



October 2025

September 2025 witnessed a flurry of regulatory activity across India's financial sector, with both, the Securities and Exchange Board of India ("**SEBI**") and the Reserve Bank of India ("**RBI**"), introducing a series of amendments and frameworks aimed at deepening market transparency, easing compliance and strengthening investor protection. Further, the Supreme Court of India ("**Supreme Court**") in the insolvency space, has provided greater clarity and certainty for creditors relying on financial disclosures to preserve their rights under the Insolvency and Bankruptcy Code, 2016 ("**IBC**").

SEBI introduced notable amendments through the SEBI (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2025, which refine issuer obligations in initial public offerings, revise eligibility norms for social enterprises and streamline disclosures for Qualified Institutions Placements ("**QIPs**"). SEBI further notified the SEBI (Real Estate Investment Trusts ("**REITs**")) (Second Amendment) Regulations, 2025 and the SEBI (Infrastructure Investment Trusts ("**InvITs**")) (Third Amendment) Regulations, 2025, which clarify key definitions, refine valuation and disclosure requirements for quarterly and annual submissions. They also introduce enhanced reporting duties for sponsors, managers and investment managers.

The SEBI (Alternative Investment Funds ("**AIF**")) (Second Amendment) Regulations, 2025 establish a structured framework for Co-investment Schemes ("**CIV Schemes**") within the AIF ecosystem, expand governance requirements and comprehensively reform the angel fund regime. Complementary operational guidelines set out modalities for co-investments, while further amendments ease compliance requirements for Foreign Portfolio Investors ("**FPIs**") investing solely in Government Securities ("**G-Secs**").

RBI has likewise implemented a suite of prudential and operational reforms, including the RBI (Regulation of Payment Aggregators) Directions, 2025, which establish a unified framework for both bank and non-bank payment aggregators with clear rules, cross-border payouts, and the inclusion of offline aggregators. RBI has also mandated two-factor authentication for all domestic digital payment transactions *via* the RBI (Authentication Mechanisms for Digital Payment Transactions) Directions, 2025. To augment prudential standards, the eligible limit for Perpetual Debt Instruments in AT-1 capital has been revised. The Foreign Exchange Management (Debt Instruments) (Fourth Amendment) Regulations, 2025 expand investment options for non-residents with rupee accounts, now covering a wider array of corporate and government debt securities in line with RBI terms and conditions.

SEBI updates

Revisions to disclosures and financial reporting timelines of InvITs

SEBI, *vide* [notification](#) dated September 2, 2025, has issued the SEBI (InvITs) (Third Amendment) Regulations, 2025, amending the SEBI (InvITs) Regulations, 2014 ("**InvIT Regulations**"). Some of key amendments are as follows:

1. a proviso is inserted to the definition of the term 'public' stating that the sponsor, sponsor group, investment manager and project manager of the InvIT will not be considered as 'public' for the purpose of the InvIT Regulations;
2. Sub-regulation 5A is inserted to Regulation 21 of the InvIT Regulations (dealing with valuation of assets), stating that where the consolidated borrowings and deferred payments of an InvIT, in terms of Regulation 20 of the InvIT Regulations, exceeds 49%, a quarterly valuation of the assets of the InvIT must be conducted by the valuer as at the end of the quarters ending June, September and December for incorporating any key changes from the previous quarter. Such quarterly valuation report must be submitted by the investment manager to the designated stock exchange(s) along with the quarterly financial results of the corresponding quarter. The InvIT will not be required to submit the quarterly valuation report for the quarter ending on September 30 if such InvIT has submitted half yearly valuation at the end of half year ending September 30; and
3. Regulation 4A is inserted to Regulation 23 of the InvIT Regulations (dealing with disclosures), stating that the investment manager of an InvIT must submit a quarterly report to the designated stock exchange(s) along with the quarterly financial statements for the quarters ending June, September and December if the consolidated borrowings and deferred payments of such InvIT, in terms of Regulation 20, is above 49%.

SEBI (REITs) (Second Amendment) Regulations, 2025

SEBI, *vide* [notification](#) dated September 2, 2025, has issued the SEBI (REITs) (Second Amendment) Regulations, 2025, amending the SEBI (REIT) Regulations, 2014 ("**REIT Regulations**"). Some of the key amendments are as follows:

1. a proviso is inserted to the definition of the term 'public' stating that the sponsor, sponsor group and manager of the REIT will not be considered as 'public' for the purpose of the REIT Regulations;
2. a proviso is inserted to Regulation 18(16)(aa)(i) of the REIT Regulations stating that if the net distributable cash flow generated by the holding company on its own is negative, then such holding company may adjust it against the cash flows received from its underlying special purpose vehicles provided that it makes appropriate disclosures in this regard to the unitholders in such form and manner as may be specified by SEBI; and
3. a proviso is inserted to Regulation 21(4) of the REIT Regulations with respect to valuation of assets, stating that full valuation must be conducted as at the end of the financial year ending March 31 and the valuation report must be submitted by the manager to the designated stock exchange(s) along with the annual financial results.

