



SECURITIES AND EXCHANGE BOARD OF INDIA

1. Review of Position Limits for Clients and Penalty Provisions for Violation / Breach of Position Limits for Commodity Derivatives Segment.

SEBI has revised the regulatory framework governing client-level position limits and penalties for violation or breach of position limits in the commodity derivatives segment through Circular No. HO/47/16/13(5)2026-MRD-POD1/I/20735/2026 dated September 09, 2026. The Circular modifies Paragraphs 3.4.3 and 3.5.2 of the SEBI Master Circular for Commodity Derivatives Segment dated August 04, 2023. The revised penalty framework provides that where a position limit violation exceeds 2% of the prescribed limit, the penalty will be the prescribed formula amount or Rs. 2,00,000, whichever is lower, while violations up to 2% will attract the formula amount or Rs. 10,000, whichever is lower. Repeated violations may result in the concerned trading member being placed on square-off mode for one day and an additional penalty equivalent to the penalty charged for the open interest violation. The Circular also revises the definition of “Broad Commodity”, under which an agricultural commodity must not be a “Sensitive Commodity” and must have average deliverable supply for the past five years of at least 10 lakh MT in quantitative terms or at least INR 5,000 crore in monetary terms. Client-level numerical position limits are revised to 2% for Broad commodities, 1% for Narrow commodities and 0.5% for Sensitive commodities. Commodities shifting from Narrow to Broad will initially retain a 1% position limit for one year, subject to subsequent review. The Circular comes into force with immediate effect.

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

https://www.sebi.gov.in/legal/circulars/sep-2026/review-of-position-limits-for-clients-and-penalty-provisions-for-violation-breach-of-position-limits-for-commodity-derivatives-segment_104387.html

2. Relaxation in timeline with respect to Accredited Investor mandate for Angel Funds.

SEBI has extended the timeline for existing Angel Funds to comply with the Accredited Investor mandate from September 08, 2026 to March 31, 2027. The Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 were amended and notified on September 09, 2025 to prescribe the revised regulatory framework for Angel Funds, followed by SEBI’s circular dated September 10, 2025 specifying the conditions and modalities, which were subsequently subsumed in Chapter 8 of the SEBI Master Circular for AIFs dated June 03, 2026. Under para 8.1.2 of the AIF Master Circular, Angel Funds registered with SEBI on or before September 10, 2025 were required to implement the Accredited Investor mandate on or before September 08, 2026 and could not offer investment opportunities to more than 200 non-Accredited Investors during the transitional period. They were also prohibited from accepting contributions for investment in an investee company from non-Accredited Investors after September 08, 2026, while existing investors could continue to hold their investments according to the PPM and/or fund documents. Based on representations from the AIF industry seeking additional time for existing Angel Funds, SEBI has extended the timelines under paragraphs 4(a) and 4(b) until March 31, 2027. Accordingly, such Angel Funds must implement the mandate by March 31, 2027, must not offer investment opportunities to more than 200 non-Accredited Investors during this period, and must not accept contributions for investment in an investee company from non-Accredited Investors after March 31, 2027. All other provisions of Chapter 8 remain unchanged, and the Circular comes into force with immediate effect.

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

https://www.sebi.gov.in/legal/circulars/sep-2026/relaxation-in-timeline-with-respect-to-accredited-investor-mandate-for-angel-funds_104323.html

