

Securities and Exchange Board of India (Portfolio Managers) (Amendment) Regulations, 2025 – September 3, 2025

The Securities and Exchange Board of India (SEBI) issued Portfolio Managers (Amendment) Regulations, 2025, aimed at streamlining procedural obligations and enhancing flexibility. Under the amendments, clause (xi) of Regulation 20 has been substituted to simply refer to Schedule IV, removing the earlier detailed prescription of the disclosure document format. Similarly, sub-regulation (3) of Regulation 22 has been replaced to require that a Portfolio Manager (PMS) furnish the disclosure document, in a format as may be specified by the Board, to the prospective client prior to entering into an agreement, along with a certificate in Form C as per Schedule I. At the same time, Schedule V, which previously prescribed the format of the model disclosure document, has been deleted entirely. The effect of these changes is to remove the rigid binding of a format within the regulations and instead allow SEBI to prescribe or modify formats through circulars or specifications, thereby improving agility and ease of updates. This approach enables future changes to disclosure formats, such as dividing the document into static and dynamic sections, without the need for formal regulatory amendments, while preserving the core substantive content as required under Regulation 22(4). To access the regulations, [click here](#).

Securities and Exchange Board of India (Share-Based Employee Benefits and Sweat Equity) (Amendment) Regulations, 2025 – September 8, 2025

SEBI issued Share-Based Employee Benefits and Sweat Equity (Amendment) Regulations, 2025, introducing a significant change in the context of employee benefits during an Initial Public Offering through the insertion of a new Regulation 9A. These regulations permit employees identified as “promoters” or as part of the “promoter group” in a draft offer document filed with SEBI to continue holding and/or exercising share-based benefits such as options, Share Appreciation Rights, or other benefits, provided these were granted to them under a scheme at least one year prior to the date of filing the draft offer document. The exercise of such benefits is strictly adhered to the original terms of the grant and all other applicable legal requirements. To access the regulations, [click here](#).

Companies (Compromises, Arrangements and Amalgamations) Amendment Rules, 2025 – September 8, 2025

The Ministry of Corporate Affairs issued the Companies (Compromises, Arrangements and Amalgamations) Amendment Rules, 2025, amending Rule 25 of the 2016 Rules under Section 233 of the Companies Act, 2013. The amendment requires that notice of any proposed merger, amalgamation, division, or transfer be filed in Form CAA.9 and circulated to the Registrar, Official Liquidator, concerned sectoral regulators such as RBI, SEBI, IRDAI, and PFRDA, and, in the case of listed companies, the relevant stock exchanges, inviting objections or suggestions. Further, Rule 25(1A) expands the scope of companies eligible for the fast-track merger process to include:

- a Section 8 company with another non-listed Section 8 company, subject to conditions that aggregate outstanding debt does not exceed INR two hundred crore and no default exists, accompanied by an auditor’s certificate in Form CAA.10A;
- holding and subsidiary companies, whether listed or unlisted (except where the transferor is listed);
- mergers between subsidiaries of the same holding company; and
- mergers of foreign holding companies with their wholly owned Indian subsidiaries.

The transferee company must, within 15 days of member or creditor approval, file the scheme, resolutions, and a valuer’s report in Form CAA.11 with the Central Government, and where applicable, attach details on how regulator or exchange objections were resolved. A new sub-rule also applies these provisions to schemes involving the division or transfer of undertakings under Section 232(1)(b). Annexure-A substitutes Forms CAA.9, CAA.10, CAA.11, and CAA.12 with revised formats incorporating

these changes. Collectively, these changes simplify processes, expand fast-track eligibility, strengthen oversight, and enhance transparency and stakeholder protection in corporate restructuring. To access the rules, [click here](#).

Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2025 – September 9, 2025

SEBI issued the Issue of Capital and Disclosure Requirements (Second Amendment) Regulations, 2025, introducing significant refinements to disclosure and eligibility requirements for public issues. The dematerialisation mandate has been expanded to cover securities held not only by promoters but also by promoter groups, selling shareholders, directors, key managerial personnel, senior management, and entities regulated by financial sector regulators. The pool of eligible shareholders permitted to undertake an offer for sale by meeting the one-year holding requirement in acquisitions through schemes of arrangement has been broadened to include Alternative Investment Funds (AIFs), foreign venture capital investors, scheduled commercial banks, public financial institutions, insurance companies, and specified non-individual public shareholders. The Social Stock Exchange framework has been strengthened by enlarging the definition of Not-for-Profit Organization (NPO) to include trusts registered under the Registration Act, 1908, and charitable societies registered under state-level Societies Registration Acts. A registered NPO must raise funds for at least one listed project within two years of registration to maintain its validity. Additionally, the experience criteria for social impact assessment organizations have been clarified. Further, accredited investors, as defined under the AIF Regulations, are now recognized as qualified institutional buyers, but only for the limited purpose of investing in SEBI-registered Angel Funds (AFs). To access the regulations, [click here](#).

Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2025 – September 9, 2025

SEBI has issued Alternative Investment Funds (Second Amendment) Regulations, 2025, revising the framework for AFs by introducing key operational modalities. Under Regulation 19D(1) of the AIF Regulations, AFs are now required to raise funds only from accredited investors through unit issuance as specified by SEBI. Existing funds registered on or before September 10, 2025, have been granted time until September 8, 2026, to migrate to the new regime, subject to a cap of 200 non-accredited investors during the transition period, with further contributions from them prohibited thereafter. The minimum investment ticket size for angel investors has been removed, while fund-level investment in a single company must range between INR ten lakh and INR twenty-five crore. AFs shall no longer launch separate schemes but will make investments directly at the fund level, with all scheme-level provisions of the AIF Regulations applying at the fund level. To declare the first close, a minimum of five accredited investors must be onboarded, and the first close must be completed within 12 months of SEBI taking the private placement memorandum on record. Investments will be subject to a one-year lock-in, which reduces to six months if exited through a third-party sale. Follow-on investments are permitted in existing investee companies that have outgrown the start-up stage, capped at INR twenty-five crore per company. AFs will now be distinctly classified as “Category I AIF – Angel Funds” instead of as a sub-category of Venture Capital Funds. The manager or sponsor is required to maintain a continuing interest of at least half a percent of the invested amount, or INR fifty thousand, whichever is higher, in each investment. Additionally, SEBI has introduced co-investment schemes for Category I and II AIFs under this revised framework. To access the regulations, [click here](#).

Framework for AIFs to Make Co-Investment within the AIF Structure under SEBI (Alternative Investment Funds) Regulations, 2012 – September 9, 2025

SEBI issued a Framework for AIFs to Make Co-Investment within the AIF Structure under (Alternative Investment Funds) Regulation, 2025, introducing regulation 17A into the AIF Regulations and permitting Category I and II AIFs to facilitate co-investments through a dedicated Co-Investment Vehicle (CIV) scheme. This scheme offers accredited investors an alternative to the existing co-investment route via PMS, while expressly prohibiting AFs from launching such schemes. Under this framework, only accredited investors of the main AIF are eligible to participate in its affiliated CIV scheme. Managers may structure co-investments either through PMS schemes or the CIV route, with each CIV scheme mandatorily investing in a single investee company, maintaining ring-fenced assets through separate bank and demat accounts, and filing a shelf placement memorandum with SEBI before launch. The investment terms stipulate that co-investments in an investee company shall not be on more favorable terms than those offered to the main AIF, and the exit timing for CIV schemes must mirror the main AIF's exit from the

same investment. Further, an investor's total co-investment via CIV schemes in an investee company is capped at three times their contribution to that company through the main AIF, a restriction that exempts certain institutional investors such as bilateral development financial institutions and sovereign wealth funds. To access the circular, [click here](#).

Master Direction on Regulation of Payment Aggregator – September 15, 2025

RBI issued a Master Direction on the Regulation of Payment Aggregators (PAs), consolidating and superseding the earlier circulars of 2020, 2021, and 2023, with immediate effect. These Directions apply to all bank and non-bank entities engaged in PA business, including authorised dealer banks and scheduled commercial banks, and define a PA as an entity that facilitates the collection and settlement of customer payments to merchants through various channels. Three categories of PAs are recognised: Online, Physical, and Cross-Border. While banks do not require separate authorisation, non-bank entities must apply to the RBI, be incorporated under the Companies Act, 2013, and ensure that their memorandum of association expressly permits PA operations. Applications must be submitted by December 31, 2025; otherwise, businesses will be required to wind down by February 28, 2026. Non-bank PAs must maintain a minimum net worth of INR fifteen crore at the time of application and increase it to INR twenty-five crore within three years. The restrictions prohibit marketplace operations, mandate contractual merchant relationships, and disallow transaction limits or the use of ATM pins for card-not-present transactions. Promoters and directors must satisfy fit and proper criteria. Compliance obligations include robust KYC for merchant onboarding, continuous monitoring, adherence to PCI-DSS and PCI-SSF standards, annual cybersecurity audits, bi-annual VAPT, escrow account maintenance, separate accounts for cross-border flows, and transparent settlement timelines. In addition, PAs must comply with RBI's data storage requirements, avoid storing customer card credentials, and uphold corporate governance standards, including professional management, regulatory compliance in cases of control changes, dispute resolution frameworks, transparent disclosures, and grievance redressal mechanisms with designated officers. To access the master direction, [click here](#).

