



February 2026

The first month of 2026 has opened with a series of significant regulatory developments aimed at strengthening market access, compliance efficiency, and financial stability.

The Securities and Exchange Board of India (“SEBI”) has notified the SEBI (Mutual Funds) Regulations, 2026 (“**2026 MF Regulations**”), which will replace the 1996 framework from April 1, 2026. The revamped regulations streamline mutual fund governance by redefining registration, trustee responsibilities, management of the asset management companies, and disclosure norms, while simplifying prudential standards and reinforcing investor safeguards.

SEBI has also issued updated compliance reporting formats for Specialized Investment Funds (“SIFs”), harmonising requirements with mutual fund standards. The enhanced Compliance Test Report (“CTR”) and half-yearly trustee reporting frameworks aim to ensure consistency and transparency across managed fund structures.

Further, SEBI has notified the SEBI (Issue and Listing of Non-Convertible Securities) (Amendment) Regulations, 2026. It allows certain investor categories subscribing as initial allottees, including retail individual investors, senior citizens, women, and defence personnel, to receive incentives in the form of additional interest or discounted issue prices.

SEBI has also notified the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2026, introducing, *inter alia*, a higher threshold for High Value Debt Listed Entities (“HVDLEs”), a 30 (thirty) day timeline for credit of securities pursuant to specified investor service requests, and a uniform framework for transfer of unclaimed amounts in relation to listed non-convertible securities.

On the monetary front, the Reserve Bank of India (“RBI”) has notified the Foreign Exchange Management (Guarantees) Regulations, 2026 (“**2026 Guarantee Regulations**”), modernising the legal framework governing guarantees under the Foreign Exchange Management Act, 1999 and introducing a structured reporting mechanism through authorised dealer banks. In addition, RBI has announced a series of measures to manage liquidity conditions, including repo operations, USD/INR swap auctions, and open market purchases of government securities to maintain stability and support credit flow in the financial system. RBI has also issued the Foreign Exchange Management (Export and Import of Goods and Services) Regulations, 2026, consolidating export–import rules into a single, more flexible regime and devolving greater operational discretion to authorised dealer banks, with effect from October 1, 2026.

SEBI updates

Compliance reporting formats for SIFs

SEBI, *vide* [circular](#) dated January 8, 2026, has standardised and extended the compliance reporting formats for SIFs with those applicable to mutual funds.

All reporting requirements under the SEBI (Mutual Funds) Regulations, 1996, the Mutual Funds Master Circular dated June 27, 2024, and related guidelines will also apply to SIFs. The CTR format is modified to include compliance with

respect to SIFs. This covers critical compliance aspects such as minimum investment thresholds, certification requirements for SIF fund managers, and adherence to prescribed investment restrictions. The half-yearly trustee report format is also amended to include compliance with respect to SIFs. Trustees of mutual funds managing SIFs have to additionally report compliance with respect to SIFs as part of the half-yearly trustee report.

SEBI (Mutual Funds) Regulations, 2026

SEBI, *vide* gazette [notification](#) dated January 14, 2026, has issued the 2026 MF Regulations, which will replace the SEBI (Mutual Funds) Regulations, 1996, with effect from April 1, 2026. The regulations have been streamlined to remove redundancies, reorganise prudential norms and strengthen disclosure and compliance standards, all while retaining core investor safeguards and promoting cost transparency for mutual fund investors. The regulations outline *inter alia*, the procedure for:

1. registration of a mutual fund including application for registration of mutual fund and fees, conditions and eligibility criteria of registration, norms for shareholding and governance in mutual funds and the process of disassociation of sponsor from asset management company and the mutual fund;
2. establishment of trust and role of trustees which includes the registration, content, appointment of board of directors of the trustee companies and the rights and obligations of the trustees including the appointment of an asset management company;
3. constitution and management of asset management company including its application, eligibility criteria, remuneration and obligations;
4. launching a scheme of mutual fund and specifying the various disclosures in the offer document corresponding to such scheme; and
5. winding up of the mutual fund schemes.