3. Ease of regulatory compliances for FPIs investing only in Government Securities.

The Securities and Exchange Board of India (SEBI), through Circular No. HO/(485)2026-AFD-POD2/I/20296/2026 dated September 07, 2026, has further eased regulatory compliances for Foreign Portfolio Investors (FPIs) investing only in Government Securities. The circular modifies the “Master Circular for Foreign Portfolio Investors, Designated Depository Participants and Eligible Foreign Investors” dated May 30, 2024. SEBI had earlier, through its September 10, 2025 circular, provided that FPIs investing exclusively in Government Securities under the Fully Accessible Route would not be required to furnish investor group details. SEBI now states that the Reserve Bank of India, through its circular dated June 05, 2026, has withdrawn the requirement for FPIs investing in Government Securities through the General Route to comply with the prescribed concentration limit. Consequently, SEBI considers identification of the investor group by an FPI investing only in Government Securities to be no longer relevant. Accordingly, the relevant sub-paragraph under Para 1 of Part A of the Master Circular is modified to provide that FPIs investing only in Government Securities shall not be required to furnish investor group details. Depositories, Custodians and Designated Depository Participants are directed to make the necessary system changes. The circular takes effect immediately. SEBI states that it has been issued under Section 11(1) of the Securities and Exchange Board of India Act, 1992 read with Regulations 22(1), 22(3), 22(5) and 44 of the SEBI (Foreign Portfolio Investors) Regulations, 2019.

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

https://www.sebi.gov.in/legal/circulars/sep-2026/ease-of-regulatory-compliances-for-fpis-investing-only-in-government-securities_104319.html

MINISTRY OF FINANCE

1. Union Finance Minister meets delegation of bank employees representing different Public Sector Banks (PSBs).

The Union Finance Minister today met with a delegation of bank employees representing different Public Sector Banks (PSBs) led by the Bharatiya Mazdoor Sangh. The delegation raised various issues relating to the banking sector including review of ex-gratia, medical facility for retired employees, revisiting the present structure of Performance Linked Incentive (PLI) Scheme applicable for the employees of PSBs, and other concerns related to employees. The concerns expressed by bank employees were taken cognizance of, and in response to the representation received on the PLI structure, it was decided to keep in abeyance the implementation of the PLI Scheme dated 19.11.2024 for FY 2025–26 and take up the same during the ongoing Bipartite Settlement/ Joint Note discussions. The Government is committed to resolve issues through dialogue, consultation and mutual understanding in the larger interest of bank employees, customers and the banking sector.

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

<https://www.pib.gov.in/PressReleaseDetail.aspx?PRID=2307672®=48&lang=1>

2. Bankers’ Books Evidence Act, 2026 to come into force from 1st October 2026.

The Government has consistently pursued reforms to strengthen the banking and financial sector, promote ease of doing business and modernise the legal and regulatory framework in line with the evolving needs of the economy. With banking practices and technology evolving rapidly, laws governing banking records also need to keep pace with these changes. The Bankers’ Books Evidence Act, 2026, which received the assent of the President on 13th August 2026, replaces the Bankers’ Books Evidence Act, 1891 and provides for a modern framework for the use of banking records as evidence in line with contemporary banking practices. The notification dated 10th September 2026 (Gazette Notification link attached below) appoints 1st October 2026 as the date on which the provisions of the Act will come into force. The Act adopts a technology-neutral approach by recognising banking records maintained in physical, electronic, digital, virtual, cloud-based and other contemporary forms. It also provides for simplified and standardised certification of banking records, including through manual, digital or electronic signatures. Greater clarity has also been provided on

the summoning of bank officials where the bank is not a party to the proceedings, with a “special cause” to be recorded in writing by the Court for such summoning. Further, the Central Government may extend the provisions to specified financial sector entities or classes of entities, allowing the framework to cater to the evolving financial landscape. These reforms reflect the Government’s continued commitment to modernising laws in line with technological advancements and evolving economic needs, promoting ease of doing business and strengthening a modern and efficient financial system.

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

<https://www.pib.gov.in/PressReleaseDetail.aspx?PRID=2309122®=48&lang=1>

RESERVE BANK OF INDIA

1. Reserve Bank of India (Local Area Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Second Amendment Directions, 2026.

