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NEWSLETTER Weekly

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SECURITIES AND EXCHANGE BOARD OF INDIA

1. **Extension of timeline of additional liquidation period for VCFs migrating to SEBI (Alternative Investment Funds) Regulations, 2012.**

   Securities and Exchange Board of India (SEBI) issued a circular on June 6, 2025, addressed to Alternative Investment Funds (AIFs) and Venture Capital Funds (VCFs). This circular primarily extends the additional liquidation period granted to VCFs that are in the process of migrating to the SEBI (Alternative Investment Funds) Regulations, 2012. A prior SEBI circular, dated August 19, 2024, established the framework for such migration, particularly for VCF schemes that had not yet been wound up post their original liquidation period. That circular had initially provided an additional liquidation period until July 19, 2025, for these migrating VCFs. Following feedback from the industry and subsequent discussions, SEBI has decided to extend this specific additional liquidation period to July 19, 2026. All other stipulations outlined in the August 19, 2024, circular remain in effect, including the deadline for eligible VCFs to submit their migration applications to SEBI, which remains July 19, 2025. This circular is effective immediately upon its issuance.

   For more information, you can access the SEBI circular here:
   https://www.sebi.gov.in/legal/circulars/jun-2025/extension-of-timeline-of-additional-liquidation-period-for-vcfs-migrating-to-sebi-alternative-investment-funds-regulations-2012_94433.html

2. **Framework for Environment, Social and Governance (ESG) Debt Securities (other than green debt securities).**

   Securities and Exchange Board of India (SEBI), through Circular No. SEBI/HO/DDHS/DDHS-POD-1/P/CIR/2025/84 dated June 5, 2025, has issued a framework for the issuance and listing of Environment, Social, and Governance (ESG) debt securities—excluding green debt securities. This includes social bonds, sustainability bonds, and sustainability-linked bonds. The framework follows SEBI's approval in its board meeting held on September 30, 2024, and incorporates feedback from the Industry Standards Forum (ISF). Applicable to listed or proposed-to-be-listed ESG debt instruments, the circular sets out conditions for such securities to be labelled accordingly. The framework mandates that funds raised be used for projects aligned with internationally recognized standards such as the ICMA Principles, Climate Bonds Standard, ASEAN Standards, or EU Standards. Issuers must also comply with SEBI's NCS and LODR Regulations. For sustainability-linked bonds, target setting must rely on a combination of benchmarking approaches including historical issuer performance (with a recommended minimum of 3 years of data), comparison with industry peers or sectoral standards, and alignment with science-based targets like the Paris Agreement or Sustainable Development Goals. This initiative aims to support the development of credible ESG-labelled financial instruments and promote transparency in the ESG bond market.

   For more information, you can access the SEBI circular here:
   https://www.sebi.gov.in/legal/circulars/jun-2025/framework-for-environment-social-and-governance-esg-debt-securities-other-than-green-debt-securities-_94424.html

3. **Limited relaxation from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

   SEBI has issued a circular providing temporary relief to entities with listed non-convertible debt securities from certain compliance requirements. This circular, effective June 5, 2025, addresses Regulation 58(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR Regulations).

Previously, this regulation mandated sending physical copies of financial statements and related documents to holders of non-convertible securities who had not registered their email addresses. The Ministry of Corporate Affairs (MCA) had already extended similar relaxations for sending physical copies of financial statements to shareholders until September 30, 2025. In line with this, SEBI has now aligned its regulations. Specifically, for the period from October 1, 2024, to June 5, 2025, issuers who complied with the MCA's circular and did not send hard copies of these documents will not face penalties under Regulation 58(1)(b). Furthermore, for the period from June 6, 2025, to September 30, 2025, a similar relaxation is granted. However, during this latter period, entities must disclose a web-link to the statement containing the salient features of all documents, as specified in Section 136 of the Companies Act, 2013, within their advertisement as per Regulation 52(8) of the LODR Regulations. This ensures holders of non-convertible securities can still access the required information electronically.

