



March 2026

India's financial regulatory landscape continues to evolve with a series of significant developments from the Securities and Exchange Board of India ("SEBI"), the Reserve Bank of India ("RBI"), and the Insolvency and Bankruptcy Board of India ("IBBI"). Recent regulatory actions reflect a continued focus on strengthening transparency, improving risk management frameworks, and enhancing access to finance across key sectors.

SEBI has introduced a compliance framework for Credit Rating Agencies ("CRAs") undertaking ratings of instruments regulated by other Financial Sector Regulators ("FSRs"), aimed at ensuring clear segregation of regulatory oversight and investor protection mechanisms. It has also introduced measures to improve transparency in investment products and sustainable finance, including requirements for reporting the Net Asset Value ("NAV") of Alternative Investment Fund ("AIF") units to depositories, revisions to the categorisation and rationalisation framework for mutual fund schemes to better reflect evolving investment strategies, and updated norms for the appointment of independent third-party reviewers or certifiers for green debt securities in line with broader Environmental, Social, and Governance ("ESG") standards.

RBI has issued several important updates, including broader reforms under the External Commercial Borrowing ("ECB") regime, changes to the Voluntary Retention Route ("VRR") framework to improve predictability for Foreign Portfolio Investors ("FPI"), amendments to collateral-free lending limits for Micro and Small Enterprises ("MSEs") to strengthen credit access to the Micro, Medium and Small Enterprise ("MSME") sector, and operationalisation of a Unique Transaction Identifier ("UTI") framework for Over-the-Counter ("OTC") derivative transactions. It has also introduced a new framework enabling banks to participate in acquisition financing, marking a notable shift in the domestic credit landscape. It has also issued draft directions on foreign exchange dealings of authorised persons aimed at refining the regulatory framework for foreign exchange market operations and enhancing flexibility for authorised dealers.

In the insolvency space, IBBI has introduced valuation-focused reforms across multiple insolvency processes, seeking to standardise valuation methodologies, enhance disclosures, and improve transparency in insolvency proceedings.

## SEBI updates

### Reporting of value of units of AIFs to depositories

To facilitate system readiness of AIFs, Registrars to an Issue and Share Transfer Agents ("RTAs") and depositories, SEBI, *vide* [circular](#) dated February 6, 2026, has outlined the requirements for reporting the value of units of AIFs to depositories. In this regard, the following is specified:

1. AIFs, through their RTAs, must upload the latest available NAV corresponding to each International Securities Identification Number (ISIN) of units of the AIF in the depository system before May 1, 2026, or within 30 (thirty) days from the date of valuation of the investment portfolio, whichever is later;

2. the manager of the AIF will be responsible for ensuring timely and accurate uploading of NAV; and
3. the depositories must:
  - a) build necessary infrastructure for uploading of NAV by RTAs and for reflection of the same in the depository system;
  - b) incorporate the following disclaimer wherever AIF NAV is being displayed:
 

*“Net Asset Value (NAV) being shown is on the basis of valuation methodology and accounting practice followed by your respective AIF. Please refer to your fund documents for more details.”;*
  - c) make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above provisions; and
  - d) bring the provisions of this circular to the notice of their members/participants and also disseminate the same on their websites.

### Obligations on CRAs while undertaking rating of financial instruments falling under the purview of any other FSR

SEBI, *vide* [circular](#) dated February 10, 2026 (“**Effective Date**”), sets out a dedicated compliance framework for CRAs rating instruments regulated by other FSRs.

A CRA undertaking rating of instruments falling under the purview of any other FSR or authority must comply with the following conditions:

1. they must use distinct email ids to handle grievances relating to SEBI-regulated activities and those relating to activities under other FSRs. They must maintain separate webpages/sections on their websites for disclosures relating to each category regulated by SEBI;
2. they must ensure that the minimum net worth requirement of a CRA, prescribed under the SEBI (Credit Rating Agencies) Regulations, 1999 (“**CRA Regulations**”), must not be impacted by the CRA’s undertaking rating of financial instruments falling under the purview of other FSR;
3. they must disclose activities-related information on CRA’s website and advertising/ marketing material related to overall activities of CRA;
4. for all rating reports and press releases/rating rationales issued after the Effective Date, CRAs must: (a) mention the name(s) of the regulator(s) for the relevant instruments; and (b) clearly disclose that SEBI investor protection and grievance/dispute redressal mechanisms are not available for such ratings. Where common rating reports or press releases are issued, CRAs must clearly segregate and label SEBI-regulated instruments from instruments under the purview of other FSRs; and
5. submit an undertaking as part of the half-yearly internal audit report confirming compliance with the provisions of the CRA Regulations and the circular for activities undertaken under the purview of other FSRs.

While most provisions take effect 60 (sixty) days from the Effective Date, grievance-handling changes through distinct email IDs and legacy-client intimations take effect after 12 (twelve) months from the Effective Date.