Consultation on Draft Circular - Guidelines with Respect to Reporting of Value of Units of Alternative Investment Funds to Depositories – September 19, 2025

SEBI issued a draft circular inviting public comments on Guidelines with Respect to Reporting of Value of Units of AIFs to Depositories. The core objective is to enhance transparency in the AIF ecosystem by leveraging depository infrastructure so that the Net Asset Value (NAV) of units of AIFs is reported and reflected in the depository system. Under the proposal, AIFs or their Registrar & Transfer Agents (RTAs) would be required to upload the NAV of all ISINs corresponding to their units into the depository system within 15 days of valuation of the investment portfolio. For existing AIF schemes, the draft mandates uploading of the latest NAVs (as of the issuance date of the circular) within 45 days of the circular's issuance. The guidelines clarify that the valuation date would be taken as the date of the valuation report when done by an external valuer, or the date on which the valuation is recorded in internal fund records when done by internal valuers. Under existing SEBI (AIF) Regulations, Category I and II AIFs are required to carry out valuations at least once in every six months via independent valuers (which may be extended to one year with investor consent), while Category III AIFs must ensure that their NAV calculations are independent of fund management and must disclose NAVs at intervals no longer than quarterly for closed-ended and monthly for open-ended schemes. Depositories would be required to build the infrastructure needed, amend their byelaws, rules, and regulations, and make the new requirements known to their members and participants. Further, trustees or sponsors must ensure that their compliance test reports (prepared under the AIF Master Circular) include compliance with this new circular's provisions. The draft proposes that the provisions will come into force immediately after the finalization of the circular. To access the draft circular, [click here](#).

Securities and Exchange Board of India (Custodian) (Amendment) Regulations, 2025 – September 23, 2025

SEBI issued the Custodian (Amendment) Regulations, 2025, on comprehensive enhancements to the operational and compliance framework governing custodians in India, aiming to strengthen the custodial infrastructure, ensure greater transparency, accountability, and alignment with international best practices. Custodians are mandated to implement more rigorous due diligence processes, including comprehensive background checks and continuous monitoring of clients, to ensure compliance with applicable laws and to mitigate risks associated with money laundering, fraud, and other financial crimes. They must also establish robust risk management frameworks to identify, assess, and manage potential risks effectively.

In regulation 6(1)(b), after the words “safe custody of” and before the words “securities and computer,” the word “physical” is inserted as well. A custodian, who was granted a certificate of registration prior to the commencement of the Securities and Exchange Board of India (Custodian) (Amendment) Regulations, 2025, shall, within three years from such commencement, raise its net worth to not less than seventy-five crore rupees, separately an independently, of the capital adequacy requirements, if any, for each activity undertaken by it under the relevant regulations. To bolster financial stability, custodians must maintain higher levels of capital adequacy, ensuring sufficient resources to absorb potential losses and continue operations without compromising client interests, with norms aligned to international standards to promote market confidence. The regulations emphasize robust internal control systems capable of detecting and preventing unauthorized activities, alongside strict compliance protocols to ensure all operations adhere to applicable laws. Custodians are also required to enhance reporting mechanisms by submitting detailed and timely reports to SEBI, providing comprehensive information about custodial activities to enable effective oversight and monitoring, thereby fostering greater investor confidence and market integrity. Additionally, the amendments focus on client education and investor protection, encouraging custodians to provide clear and concise information about client rights and responsibilities to empower informed decision-making. To access the regulations, [click here](#)

Reserve Bank of India (Authentication Mechanisms for Digital Payment Transactions) Directions, 2025 – September 25, 2025

RBI issued Authentication Mechanisms for Digital Payment Transactions Directions to enable the payments ecosystem to adopt advanced authentication technologies and move beyond reliance on SMS-based One-Time Passwords (OTPs). Issued under the Payment and Settlement Systems Act, 2007, these directions apply to all payment system providers and participants, including banks and non-banks, and cover all domestic Digital Payment Transactions (DPT), subject to limited exemptions. DPT is in line with “Electronic Funds Transfer” under the Act and includes three types of transactions: Card-Not-Present (CNP) transactions, card-present transactions, and cross-border CNP transactions. As per the direction, authentication is the process of validating a customer’s credentials, which may involve factors such as passwords, passphrases, PINs, OTPs, hardware or software tokens, or biometric methods, including fingerprints, device-native tools, or Aadhaar-based authentication. The directions mandate two-factor authentication for all DPT, with at least one dynamically generated factor unique to the transaction (except for card-present cases), ensuring robustness so that compromising one factor does not affect the reliability of the other. Additionally, authentication and tokenisation services must be interoperable and openly accessible across applications, channels, and token storage mechanisms. Issuers are required to adopt a risk-based approach, using behavioural, contextual, and device-level parameters to assess transactions, applying additional checks for high-risk cases, and may leverage platforms like DigiLocker for notifications. They remain fully liable for losses arising from non-compliance and must also comply with the Digital Personal Data Protection Act, 2023. While cross-border DPTs are excluded, issuers must, by October 1, 2026, implement mechanisms to validate non-recurring cross-border CNP transactions and establish risk-based frameworks for managing them. To access the directions, [click here](#).



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