



NEWSLETTER ^{Weekly}

Volume-CXXXVIII, Issue-I, Dated: 05th January, 2026

SECURITIES AND EXCHANGE BOARD OF INDIA

1. Specification of the consequential requirements with respect to Amendment of Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992.

Securities and Exchange Board of India has issued a circular dated January 2, 2026, prescribing detailed consequential requirements following the amendment of the SEBI (Merchant Bankers) Regulations, 1992, effective from January 3, 2026. The circular introduces revised capital adequacy and new liquid net worth norms for merchant bankers, with phased implementation for existing entities up to January 2, 2028, and immediate applicability for new applicants. Merchant bankers must re-categorize themselves as Category I or II, meet enhanced underwriting limits linked to liquid net worth, and submit periodic Chartered Accountant certifications. The circular also defines “liquid net worth” with asset-wise haircuts, mandates professional certifications for key employees and compliance officers, and requires compliance officers to be independent. Further, it prohibits outsourcing of core merchant banking activities, prescribes minimum revenue thresholds from permitted activities, and lays down extensive safeguards for undertaking non-SEBI regulated activities through ring-fenced structures. These measures aim to strengthen financial soundness, governance, transparency, and accountability within the merchant banking ecosystem.

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

https://www.sebi.gov.in/legal/circulars/jan-2026/specification-of-the-consequential-requirements-with-respect-to-amendment-of-securities-and-exchange-board-of-india-merchant-bankers-regulations-1992_98831.html

2. Certification requirement for Compliance Officers of Managers of AIFs.

The Securities and Exchange Board of India has issued a circular mandating a certification requirement for Compliance Officers of Managers of Alternative Investment Funds (AIFs). Under Regulations 20(17) and 20(18) of the SEBI (Alternative Investment Funds) Regulations, 2012, Managers are required to appoint a Compliance Officer who meets eligibility criteria specified by SEBI. The circular specifies that such Compliance Officers must obtain certification by passing the NISM Series-III-C: Securities Intermediaries Compliance (Fund) Certification Examination conducted by the National Institute of Securities Market. With effect from January 1, 2027, only individuals holding this certification may be appointed as, or continue to function as, Compliance Officers of AIF Managers. Trustees, sponsors, or managers must also ensure that compliance with this requirement is expressly reported in the Compliance Test Report prescribed under the SEBI Master Circular dated May 7, 2024. The circular has come into force immediately and is issued to strengthen compliance standards and investor protection.

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

https://www.sebi.gov.in/legal/circulars/dec-2025/certification-requirement-for-compliance-officers-of-managers-of-aifs_98744.html

MINISTRY OF FINANCE

1. Auction for Sale (re-issue) of “6.48% Government Security 2035”.

The Government of India (GoI) has announced the sale (re-issue) of “6.48% Government Security 2035” for a notified amount of ₹32,000 crore (nominal) through price based auction using multiple price method. GoI will have the option to retain additional subscription up to ₹2,000 crore against the security mentioned

above. The auction will be conducted by the Reserve Bank of India, Mumbai Office, Fort, Mumbai on January 02, 2026 (Friday). Up to 5% of the notified amount of the sale of the security will be allotted to eligible individuals and institutions as per the Scheme for Non-Competitive Bidding Facility in the Auction of Government Securities. The Security will be eligible for “When Issued” trading in accordance with the guidelines on ‘When Issued transactions in Central Government Securities’ issued by the Reserve Bank of India vide circular No. RBI/2018-19/25 dated July 24, 2018 as amended from time to time.

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

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2209555®=3&lang=1>

2. DFS organises a colloquium of Chairpersons of Debts Recovery Appellate Tribunals (DRATs) and Presiding Officers of Debts Recovery Tribunals (DRTs).

