



May 2026 brought with it a fresh wave of regulatory activity across India's financial services sector. On the foreign exchange front, the Reserve Bank of India ("**RBI**") rolled out a new authorisation framework for entities dealing in foreign exchange through the Foreign Exchange Management (Authorised Persons) Regulations, 2026, mandating authorisation through the PRAVAAH portal and prescribing eligibility conditions across 3 (three) categories of Authorised Dealers ("**ADs**"). The RBI also introduced revised guidelines for outward remittance services by non-bank entities through AD banks, doing away with prior approval requirements while tightening disclosure and customer protection norms, including requirements for prominent disclosure of exchange rates, transaction costs, settlement timelines and grievance redressal mechanisms.

The RBI also issued the Reserve Bank of India (Non-Banking Financial Companies-Registration, Exemptions and Framework for Scale Based Regulation) Amendment Directions, 2026 ("**NBFC Amendment Directions**"), introducing a new category of Non-Banking Financial Companies ("**NBFCs**"), unregistered type I NBFCs, which are exempt from mandatory registration under Section 45-IA of the Reserve Bank of India Act, 1934, as they do not access public funds and do not have a customer interface.

In line with Press Note 2, the Ministry of Finance ("**MoF**") has amended the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 to offer clarity on investment restrictions applicable to countries sharing a land border with India, including the definition of 'beneficial owner', reporting requirements for entities with indirect ownership links to such countries, and confirmation that multilateral banks or funds of which India is a member are excluded from country-specific restrictions. Meanwhile, to enhance transparency in the approval process, the Department for Promotion of Industry and Internal Trade ("**DPIIT**") released an updated Standard Operating Procedure ("**SOP**") for processing Foreign Direct Investment ("**FDI**") proposals, mandating online filing through the Foreign Investment Facilitation/NSWS Portal ("**Portal**") and establishing special guidelines and timelines for investments from countries sharing a land border with India.

The insolvency regime too saw a much-awaited moment as the Ministry of Corporate Affairs ("**MCA**") brought into force some key provisions of the Insolvency and Bankruptcy Code (Amendment) Act, 2026. These included stricter standards for admission and continuation of the Corporate Insolvency Resolution Process ("**CIRP**"), permitted creditor supervision in the liquidation process, stringent claims verification, and stricter penalties for fraudulent initiation, misconduct, concealment of property, transactions intended to defraud creditors. In parallel, the Insolvency and Bankruptcy Board of India ("**IBBI**") has introduced governance reforms for insolvency professional agencies, including a new 'nominee director' category for governing boards, strengthened eligibility conditions for directors, and conditions for renewal of second-term directorships. IBBI has also eased the mandatory valuer appointment requirements for Micro, Small, and Medium Enterprises ("**MSMEs**"), now requiring only 1 (one) set of registered valuers instead of 2 (two) for CIRP, liquidation and pre-packaged insolvency processes, unless the committee of creditors records written reasons for appointing 2 (two) set of registered valuers.

Facilitating infrastructure financing, the Securities and Exchange Board of India ("**SEBI**") stepped in with clarifications on the treatment of Special Purpose Vehicles ("**SPVs**") following the termination of concession agreements in

Infrastructure Investment Trusts (“**InvITs**”) structures, which has been elaborated upon below. SEBI has also expanded the permissible end-uses of borrowings for highly leveraged InvITs, now permitting debt financing for capital expenditure, major maintenance and limited refinancing, thereby enhancing operational flexibility while introducing the need for more granular compliance tracking for potential lenders. Historically, highly leveraged InvITs (those with net borrowings between 49% and 70% of asset value) operated under a strict regime. Under Regulation 20(3)(b)(ii) of the SEBI (Infrastructure Investment Trusts) Regulations, 2014, any fresh borrowing raised by an InvIT above the 49% threshold was strictly restricted to be utilised towards the acquisition or development of infrastructure projects.

From the judiciary, the Supreme Court of India (“**Supreme Court**”) delivered 2 (two) significant rulings that reinforce the insolvency framework: one affirming that corporate guarantees executed by a corporate debtor constitute ‘financial debt’ within the meaning of Section 5(8) of the Insolvency and Bankruptcy Code, 2016 (“**IBC**”); and another permitting courts to lift the corporate veil to bring subsidiary assets within the ambit of resolution plans.