For more information, you can access the SEBI circular here:
https://www.sebi.gov.in/legal/circulars/jun-2025/limited-relaxation-from-compliance-with-certain-provisions-of-the-sebi-listing-obligations-and-disclosure-requirements-regulations-2015_94423.html

4. Margin obligations to be given by way of Pledge/Re-pledge in the Depository System.

SEBI has issued a circular to streamline the process of handling client securities pledged as margin by brokers. Previously, brokers were required to accept collateral from clients only through margin pledges. However, issues arose with unsold invoked shares accumulating in brokers' demat accounts, and operational difficulties occurred when clients sold pledged securities. To address these concerns and improve business ease while protecting investor interests, SEBI has automated the invocation and sale process. New provisions allow for a single instruction, "Pledge release for early pay in," when clients sell pledged securities, enabling immediate pledge release and early pay-in blocking. For invoked margin-pledged securities, including funded stock, they will be blocked for early pay-in in the client's demat account, with a trail maintained in the broker's margin pledge account. For invoked mutual fund units not traded on exchanges, a single "invocation cum redemption" functionality will be provided. If a client's trading account is frozen, invoked securities will go to the broker's demat account for sale under their proprietary code, with a mandate for same-day pay-in to prevent accumulation. These changes will be effective from September 5, 2025, with depositories providing detailed operating guidelines by July 1, 2025.

For more information, you can access the SEBI circular here:
https://www.sebi.gov.in/legal/circulars/jun-2025/margin-obligations-to-be-given-by-way-of-pledge-re-pledge-in-the-depository-system_94363.html

5. Investor Charter for Research Analysts.

SEBI has updated the Investor Charter for Research Analysts through a recent circular, effective immediately. This revision aims to enhance financial consumer protection, literacy, and inclusion, incorporating recent developments like the Online Dispute Resolution (ODR) platform and SCORES 2.0. The updated charter outlines the vision and mission for investors, detailing the business transactions and services provided by Research Analysts (RAs). It mandates RAs to offer independent, unbiased research reports with transparent disclosure of financial interests and conflicts. RAs are also required to conduct annual audits, adhere to advertisement codes, maintain records of client interactions, and respect client data privacy. The circular emphasizes the importance of providing clear guidance for complex products and treating all clients with honesty. It specifies a grievance redressal mechanism, allowing investors to complain directly to the RA, via SCORES 2.0, or through the RA Administration and Supervisory Body (RAASB), with an option for online conciliation or arbitration if dissatisfaction persists. Furthermore, RAs must publicly disclose complaint data on their websites monthly to ensure transparency. This circular supersedes previous guidelines, strengthening investor protection by setting clearer standards for RAs.

For more information, you can access the SEBI circular here:
https://www.sebi.gov.in/legal/circulars/jun-2025/investor-charter-for-research-analysts_94355.html

6. **Investor Charter for Investment Advisers.**

SEBI has issued a circular, effective immediately, to enhance investor protection and transparency for Investment Advisers (IAs). The updated Investor Charter outlines IAs' responsibilities, including unbiased risk profiling, annual audits, and clear disclosures on fees, conflicts of interest, and the use of AI tools. It also details investor rights, such as privacy, fair treatment, and access to suitable financial products. For grievance redressal, investors can now approach the IA directly (21-day resolution), use SCORES 2.0 for a two-level review (IAASB and SEBI), email the IAASB, or utilize the SMARTODR platform for online conciliation/arbitration. Additionally, IAs must prominently display the charter on their websites and mobile apps, provide it during client onboarding, and monthly disclose complaint data by the 7th of the succeeding month to ensure transparency. This new circular rescinds the previous one from December 2021 and amends the Master Circular for IAs issued in May 2024.

For more information, you can access the SEBI circular here:
https://www.sebi.gov.in/legal/circulars/jun-2025/investor-charter-for-investment-advisers_94354.html

MINISTRY OF FINANCE

1. **Shri T. Rabi Sankar appointed as part-time Member of the 16th Finance Commission (XVIFC).**

The President has appointed Shri T. Rabi Sankar, Deputy Governor, Reserve Bank of India (RBI), as a part-time Member of the 16th Finance Commission (XVIFC). He shall hold office from the date of assuming charge until the submission of the Commission's Report or 31st October, 2025, whichever is earlier. The appointment of Shri T. Rabi Sankar is consequent to the resignation of one of the full-time Members of the XVIFC, Shri Ajay Narayan Jha, on personal grounds. The XVIFC was constituted on 31st December, 2023, with Dr. Arvind Panagariya, former Vice-Chairman of NITI Aayog, as its chairman. The XVIFC is mandated to submit its recommendations by 31st October, 2025, for the award period of five years commencing from 1st April, 2026.

