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SECURITIES AND EXCHANGE BOARD OF INDIA

1. **Industry Standards on "Minimum information to be provided for review of the audit committee and shareholders for approval of a related party transaction.**

   Securities and Exchange Board of India (SEBI) has issued a circular (SEBI/HO/CFD/CFD-PoD-2/P/CIR/2025/18) on February 14, 2025, introducing industry standards for the review and approval of related party transactions (RPTs) by audit committees and shareholders. This move aligns with Regulation 23(2), (3), and (4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR Regulations). The standards were formulated by the Industry Standards Forum (ISF), comprising representatives from ASSOCHAM, CII, and FICCI, under the supervision of stock exchanges and in consultation with SEBI. The circular mandates listed entities to follow these industry standards when submitting RPT proposals to the audit committee and shareholders for approval. It modifies Section III-B of SEBI's Master Circular dated November 11, 2024, ensuring that relevant information is provided consistently across all listed entities. Specifically, audit committees and shareholders must receive the specified minimum information before reviewing and approving RPTs. The revised requirements will take effect from April 1, 2025. Stock exchanges are instructed to inform listed entities and ensure compliance. The circular is issued under SEBI's regulatory powers and is available on the SEBI website under the 'Legal → Circulars' section.

   For more information, you can access the SEBI circular here:
   https://www.sebi.gov.in/legal/circulars/feb-2025/industry-standards-on-minimum-information-to-be-provided-for-review-of-the-audit-committee-and-shareholders-for-approval-of-a-related-party-transaction_91945.html

2. **Revised timelines for issuance of Consolidated Account Statement (CAS) by Depositories.**

   The Securities and Exchange Board of India (SEBI) has revised the timelines for issuing Consolidated Account Statements (CAS) to investors. As per the updated guidelines, Asset Management Companies (AMCs) and Mutual Fund Registrar and Transfer Agents (MF-RTAs) must submit data on common PANs to depositories by the 5th of each month. Depositories will then dispatch electronic CAS (e-CAS) by the 12th and physical statements by the 15th. For half-yearly CAS, AMCs/MF-RTAs must submit data by the 8th of April and October, with e-CAS sent by the 18th and physical CAS by the 21st of those months. The circular replaces the previous requirement for data submission within three days of the month-end and dispatch within ten days. SEBI's decision follows representations from depositories and MF-RTAs to improve compliance efficiency. The circular mandates that depositories amend their regulations, implement system changes, and report compliance status to SEBI. The revised CAS issuance framework, effective from May 14, 2025, aims to streamline processes while maintaining investor access to their securities holdings.

   For more information, you can access the SEBI circular here:
   https://www.sebi.gov.in/legal/circulars/feb-2025/revised-timelines-for-issuance-of-consolidated-account-statement-cas-by-depositories_91927.html

3. **Relaxation in timelines for holding AIFs' investments in dematerialized form.**

   The Securities and Exchange Board of India (SEBI) has relaxed the timelines for Alternative Investment Funds (AIFs) to hold investments in dematerialised form. As per the revised guidelines, AIFs must hold all investments made on or after July 1, 2025, in dematerialised form. Investments made before this date are exempt, except where the investee company is legally mandated to dematerialise its securities or where the AIF exercises control over the company alongside SEBI-registered intermediaries. Such investments must be converted to dematerialised form by October 31, 2025. Exemptions apply to AIF schemes with a tenure ending on or before October 31, 2025, and those already in an extended tenure as of February 14, 2025. Trustees or sponsors of AIFs must ensure compliance with these requirements in their Compliance Test Reports. The circular is effective immediately and aims to regulate investment practices while protecting investor interests.

For more information, you can access the SEBI circular here:
https://www.sebi.gov.in/legal/circulars/feb-2025/relaxation-in-timelines-for-holding-aifs-investments-in-dematerialised-form_91919.html

4. **Service platform for investors to trace inactive and unclaimed Mutual Fund folios- MITRA (Mutual Fund Investment Tracing and Retrieval Assistant).**