Collectively, these developments emphasise India’s continued push towards easing the business environment, attracting foreign investment, offering greater operational flexibility to market participants, and strengthening regulatory oversight and thereby positioning India as an attractive and transparent destination for investors.

This edition of the JSA Finance Newsletter takes a closer look at these developments and their practical implications for stakeholders across the financial services sector.

SEBI updates

Status of special purpose vehicles post conclusion or termination of concession agreement

SEBI, *vide* [circular](#) dated May 15, 2026, has clarified the status and treatment of SPVs after the conclusion or termination of concession agreements in infrastructure projects held by InvITs. The circular prescribes the conditions and timelines for exiting such investments or acquiring new infrastructure projects, while also mandating detailed disclosures to ensure transparency, investor protection, and proper regulatory oversight. The investment manager must:

1. either exit investment in such SPV by way of sale/liquidation/winding-up/merger of such SPV, or acquire any new infrastructure project in such SPV, within 1 (one) year from completion/termination of concession agreement or conclusion of all pending claims/litigations/tax assessments and related appeals, or completion of defect liability period, whichever is later; and
2. adequate disclosures must be made in the annual report of the InvIT, wherein the concession agreement or such other agreement of similar nature has ended/terminated that includes, *inter alia*, the following:
 - a) a detailed breakup of the value of investments in the SPV(s); and
 - b) additional disclosures pertaining to each SPV, including details of the project, assets and liabilities of the SPV, contingent liabilities, debt repayment, exit strategy and timeline.

Key takeaway: SEBI has clarified that the conclusion or termination of a concession agreement does not affect SPV status under the SEBI (InvITs) Regulations, 2014. Investment managers must exit or acquire new projects in such SPVs within 1 (one) year from the triggering event, with enhanced disclosure requirements in the InvIT’s annual report.

RBI updates

NBFC Amendment Directions

The RBI *vide* [notification](#) dated April 29, 2026, issued the NBFC Amendment Directions, amending the Reserve Bank of India (Non-Banking Financial Companies, Registration, Exemptions and Framework for Scale Based Regulation) Directions, 2025. The NBFC Amendment Directions are in effect from July 1, 2026. The NBFC Amendment Directions seek to relax the regulatory compliances required from NBFCs that do not access public funds and do not have a customer interface. These entities, by their very nature, pose limited systemic and consumer risk. Thus, this new category of NBFCs, Unregistered Type I NBFCs, are exempt from mandatory registration under Section 45-IA of the Reserve Bank of India Act, 1934, subject to compliance with prescribed conditions.

Key takeaway: The RBI has issued the NBFC Amendment Directions, effective from July 1, 2026, introducing a new category of NBFCs, Unregistered Type I NBFCs, which are exempt from mandatory registration under Section 45-IA of the Reserve Bank of India Act, 1934.

Foreign Exchange Management (Authorised Persons) Regulations, 2026

To govern the authorisation framework for entities dealing in foreign exchange, RBI, *vide* [notification](#) dated April 30, 2026, has issued the Foreign Exchange Management (Authorised Persons) Regulations, 2026. These regulations have been issued pursuant to the RBI's review of the existing framework for authorisation of any person as an 'Authorised Person' under the Foreign Exchange Management Act, 1999 ("FEMA"), to rationalise the framework and enable an improved delivery of foreign exchange services as well as to ease compliance requirements. Some of the key features of the regulations are as follows:

1. no person can act as an 'Authorised Person' without obtaining an authorisation from the RBI, for which an application is required to be made through the PRAVAAH portal;
3. an application for fresh authorisation will be considered under 3 (three) categories, i.e., AD Category-I, AD Category-II and AD Category-III;
4. the eligibility conditions for an applicant seeking authorisation as an 'authorised person' are outlined and includes, *inter alia*, the conditions set out below:
 - a) an applicant must be a company incorporated under the Companies Act, 2013, and their memorandum of association must include the foreign exchange related activity for which the authorisation is being sought;
 - b) at the time of application, all the 3 (three) categories of the applicant must fulfil the prescribed conditions, including the minimum net worth requirement; and
 - c) the applicant, its promoters, directors and key managerial personnel must be 'fit and proper' subject to the prescribed parameters, which include qualification and experience in the financial services industry as well as integrity, reputation and character;
5. an entity conducting activities as an authorised person may apply for renewal of its existing authorisation if such entity meets the prescribed minimum net worth criteria;
6. an applicant whose application for authorisation has been rejected or has been revoked by RBI may appeal to the appellate authority (i.e., the executive director in charge of the Foreign Exchange Department of the RBI) within 45 (forty-five) calendar days from the date of receipt of the letter intimating such rejection or revocation. The appellate authority may pass a reasoned order within 60 (sixty) calendar days from the date of receipt of the appeal; and
7. the regulations lay down the considerations of the application, conditions of authorisation, scope of permitted activities to be carried out and the process of appointing an AD Category-I or AD Category-II as a 'Forex