On September 11, 2026, the Reserve Bank of India issued the Reserve Bank of India (Local Area Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Second Amendment Directions, 2026, with immediate effect, to incorporate scheduled-bank provisions into the Local Area Banks (LAB) CRR/SLR framework following the inclusion of a LAB in the Second Schedule to the RBI Act, 1934. The amendment introduces an incremental CRR regime under Section 42(1A) of the RBI Act, mandates a phased CRR schedule for scheduled banks (3.75% → 3.5% → 3.25% → 3.0% of NDTL across specified fortnights from September 2025), and requires maintenance of minimum 90% of prescribed CRR on all days of the reporting fortnight so that the fortnightly average meets the target. It further clarifies CRR exemptions (netting of inter-banking system liabilities, ACU balances, market repo borrowings against government securities) and extends an SLR exemption to liabilities under the market-repo category, while tightening penal interest and enforcement provisions—including higher penal rates for daily shortfalls, director/officer liability, and RBI’s power to prohibit fresh deposits upon continuing default. The Directions also refine computation of savings-bank deposit proportions (demand/time split based on March/September positions with daily-product interest) and align terminology and penalty clauses for scheduled LABs under Sections 18 and 24 of the Banking Regulation Act and Section 42 of the RBI Act.

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

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=13697&Mode=0>

2. Reserve Bank of India (Priority Sector Lending – Targets and Classification) Third Amendment Directions, 2026.

By its Reserve Bank of India (Priority Sector Lending – Targets and Classification) Third Amendment Directions, 2026 (issued September 11, 2026, with immediate effect), the RBI has brought forward the cut-off date for ANBC exclusion of advances funded by specified non-resident deposits: the eligibility window for (a) advances against fresh FCNR(B) deposits (3–5 year tenor) and (b) advances against fresh NRE term deposits (3+ years), including renewals, now runs only until August 31, 2026 (earlier September 30, 2026). Consequentially, paragraph 6.1 (Item VI) of the PSL Directions, 2025 stands amended to refer to advances “out of” fresh FCNR(B)/NRE deposits qualifying for CRR/SLR exemption under the RBI’s Fourth Amendment Directions dated August 25, 2026 (earlier Second/Third Amendments of June 8/19, 2026), with the exclusion capped at the fresh outstanding FCNR(B)/NRE deposits actually eligible for such reserve exemptions.

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

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=13698&Mode=0>

3. Sectoral Deployment of Credit by NBFC – July 2026.

Data on sectoral deployment of credit by non-banking financial companies (NBFCs) for the month of July 2026, collected from major NBFCs and housing finance companies (HFCs), are set out in the Statement. On

a year-on-year (y-o-y) basis, NBFCs' credit registered a growth of 14.9 per cent in July 2026 as compared to 10.6 per cent a year ago.

Highlights of the sectoral deployment of credit by NBFCs for the month ended July 31, 2026, are given below:

- Credit to agriculture and allied activities recorded a robust growth of 18.0 per cent (y-o-y) in July 2026 as against 5.4 per cent a year ago.
- Credit to industry grew by 7.4 per cent (y-o-y) in July 2026 as compared with 9.3 per cent in July 2025. Moderation in growth was primarily driven by subdued growth in infrastructure, a major constituent of the segment.
- Credit growth in services sector moderated to 15.2 per cent (y-o-y) in July 2026 from 24.5 per cent a year ago. While credit to 'commercial real estate' marked buoyant expansion, credit growth in 'trade' and 'transport operators' segments witnessed deceleration.
- Retail loans growth accelerated to 21.4 per cent (y-o-y) in July 2026 compared to 13.7 per cent a year ago. Within retail loans, 'housing' and 'loans against gold jewellery' segments displayed accelerated credit growth, while 'vehicle loans' maintained steady growth.

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

https://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=63536

4. RBI imposes monetary penalty on Asset Care & Reconstruction Enterprise Limited.

The Reserve Bank of India (RBI) has, by an order dated September 08, 2026, imposed a monetary penalty of ₹27.30 lakh (Rupees Twenty Seven Lakh Thirty Thousand only) on Asset Care & Reconstruction Enterprise Limited (the company) for non-compliance with certain provisions of the directions issued by RBI on 'Income Recognition'. This penalty has been imposed in exercise of powers conferred on RBI under the provisions of section 12 read with section 30A(1) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. The statutory inspection of the company was conducted by RBI with reference to its financial position as on March 31, 2025. Based on supervisory findings of non-compliance with RBI directions and related correspondence in that regard, a notice was issued to the company advising it to show cause as to why penalty should not be imposed on it for its failure to comply with the said directions. After considering the company's reply to the notice, additional submissions made by it and oral submissions made during the personal hearing, RBI found that the following charge against the company was sustained, warranting imposition of monetary penalty: The company had violated regulatory requirement with respect to charging of management fees. This action is based on deficiencies in regulatory compliance and is not intended to pronounce upon the validity of any transaction or agreement entered into by the company with its customers. Further, imposition of this monetary penalty is without prejudice to any other action that may be initiated by RBI against the company.