Payment of incentives by issuers of non-convertible securities

SEBI, *vide* [notification](#) dated January 20, 2026, has notified the SEBI (Issue and Listing of Non-Convertible Securities) (Amendment) Regulations, 2026. Some of the key amendments are as follows:

1. the definition of 'retail individual investor' is inserted to mean an individual investor who applies or bids for debt securities for a value of not more than INR 2,00,000 (Indian Rupees two lakh); and
2. a new proviso is inserted relating to prohibition on payment of incentives applicable to public issue of debt securities. An issuer can offer an incentive in the form of additional interest or a discount to the issue price to senior citizens, women, serving and retired defence personnel, widows and widowers of defence personnel, retail individual investors or such other category of investors as may be specified by SEBI, provided that such incentive shall be available only to initial allottees.

Amendments to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

SEBI *vide* gazette [notification](#) dated January 20, 2026, has introduced amendments to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**LODR Regulations**"). Certain key changes introduced by the way of the amendments are:

1. the threshold for classification as an HVDLE under the LODR Regulations has been increased from INR 1,000 crore (Indian Rupees one thousand crore) to INR 5,000 crore (Indian Rupees five thousand crore), thereby easing governance and disclosure obligations for mid-sized debt issuers;

2. the credit of securities in demat form pursuant to receipt of investor service requests in relation to subdivision, split, consolidation, renewal, exchanges and issuance of duplicate securities on account of loss or old decrepit or worn out certificates is required to be completed within 30 (thirty) days from the date of receipt of such request; and
3. a uniform framework has been introduced for handling interest or redemption amounts that remains unclaimed for 7 (seven) years from the date of maturity in connection with listed non-convertible securities, requiring transfer to the Investor Education and Protection Fund (in the case of companies) or to SEBI's Investor Protection and Education Fund (in the case of non-company entities).

RBI update

RBI announces measures to manage liquidity conditions

On a review of current liquidity and financial conditions, RBI, *vide* [circular](#) dated January 23, 2026, has decided to conduct the following operations to inject liquidity into the banking system:

1. 90 (ninety) day variable rate repo operation for an amount of INR 25,000 crore (Indian Rupees twenty-five thousand crore) to be conducted on January 30, 2026;
2. USD/INR buy/sell swap auction of USD 10 billion (United States Dollars ten billion) for a tenor of 3 (three) years to be held on February 4, 2026; and
3. open market operation purchase auctions of Government of India securities for an aggregate amount of INR 1,00,000 crore (Indian Rupees one lakh crore) in 2 (two) tranches of INR 50,000 crore (Indian Rupees fifty thousand crore) each to be held on February 5, 2026, and February 12, 2026.

JSA update

Import – export simplified: RBI's 2026 regulations

The Foreign Exchange Management (Export and Import of Goods and Services) Regulations, 2026 notified by RBI on January 13, 2026, mark a decisive shift towards a simpler, unified and commercially flexible framework for cross-border trade. By consolidating export and import rules for goods and services into a single statutory regime and devolving greater decision-making to authorised dealer banks, the new regulations promise reduced regulatory friction for exporters, importers, and related stakeholders. The new regulations are summarised in a nutshell, highlighting the key changes, practical implications and areas that businesses should closely track as the new regulations take effect from October 1, 2026.

For a detailed analysis, please refer to the [JSA Prism of February 11, 2026](#).

Revamp of Foreign Exchange Management (Guarantees) Regulations

RBI has notified the Foreign Exchange Management (Guarantees) Regulations, 2026 which supersedes the erstwhile Foreign Exchange Management (Guarantees) Regulations, 2000. The new guarantee regulations which provide a comprehensive framework for the provision of guarantees involving foreign exchange by persons resident in India, mark a shift away from the transaction specific framework under the old regime. It has been notified with the aim of revamping the guarantee regulations by allowing persons resident in India to act as surety or a principal debtor or obtain a guarantee as a creditor subject to certain prescribed conditions.

For a detailed analysis, please refer to the [JSA Prism of February 17, 2026](#).

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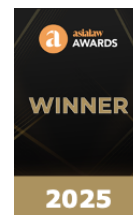
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