The Department of Financial Services (DFS), Ministry of Finance organised a colloquium of Chairpersons of Debts Recovery Appellate Tribunals (DRATs) and Presiding Officers of Debts Recovery Tribunals (DRTs) today at Vigyan Bhavan, New Delhi. Secretary, DFS addressed the participants which included senior officers of the DFS, representatives of various public and private sector banks and Indian Banks’ Association. The Secretary underlined the key initiatives taken by the Department for deepening of digitisation to improve the processes of tribunals such as adoption of mandatory e-filing, use of video conferencing, hybrid hearings etc. The colloquium witnessed discussions on wide-ranging issues to enhance the effectiveness of recovery process in DRTs. The key areas of discussions included:

- i. Measures to be taken for further strengthening, monitoring and oversight mechanisms of banks for increasing recovery through DRTs;
- ii. Focused attention on high value cases in DRTs for optimizing recovery;
- iii. Optimum usage of Lok Adalats as an alternate dispute resolution mechanism for expeditious disposal of cases;

The discussions were held on the suggestions regarding amendments to the Recovery of Debts and Bankruptcy Act, 1993 and Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, in order to further enhance the effectiveness of these laws. The tribunals were urged to learn from the best practices followed in other DRTs where disposal is impressive.

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

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2209853®=3&lang=1>

3. Ministry of Finance Year Ender 2025 : Department of Public Enterprises (DPE).

In 2025, the Department of Public Enterprises (DPE), under the Ministry of Finance, marked significant milestones in its operational and policy initiatives. A key highlight of achievements during 2025 was the robust monitoring and facilitation of capital expenditure (CAPEX) among select Central Public Sector Enterprises (CPSEs) and other organisations. CAPEX achievements for select CPSEs (with annual CAPEX estimates of ₹100 crore or more) and other Government organizations—namely the Railway Board, National Highways Authority of India (NHAI), Delhi Metro Rail Corporation (DMRC), and Damodar Valley Corporation (DVC)—were compiled for the year 2025–26 up to the end of September 2025. During the period April–September 2025, these entities achieved a CAPEX of ₹3.85 lakh crore, representing 49.1% of the annual Budget Estimates of ₹7.85 lakh crore for the financial year 2025–26. Granted Navratna status for two CPSEs: In this year, the Department of Public Enterprises (DPE) has granted Navratna status to two CPSE’s, viz. Indian Railway Catering and Tourism Corporation Limited (IRCTC) and Indian Railway Finance Corporation Limited (IRFC).

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

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2210134®=3&lang=1>

4. Ministry of Finance Year Ender 2024: Department of Economic Affairs.

In 2024, the Department of Economic Affairs (DEA), Ministry of Finance, spearheaded transformative initiatives to enhance India's economic resilience and global integration. Notably, the Union Cabinet approved the new **Framework on Currency Swap Arrangement for SAARC Countries (2024-27)**, fostering financial cooperation and regional integration. Further solidifying India's international partnerships, the signing and enforcement of the **India-UAE Bilateral Investment Treaty (BIT)** marked a new chapter in fostering investor confidence and economic collaboration, while the **India-Uzbekistan BIT** emphasised investor protection and dispute resolution mechanisms. Additionally, the constitution of the **Joint Task Force on Investment between India and Qatar** facilitated deeper cooperation, and India's proactive role in Sri Lanka's economic stabilisation highlighted its leadership in addressing regional financial challenges. These initiatives reflect India's dedication to fostering global economic partnerships and supporting sustainable development. Domestically, the DEA introduced many Ease of Doing Business (EoDB) reforms to enhance infrastructure and simplify investment regulations. The launch of the **National Infrastructure Readiness Index (NIRI)** promoted cooperative and competitive federalism by evaluating and encouraging infrastructure development across states and central ministries. Simultaneously, amendments to foreign investment rules, including the **Overseas Direct Investment Regulation** and the **Foreign Exchange Management Rules**, streamlined processes and facilitated cross-border investments. These initiatives collectively enhanced India's investment climate, enabling global expansion for Indian companies and boosting financial inclusion nationwide. **Following are some of the major achievements of the Department of Economic Affairs, Ministry of Finance, in 2024:**

FRAMEWORK ON CURRENCY SWAP ARRANGEMENT FOR SAARC COUNTRIES 2024-27

The Union Cabinet approved the new 'Framework on Currency Swap Arrangement for SAARC Countries 2024-27' on June 19, 2024. New Framework replaced the 'Framework on Currency Swap Arrangement for SAARC Countries 2019-22'.