Streamlining the process for surrender of Know Your Customer registration agency registration

SEBI, *vide* [circular](#) dated September 5, 2025, has streamlined the process for Know Your Customer ("KYC") Registration Agencies ("**KRAs**") to surrender their registration, for voluntary/involuntary scenarios, so that their critical operations and services are wound down in an orderly manner. A KRA must make the Standard Operating Procedure ("**SOP**") for winding down available on their websites within 90 (ninety) days from September 5, 2025. The SOP must be reviewed periodically as and when circumstances warrant/necessitates or at least once in 5 (five) years. A KRA surrendering its certificate of registration must constitute an oversight committee which will be responsible for monitoring the winding down process, including transfer of KYC data, seamless investor services, as specified under the SOP. The circular provides a model SOP, detailing the process of selection of transferee KRA, procedure to be followed in scenario of voluntary surrender of registration/winding down and procedure to be followed in scenario of involuntary surrender of registration/winding down.

AIF amendments and co-investment framework

SEBI, *vide* circulars dated [September 9, 2025](#) and [September 10, 2025](#), has amended the SEBI (AIFs) Regulations, 2012, increase operational clarity, investor protection and ease of doing business. These changes include new rules for CIV Schemes, stricter investor criteria and enhanced compliance requirements for fund managers and sponsors. Some of the key amendments are as follows:

1. **CIV Scheme:** The term CIV Scheme is inserted to mean a scheme of a Category I AIF or Category II AIF, which facilitates co-investment to investors of a particular scheme of an AIF, in unlisted securities of an investee company where the scheme of the AIF is making investment or has invested. The term 'shelf placement memorandum' is inserted to mean a placement memorandum filed by an AIF for launching CIV Schemes.

Co-investment through a CIV Scheme will be carried out by manager of Category I AIFs or Category II AIFs, subject to certain key operational modalities as specified below:

- a) managers of AIFs must make co-investment for an investor in an investee company either through co-investment portfolio managers under SEBI (Portfolio Managers) Regulations, 2020 or CIV Scheme route;
 - b) manager of AIF must file a shelf placement memorandum (in the prescribed template), that *inter alia* includes, principal terms relating to co-investments, governance structure and regulatory framework for co-investment;
 - c) each CIV Scheme must have a separate bank account and demat account and assets of each CIV Scheme must be ring fenced from assets of the other schemes; and
 - d) co-investments of an investor in an investee company across CIV Schemes must not exceed 3 (three) times of the contribution made by such investor in the total investment made in the said investee company through the scheme of the AIF to which the aforesaid CIV Schemes are affiliated.
2. **Angel funds:** Angel funds are decoupled from venture capital fund definitions and recognised directly under Category I AIF. These are restricted from raising money solely from accredited investors by issuing units. Further, the key management personnel of the fund or its manager are also permitted to invest in these funds and the requirement for a minimum investment threshold for angel investors has been removed. SEBI has prescribed specific conditions and modalities with respect to various provisions pertaining to angel funds. Some of the key provisions are as follows:
 - a) angel funds must raise funds only from accredited investors by way of issue of units, in the prescribed manner;
 - b) an angel fund must on-board at least 5 (five) accredited investors before declaring its first close in the prescribed manner;
 - c) an angel fund must not launch any schemes for soliciting funds from angel investors or making any investments. Accordingly, investments in investee companies must be made directly by angel funds, without the requirement of launching a scheme for this purpose;
 - d) angel funds must invest directly in investee companies (without launching solicitation schemes) and can make in existing investee companies which are no longer start-ups (up to INR 25,00,00,000 (Indian Rupees twenty-five crore), subject to pro-rata rights;
 - e) investments are now subject to a lock-in of 1 (one) year, reduced to 6 (six) months if exited via sale to third parties (buy-back by the investee company or purchase by its promoters or their associates are excluded). Any such sale must be subject to terms of articles of association of the investee company; and
 - f) the investors of an angel fund will have rights in an investment of the angel fund and in the distribution of proceeds of the investment, pro-rata to their contribution to such investment.