For more information, you can access the GOI press release here:
https://www.pib.gov.in/PressReleasePage.aspx?PRID=2134802

2. **Union Minister for Finance and Corporate Affairs Smt. Nirmala Sitharaman and Minister of Foreign Affairs of the Kyrgyz Republic, Mr. Zheenbek Kulubaev Moldokanovich, sign the Protocol and exchange the Instrument of Ratification of Bilateral Investment Treaty (BIT) in New Delhi.**

The Bilateral Investment Treaty (BIT) signed on 14th June, 2019, in Bishkek, between the Government of the Republic of India and the Government of the Kyrgyz Republic, enters into force with effect from today, i.e. 5th June 2025. This new BIT replaces the earlier agreement enforced on 12th May 2000, ensuring continuity in the protection of investments between the two nations. The India-Kyrgyz BIT marks a significant milestone in strengthening bilateral economic relations and fostering a secure and predictable investment environment. The BIT aims to promote and protect interests of investors of either country in the territory of the other country and has following key features:

- Emphasis on sustainable development in the Preamble
- Enterprise based definition of assets with an indicative inclusion list and a specific exclusion list of assets which also clarifies the characteristics of investments such as commitment of capital, the expectation of gain or profit, the assumption of risk and have significance for the development of the host state.
- Exclusion of matters relating to local government, government procurement, taxation, services supplied in the exercise of governmental authority, compulsory licenses, in order to retain sufficient policy space with the Government in such matters
- The BIT seeks to define the core elements of the Treatment of Investment, as found in customary international law. Besides, this the BIT ensures a balanced framework through provisions on national treatment, expropriation and transfers.

- Most Favoured Nation (MFN) obligation has in the past allowed investors to selectively "import" favourable substantive provisions from other treaties concluded by the Host State. The MFN clause is accordingly removed in the BIT.
- The BIT contains two types of exceptions: general exceptions and security exceptions. The attempt is carved out a policy space for the State. The general exceptions include, among others, the protection of environment, ensuring public health and safety, and protecting public morals and public order.
- The BIT has calibrated Investor-State Dispute Settlement mechanism with mandatory exhaustion of local remedies, thereby providing investors alternate dispute resolution mechanism.

For more information, you can access the GOI press release here:
https://www.pib.gov.in/PressReleasePage.aspx?PRID=2134169

3. **Union Minister for Finance and Corporate Affairs Smt. Nirmala Sitharaman and Union Minister of State for Finance Shri Pankaj Chaudhary inaugurate Directorate of Revenue Intelligence (DRI) headquarters building, in New Delhi.**

Shri Arvind Shrivastava, Secretary, Department of Revenue, Ministry of Finance; Shri Sanjay Kumar Agarwal, Chairman, Central Board of Indirect Taxes and Customs (CBIC); Shri Mohan Kumar Singh, Member (Compliance Management), CBIC; Shri Abhai Kumar Srivastav, Director General, DRI; and the senior officials of CBIC and other law enforcement agencies, including foreign delegates. In her address at the inauguration, Smt. Nirmala Sitharaman called on DRI officers to imbue themselves with the spirit of the clarion call of 'Reform, Perform, and Transform' by Prime Minister Shri Narendra Modi, and embrace three key imperatives as enforcement agencies:

- Do not view enforcement and facilitation as opposing ends of the spectrum.
- Investigate holistically, keeping the big picture in focus, not merely chasing isolated infractions.
- Enforcement operations should be rooted not only in data but also in dharma.

The Union Finance Minister emphasised that in addition to affecting seizures, the focus should be to dismantle the entire syndicates by reaching the last mile highlighted on the need to enhance inter-agency cooperation as well as improved coordination with international counterparts in the era of transnational economic crimes.

For more information, you can access the GOI press release here:
https://www.pib.gov.in/PressReleasePage.aspx?PRID=2133646

MINISTRY OF CORPORATE AFFAIRS

1. **IICA to Establish First Regional Campus in Northeast, Advancing Corporate Governance and Development.**

In a landmark step toward inclusive national growth and regional capacity building, the Indian Institute of Corporate Affairs (IICA), under the Ministry of Corporate Affairs, formally acquired a five-acre land parcel in New Shillong Township, Meghalaya, for its first-ever regional campus. This initiative marks a significant expansion of IICA's footprint into the North East, reinforcing its commitment to corporate governance excellence and sustainable development. Academic and advisory programmes are scheduled to begin within the current financial year, with construction work starting immediately. IICA has already served the NER through its prior training programmes that have benefitted over 300 professionals and continues to manage the Independent Director Databank, which includes representation from all Northeastern states. Going forward, IICA will foster collaborative programmes with state universities and institutions in the Knowledge City to deliver tailored training, policy support, and capacity-building initiatives that cater to the region's socio-economic aspirations. This expansion underscores IICA's resolve to serve as a long-term partner in shaping ethical entrepreneurs, skilled professionals, and responsible leaders—right from the heart of the Northeast.

