



JSA Newsletter

Finance

This final monthly edition of the Finance Newsletter for 2025 captures a series of significant regulatory developments across banking, capital markets, foreign investment and insolvency, reflecting the regulators' continued focus on transparency, investor protection and ease of doing business.

The Reserve Bank of India ("RBI") has introduced a daily reporting requirement under the Liberalised Remittance Scheme ("LRS") for Authorised Dealer ("AD") Category-II banks/entities and Full-Fledged Money Changers ("FFMCs"), strengthening oversight of outward remittances by resident individuals. RBI has also issued amendments to the Gold Metal Loan ("GML") scheme, consolidating the regulatory framework, broadening borrower eligibility, enhancing end-use monitoring, providing greater flexibility in security arrangements, extending repayment tenors, and rationalising reporting requirements. In addition, RBI has notified amendments to the Non-Operative Financial Holding Company ("NOFHC") framework to clarify the segregation of core banking activities and specialised financial services within banking groups and to strengthen governance and compliance oversight.

The Securities and Exchange Board of India ("SEBI") has rolled out wide-ranging reforms, including the introduction of the Single Window Automatic and Generalised Access for Trusted Foreign Investors ("SWAGAT-FI") framework, to offer a single-window, lower-friction onboarding regime for Foreign Portfolio Investors ("FPIs") and Foreign Venture Capital Investors ("FVCIs"), while hardening net-worth, revenue and continuity criteria for registered intermediaries and refining eligibility and capital thresholds for participation in Real Estate Investment Trusts ("REITs"), Infrastructure Investment Trusts ("InvITs") and listed debt markets.

SEBI has further liberalised conditions for issuance of low-denomination debt securities, and prescribed modalities for migration to Accredited Investors Only Funds ("AIOF") under the Alternative Investment Funds ("AIFs") framework. On the disclosure side, SEBI has prescribed granular, half-yearly reporting formats for Securitised Debt Instruments ("SDIs"). SEBI has further liberalised the minimum denomination and product design for listed non-convertible securities with zero-coupon, widening access for non-institutional investors without diluting regulatory oversight. The Insolvency and Bankruptcy Board of India ("IBBI") has mandated full beneficial-ownership mapping and Section 32A affidavits in every resolution plan, signalling a policy bias towards traceability and 'clean-slate' scrutiny in stressed-asset resolutions.

RBI updates

Submission of LRS daily return by AD- Category -II banks/ entities and FFMCs

RBI, *vide circular* dated December 3, 2025, has mandated submission of 'LRS Daily Return' under the LRS by AD Category-II banks/entities and FFMCs, expanding earlier reporting requirements that applied only to AD Category-I banks. The aim is to enhance real-time monitoring and compliance of individual remittances under LRS. The LRS Daily Return submission is effective January 1, 2026. The master direction on reporting under the Foreign Exchange Management Act, 1999 will be updated to reflect this change. Key provisions of the circular are as follows:

1. **Direct daily reporting:** AD Category-II banks/entities and FFMCs are required to submit their own LRS Daily Return directly on RBI's Centralised Information Management System ("CIMS"), starting January 1, 2026.
2. **Cessation of intermediated reporting:** With direct access to CIMS, AD Category-II banks/entities and FFMCs no longer need to submit the LRS transactions through AD Category-I banks.
3. **Permanent Account Number ("PAN") wise balance checking:** Access to CIMS enables AD Category-II banks/entities and FFMCs to view the cumulative amount remitted by a resident individual (PAN-wise) under LRS during the current financial year before facilitating a new LRS transaction.

RBI issues amendments to GML scheme

RBI, *vide notification* dated December 4, 2025, has issued amendments to the GML scheme, finalising changes to the regulatory framework for GMLs following stakeholder feedback on the draft RBI (Gold Metal Loans) Directions, 2025. The amendments aim to consolidate existing GML related regulations, address prudential gaps, expand the scope of the GML scheme, and provide operational flexibility to banks. Some of the key amendments are as follows:

1. **Broadened borrower eligibility:** GMLs may now be extended to entities who either manufacture and/ or sell jewellery in domestic and/ or export markets, provided that, jewellers who are not manufacturers themselves, may borrow under GML only for outsourcing their manufacturing of jewellery on job basis to any manufacturing firms/artisans/goldsmiths. This enhances access for a wider set of industry participants.
2. **End-use monitoring and definitions:** Banks are required to monitor the exposure level and the end-use of gold being lent under the GML schemes and banks are required to ensure that the gold borrowed under GML scheme is neither sold nor exported by borrowers in the form of primary gold.
3. **Flexible arrangements:** For borrowers who are not regular customers, banks may accept stand-by letters of credit ("SBLC") or bank guarantees ("BG"), denominated in INR and issued by other scheduled commercial banks that maintain business accounts of the jewellers, subject to independent credit assessments by the GML providing bank and the SBLC/BG issuing bank.
4. **Extended repayment tenor:** In case of lending to jewellery exporters, the repayment tenor of the GML is required to be fixed by a bank, subject to the extant of the Foreign Trade Policy ("FTP") and the Handbook of Procedures of the FTP. For all GML other than lending to jewellery exporters, a bank may fix a repayment tenor as per its policy, in alignment with the working capital cycle of the jeweller, subject to a ceiling of 270 (two hundred and seventy) days.
5. **Reporting and supervisory framework:** Periodic reporting templates have been updated to calculate weighted average interest rates on disbursed amounts, and reporting frequency has been revised from monthly to quarterly to improve supervisory oversight.