Correspondent' for conducting money changing business under a 'principal-agent' model and such 'Forex Correspondent' will be permitted to deal in foreign exchange with any of its customers or other entities in accordance with the Forex Correspondent Scheme set out in the regulations.

Key takeaway: The RBI has introduced the Foreign Exchange Management (Authorised Persons) Regulations, 2026 establishing a comprehensive authorisation framework for entities dealing in foreign exchange, mandating authorisation through the PRAVAAH portal, prescribing 3 (three) categories of ADs, outlining eligibility conditions including 'fit and proper' requirements, and providing an appeal mechanism for rejected applications.

Operating framework for facilitating outward remittance services by non-bank entities through AD Category-I banks in India

The RBI, *vide* circular dated May 13, 2026, has introduced a new operating framework governing cross-border outward remittance services facilitated by non-bank entities through AD Category-I banks. The circular removes the requirement for RBI's prior approval of such tie-up arrangements and instead places responsibility on AD banks to ensure compliance with prescribed operational, transparency and customer protection standards.

Some of the key features of the framework are as follows:

1. the RBI has withdrawn the previous approval-based regime under paragraph 10 of the Master Direction on Miscellaneous Remittances. AD banks can now enter into arrangements with third-party online platforms without obtaining specific RBI approval, provided they comply with the new framework;
2. AD banks remain solely responsible for compliance with the FEMA, 'know your customer' obligations and all applicable regulatory requirements. Accordingly, outsourcing of customer-facing functions to third parties does not dilute the AD's liability;
3. AD banks must enter into comprehensive agreements with third parties covering data protection, privacy, dispute resolution, audit rights, compliance obligations, exchange rate disclosures, risk management, refunds and FEMA compliance controls. Third parties are also required to maintain publicly accessible privacy policies;
4. the framework emphasises customer-centric safeguards, including explicit consent for data collection, compliance with the Digital Personal Data Protection Act, 2023, cybersecurity requirements and formal grievance redressal mechanisms;
5. AD banks must ensure end-to-end settlement within disclosed timelines and provide transaction tracking in case of delays. Importantly, customer funds must not pass through the third party's account in India and must be protected from insolvency-related risks; and
6. remittances must originate from and terminate in bank accounts. Where a third-party facilitator is located outside India, it must be appropriately licensed in the destination jurisdiction. AD banks are also required to apply enhanced due diligence in relation to jurisdictions identified through FATF-related risk assessments.

Key takeaway: RBI has introduced a new operating framework for outward remittance services by non-bank entities through AD Category-I banks, removing the prior approval requirement while mandating comprehensive disclosure, transparency and customer protection standards. AD banks remain solely responsible for FEMA compliance, and customer funds must not pass through third-party accounts in India.

MCA update

Enforcement of provisions under the Insolvency and Bankruptcy Code (Amendment) Act, 2026

MCA, vide [notification](#) dated May 25, 2026, enforced several provisions of the [Insolvency and Bankruptcy Code \(Amendment\) Act, 2026](#) with effect from May 26, 2026. These include a wide range of amendments covering Sections 2 to 6, 8 to 33, 35 to 39, 41, 43 to 44, 46, 48 to 59, 61 to 66, 68, specific clauses of Sections 34, 69, and 70, as well as Section 72. The following are the significant amendments :

1. the National Company Law Tribunal (“NCLT”) is now mandated to admit an application for CIRP within 14 (fourteen) days, if default has occurred and application is complete, and may only reject such application with reasons;
2. withdrawal of an application for CIRP is not permitted before constitution of the Committee of Creditors (“CoC”) or after invitation for the submission of the resolution plan;
3. the CoC is mandated to supervise the liquidation process by the liquidator;
4. the interim resolution professional is mandated to verify claims from creditors, and if required, determine the value of such verified claims;
5. before passing an order of liquidation, the NCLT may consider an application by the CoC and restore the CIRP to be completed within a maximum period of 120 (one hundred and twenty) days;
6. penalties and punishments for fraudulent or malicious initiation of proceedings, concealment of property, transactions intended to defraud creditors, misconduct during the CIRP, falsification of books and for wilful and material omissions.

