



## SECURITIES AND EXCHANGE BOARD OF INDIA

### **1. Pro-rata and pari-passu rights of investors of AIFs**

SEBI has issued a circular addressing the pro-rata and pari-passu rights of investors in Alternative Investment Funds (AIFs) following amendments to the AIF Regulations, 2012. Pro-rata rights require that investors' rights in investments and distributions correspond to their commitments, with exceptions for exclusions, defaults, or shared profits. Pari-passu rights ensure equal treatment of investors, but differential rights can be offered under specific conditions, such as transparency in disclosure and adherence to implementation standards set by the Standard Setting Forum for AIFs (SFA).

Managers and sponsors may subscribe to subordinate unit classes under certain guidelines to cater to diverse risk appetites, provided such investments do not indirectly benefit their own obligations. Existing AIFs using priority distribution models are restricted from accepting new commitments or investments unless exempt. Compliance with these directives, including adjustments for breaches of investment limits, must be documented in compliance reports.

The circular mandates the reporting and rectification of differential rights that impact other investors, with special provisions for Large Value Funds (LVFs) to opt for exemptions, subject to investor consent. Managers are required to disclose eligibility criteria and differential rights in Private Placement Memorandums (PPMs).

For more information, you can access the SEBI circular here:

[https://www.sebi.gov.in/legal/circulars/dec-2024/pro-rata-and-pari-passu-rights-of-investors-of-aifs\\_89945.html](https://www.sebi.gov.in/legal/circulars/dec-2024/pro-rata-and-pari-passu-rights-of-investors-of-aifs_89945.html)

### **2. Classification of Corporate Debt Market Development Fund (CDMDF) as Category I Alternative Investment Fund**

SEBI has issued a circular classifying the Corporate Debt Market Development Fund (CDMDF) as a Category I Alternative Investment Fund (AIF) under Regulation 3(4)(a) of the SEBI (Alternative Investment Funds) Regulations, 2012. The CDMDF was established under Chapter III-C of the AIF Regulations as a backstop facility to purchase investment-grade corporate debt securities during periods of market stress. This measure aims to bolster confidence among participants in the corporate debt market and improve secondary market liquidity through a permanent institutional mechanism activated during financial stress. SEBI clarified this classification following representations seeking clarity on CDMDF's categorization within the AIF framework. The circular, issued under Section 11(1) of the SEBI Act, 1992, and Regulation 36 of the AIF Regulations, is designed to protect investor interests and support the development and regulation of the securities market.

For more information, you can access the SEBI circular here:

[https://www.sebi.gov.in/legal/circulars/dec-2024/classification-of-corporate-debt-market-development-fund-cdmf-as-category-i-alternative-investment-fund\\_89928.html](https://www.sebi.gov.in/legal/circulars/dec-2024/classification-of-corporate-debt-market-development-fund-cdmf-as-category-i-alternative-investment-fund_89928.html)

### **3. Relaxation from the ISIN restriction limit for issuers desirous of listing originally unlisted ISINs (outstanding as on December 31, 2023).**

SEBI has issued a circular relaxing the ISIN restrictions for issuers listing previously unlisted ISINs outstanding as of December 31, 2023. Regulation 62A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandates listed entities to list all non-convertible debt securities issued

after January 1, 2024, and provides an option for listing outstanding unlisted ISINs issued before this date. Chapter VIII of SEBI's Master Circular on non-convertible securities specifies ISIN limits for debt securities issued through private placements, aiming to reduce market fragmentation. However, SEBI now excludes such grandfathered ISINs from the maximum limit of ISINs maturing in a financial year if converted to listed ISINs under Regulation 62A. This decision, formalized by inserting Clause 4A into Chapter VIII of the Master Circular, encourages the listing of unlisted debt securities while maintaining regulatory compliance. The circular, issued under Section 11(1) of the SEBI Act, 1992, is intended to safeguard investor interests and streamline the corporate bond market.

For more information, you can access the SEBI circular here:

<https://www.sebi.gov.in/legal/circulars/dec-2024/relaxation-from-the-isin-restriction-limit-for-issuers-desirous-of-listing-originally-unlisted-isins-outstanding-as-on-december-31-2023-89908.html>

#### **4. Enhancement in the scope of optional T+0 rolling settlement cycle in addition to the existing T+1 settlement cycle in Equity Cash Markets.**

The Securities and Exchange Board of India (SEBI) has enhanced the scope of the optional T+0 rolling settlement cycle in the Equity Cash Markets, building on the beta version introduced earlier in March 2024. From January 31, 2025, the T+0 cycle will be expanded to include the top 500 scrips based on market capitalization, starting with the bottom 100 companies and gradually increasing. This will allow all stock brokers to participate, with differential brokerage for T+0 and T+1 cycles. Additionally, Qualified Stock Brokers (QSBs) must set up necessary systems for smooth participation, and custodians will facilitate institutional participation. SEBI has also introduced a Block Deal window for the T+0 cycle from 8:45 am to 9:00 am, in addition to the existing windows. Operational guidelines will be provided by Market Infrastructure Institutions (MIIs), and a fortnightly report on T+0 activities will be required. These changes aim to improve settlement efficiency and are set to take effect between January and May 2025.