INDIA-UAE BILATERAL INVESTMENT TREATY (BIT)

- India-UAE Bilateral Investment Treaty (BIT) was signed on 13th February 2024 in the presence of Prime Minister of India and HH Sheikh Mohamed bin Zayed Al Nahyan, President of the UAE.
- India-UAE BIT came into effect on August 31, 2024.
- The BIT will increase the comfort level and boost the confidence of investors by assuring minimum standard of treatment and national treatment for investments post establishment.

INDIA-UZBEKISTAN BILATERAL INVESTMENT TREATY (BIT)

India and Republic of Uzbekistan signed Bilateral Investment Treaty on 27th September 2024 in Tashkent. BIT assures appropriate protection to Uzbekistan investors in India and Indian investors in the Republic of Uzbekistan, in light of relevant international precedents and practice.

JOINT TASK FORCE ON INVESTMENT BETWEEN INDIA AND QATAR

Joint Task Force (JTF) on Investment between India and Qatar was constituted with Secretary, Economic Affairs and Under Secretary of Ministry of Commerce and Industry of the State of Qatar as co-chair.

MOU BETWEEN SRI LANKA AND EXIM BANK OF INDIA

- India extended seven (7) GOILOCs with aggregate outstanding of \$718.12 million and Buyer's Credit programme under the National Export Insurance Account (BC-NEIA) facility extended by India Exim Bank Restructuring

- IMF had approved the Extended Fund Facility (EEF programme) for Sri Lanka on 20th March, 2023

Debt restructuring for Sri Lanka was undertaken through the Common Forum co-chaired by India, Japan & France (Chair of Paris Club)

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

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2089236®=3&lang=1>

MINISTRY OF CORPORATE AFFAIRS

1. MCA replaces Annual KYC requirements under the Companies Act, 2013 with abridged KYC requirements once in three years.

The annual KYC requirement for directors in companies under rule 12A of the Companies (Appointment & Qualification of Directors) Rules, 2014 has been reviewed pursuant to examination in the Ministry of Corporate Affairs, recommendation made by the High-Level Committee on Non-Financial Regulatory Reforms (HLC-NFRR) and suggestions received from stakeholders. The relevant rule in this regard has been amended by the M/o Corporate Affairs in consultation with concerned Ministries/ Departments. Pursuant to the amendment in the Rules notified on 31st December, 2025 (to be effective from 31st March, 2026), annual KYC filing requirement has been replaced with a simpler KYC intimation once in every three years. The revised simpler KYC Form can be used for various purposes viz (i) KYC compliance, (ii) updation of mobile number, (iii) updation of email address, (iv) updation of residential address and (v) re-activation of DIN. The verification (through digital signature) by DIN holder/director and certification (through digital signature) by the professional during KYC filing process would be required only if the KYC Form is submitted for updation of mobile number or email address or residential addresses.