Securities and Exchange Board of India (SEBI) has introduced the Mutual Fund Investment Tracing and Retrieval Assistant (MITRA) platform to help investors trace inactive and unclaimed Mutual Fund (MF) folios. Over time, investors may lose track of their investments due to minimal Know Your Customer (KYC) details or physical holdings. Inactive MF folios, especially those in open-ended schemes, may remain unclaimed, increasing fraud risks. To address this, MITRA will provide a centralized, industry-wide searchable database, assisting investors in identifying overlooked investments and ensuring compliance with updated KYC norms. An inactive folio is defined as one where no investor-initiated transactions have occurred in the past ten years, but units remain. The MITRA platform, hosted by Computer Age Management Services Limited (CAMS) and KFIN Technologies Limited, will be accessible via MF Central, AMCs, AMFI, QRTAs, and SEBI's websites. Cybersecurity protocols and compliance with SEBI's Business Continuity and Disaster Recovery guidelines will be maintained. AMCs, RTAs, RIAs, and mutual fund distributors are instructed to raise awareness about MITRA. The platform will be operational within 15 working days, launching with a two-month beta phase. This initiative aligns with SEBI's regulations to protect investor interests and enhance transparency in the securities market.

For more information, you can access the SEBI circular here:
https://www.sebi.gov.in/legal/circulars/feb-2025/service-platform-for-investors-to-trace-inactive-and-unclaimed-mutual-fund-folios-mitra-mutual-fund-investment-tracing-and-retrieval-assistant-_91847.html

5. **Facilitation to SEBI registered Stock Brokers to access Negotiated Dealing System-Order Matching (NDS-OM) for trading in Government Securities- Separate Business Units (SBU).**

Securities and Exchange Board of India (SEBI) has issued a circular facilitating SEBI-registered stock brokers' access to the Negotiated Dealing System-Order Matching (NDS-OM) for trading in Government Securities (G-Secs). This initiative follows the Reserve Bank of India's notification permitting non-bank brokers to use NDS-OM under specific access criteria. To streamline this process, SEBI requires stock brokers to conduct NDS-OM trading through Separate Business Units (SBUs) within their entities. These SBUs must operate independently from the securities market activities of the parent stock brokerage firm, with separate accounts and segregated net worth to ensure compliance and mitigate risks. Key safeguards include maintaining an arm's-length relationship between the SBU and other broker activities, ensuring SBUs exclusively handle NDS-OM transactions, and excluding SBUs from the Investor Protection Fund and SEBI's SCORES grievance redressal mechanism. The regulatory framework for SBUs will fall under the jurisdiction of respective authorities, addressing matters such as eligibility, risk management, and investor grievances. This circular, issued under Section 11(1) of the SEBI Act, 1992, aims to promote structured and secure participation in the G-Secs market while protecting investors and maintaining market integrity. Full details are accessible on the SEBI website.

For more information, you can access the SEBI circular here:
https://www.sebi.gov.in/legal/circulars/feb-2025/facilitation-to-sebi-registered-stock-brokers-to-access-negotiated-dealing-system-order-matching-nds-om-for-trading-in-government-securities-separate-business-units-sbu-_91764.html

6. **Industry Standards Recognition Manual.**

The Securities and Exchange Board of India (SEBI) has introduced guidelines for recognizing Industry Standards Forums (ISFs) to facilitate the implementation of regulatory directives for Market Infrastructure Institutions (MIIs), Mutual Funds, listed companies, and other regulated entities. These ISFs, functioning as committees, are tasked with creating standards aligned with SEBI's regulatory intent, offering checklists, standard operating procedures (SOPs), and reporting formats to ensure compliance. The manual emphasizes inclusivity, requiring ISFs to represent stakeholders across large, small, and medium segments, and mandates experienced leadership with clear procedures for appointing chairpersons and members.

ISFs are not empowered as self-regulatory organizations or for amending regulations but may suggest changes to SEBI in exceptional circumstances. They must operate transparently, consulting SEBI at critical milestones to ensure alignment with regulatory goals. The process includes regular meetings, public consultations, and structured reporting, with a focus on clarity and specificity. The manual also provides for the reconstitution of members to maintain continuity while introducing fresh perspectives.

By establishing this framework, SEBI aims to enhance ease of compliance without compromising the enforceability of its directives. The manual's scope excludes creating enforceable rights for ISFs against SEBI, ensuring the autonomy of regulatory oversight.