For more information, you can access the SEBI circular here:

<https://www.sebi.gov.in/legal/circulars/dec-2024/enhancement-in-the-scope-of-optional-t-0-rolling-settlement-cycle-in-addition-to-the-existing-t-1-settlement-cycle-in-equity-cash-markets-89443.html>

#### **5. Revised Guidelines for Capacity Planning and Real Time Performance Monitoring framework of Market Infrastructure Institutions (MIIs).**

SEBI's latest circular outlines revised guidelines for Market Infrastructure Institutions (MIIs), including Stock Exchanges, Clearing Corporations, and Depositories, to enhance capacity planning and real-time performance monitoring. The guidelines stress the importance of proactive and future-ready capacity planning, ensuring that MIIs maintain sufficient system capacity to handle increasing transaction volumes and avoid disruptions. Key points include setting capacity thresholds, conducting regular stress testing, and implementing automated performance monitoring systems. MIIs are required to assess the impact of changes to their IT systems and submit revised capacity plans within 3 months of the circular's issue. The provisions come into effect immediately, with the exception of capacity forecasting, which takes effect in 3 months.

For more information, you can access the SEBI circular here:

<https://www.sebi.gov.in/legal/circulars/dec-2024/revised-guidelines-for-capacity-planning-and-real-time-performance-monitoring-framework-of-market-infrastructure-institutions-miis-89433.html>

### **MINISTRY OF FINANCE**

#### **1. Public Sector Banks achieve Rs 1.41 lakh crore net profit; GNPA drops to 3.12 per cent in Financial Year 2023-24.**

Indian public sector banks achieved a record net profit of ₹1.41 lakh crore in FY24, reflecting a 35% growth compared to the previous year. The gross non-performing asset (GNPA) ratio improved significantly, dropping to 3.12% from 5.53% a year earlier. The State Bank of India (SBI) was the top contributor, earning ₹61,077 crore, followed by Bank of Baroda with ₹17,788 crore and Canara Bank with ₹14,554 crore.

Finance Minister Nirmala Sitharaman highlighted that all public sector banks have become profitable, with return on assets reaching 1.3% and return on equity at 13.8%. She attributed this success to policy measures aimed at stabilizing the banking sector since 2014.

The Capital to Risk (Weighted) Assets Ratio (CRAR), which increased by 3983 basis points from 11.45% in March 2015 to 15.43% in September 2024, is another measure of Public Sector Banks' (PSBs') increased resilience. In addition to demonstrating the banking industry's newfound stability and strength, this significant development puts PSBs in a better position to aid in economic expansion. The Reserve Bank of India's (RBI) minimal requirement of 11.5% is significantly exceeded by this CRAR, highlighting the improved financial soundness of these institutions.

Additionally, several banks saw remarkable profit growth, including Punjab National Bank with a 228% increase and Union Bank of India with a 62% rise. However, Punjab & Sind Bank faced a 55% profit decline due to operational challenges

For more information, you can access the GOI press release here:

<https://pib.gov.in/allRel.aspx?reg=3&lang=1>

## **2. 3rd India-UK Financial Markets Dialogue: Joint Statement.**

The 3rd India-UK Financial Markets Dialogue (FMD) took place on December 12, 2024, in GIFT City, Gujarat, India. The dialogue was co-chaired by senior officials from the Indian Ministry of Finance and HM Treasury.

Key points from the joint statement:

- Focus on collaboration: The dialogue focused on collaboration in capital markets, insurance, fintech, financial data, and sustainable finance to boost growth and investment.
- Shared perspectives: Delegates from India and the UK shared perspectives on priorities and ongoing reforms within their respective jurisdictions.
- Maximizing synergies: Both sides agreed to work to maximize synergies between India's financial sector vision and strategy and the UK's financial services growth and competitiveness strategy.
- FinTech collaboration: India and the UK welcomed the 3rd India-UK FinTech Joint Working Group held in 2022 and proposed to hold another meeting later this year

For more information, you can access the GOI press release here:

<https://pib.gov.in/PressReleasePage.aspx?PRID=2084340>

## **3. DFS Secretary Shri M. Nagaraju chairs review meetings to address key operational challenges and enhance efficiency of resolution mechanisms through NARCL and NCLT.**

Shri M. Nagaraju, Secretary of the Department of Financial Services (DFS), recently chaired a series of review meetings focusing on enhancing the operational efficiency of Public Sector Banks (PSBs), strengthening debt recovery mechanisms, and addressing pending cases in Debt Recovery Tribunals (DRTs).

Key highlights from the meetings include:

- Financial Soundness and Digital Transformation: PSBs were urged to enhance financial metrics, strengthen cybersecurity, and expand digital services to improve customer experiences. They were also encouraged to boost CASA deposits and enhance credit support for sectors like agriculture and MSMEs.

- **Debt Recovery and Case Management:** In a conference with DRT officials, the DFS emphasized reducing case backlogs and improving debt recovery through the adoption of best practices and new DRT Regulations 2024. These changes aim to streamline recovery procedures and release stuck capital back into the economy.
- **Financial Inclusion and Public Grievances:** The DFS Secretary stressed deepening financial inclusion by expanding government-backed schemes like PMJDY and PMMY while ensuring prompt redressal of public grievances through responsible banking practices.