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

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2210552®=3&lang=1>

INSOLVENCY AND BANKRUPTCY BOARD OF INDIA

1. Custodia legis principle applied: Bombay HC directs return of withdrawn arbitral deposit after insolvency resolution.

In an interim application arising from a petition under Section 34 of the Arbitration and Conciliation Act, 1996, the Bombay High Court (Single Judge Bench of Justice Somasekhar Sundaresan) held that the amount withdrawn by the award-holder from court deposits could not remain with it after the corporate debtor had successfully undergone resolution under the Insolvency and Bankruptcy Code, 2016. During the pendency of the Section 34 challenge to an arbitral award directing payment of approximately ₹49.11 crore, Reliance Naval & Engineering Ltd had deposited about ₹12.76 crore in court in February 2017, which Afcons Infrastructure Ltd withdrew by furnishing a bank guarantee. Subsequently, Reliance entered insolvency and an approved resolution plan dated 23 December 2022 reduced the award claim to Re 1, thereby extinguishing the substantive right to the award under the “clean slate” principle of the IBC. Relying on binding precedents including Ghanashyam Mishra & Sons (P) Ltd. v. Edelweiss Asset Reconstruction Co. Ltd. (2021) and earlier Bombay High Court authority in Siti Networks Ltd. v. Rajiv Suri, the Court held that since the arbitral award itself stood extinguished upon approval of the resolution plan, the withdrawn amount, which was always in custodia legis and released only on the basis of the bank guarantee, ought to be returned to the court registry. The Court directed Afcons to redeposit ₹12,76,91,279 within four weeks or face invocation of the bank guarantee; it also rejected the claim for 18 per cent interest on the deposited sum, noting that a claim for interest constitutes a separate cause of action not entertainable in the interim application, leaving open the possibility of pursuing such a claim in appropriate proceedings.

For more information, you can access the article here:

<https://www.scconline.com/blog/post/2026/01/05/bom-hc-withdrawn-arbitral-deposit-to-be-returned-after-insolvency/>

2. NCLT Hyderabad Holds Ex-KVK Nilachal Liquidator In Contempt For Not Disclosing Contractor Equipment To Bidders.

The National Company Law Tribunal (NCLT) at Hyderabad has recently held Rajendra Prasad Tak, the former liquidator of KVK Nilachal Power, guilty of civil contempt for deliberately ignoring its directions on third party equipment that had been kept outside the liquidation estate. A coram of Judicial Member Rajeev Bhardwaj and Technical Member Sanjay Puri, in an order, said the liquidator's failure to facilitate removal of the equipment and his decision to proceed with the sale of the corporate debtor without disclosing its existence amounted to wilful disobedience. The dispute played out during the liquidation of KVK Nilachal Power Pvt Ltd, which entered insolvency in September 2019 on a petition by Power Finance Corporation Ltd. After creditors opted for liquidation, the tribunal passed a liquidation order in December 2020 and appointed Rajendra Prasad Tak as liquidator. During the liquidation, Teknow approached the tribunal seeking permission to remove its equipment from the project site. Teknow later told the tribunal that despite this clear order, the liquidator did not take effective steps to ensure that the equipment was removed.

It also said the liquidator went ahead with the e-auction sale of the company in 2022 without disclosing the presence of third party machinery, which later allowed the auction purchaser to claim ownership over assets that had already been judicially recognised as belonging to Teknow. The tribunal agreed. It found that the liquidator was fully aware of the December 2021 order but consciously chose not to act on it. Holding that wilful disobedience was clearly established, the tribunal directed the former liquidator to appear in person on March 18, 2026, and explain why action should not be taken against him under the Contempt of Courts Act.

For more information, you can access the article here:

<https://www.livelaw.in/ibc-cases/nclt-hyderabad-liquidator-liable-civil-contempt-disobedience-liquidation-proceedings-516862>

RESERVE BANK OF INDIA

1. Reserve Bank of India (Non-Banking Financial Companies - Concentration Risk Management) Amendment Directions, 2026.

The Reserve Bank had issued the Reserve Bank of India (Non-Banking Financial Companies - Concentration Risk Management) Directions, 2025 (hereinafter referred to as 'the Directions'). On a review, in exercise of the powers conferred by Chapter III B of the Reserve Bank of India Act, 1934 and all other laws enabling the Reserve Bank in this regard, the Reserve Bank being satisfied that it is necessary and expedient in the public interest so to do, hereby issues the Amendment Directions hereinafter specified. These Amendment Directions modify the Directions as under:

(1) The following shall be inserted as a proviso to sub-paragraph 4(4) of the Directions:

"Provided that infrastructure lending to projects that meet all the following criteria shall be classified as lending to 'high-quality infrastructure projects'

- i. The infrastructure project has completed at least one year of operations post achievement of the date of completion of commercial operations, without breach of any material covenants stipulated by the lenders.
- ii. The exposure is classified as 'standard' in the books of the lender.
- iii. The borrower's revenue depends on rights granted under concession / contract by the Central Government, a State Government, a public sector entity, or a statutory or regulatory body, and the contractual provisions provide for protection of these rights for the entire period of concession/ contract as long as the borrower fulfils its obligations under the contract.

- iv. The concession / contractual provisions provide for a high degree of protection for a lender, which shall, at a minimum, include: (i) provisions of an escrow / Trust and Retention Account mechanism for ringfencing the cash flows; (ii) pari-passu charge in favour of the lender over all movable and immovable assets; and (iii) mitigation of risk for lenders in case of early termination (eg. step-in rights for the lenders, minimum termination payments etc).
- v. The borrower has sufficient internal or external financial arrangements to cover current and future working capital and other funding requirements of the project as per the assessment of the lender.
- vi. The borrower is restricted from acting to the detriment of the lender, eg. being restricted from issuing additional debt against or further encumbering the cashflows and assets of the project without consent of the existing lenders."

The Amendment Directions shall be applicable when the NBFC decides to implement the Reserve Bank of India (Non-Banking Financial Companies – Prudential Norms on Capital Adequacy) Amendment Directions, 2026 or from April 1, 2026, whichever is earlier.

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

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=13245&Mode=0>

2. RBI releases the Financial Stability Report, December 2025.

Reserve Bank released the December 2025 edition of the Financial Stability Report (FSR), which reflects the collective assessment of the Sub-Committee of the Financial Stability and Development Council (FSDC) on the resilience of the Indian financial system and risks to financial stability. Highlights:

- i. Global economy has been resilient, supported by fiscal measures, front-loaded trade, and strong AI-related investment. However, downside risks persist due to still elevated uncertainty, high public debt, and the risk of a disorderly market correction.
- ii. Global financial markets appear strong on the surface but show growing underlying vulnerabilities. Sharp rise in equities and other risk assets, the expanding role of non-bank financial intermediaries and their deepening interconnectedness with banks, and the growth of stablecoins all heighten global financial system fragilities.
- iii. Despite an uncertain and challenging global economic backdrop, the Indian economy continues to grow strongly, underpinned by robust domestic demand, benign inflation, and prudent macroeconomic policies.
- iv. The domestic financial system remains robust and resilient, bolstered by strong balance sheets, easy financial conditions, and low financial market volatility. Nonetheless, there are near-term risks from external uncertainties - geopolitical and trade related.
- v. The health of the scheduled commercial banks (SCBs) remains sound with strong capital and liquidity buffers, improved asset quality and robust profitability.
- vi. Macro stress test results affirm the resilience of SCBs to withstand losses under hypothetical adverse scenarios and maintain capital buffers well above the regulatory minimum. Stress tests also confirm the resilience of mutual funds and clearing corporations.
- vii. Non-banking financial companies (NBFCs) remain robust supported by strong capital buffers, solid earnings, and improving asset quality.

viii. The insurance sector continues to display balance sheet resilience and the consolidated solvency ratio remained above the minimum threshold limit.

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

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=61922

3. Final redemption under Sovereign Gold Bond (SGB) Scheme - Redemption Price for final redemption of SGB 2017-18 Series-XIV due on January 01, 2026.