RBI (NOFHC) (Amendment) Directions, 2025

RBI, *vide notification* dated December 5, 2025, has issued the RBI (NOFHC) (Amendment) Directions, 2025, amending the RBI (NOFHC) Directions, 2025 to clarify and strengthen the structuring of activities within a banking group under

a NOFHC framework. The amendments are effective December 5, 2025, and reflect stakeholder feedback on draft proposals. Some of the key provisions of the amendment directions are as follows:

- Core vs. specialised activities segregation:** All activities permitted to banks under Section 6(1)(a) to (o) of the Banking Regulation Act, 1949 (e.g., deposit-taking, lending) must be carried out directly by the bank and not through NOFHC or group entities. In contrast, specialised financial services such as mutual fund business, insurance business, pension fund management, investment advisory and management services, portfolio management services and broking services must be undertaken only through a subsidiary, joint venture or associate structure.
- NOFHC approval/notification requirements:** NOFHCs are not required to obtain prior RBI approval for entities undertaking the permitted specialised activities as prescribed above. However, they must intimate RBI within 15 (fifteen) days of the board resolution to commence such business. For any other business outside these specified specialised activities, the NOFHC must still obtain prior approval from RBI before undertaking such activities.
- Prohibition on non-permitted business:** Entities under a NOFHC are not permitted to undertake activities that the bank itself is not permitted to undertake. This ensures that neither the bank nor its group outside the specified specialised services engages in inherently prohibited activities.

SEBI updates

SEBI introduces SWAGAT-FI framework for FVCIs and FPIs

SEBI, *vide* gazette notifications dated December 1, 2025, has issued the [SEBI \(FPIs\) \(Second Amendment\) Regulations, 2025](#) ("FPI Amendment") and [SEBI \(FVCIs\) \(Amendment\) Regulations, 2025](#) ("FVCI Amendment"). The concept of SWAGAT-FI is introduced along with consequent relaxations to the eligibility and fee framework are introduced. The FPI Amendment and FVCI Amendment will come into force 180 (one hundred and eighty) days from publication in the official gazette, i.e. on or around June 1, 2026.

Some of the key amendments are as follows:

- SWAGAT-FI – concept and scope:** The term SWAGAT-FI is inserted in the SEBI (FPIs) Regulations, 2019 ("FPI Regulations") and SEBI (FVCIs) Regulations, 2000 ("FVCI Regulations"), which includes: (a) Government and Government related investors under Regulation 5(a)(i) of the FPI Regulations; and (b) public retail funds as defined in the explanation to Regulation 22(4) of the FPI Regulations, subject to conditions as may be specified by SEBI from time to time.
- Amendments to the FPI Regulations:**

A proviso is inserted to Regulation 4 (c) (v) of the FPI Regulations to allow the following to be constituents of the applicant:

- mutual funds; and
- resident Indian, other than individuals, subject to the following:
 - AIF or retail schemes set up in the International Financial Services Centres;
 - such resident Indian, other than individuals, is a fund management entity or its associate; and
 - the contributions of such resident Indian, other than individuals, is:
 - 10% of the corpus of the applicant in case the applicant is an AIF; and
 - 10% of the assets under managements in case the applicant is a retail scheme.
- registration fees for SWAGAT-FI are now payable in advance for blocks of 10 (ten)-year each before the beginning of such block.

3. Amendments to the FVCI Regulations:

- a) The requirement of an application for grant of registration certificate as a FVCI through a designated depository participant will not be applicable to a SWAGAT-FI;
- b) in case of a SWAGAT-FI, renewal fees of US\$100 (US Dollars one hundred) must be paid every 10 (ten) years to keep the registration in force; and
- c) the standard investment limits of 66.67% and 33.33% in prescribed securities under the FVCI Regulations will not apply to SWAGAT-FIs.

Strengthening financial and business continuity criteria for SEBI-registered intermediaries

SEBI, *vide gazette notification* dated December 3, 2025, has issued the SEBI (Intermediaries) (Third Amendment) Regulations, 2025, with effect from January 3, 2026. SEBI may take action against any intermediary for suspension or cancellation of its certificate of registration, where such intermediary is a person who fails to: (a) meet the prescribed minimum net worth or minimum liquid net worth requirements; (b) achieve the mandated minimum revenue generation from permitted activities (subject to SEBI-notified exemptions); and (c) transfer specified activities to a separate business unit as required by SEBI. Pursuant to the amendment, the eligibility and business continuity standards for registered intermediaries are tightened.