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

https://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=63583

5. Premature redemption under Sovereign Gold Bond (SGB) Scheme - Redemption Price for premature redemption of SGB 2019-20 Series X due on September 11, 2026.

In terms of GoI notification F.No. 4(7)-B(W&M)/2019 dated September 30, 2019 (SGB 2019-20 Series X - Issue date March 11, 2020) 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 on September 11, 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 premature redemption due on September 11, 2026, shall be ₹15,328/- (Rupees Fifteen Thousand Three Hundred and Twenty-Eight Only)

per unit of SGB based on the simple average of closing price of gold for the three business days i.e., September 08, September 09, and September 10, 2026.

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

https://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=63569

MINISTRY OF LAW AND JUSTICE

1. Marital Rape Exception: Supreme Court Examines Constitutional Limits.

The Supreme Court is examining whether a husband can be prosecuted for rape for non-consensual sexual intercourse with his adult wife, despite the statutory marital rape exception under the erstwhile Indian Penal Code (IPC) and the corresponding provision under the Bharatiya Nyaya Sanhita (BNS). A Bench comprising Chief Justice of India Surya Kant and Justices Joymalya Bagchi and V. Mohana is hearing petitions challenging the constitutional validity of the exception. The challenge raises fundamental questions concerning consent, bodily autonomy, equality and the scope of judicial review in criminal law. Under the IPC, Exception 2 to Section 375 excluded sexual intercourse by a man with his wife from the definition of rape, subject to the wife's age. The corresponding exception is now contained in Section 63(2) of the BNS. In 2017, the Supreme Court had already held that the exception could not apply to wives below 18 years of age. The present proceedings concern adult wives.

A significant issue before the Court is whether striking down the exception would amount to judicially creating or expanding a criminal offence. Solicitor General Tushar Mehta, appearing for the Centre, submitted that the issue involves complex questions of law and policy and should be addressed by Parliament. The Bench also questioned whether, where Parliament has expressly legislated on the scope of a penal offence, courts should effectively rewrite that provision. The petitioners, however, maintain that they are not asking the Court to create a new offence. Senior Advocate Karuna Nundy argued that rape is already defined in law and that the constitutional challenge is directed at the immunity granted to husbands. The Court must therefore balance two competing principles: Parliament's authority to define criminal offences and the judiciary's constitutional duty to invalidate legislation that violates fundamental rights.

The proceedings also involve an appeal arising from a 2022 Karnataka High Court judgment, which declined to quash rape charges against a husband accused of sexually assaulting his wife. The High Court had made strong observations concerning sexual violence within marriage. The Supreme Court has clarified that it does not wish to prejudge the individual criminal proceedings and will primarily examine the constitutional validity of the marital rape exception.

The Supreme Court has not yet ruled that husbands can be prosecuted or jailed for marital rape. The existing statutory exception continues to operate unless and until it is declared unconstitutional or otherwise altered by Parliament. The central question before the Court is therefore not simply whether marital rape should be criminalised, but whether the judiciary can remove a legislative exception from a penal provision on constitutional grounds, or whether such a change must come from Parliament. The decision will have significant implications for the constitutional principles of consent, equality and bodily autonomy, while also defining the limits of judicial intervention in criminal legislation. Until the Court delivers its judgment, the legal position remains unchanged.

For more information, you can access the article here:

<https://economictimes.indiatimes.com/news/india/can-husband-face-prosecution-for-marital-rape-supreme-court-to-examine-laws/articleshow/134004370.cms>

You may send your suggestions at niyati@asalegal.in

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