In terms of GOI notification F.No.4(25)-(W&M)/2017 dated October 06, 2017 (SGB 2017-18 Series-XIV- Issue date January 01, 2018) on Sovereign Gold Bond Scheme, the Gold Bond shall be repayable on the expiration of eight years from the date of issue of the Gold Bonds. Accordingly, the final redemption date of the above tranche shall be January 01, 2026. Further, the redemption price of SGB shall be based on simple average of closing price of gold 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 final redemption due on January 01, 2026, shall be ₹13,486/- (Rupees Thirteen Thousand Four Hundred and Eighty-Six only) per unit of SGB based on the simple average of closing price of gold for the three business days i.e., December 29, 2025, December 30, 2025, and December 31, 2025.

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

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=61933

4. RBI issues Amendment Directions on risk weighting framework for exposure of NBFCs to infrastructure projects.

The Reserve Bank of India had, on October 24, 2025, issued draft Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Amendment Directions, 2025 seeking feedback from stakeholders. The amendment directions were aimed primarily at aligning risk weights with the actual risk characteristics of operational infrastructure projects thereby promoting better risk assessment and capital allocation. Feedback received on the above draft has been examined and the consequent modifications, as decided by the Reserve Bank, have been suitably incorporated in the final Amendment Directions. A statement on the feedback received for the draft Directions is provided in the Annex. Accordingly, the Reserve Bank of India has today issued the Reserve Bank of India (Non-Banking Financial Companies – Prudential Norms on Capital Adequacy) Amendment Directions, 2026 and the Reserve Bank of India (Non-Banking Financial Companies - Concentration Risk Management) Amendment Directions, 2026.

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

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=61940

5. Withdrawal of ₹2000 Denomination Banknotes – Status.

The Reserve Bank of India (RBI) had announced the withdrawal of ₹2000 denomination banknotes from circulation vide Press Release 2023-2024/257 dated May 19, 2023. The status of withdrawal of ₹2000 banknotes is periodically published by the RBI. The last press release in this regard was published on December 01, 2025. The facility for deposit and / or exchange of the ₹2000 banknotes was available at all bank branches in the country up to October 07, 2023. The facility for exchange of the ₹2000 banknotes is available at the 19 Issue Offices of the Reserve Bank (RBI Issue Offices) since May 19, 2023. From October 09, 2023, RBI Issue Offices are also accepting ₹2000 banknotes from individuals / entities for deposit into their bank accounts. Further, members of the public are sending ₹2000 banknotes through India Post from any post office within the country, to any of the RBI Issue Offices for credit to their bank accounts. The total value of ₹2000 banknotes in circulation, which was ₹3.56 lakh crore at the close of business on May 19, 2023, when the withdrawal of ₹2000 banknotes was announced, has declined to ₹5,669 crore at the close of business on December 31, 2025. Thus, 98.41% of the ₹2000 banknotes in circulation as on May 19, 2023, has since been returned. The ₹2000 banknotes continue to be legal tender.

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

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=61942

You may send your suggestions at niyati@asalegal.in

Disclaimer:

The content in this mail is offered only as updates in Financial, Capital Market, Corporate etc. sectors. This mail should not be used as a substitute for obtaining legal advice from an attorney licensed or authorized to practice in your jurisdiction. Nothing in this mail is intended to create an attorney-client relationship and nothing posted constitutes legal advice.

DELHI

3, Birbal Road, Ground & First Floor,
Jangpura Extension, New Delhi 110014.
Phone: +91-11-43108998, 45661440,
43552440, +91-11-24327050-52,
9311052521

MUMBAI

404-405, 4th Floor, Magnum Opus,
Near Grand Hyatt,
Behind Mudra Group,
Santacruz (East),
Mumbai – 400 055.
Phone: +91-22-62368654, 26661979

BENGALURU

1007, A-Wing, 10th Floor,
Mittal Tower, M.G. Road,
Bengaluru – 560001.
Phone: +91-80-48536504

AHMEDABAD

Office No.10, Business Centre,
5th Floor, Kalapuram Complex,
Near Municipal Market,
C.G. Road, Navrangpura,
Ahmedabad-380009.
Phone: +91-079-66660888,
+91-9173660088