Key takeaway: MCA has enforced several provisions of the IBC Amendment Act, 2026 with effect from May 26, 2026, *inter alia*, stricter standards for admission and continuation of CIRP, powers to reinstate CIRP before liquidation order, creditor claims verification, creditor supervision over liquidation, and penalties for fraudulent initiation, misconduct and falsification of books.

IBBI updates

IBBI (Model Bye-Laws and Governing Board of Insolvency Professional Agencies) (Amendment) Regulations, 2026

IBBI, vide [notification](#) dated May 13, 2026, has released the IBBI (Model Bye-Laws and Governing Board of Insolvency Professional Agencies) (Amendment) Regulations, 2026 amending the IBBI (Model Bye-Laws and Governing Board of Insolvency Professional Agencies) Regulations, 2016.

Some of the key amendments are as follows:

1. ‘nominee director’ has been introduced as a new category in the composition of the governing board of insolvency professional agencies, and such nominee director will have the same status, rights, duties, powers, and responsibilities as other directors;
2. the requirement of a minimum of 7 (seven) directors has been clarified to exclude the nominee director from the minimum count;
3. stricter eligibility conditions for independent directors have been introduced;
4. independent directors cannot be appointed if they are a member of any statutory regulator that has sponsored or promoted the insolvency professional agency, or if they directly or indirectly hold shares or control in such agency,

or if they are an independent director in any other insolvency professional agency; and

5. the renewal of a second term of independent directors is now subject to prescribed conditions including prior approval of the IBBI.

Key takeaway: IBBI has introduced a new 'nominee director' category for governing boards of insolvency professional agencies, strengthened eligibility conditions for directors, and prescribed conditions for renewal of second-term directorships.

IBBI (Insolvency Resolution Process for Corporate Persons) (Second Amendment) Regulations, 2026, IBBI (Liquidation Process) (Third Amendment) Regulations, 2026 and Pre-Packaged Insolvency Resolution Process (Second Amendment) Regulations, 2026

IBBI, vide notifications dated May 19, 2026, notified the [IBBI \(Insolvency Resolution Process for Corporate Persons\) \(Second Amendment\) Regulations, 2026](#), the [IBBI \(Liquidation Process\) \(Third Amendment\) Regulations, 2026](#), and the [Pre-Packaged Insolvency Resolution Process \(Second Amendment\) Regulations, 2026](#). The amendments primarily relax the criteria of mandatory valuer appointments for MSMEs. Accordingly, the resolution professional must appoint only 1 (one) set of registered valuers instead of 2 (two), unless the committee of creditors records written reasons for appointing 2 (two) sets of valuers.

Key takeaway: IBBI has relaxed mandatory valuer appointments for MSMEs, requiring only 1 (one) set of registered valuers instead of 2 (two) for CIRP, liquidation and pre-packaged insolvency processes, unless the committee of creditors records written reasons for appointing 2 (two) sets.

MoF update

Foreign Exchange Management (Non-debt Instruments) (Second Amendment) Rules, 2026

Pursuant to the [Press Note 1 \(2026\)](#), MoF, vide [notification](#) dated May 2, 2026, has amended the Foreign Exchange Management (Non-debt Instruments) Rules, 2019. Some of the key amendments are as follows:

1. Schedule I serial number F.8 (*dealing with FDI in the insurance sector*) has been revised. The amendment permits up to 100% foreign investment under the automatic route in Indian insurance companies and insurance intermediaries, subject to approval and verification by the Insurance Regulatory and Development Authority of India;
2. 20% foreign investment cap for the Life Insurance Corporation of India ("LIC") under the automatic route is prescribed;
3. companies receiving foreign investment must obtain the necessary regulatory licences/approvals, comply with pricing guidelines, and meet governance requirements;
4. 100% foreign investment cap is provided to insurance intermediaries such as brokers, consultants, corporate agents, surveyors and loss assessors, managing general agents and insurance repositories, subject to specified conditions; and
5. clarifications have been provided regarding the treatment of foreign portfolio investments, applicability of existing insurance sector foreign investment rules, and specific conditions governing foreign investment in LIC.