For more information, you can access the SEBI advisory guidelines here:
https://www.sebi.gov.in/legal/advisory-guidance/feb-2025/industry-standards-recognition-manual_91862.html

MINISTRY OF FINANCE

1. **Income-tax Bill, 2025, tabled in Parliament today towards achieving comprehensive simplification of the Income-tax Act, 1961.**

On February 13, 2025, Finance Minister Nirmala Sitharaman tabled the Income-tax Bill, 2025, in Parliament, aiming to simplify the Income-tax Act, 1961. This bill seeks to enhance clarity and coherence without introducing major tax policy changes or altering tax rates. The new Income Tax Bill, 2025 is a comprehensive law with 536 clauses and 16 schedules, covering 622 pages. It aims to simplify complex provisions, incorporating modern financial and technological advancements and using simple language. The Bill also aims to enhance legal clarity by reducing lengthy provisions and offering additional guidance for complex scenarios. However, some aspects, such as the definition of income and the need for reading the new law alongside the existing one, require further consideration.

Key Features of the Income-tax Bill, 2025:

- Structural Simplification: The bill reduces the length of the existing Act from over 800 pages to approximately 620 pages by eliminating redundant provisions and incorporating clear administrative frameworks.
- Improved Clarity: It introduces over 57 tables to present tax rates and provisions, replacing complex clauses and explanations with straightforward sub-sections.
- No Major Tax Policy Changes: The bill maintains the current tax rates and exemptions, ensuring continuity and predictability for taxpayers.
- Implementation Timeline: If passed, the new provisions are set to come into effect from April 1, 2026.

The bill has been referred to a parliamentary select committee for further review. This initiative is part of the government's broader efforts to modernize tax laws, making them more accessible and efficient for taxpayers. Despite these changes, the overall structure remains consistent with the Income Tax Act, 1961, ensuring continuity and adaptability to contemporary economic realities.

For more information, you can access the GOI press release here:
https://pib.gov.in/PressReleasePage.aspx?PRID=2102744

2. **Special campaigns have been launched for enrolling individuals under various financial inclusion Schemes.**

The Government of India has initiated special campaigns at the Gram Panchayat level to enroll individuals in various financial inclusion schemes, including the Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and the Pradhan Mantri Suraksha Bima Yojana (PMSBY). These efforts aim to extend financial services to underserved populations, ensuring broader access to banking, insurance, and pension schemes. The Pradhan Mantri Jan Dhan Yojana (PMJDY), launched in August 2014, is a cornerstone of India's financial inclusion strategy. It seeks to provide affordable access to financial services such as bank accounts, remittances, credit, insurance, and pensions. As of January 27, 2021, over 417 million accounts have been opened under PMJDY, with 359.6 million accounts being operative.

Financial Inclusion Schemes and Coverage

- National Mission for Financial Inclusion (NMFI) was initiated in August 2014 to provide universal banking services
- 54.58 crore (540 million) JanDhan accounts have been opened, with 30.37 crore (55.7%) belonging to women
- Financial inclusion schemes aim to bank the unbanked, secure the unsecured, fund the unfunded, and serve unserved and underserved areas

Common Service Centers (CSCs) play a vital role in these campaigns by acting as access points for various public utility services, social welfare schemes, healthcare, financial, and education services, particularly in rural and remote areas. They facilitate the delivery of government services to citizens, promoting digital empowerment and financial inclusion. These initiatives collectively aim to bridge the financial inclusion gap, ensuring that all citizens, especially those in rural and underserved areas, have access to essential financial services.

For more information, you can access the GOI press release here:
https://pib.gov.in/PressReleasePage.aspx?PRID=2101428

INSOLVENCY AND BANKRUPTCY BOARD OF INDIA

1. **IBBI Mandates Timely Reporting of Insolvency Assignments.**

Insolvency and Bankruptcy Board of India (IBBI) has mandated that after being appointed, Insolvency Professionals (IPs) must report their assignments on the IBBI portal. This pertains to positions under the various procedures of the Insolvency and Bankruptcy Code, 2016 such as Administrator, Liquidator, Resolution Professional (RP), Interim Resolution Professional (IRP), and Bankruptcy Trustee. By guaranteeing effective record-keeping and cutting down on delays, the revised Assignment Module seeks to simplify compliance. IPs are required to update ongoing cases by February 28, 2025, and submit new assignments within three days of being appointed. With the exception of Personal Guarantor cases, which have an April 30, 2025 deadline, closed cases must be documented by March 31, 2025.

