the KYC regime under RBI supervision. To access the direction, [click here](#).

Consultation Paper on Review of Requirement of Minimum Public Offer and Timelines to Comply with Minimum Public Shareholding for Issuers in Terms of Securities Contracts (Regulation) Rules, 1957 – August 18, 2025

SEBI released a consultation paper on easing the Minimum Public Offer (MPO) and extending the timelines by which companies must achieve prescribed public shareholding levels, especially for very large issuers. For firms with post-issue market capitalisation between fifty thousand crores and one lakh crores, the MPO would be set at one thousand crores with at least 8% of post-issue share capital, instead of the current 10%. Their Minimum Public Shareholding (MPS) (25%) would need to be achieved in five (5) years instead of 3. For issuers in the one lakh to five lakh crores band, MPO would be six thousand two hundred fifty crores, with 2.75% of post-issue capital; for those above five lakh crores, MPO would be fifteen thousand crores with at least 1% of post-issue capital (minimum dilution of 2.5%). Public shareholding timelines: if the issuer's public shareholding at listing is below 15%, they would need to raise it to 15% within five (5) years and then to 25% in ten (10) years; if already at or above 15%, then attaining 25% in five (5) years. SEBI also proposes that these relaxations apply to existing listed entities that have not yet met their MPS obligations. To access the consultation paper, [click here](#).

Consultation Paper on Review of Block Deal Framework – August 22, 2025

SEBI released a consultation paper proposing several changes to the block deal mechanism to enhance transparency, market efficiency, and prevent misuse; key among them is raising the minimum order size for block deals from ten crores to twenty-five crores. The regulator also suggests maintaining two daily block deal windows, morning (8:45-9:00 AM) and afternoon (2:05-2:20 PM), with reference prices defined respectively as the previous day's closing price (morning window) and the volume-weighted average price (VWAP) of trades between 1:30-2:00 PM (afternoon window). For stocks that are part of the Futures & Options (F&O) derivatives segment, the permissible price band around the reference price remains at $\pm 1\%$, while for non-F&O stocks, SEBI proposes widening this band to $\pm 3\%$ under appropriate surveillance measures. All block deal trades must settle by delivery, i.e., no squaring off or reversals allowed. Further, exchanges are to publicly disclose block deal information, including scrip name, client name, quantity, price, on the same day after market hours. The paper also calls for the same risk, surveillance, and settlement obligations that apply to regular trades to apply within block deals as well. 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