Key takeaway: MoF has liberalised foreign investment in the insurance sector, permitting up to 100% foreign investment under the automatic route in Indian insurance companies and intermediaries (subject to the approval of the Insurance Regulatory and Development Authority of India), while prescribing a 20% cap for LIC. Insurance intermediaries such as brokers, consultants and corporate agents are also permitted 100% foreign investment under specified conditions.

DPIIT update

Standard operating procedure for processing FDI proposals

DPIIT, *vide* [circular](#) dated May 4, 2026, has updated the SOP for processing FDI proposals. Accordingly, all proposals for foreign investment requiring Government of India's approval as per the consolidated FDI Policy dated October 15, 2020, are required to be filed online through the Portal.

The SOP also outlines the procedures for closure, rejection, withdrawal, surrender, and compounding of FDI proposals. It further prescribes special guidelines and timelines for investments from countries sharing a land border with India, requires the Competent Authority to maintain a dedicated FDI cell headed by a senior officer, and mandates periodic review meetings by DPIIT to monitor the timely disposal of FDI proposals.

Key takeaway: DPIIT has updated the SOP for processing FDI proposals, mandating online filing through the Portal, prescribing procedures for closure, rejection, withdrawal and compounding of proposals, and establishing special guidelines and timelines for investments from countries sharing a land border with India.

JSA updates

Supreme Court upholds corporate guarantees as 'financial debt' under the IBC

The Supreme Court, in its recent ruling has held that corporate guarantees executed by a corporate debtor constitute 'financial debt' within the meaning of Section 5(8) of the IBC. The Supreme Court rejected technical objections to the validity of such guarantees based on the timing of execution, non-disclosure in financial statements, manner of verification, and insufficient stamping, holding that such grounds cannot defeat recognition of a creditor as a 'financial creditor' under the IBC. Consequently, taking a pro-creditor view on the issues, the Supreme Court recognised the consortium of State Bank of India as financial creditors of the corporate debtor and directed reconstitution of the committee of creditors.

For a detailed analysis, please refer to the [JSA Prism of May 8, 2026](#).

Supreme Court upholds inclusion of subsidiary assets in resolution plans through lifting of the corporate veil

In an important decision, the Supreme Court has held that, in appropriate circumstances, courts may lift the corporate veil to permit inclusion of subsidiary assets in a corporate debtor's resolution plan under the IBC. The Supreme Court also made adverse observations against the Greater Noida Industrial Development Authority's prolonged inaction, failure to timely pursue its claims, and inconsistent conduct during the corporate insolvency resolution process. The judgment underscores the IBC's emphasis on procedural discipline, commercial practicality, and timely participation, while also reinforcing judicial support for revival and completion of stalled real estate projects in the larger interest

of homebuyers and insolvency resolution.

For a detailed analysis, please refer to the [JSA Prism of May 14, 2026](#).

SEBI widens the permissible end-use of fresh borrowings by highly leveraged InvITs

SEBI, vide circular dated May 15, 2026, has liberalised the permitted end-uses of borrowings by highly leveraged InvITs. In particular, such InvITs can now avail debt financing for the purposes of capital expenditure, major maintenance and limited refinancing. While the revised regime will enhance operational flexibility for InvITs and is expected to facilitate infrastructure financing, it also introduces the need for more scrutiny and granular compliance tracking for potential lenders.

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

Foreign Direct Investment: Government specifies the criteria for identifying 'beneficial ownership' of foreign investment into India

On May 1, 2026, the Government of India amended the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 to specify the criteria for identifying the 'beneficial ownership' of foreign direct investment flowing into India. The Department for Promotion of Industry and Internal Trade has also issued a revised standard operating procedure for proposals where prior approval of the Government of India is required. This prism provides a brief overview of the key changes and examines their implications for mergers and acquisition transactions that businesses should closely track as the revised framework comes into effect.

For a detailed analysis, please refer to the [JSA Prism of June 23, 2026](#)

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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

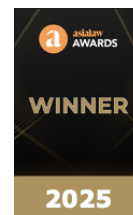


20 Practices and
24 Ranked Lawyers



2026

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