For more information, you can access the press release here:
https://ibclaw.in/intimation-to-the-board-on-the-appointment-of-insolvency-professional-under-various-processes-under-the-code-ibbi-circular-no-ibbi-liq-82-2025-dated-11-02-2025/#:~:text=2025%20%E2%80%93%20IBC%20Laws-,Intimation%20to%20the%20Board%20on%20the%20appointment%20of%20Insolvency%20Professional,2025&text=Insolvency%20and%20Bankruptcy%20Board%20of,110001%20CIRCULAR%2011th%20February%20%5B%E2%80%A6%5D

RESERVE BANK OF INDIA

1. **All Agency Banks to remain open for public on March 31, 2025 (Monday).**

   The Government of India has made a request to keep all branches of the banks dealing with Government receipts and payments open for transactions on March 31, 2025 so as to account for all the Government transactions relating to receipts and payments in the Financial Year 2024-25 itself. Accordingly, Agency Banks are advised to keep all their branches dealing with government business open on March 31, 2025 (Monday). Banks shall give due publicity about the availability of above banking services on this day.

   For more information, you can access the RBI notification here:
   https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12778&Mode=0

2. **Foreign Exchange Management (Manner of Receipt and Payment) (Amendment) Regulations, 2025.**

   On January 14, 2025, the Reserve Bank of India (RBI) introduced amendments to the Foreign Exchange Management Act (FEMA) to ease cross-border transactions. The amendments include modifications to deposit regulations and regulations for foreign currency accounts held by Indian residents. The changes permit authorized dealers in India and its branches abroad to open Special Non-Resident Rupee (SNRR) accounts and allow Indian exporters to operate foreign currency accounts with overseas banks. Furthermore, a recent amendment to the NDI (Non-Debt Instruments) Reporting Regulations aims to streamline payment and remittance methods, offering greater flexibility to foreign investors regarding bank accounts used for remittances into India for foreign investments. The FEMA 14(R)(1)/2025-RB, dated February 10, 2025, also revised regulations pertaining to payments between residents of Asian Clearing Union (ACU) member countries, excluding Nepal and Bhutan, allowing these to be made through the ACU mechanism or as per RBI directives

   For more information, you can access the RBI notification here:
   https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12779&Mode=0

3. **Export-Import Bank of India's GOI-supported Line of Credit of USD 180 mn to the Government of the Socialist Republic of Vietnam for procurement of 4 Offshore Patrol Vessels (OPV) in the Borrower's Country.**

   Export-Import Bank of India (Exim Bank) has entered into an agreement dated July 31, 2024, with the Government of the Socialist Republic of Vietnam (GO-VNM), for making available to the latter, Government of India supported Line of Credit (LoC) of USD 180 mn (USD One Hundred Eighty Million Only) for procurement of 4 Offshore Patrol Vessels (OPV) in the Borrower's Country. The export of eligible goods and services from India, as defined under the agreement, would be allowed subject to their eligibility under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by the Exim Bank under this agreement. The Agreement under the LoC is effective from January 20, 2025. Under the LoC, the last date for disbursement will be 60 months after scheduled completion date of the project. Shipments under the LoC shall be declared in Export Declaration Form/Shipping Bill as per instructions issued by the Reserve Bank from time to time. No agency commission is payable for export under the above LoC. However, if required, the exporter may use his own resources or utilize balances in his Exchange Earners' Foreign Currency Account for payment of commission in free foreign exchange. Authorized Dealer (AD) Category- I bank may allow such remittance after realization of full eligible value of export subject to compliance with the extant instructions for payment of agency commission. AD Category – I banks may bring the contents of this circular to the notice of their exporter constituents and advise them to obtain complete details of the LoC from the Exim Bank's office The directions contained in this circular have been issued under section 10(4) and 11(1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999) and are without prejudice to permissions/ approvals, if any, required under any other law..