Ease of regulatory compliances for FPIs investing only in G-Secs

To facilitate ease of regulatory compliances for FPIs investing only in G-Secs ("GS-FPIs"), SEBI, *vide* [circular](#) dated September 10, 2025, has amended the Master Circular for FPIs, Designated Depository Participants and Eligible Foreign Investors dated May 30, 2024 as follows:

1. FPIs that invest exclusively in G-Secs under fully accessible route will not be required to furnish investor group details;
2. GS-FPIs are now exempted from providing detailed investor group information and from the need to inform SEBI of certain changes in their information, except for material changes;
3. the requirement for a declaration of no changes during the 3 (three)-year registration renewal period will not apply to GS-FPIs;
4. to facilitate transition between regular FPI and GS-FPI, new mechanism is established under Para 19 for FPIs to easily transition between being a regular FPI and a GS-FPI, and *vice versa*; and
5. KYC review process is simplified, by aligning its periodicity with the FPI's bank account KYC cycle as prescribed by RBI.

The provisions of this circular will come into force with effect from February 8, 2026.

Amendment to custodian regulations

SEBI, *vide* [notification](#) dated September 18, 2025, has notified the SEBI (Custodian) (Amendment) Regulations, 2025. These amendments, which will take effect after six months i.e. from March 17, 2026, aim to make custodians of securities financially stronger, more accountable and compliant with higher governance standards. Some of the key amendments are as follows:

1. a custodian, who was granted a certificate of registration prior to the commencement of the SEBI (Custodian) (Amendment) Regulations, 2025, must, within 3 (three) years from such commencement, raise its net worth to not less than INR 75,00,00,000 (Indian Rupees seventy-five crore), separately and independently, of the capital adequacy requirements, if any, for each activity undertaken by it under the relevant regulations;
2. the term 'physical' has been explicitly inserted before 'securities and computer systems' in Regulation 6. This clarifies that custodians are responsible not just for dematerialised assets but also for the safe custody of physical securities;
3. custodians can now offer a broader range of financial services, moving away from a rigid structural separation to a more flexible functional separation within a single entity;
4. Regulation 19B is inserted dealing with obligations and responsibilities for custodians to establish strong governance structures, risk management policies, framework for orderly winding down and operational infrastructure; and
5. the Third schedule dealing with the code of conduct is amended. Key provisions include:
 - a) avoiding unfair competition and misleading advertising;
 - b) ensuring director and senior management 'fit and proper' status;
 - c) client grievance redressal mechanisms;
 - d) transparent and honest disclosures to regulators; and
 - e) strong internal controls to prevent fraud, theft, and misconduct.

RBI updates relevant to corporate customers

Directions for mandating authentication mechanisms for digital payment transactions

RBI, *vide* [circular](#) dated September 25, 2025, has issued the RBI (Authentication Mechanisms for Digital Payment Transactions) Directions, 2025. These directions are applicable to all payment system providers and payment system participants (banks and non-banks) and to all domestic digital payment transactions, unless specifically exempted. These will be effective April 1, 2026, mandating two-factor authentication for all transactions. Issuers must implement mechanisms for handling cross-border Card Not Present transactions by October 1, 2026, and register their bank identification numbers with card networks.

Perpetual debt instruments denominated in foreign currency/rupee-denominated bonds overseas

RBI, *vide* circular dated September 29, 2025, has issued directions to [all scheduled commercial banks](#), [all small finance banks](#) and [all payments banks](#) revising the eligible limit for perpetual debt instruments denominated in foreign currency/rupee-denominated bonds overseas. Consequently, such instruments will be eligible for inclusion in Additional Tier 1 capital to a maximum of 1.5% of risk weighted assets as per the latest available financial statements (audited or subjected to limited review).

Foreign Exchange Management (Debt Instruments) (Fourth Amendment) Regulations, 2025

RBI, *vide* [notification](#) dated September 30, 2025, has notified the Foreign Exchange Management (Debt Instruments) (Fourth Amendment) Regulations, 2025, amending the Foreign Exchange Management (Debt Instruments) Regulations, 2019. The amendment aims to expand and clarify the scope of investment permissions for non-residents holding rupee accounts under the Foreign Exchange Management (Deposit) Regulations, 2016. The amendment now allows non-residents with rupee accounts to purchase or sell dated G-Secs/treasury bills and non-convertible debentures/bonds and commercial papers issued by an Indian company, as per terms and conditions specified by RBI (*earlier, non-convertible debentures/bonds and commercial papers were not included*).