For more information, you can access the GOI press release here:
https://www.pib.gov.in/PressReleasePage.aspx?PRID=2133456

INSOLVENCY AND BANKRUPTCY BOARD OF INDIA

1. **IBBI notifies amendments to streamline corporate insolvency process.**

The Insolvency and Bankruptcy Board of India has amended corporate insolvency regulations. Resolution professionals can now invite interest for individual assets. Financial creditors receive pro rata payments before those who voted in favour. The Committee of Creditors can invite interim finance providers to meetings. Resolution professionals must present all plans to the Committee of Creditors. The IBBI has notified amendments to the regulations governing corporate insolvency, aiming to streamline procedures, protect creditor interests, and encourage greater investor participation in resolution processes.

For more information:
https://economictimes.indiatimes.com/news/economy/policy/ibbi-notifies-amendments-to-streamline-corporate-insolvency-process/articleshow/121571182.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

RESERVE BANK OF INDIA

1. **Liquidity Adjustment Facility - Change in rates.**

As announced in the Monetary Policy Statement dated June 06, 2025, it has been decided by the Monetary Policy Committee (MPC) to reduce the policy repo rate under the Liquidity Adjustment Facility (LAF) by 50 basis points from 6.00 per cent to 5.50 per cent with immediate effect. Consequently, the standing deposit facility (SDF) rate and marginal standing facility (MSF) rate stand adjusted to 5.25 per cent and 5.75 per cent respectively, with immediate effect. All other terms and conditions of the extant LAF Scheme will remain unchanged.

For more information, you can access the RBI notification here:
https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12854&Mode=0

2. **Standing Liquidity Facility for Primary Dealers.**

As announced in the bi-monthly Monetary Policy Statement, 2025-26 today, it has been decided by the Monetary Policy Committee (MPC) to reduce the policy repo rate under the Liquidity Adjustment Facility (LAF) by 50 basis points from 6.00 per cent to 5.50 per cent with immediate effect. Accordingly, the Standing Liquidity Facility provided to Primary Dealers (PDs) (collateralised liquidity support) from the Reserve Bank would be available at the revised repo rate of 5.50 per cent with immediate effect.

For more information, you can access the RBI notification here:
https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12855&Mode=0

3. **Review of Qualifying Assets Criteria.**

Referring to paragraph 8.1 of the Master Direction - Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022 dated March 14, 2022 which prescribes Qualifying Assets Criteria for Non-Banking Financial Companies - Microfinance Institutions. On a review, it has been decided to revise the qualifying asset criteria and the amended paragraph 8.1 of the Master Direction may be read as follows:

Paragraph 8.1: The definition of 'qualifying assets' of NBFC-MFIs has been aligned with the definition of 'microfinance loans' given at paragraph 3 above. Qualifying assets of NBFC-MFIs shall constitute a minimum of 60 percent of the total assets (netted off by intangible assets), on an ongoing basis. If an NBFC-MFI fails to maintain the qualifying assets as aforesaid for four consecutive quarters, it shall approach the Reserve Bank with a remediation plan for taking a view in the matter.

This circular is issued in exercise of the powers conferred by Chapter IIIB of the Reserve Bank of India Act, 1934. The revised provisions shall come into effect from the date of this circular. Master Direction - Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022 is being updated accordingly.

For more information, you can access the RBI press release here:
https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=60560

4. Penal Interest on shortfall in CRR and SLR requirements - Change in Bank Rate.

Referring to Chapter VIII of Master Direction - Reserve Bank of India [Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR)] Directions – 2021 as well as our circular DoR.RET.REC.16/12.01.001/2025-26 dated April 09, 2025 on the captioned subject. As announced in the Monetary Policy Statement 2025-26 dated June 06, 2025, the Bank Rate is revised downwards by 50 basis points from 6.25 per cent to 5.75 per cent with immediate effect. Accordingly, all penal interest rates on shortfall in CRR and SLR requirements, which are specifically linked to the Bank Rate, also stand revised as under:

Penal Interest Rates which are linked to the Bank Rate

Item	Existing Rate	Revised Rate (With immediate effect)
Penal interest rates on shortfalls in reserve requirements (depending on duration of shortfall).	Bank Rate plus 3.0 percentage points (9.25 per cent) or Bank Rate plus 5.0 percentage points (11.25 per cent).	Bank Rate plus 3.0 percentage points (8.75 per cent) or Bank Rate plus 5.0 percentage points (10.75 per cent).