   For more information, you can access the RBI notification here:
   https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12780&Mode=0

4. **Export-Import Bank of India's GOI-supported Line of Credit of USD 120 mn to the Government of the Socialist Republic of Vietnam (GO-VNM) for procurement of High-Speed Guard Boats in the Borrower's Country.**

   Export-Import Bank of India (Exim Bank) has entered into an agreement dated July 31, 2024, with the Government of the Socialist Republic of Vietnam (GO-VNM), for making available to the latter, Government of India supported Line of Credit (LoC) of USD 120 mn (USD One Hundred Twenty Million Only) for procurement of High-Speed Guard Boats in the Borrower's Country. The export of eligible goods and services from India, as defined under the agreement, would be allowed subject to their eligibility under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by the Exim Bank under this agreement. The Agreement under the LoC is effective from January 20, 2025. Under the LoC, the last date for disbursement will be 60 months after scheduled completion date of the project. Shipments under the LoC shall be declared in Export Declaration Form/Shipping Bill as per instructions issued by the Reserve Bank from time to time. No agency commission is payable for export under the above LoC. However, if required, the exporter may use his own resources or utilize balances in his Exchange Earners' Foreign Currency Account for payment of commission in free foreign exchange. Authorised Dealer (AD) Category- I bank may allow such remittance after realization of full eligible value of export subject to compliance with the extant instructions for payment of agency commission. AD Category – I bank may bring the contents of this circular to the notice of their exporter constituents and advise them to obtain complete details of the LoC from the Exim Bank's office. The directions contained in this circular have been issued under section 10(4) and 11(1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999) and are without prejudice to permissions/ approvals, if any, required under any other law.

   For more information, you can access the RBI notification here:
   https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12781&Mode=0

5. **Premature redemption under Sovereign Gold Bond (SGB) Scheme - Redemption Price for premature redemption due on February 12, 2025 (Series VI of SGB 2018-19).**

   In terms of GOI Notification F.No.4 (22) – B (W&M)/2018 dated October 08, 2018 (SGB 2018-19 Series VI -Issue date February 12, 2019) on Sovereign Gold Bond Scheme, premature redemption of Gold Bond may be permitted after fifth year from the date of issue of such Gold Bond on the date on which interest is payable. Accordingly, the next due date of premature redemption of the above tranche shall be February 12, 2025. Further, the redemption price of SGB shall be based on the simple average of closing gold price of 999 purity of previous three business days from the date of redemption, as published by the India Bullion and Jewellers Association Ltd (IBJA). Accordingly, the redemption price for premature redemption due on February 12, 2025, shall be ₹8,528/- (Rupees Eight Thousand Five Hundred and Twenty-Eight only) per unit of SGB based on the simple average of closing gold price for the three business days i.e., February 07, February 10, and February 11, 2025.

   For more information, you can access the RBI press release here:
   https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=59728

6. **Removal of Supervisory Restrictions: Kotak Mahindra Bank Limited.**

   On April 24, 2024, the Reserve Bank of India had, in exercise of its powers under Section 35A of the Banking Regulation Act, 1949, imposed certain business restrictions on Kotak Mahindra Bank Limited (hereinafter referred to as 'the bank'). The bank was directed to cease and desist from:

   i. onboarding of new customers through its online and mobile banking channels, and

   ii. issuing fresh credit cards.

Subsequently, the bank initiated remedial measures to address the supervisory concerns and submitted compliances to the Reserve Bank. The bank also commissioned an external Audit, with prior approval of RBI, to validate the compliances. Now, having satisfied itself based on the submissions, and remedial measures undertaken by the bank, the Reserve Bank, has decided to lift the afore-mentioned restrictions placed on Kotak Mahindra Bank Limited.

For more information, you can access the RBI press release here:
https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=59737

7. **Premature redemption under Sovereign Gold Bond (SGB) Scheme - Redemption Price for premature redemption due on February 14, 2025 (Series III of SGB 2019-20).**

In terms of GOI Notification F.No.4 (7) – B (W&M)/2019 dated May 30, 2019 (SGB 2019-20 Series III - Issue date August 14, 2019) on Sovereign Gold Bond Scheme, premature redemption of Gold Bond may be permitted after fifth year from the date of issue of such Gold Bond on the date on which interest is payable. Accordingly, the next due date of premature redemption of the above tranche shall be February 14, 2025. Further, the redemption price of SGB shall be based on the simple average of closing gold price of 999 purity of previous three business days from the date of redemption, as published by the India Bullion and Jewellers Association Ltd (IBJA). Accordingly, the redemption price for premature redemption due on February 14, 2025, shall be ₹8,536/- (Rupees Eight Thousand Five Hundred and Thirty-Six only) per unit of SGB based on the simple average of closing gold price for the three business days i.e., February 11, February 12, and February 13, 2025.

For more information, you can access the RBI press release here:
https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=59748

You may send your suggestions at niyati@asalegal.in

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