### Categorisation and rationalisation of mutual fund schemes

To reflect the evolving mutual fund investment landscape and emerging opportunities across multiple asset classes, SEBI, *vide* [circular](#) dated February 26, 2026, has issued Clause 2.6 of Chapter 2 of the Master Circular for Mutual Funds dated June 27, 2024 (in supersession of the existing Clause 2.6), dealing with categorisation of mutual fund schemes. It details the schemes categorised under each group along with their characteristics and uniform description. Some of the key provisions under the updated structure are as follows:

1. mutual fund schemes are broadly classified into Equity Schemes, Debt Schemes, Hybrid Schemes, Life Cycle Funds, and Other Schemes such as Fund of Funds (FoFs) and passive schemes like Exchange Traded Funds and index funds;
2. mutual funds are to disclose category wise portfolio overlap levels and such disclosures have to be published on the websites of all asset management companies every 30 (thirty) days, with Annexure-A of the circular providing a detailed methodology for computing such portfolio overlap;
3. equity schemes include categories such as multi-cap, large cap, large and mid-cap, mid-cap, small-cap, flexi-cap, dividend yield, value/contra, focused funds each with specified minimum allocations to equity or particular market capitalisation segments;
4. debt schemes are structured based on maturity profiles or portfolio duration, including overnight, liquid, ultra-short, short, medium, long-term, dynamic duration, corporate bond, credit risk, sectoral debt funds, with detailed asset allocation norms and specified duration requirements; and
5. uniform scheme naming aligned with the defined categories are mandated to ensure that schemes remain 'true-to-label', and require asset management companies to update scheme documentation, benchmarks, and strategies accordingly within 6 (six) months.

### Revised norms for the appointment of an independent third-party reviewer/certifier for green debt security

SEBI, *vide* [circular](#) dated February 27, 2026, has revised the norms for the appointment of independent third-party reviewers or certifiers for green debt securities, to align the green bond framework with the broader ESG debt security standards introduced on June 5, 2025. The amendment requires issuers of green debt securities to appoint an independent third-party reviewer or certifier to confirm that the issuance complies with the definition under the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021, including verification of project evaluation processes and eligible project categories, and such review must be done in accordance with Regulation 2(1)(q) thereof. An issuer must appoint an independent third-party reviewer/certifier in compliance with the following conditions:

1. the reviewer must be independent of the issuer, its directors, senior management and key managerial personnel;
2. details of the appointed reviewer must be clearly disclosed in the offer document;
3. the reviewer must be remunerated in a way that prevents any conflicts of interest; and
4. the reviewer must have the expertise in assessing ESG debt securities.

### RBI updates

#### VRR – Imparting predictability and increasing ease of doing business

To increase predictability and the ease of doing business for FPIs, RBI, *vide* [circular](#) dated February 6, 2026, has made the following changes to the regulatory framework governing investments under the VRR:

1. the investment limits under the VRR must be subsumed under the investment limit for FPI investments under the general route. Accordingly, all investments through VRR in Central Government securities (including treasury bills), State Government securities and corporate debt securities will be reckoned under the investment limit for the respective securities under the general route; and
2. FPIs that have availed retention periods longer than the minimum retention period stipulated in the Master Direction - RBI (Non-resident Investment in Debt Instruments) Directions, 2025 will have the option of liquidating their portfolio, fully or partly, and exiting the VRR after the end of the minimum retention period.

The circular will come into force with effect from April 1, 2026.

## Lending to MSME Sector (Amendment) Directions, 2026

RBI, *vide* [circular](#) dated February 9, 2026, has issued the Lending to MSME Sector (Amendment) Directions, 2026, introducing enhanced measures to strengthen collateral-free lending to Micro and Small Enterprise (“MSE”). Accordingly, effective April 1, 2026, banks are mandated to provide collateral-free loans upto INR 20,00,000 (Indian Rupees twenty lakh) (*earlier this was INR 10,00,000 (Indian Rupees ten lakh)*) to MSEs. To increase their access to formal credit, banks may, on the basis of good track record and financial position of the MSE units, increase the limit to dispense with the collateral requirement for loans up to INR 25,00,000 (Indian Rupees twenty-five lakh) as per their internal policy. Further, banks may avail credit guarantee scheme cover where applicable.

## UTI for OTC derivative transactions

RBI has operationalised the UTI framework through a [circular](#) dated February 18, 2026, which will come into effect on January 1, 2027. These will be applicable to all OTC derivative transactions entered into on and after January 1, 2027.

At present, all transactions in OTC markets covering Rupee interest rate derivatives, forward contracts in Government securities, foreign currency derivatives, foreign currency interest rate derivatives, and credit derivatives are reported to the Trade Repository managed by Clearing Corporation of India Limited. It has now been decided to mandate UTI for all such transactions.

## Draft Directions on Foreign Exchange Dealings of Authorised Persons

RBI, *vide* notification dated [February 17, 2026](#) released draft Directions on Foreign Exchange Dealings of Authorised Persons to refine the regulatory framework governing foreign exchange market operations. The proposed Directions aim to provide Authorised Dealers with greater flexibility to deal in products and undertake foreign exchange transactions for hedging their exposures. The draft directions also aim to streamline balance sheet management, reporting obligations and risk management for Authorised Persons.