RBI (Lending Against Gold and Silver Collateral) (1st Amendment) Directions, 2025

RBI, *vide* notification dated September 29, 2025, has amended the RBI (Lending Against Gold and Silver Collateral) Directions, 2025, by permitting scheduled commercial banks or a tier 3 (three) or 4 (four) urban cooperative bank to extend need-based working capital finance to borrowers who use gold/silver as a raw material, or as an input in their manufacturing or industrial processing activity, for which such gold and silver may also be accepted as security. However, banks extending such finance are required to ensure that borrowers do not acquire or hold gold for investment or speculative purposes.

JSA updates

Streamlining of qualified institutions placement disclosures

SEBI, *vide* notification dated September 8, 2025, has notified the SEBI (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2025 ("**Amendment Regulations**"). The Amendment Regulations introduce substantive changes to the disclosure framework for QIPs under Schedule VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018. The amendments are aimed at simplifying and streamlining the information included in placement documents for QIP. The objective of these amendments is to eliminate the repetitive

content and align the QIP disclosures with information already available through periodic filings under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The revised approach marks a pivotal shift towards concise, issue-specific disclosures, recognising that qualified institutional buyers are sophisticated investors with access to extensive public information on listed issuers.

For a detailed analysis, please refer to the [JSA Prism of September 13, 2025](#).

Legal and regulatory analysis of the new Payment Aggregators Directions

RBI has issued the new Master Directions on the Regulation of Payment Aggregators (“PAs”), effective September 15, 2025 (“**New PA Directions**”). It aims to standardise the regulatory framework and provide greater clarity to the payments sector. Key updates include explicit coverage of offline PAs, clarification of the RBI’s position on third-party payouts and standardised merchant KYC practices for PAs. While the New PA Directions formalise many practices and offers welcome clarity, certain areas, most notably the classification of hybrid physical/online transactions and the wording around simplified KYC, may still require further clarification.

For a detailed analysis, please refer to the [JSA Prism of September 18, 2025](#).

Entries in balance sheets amount to acknowledgment of debt under Section 18 of the Limitation Act, 1963 even if creditor is not specifically named

The Hon’ble Supreme Court of India (“**Supreme Court**”), in the case of *IL&FS Financial Services Limited vs. Adhunik Meghalaya Steels Private Limited*¹, has reaffirmed that entries in a company’s audited balance sheet constitute a valid acknowledgment of debt under Section 18 of the Limitation Act, 1963, even if the creditor is not expressly named. The Supreme Court clarified that such acknowledgment reflects a continuing jural relationship and is sufficient to extend limitation for initiating proceedings under the IBC. Importantly, the ruling also harmonises the application of the Supreme Court’s COVID-19 extension orders with the principle of acknowledgment, thereby providing critical guidance on computation of the limitation period. This decision is a significant reaffirmation of creditor rights, underscoring that statutory financial disclosures can effectively preserve limitation and ensure access to remedies under the IBC.

For a detailed analysis, please refer to the [JSA Prism of September 2, 2025](#).

¹ Civil Appeal No. 5787 of 2025 (decided on July 30, 2025)

Finance Practice

JSA has a widely recognised market leading banking & finance practice in India. Our practice is partner led and is committed to providing quality professional service combining domain knowledge with a constructive, consistent, comprehensive and commercial approach to issues. Clients trust our banking lawyers to take a practical and business-oriented approach to achieving their objectives. Our lawyers have a clear understanding of the expectations and requirements of both sides to a financing transaction and provide tailored advice to each client's needs. The practice is especially praised for its accessibility and responsiveness and its ability to work well with international firms and clients. We represent a variety of clients including domestic and global banks, non-banking finance companies, institutional lenders, multi-lateral, developmental finance and export credit institutions, asset managers, funds, arrangers and corporate borrowers in different sectors on a wide range of financing transactions.

Our full spectrum of services includes advising clients on corporate debt transactions (including term and working capital debt), acquisition finance, structured finance, project finance, asset finance, real estate finance, trade finance, securitisation, debt capital markets and restructuring and insolvency assignments.

Our practice has been consistently ranked in the top-tier for several years, and several of our partners are regarded highly, by international publications such as Chambers and Partners, IFLR, Asia Law, Legal 500, Asia Legal Business, IBLJ and Leaders League.

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18 Practices and
41 Ranked Lawyers



7 Ranked Practices,
21 Ranked Lawyers



14 Practices and
12 Ranked Lawyers



12 Practices and 50 Ranked
Lawyers



20 Practices and
22 Ranked Lawyers



8 Practices and
10 Ranked Lawyers
Highly Recommended in 5 Cities



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competition practices of 2025



Among Best Overall
Law Firms in India and
14 Ranked Practices



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