SEBI (REITs) (Third Amendment) Regulations, 2025 and SEBI (InvITs) (Fourth Amendment) Regulations, 2025

SEBI, *vide gazette notification* dated December 9, 2025, has introduced amendments to the regulatory frameworks governing REITs and InvITs through the [SEBI \(REITs\) \(Third Amendment\) Regulations, 2025](#) and the [SEBI \(InvITs\) \(Fourth Amendment\) Regulations, 2025](#).

Some of the key amendments are as follows:

1. the amendments revise the definition of institutional investors to include family trusts or intermediaries registered with SEBI, having a net worth exceeding INR 500,00,00,000 (Indian Rupees five hundred crore) as per the latest audited financial statement; and
2. the definition of 'strategic investor' is amended by expanding eligibility to institutional investors, foreign portfolio investors (that are not institutional investors), non-banking finance companies across the middle, upper and top layer and such other entities as SEBI may specify, who jointly or severally, invest at least 5% of the total offer size, subject to compliance with the Foreign Exchange Management Act, 1999. Further, if any entity is regulated by any financial sector regulator, SEBI will consult such financial sector regulator prior to specifying the entity as a strategic investor.

Mandating periodic disclosure requirements – SDIs

SEBI, *vide circular* dated December 16, 2025, has mandated periodic disclosure requirements for SDIs under Regulation 11B of the SEBI (Issue and Listing of SDIs and Security Receipts) Regulations, 2008 ("SDI Regulations"). The move seeks to enhance transparency, investor protection and ongoing monitoring of securitisation transactions.

Key provisions include:

1. the disclosure requirements apply to trustees of special purpose distinct entities created for securitisation transactions;
2. the disclosures must be made on a half-yearly basis; and

- the required disclosures must be submitted to: (a) SEBI; and (b) the stock exchange(s) concerned where the SDIs are listed, within 30 (thirty) days from the end of March or September.

The periodic disclosure requirements will be effective from March 31, 2026.

Modification in the conditions specified for reduction in denomination of debt securities

SEBI, in July 2024, had amended the framework governing the issuance of debt securities and non-convertible redeemable preference shares to permit issuance at a reduced face value of INR 10,000 (Indian Rupees ten thousand), down from INR 1,00,000 (Indian Rupees one lakh), but subject to certain conditions, such as that the debt security will be interest/dividend bearing with a fixed maturity without structured obligations.

Building on this reform, SEBI, *vide circular* dated December 18, 2025, has now further liberalised the issuance conditions under the Master Circular for Issue and Listing of Non-convertible Securities, SDIs, Security Receipts, Municipal Debt Securities and Commercial Paper dated October 15, 2025 to provide issuers with greater flexibility by allowing zero-coupon debt securities with a fixed maturity and without any structured obligations, to be issued at a reduced face value of INR 10,000 (Indian Rupees ten thousand), thereby widening access to non-institutional investors and improving market participation.

IBBI update

Amendment to the IBBI (Insolvency Resolution Process for Corporate Persons) (Seventh Amendment) Regulations, 2025

IBBI, *vide* gazette notification dated December 22, 2025, has introduced an additional requirement under Regulation 38 of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, mandating disclosure of the following in every resolution plan: (a) beneficial ownership statement, covering details of all natural persons who ultimately owns or controls the resolution applicant, together with the shareholding structure and jurisdiction of each intermediate entity; and (b) and a specific affidavit that the resolution applicant is eligible/not eligible for the benefit of Section 32A (which *inter alia* grants 'clean slate' for prior offences in certain cases) of the Insolvency and Bankruptcy Code, 2016.

The amendment aligns with the need to provide transparency in resolution plans, especially to ensure that ultimate beneficial owners are clearly identified, and eligibility under Section 32A is explicitly declared and substantiated.

JSA update

Modalities for migration to accredited investor only schemes and relaxations to large value funds for accredited investors

On November 18, 2025, SEBI notified the SEBI (AIF) (Third Amendment) Regulations, 2025, introducing a new category of AIF called AIOF. The AIOF has a lighter-touch regulatory framework for accredited investors, along with additional relaxations for large value funds. Following this amendment, SEBI has issued a circular on December 8, 2025, prescribing the modalities for migration of existing AIF schemes to the AIOF regime. The modalities include clarifications on change in accredited investor status of investors during the tenure, naming conventions for AIOFs and tenure extension for AIOFs.

For a detailed analysis, please refer to the [JSA Newsletter of January 12, 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.

This Newsletter has been prepared by:



Anish Mashruwala
Partner



Utsav Johri
Partner



Megha Upadhyaya
Partner



Nishal Makharia
Associate



Priyanshi Srivastava
Associate

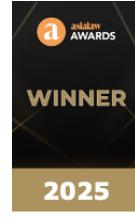


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