These initiatives reflect the government's continued focus on enhancing the banking and financial ecosystem through regulatory updates and strategic oversight.

For more information, you can access the GOI press release here:

<https://pib.gov.in/PressReleasePage.aspx?PRID=2083900>

### **MINISTRY OF CORPORATE AFFAIRS**

#### **1. MOU signed between Investor Education and Protection Fund Authority (IEPFA) and Association of Chartered Certified Accountants (ACCA) to Empower Financial Literacy Across India.**

The Memorandum of Understanding (MoU) between the Investor Education and Protection Fund Authority (IEPFA) and the Association of Chartered Certified Accountants (ACCA) was signed on December 13, 2024. This collaboration aims to enhance financial literacy across India, in both urban and rural sectors, with a focus on educating young people about fundamental financial concepts.

The terms of the MOU cover the following points:

- **Target Audience:** The program will primarily target students in grades six to nine.
- **Educational Initiatives:** IEPFA and ACCA will collaborate on initiatives like seminars, workshops, and roundtables to promote financial education, investor protection, and capital market growth.
- **Financial Education for You (FEFY) Program:** ACCA's FEFY program will be introduced to participating schools to equip students with essential financial skills.
- **Digital Criteria and Teacher Training:** Participating schools must meet specific digital requirements and allocate time for student involvement and teacher training.

This partnership signifies a significant step towards building a financially literate society in India, empowering individuals to make informed financial decisions.

For more information, you can access the GOI press release here:

<https://pib.gov.in/PressReleasePage.aspx?PRID=2083938>

### **MINISTRY OF LAW AND JUSTICE**

#### **1. The Bharatiya Vayuyan Adhiniyam, 2024.**

The President has promulgated an Act on the 11th December 2024, The Bharatiya Vayuyan Adhiniyam, 2024. An Act to provide for regulation and control of the design, manufacture, maintenance, possession, use, operation, sale, export and import of aircraft and for matters connected therewith or incidental thereto vide notification dated 11.12.2024.

For more information, you can access the GOI notification here:

<https://egazette.gov.in/WriteReadData/2024/259352.pdf>

## **RESERVE BANK OF INDIA**

### **1. Premature redemption under Sovereign Gold Bond (SGB) Scheme – Redemption Price for premature redemption due on December 11, 2024 (Series XI of SGB 2017-18 and Series I of SGB 2019-20).**

In terms of GOI Notification F.No.4(25)–W&M/2017 dated October 06, 2017 (SGB 2017-18 Series XI - Issue date December 11, 2017) and in terms of GOI Notification F.No.4(7)-B(W&M)/2019 dated May 30, 2019 (SGB 2019-20 Series I - Issue date June 11, 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 tranches shall be December 11, 2024. 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 December 11, 2024, shall be ₹7,668/- (Rupees Seven Thousand Six Hundred and Sixty-Eight only) per unit of SGB based on the simple average of closing gold price for the three business days i.e., December 06, December 09, and December 10, 2024.

For more information, you can access the RBI press release here:

[https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=59274](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=59274)

### **2. Shri Sanjay Malhotra takes over as RBI Governor.**

Shri Sanjay Malhotra, an Indian Administrative Service Officer of 1990 Batch Rajasthan Cadre, took over charge as the 26th Governor of the Reserve Bank of India for a period of three years effective December 11, 2024. Immediately prior to this appointment, Shri Malhotra was Secretary, Department of Revenue (DOR) in the Ministry of Finance, Government of India, before which Shri Malhotra held the post of Secretary in Department of Financial Services in the Ministry of Finance, Government of India. Shri Malhotra has vast and diverse experience across various key sectors including power, finance and taxation, information technology, etc. and has held key positions both at the State and the Central Government, apart from having a stint with a United Nations agency. He was also Chairman and Managing Director of Rural Electrification Corporation Limited. Shri Malhotra served on the Central Board of Reserve Bank of India as a Government Nominee Director from February 16, 2022 to November 14, 2022. Shri Malhotra is a graduate in Computer Science and Engineering from the Indian Institute of Technology, Kanpur and a Master in Public Policy from the Princeton University, USA.

For more information, you can access the RBI press release here:

[https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=59281](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=59281)

### **3. Auction of State Government Securities.**

On December 17, 2024, several State Governments and Union Territories in India will auction government stocks to raise a total of ₹20,325 crore. This auction will be conducted via the Reserve Bank of India's E-Kuber system, allowing both competitive and non-competitive bids. Notable states participating include Uttar Pradesh (₹3,000 crore), Karnataka (₹2,000 crore), and Bihar (₹2,000 crore). The auction will feature various tenures and yield types, with individual investors eligible for a non-competitive bidding facility. Bids must be submitted electronically within specified time frames, while physical bids will only be accepted in case of technical failures. Successful bidders will receive their stocks at interest rates determined during the auction, with payments due on December 18, 2024.

For more information, you can access the RBI notification here:

[https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=59300](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=59300)

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