## IBBI update

### IBBI introduces valuation-centric reforms across insolvency and bankruptcy frameworks

IBBI has notified a set of amendments dated February 25, 2026, to strengthen valuation practices and disclosure standards under the insolvency framework. The amendments modify the following regulations issued under the Insolvency and Bankruptcy Code, 2016 (“IBC”):

1. the [IBBI \(Insolvency Resolution Process for Corporate Persons\) Regulations, 2016](#) (“CIRP Regulations”), which govern the Corporate Insolvency Resolution Process (“CIRP”) for corporate debtors under the IBC;
2. the [IBBI \(Pre-Packaged Insolvency Resolution Process\) Regulations, 2021](#) (“Pre-Pack Regulations”), which regulate the Pre-Packaged Insolvency Resolution Process primarily applicable to MSMEs;
3. the [IBBI \(Liquidation Process\) Regulations, 2016](#), which govern liquidation proceedings of corporate debtors where resolution fails; and
4. the [IBBI \(Bankruptcy Process for Personal Guarantors to Corporate Debtors\) Regulations, 2019](#), which regulate bankruptcy proceedings against individuals who have guaranteed corporate debt.

Collectively, the following amendments aim to standardise valuation methodology, enhance transparency in asset information, and ensure consistent documentation across insolvency processes:

## Revised definition and computation of fair value

The amendments revise the definition of fair value, under both the CIRP and pre-pack frameworks, to clarify that the estimated realisable value of a corporate debtor must account for the aggregate realisable value of all assets, tangible and intangible, including underlying synergies.

## Structured valuation process with coordinating valuers

Both, the CIRP Regulations and Pre-Pack Regulations, now prescribe a structured valuation framework:

1. 2 (two) sets of registered valuers must be appointed, each covering all asset classes;
2. each set must include a 'coordinating valuer' responsible for computing the fair value of the corporate debtor after considering the asset valuations prepared by valuers within that set; and
3. the average of the 2 (two) closest estimates of fair value and liquidation value will be treated as the final valuation.

Where the difference between estimates is 25% or more, or if the committee of creditors so decides, the resolution professional may appoint a third set of valuers.

The CIRP Regulations and Pre-Pack Regulations also require a meeting where valuers explain the valuation methodology to the committee of creditors before computation of estimates, improving transparency in the process.

## Mandatory valuation reports and documentation

Across multiple insolvency frameworks, CIRP, pre-pack, liquidation, and personal guarantor bankruptcy, the amendments mandate that:

1. registered valuers must prepare a valuation report; and
2. maintain supporting documentation in the format notified by IBBI through circulars.

Additionally, references to 'internationally accepted' or other external valuation standards have been replaced with 'valuation standards' notified by IBBI through circulars, enabling regulatory alignment and flexibility.

## Enhanced disclosures in the information memorandum

The CIRP Regulations expand the information required in the information memorandum, including details of:

1. receivables such as trade receivables, inter-corporate receivables, and contractual receivables;
2. joint development agreements and collaboration arrangements;
3. assets attached by enforcement agencies along with details of the authority and status of proceedings; and
4. allottees in real estate projects whose claims appear in records but have not been filed with the resolution professional.

Further, a new provision requires the resolution plan to specify treatment for such non-claiming allottees in real estate projects.

## JSA updates

### RBI's framework for acquisition financing by banks

RBI has amended the [Commercial Banks – Credit Facilities Directions, 2025](#) and the [Commercial Banks – Concentration Risk Management Directions, 2025](#) to allow banks to fund acquisitions. The framework now sets out the manner in which acquisition finance can be provided by banks and how such lending should sit within the prudential limits. RBI's amendments signal a structural shift by opening the door to bank led acquisition finance. It imposes clear guardrails in the form of leverage caps, tight eligibility filters, robust security requirements, strict exposure limits and other prescribed conditions.

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

### Key amendments to the ECB regime

RBI has issued the [Foreign Exchange Management \(Borrowing and Lending\) \(First Amendment\) Regulations, 2026](#) (“**ECB Regulations**”) on February 16, 2026. It substantially revises the framework governing ECBs by substituting Schedule I and introducing a dedicated provision on end-use restrictions (Regulation 3A). The ECB Regulations represent a comprehensive restructuring of the ECB framework. While the policy direction continues to support access to offshore capital, RBI has introduced clearer guardrails on end-use, leverage, strategic transactions and reporting discipline.

For a detailed analysis, please refer to the [JSA Prism of February 19, 2026](#).

## Finance Practice

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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.

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19 Practices and  
40 Ranked Lawyers



8 Ranked Practices,  
22 Ranked Lawyers



15 Practices and  
20 Ranked Lawyers



13 Practices and  
49 Ranked Lawyers



20 Practices and  
24 Ranked Lawyers



8 Practices and  
10 Ranked Lawyers  
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