For more information, you can access the RBI notification here:
https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12857&Mode=0

5. Maintenance of Cash Reserve Ratio (CRR).

Referring to our circular DoR.RET.REC.52/12.01.001/2024-25 dated December 06, 2024 and relative notification on the captioned subject. As announced in the Governor’s Statement dated June 06, 2025, it has been decided to reduce the Cash Reserve Ratio (CRR) of all banks by 100 basis points in four equal tranches of 25 basis points each to 3.0 per cent of net demand and time Liabilities (NDTL). Accordingly, banks are required to maintain the CRR at 3.75 per cent, 3.5 per cent, 3.25 per cent and 3.0 per cent of their NDTL effective from the reporting fortnight beginning September 6, October 4, November 1 and November 29, 2025, respectively.

For more information, you can access the RBI notification here:
https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12858&Mode=0

6. Foreign Exchange Management (Foreign Currency Accounts by a Person Resident in India) (Sixth Amendment) Regulations, 2025.

In exercise of the powers conferred by section 9 and clause (e) of sub-section (2) of section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999), the Reserve Bank of India makes the following amendment in the Foreign Exchange Management (Foreign Currency Accounts by a Person Resident in India) Regulations, 2015 [Notification No. FEMA 10(R)/2015-RB dated January 21, 2016] (hereinafter referred to as ‘the principal regulations’) namely:

1. **Short title and commencement**:

   These regulations shall be called the Foreign Exchange Management (Foreign Currency Accounts by a Person Resident in India) (Sixth Amendment) Regulations, 2025. They shall come into force with effect from the date of their publication in the Official Gazette.

2. **Amendment to Schedule II:**

In the Principal Regulations, in Schedule II, in the Annex titled 'Application for Opening Diamond Dollar Account/s', in the first paragraph, for the words and figures "2 years", the words "three years" shall be substituted.

For more information, you can access the RBI notification here:
https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12860&Mode=0

7. **Premature redemption under Sovereign Gold Bond (SGB) Scheme - Redemption Price for premature redemption of SGB 2017-18 Series X due on June 04, 2025.**

In terms of GOI Notification F. No. 4(25)-W&M/2017 dated October 06, 2017, (SGB 2017-18 Series X - Issue date December 04, 2017) 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 June 04, 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 June 04, 2025, shall be ₹9,630/- (Rupees Nine Thousand Six Hundred and Thirty only) per unit of SGB based on the simple average of closing gold price for the three business days i.e., May 30, June 02, and June 03, 2025.

For more information, you can access the RBI press release here:
https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=60585

8. **Monetary Policy Statement, 2025-26 Resolution of the Monetary Policy Committee June 4 to 6, 2025.**

The Reserve Bank of India's Monetary Policy Committee (MPC), chaired by Governor Sanjay Malhotra, held its 55th meeting from June 4-6, 2025, and decided to reduce the policy repo rate by 50 basis points to 5.50%, citing a significant moderation in inflation and the need to stimulate domestic growth amid global uncertainties. The standing deposit facility and marginal standing facility rates were also adjusted accordingly. With CPI inflation at a six-year low and projected to average 3.7% in 2025-26, the MPC revised its inflation outlook downward and projected real GDP growth at 6.5% for the year. The policy stance was shifted from accommodative to neutral, reflecting limited further scope for rate cuts and a commitment to closely monitor evolving economic conditions. The next MPC meeting is scheduled for August 4-6, 2025, with meeting minutes to be published on June 20, 2025.

For more information, you can access the RBI press release here:
https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=60604

9. **Governor's Statement: June 6, 2025.**

The 55th meeting of the Monetary Policy Committee (MPC), held against a backdrop of a promising monsoon and persistent global economic uncertainties, resulted in a significant policy shift for India. The MPC decided to reduce the policy repo rate by 50 basis points to 5.50%, citing a marked decline in inflation and the need to stimulate domestic growth amidst challenging global conditions. Inflation has moderated to a nearly six-year low, with projections for the financial year 2025-26 revised downward to 3.7%. The committee also shifted its policy stance from "accommodative" to "neutral", signalling a more cautious approach going forward. Additionally, the Reserve Bank announced a phased reduction in the cash reserve ratio (CRR) to further enhance liquidity and support the transmission of monetary policy to credit markets. India's economic fundamentals remain robust, with strong balance sheets across key sectors and resilience in both rural and urban demand. Real GDP growth for 2025-26 is projected at 6.5%, supported by healthy agricultural output, steady services sector momentum, and reviving investment activity. The external sector is stable, with a manageable current account deficit and record-high foreign exchange reserves. While financial stability indicators for banks and NBFCs have improved, the Reserve Bank remains vigilant about stress in specific lending segments. The Governor emphasized that price stability and growth are mutually reinforcing in the long term, and that the current policy actions aim to propel India towards a higher growth trajectory while maintaining macroeconomic stability.

For more information, you can access the RBI press release here:
https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=60605

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