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FROM THE GOVERNMENT



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Corporate Laws

01 The Companies (Prospectus and Allotment of Securities) Amendment Rules, 2025

[Issued by the Ministry of Corporate Affairs [E. No. 1/21/2013-CL-V] dated 12.02.2025.]

In exercise of the powers conferred by section 26, sub-section (1) of section 27, section 28, section 29, sub-section (2) of section 31, sub-sections (3) and (4) of section 39, sub-section (6) of section 40 and section 42 read with section 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules further to amend the Companies (Prospectus and Allotment of Securities) Rules, 2014, namely:-

1. (1) These rules may be called the Companies (Prospectus and Allotment of Securities) Amendment Rules, 2025.
(2) They shall come into force on the date of publication in the Official Gazette.
2. In the Companies (Prospectus and Allotment of Securities) Rules, 2014, in rule 9B, in sub-rule (2), after the proviso, the following proviso shall be inserted, namely: -

“Provided further that a private company, other than a Producer company, which is not a small company as on 31st March, 2023, may comply with the provision of this sub-rule by 30th June, 2025.”

BALAMURUGAN D.
Joint Secretary

02 MCA Legal Training Program - Scheme for the engagement of under-graduate law students /fresh law graduates on Pro-bono basis for assisting litigation work at the Ministry headquarters and field offices regarding

[Issued by the Ministry of Corporate Affairs [E. No. ROC-G/Admn ./2025 1895 to 1903] dated 06.02.2025.]

With reference to subject cited above, it is informed that Ministry of Corporate Affairs, New Delhi desires to implement the MCA Legal training program - Scheme for engagement of legal trainees in the Ministry and all offices of Regional Directors (RDs), Registrar of Companies (ROCs) and Official Liquidators (OLs), on Pro-bono basis to provide the valuable first-hand legal exposure to under-graduate law students and fresh law graduates as per the specific terms.

In this connection this office invites the candidature of 4 to 5 legal trainees (mix of fresh law graduates and under

-graduate law students) from desired/eligible students who wants to take part in the legal training at ROC Office Gwalior. Under-graduate law students will be engaged as legal trainees for a total duration of 3 months (comprising of 2 months summer training and 1 month winter training) and fresh law graduates will be engaged for a duration of 1 year as part of the training program as per the following terms.

I. A legal trainee shall carry out the following work-

- (i) Preparation of complete case sheets, including brief history and orders passed, in prosecutions for compoundable/non-compoundable offences pending with this office.
 - (ii) Prepare and maintain an up-to-date status of the stage and age of prosecutions for compoundable/non-compoundable offences pending with this office.
 - (iii) Prepare suggested further course of action for each prosecution for compoundable /non compoundable offences, with the assistance of the legal department of this office.
 - (iv) Besides the aforementioned primary work, legal trainee may assist the legal department of this office in preparation, filing and monitoring of the litigations/prosecutions in this office. This would include, but not be limited to, drafting or fresh complaints, petitions, counter affidavits etc... preparation of brief of each pending case status of service in the matter. Completion of case file and other ancillary tasks.
 - (v) The legal trainee may accompany the prosecutor/concerned officer to the Courts/Tribunals for assistance/observations of proceedings.
 - (vi) Perform the tasks mentioned in (i) to (v) above, for all legal matters of this office before the Hon'ble Supreme Courts/High Courts/Tribunals.
 - (vii) Under no circumstance, a legal trainee would represent this office before any Court/Tribunal but may be permitted to liaise with Government Authorities/Court Staff/Central Agency Section of the Supreme Court/Litigation Section of the High Court/Ld. Counsels/Ld. ASG, after authorization from the Registrar of Companies, M P. Gwalior.
 - (viii) The tasks entrusted to the legal trainees would be carried out under the supervision of senior officers/reporting officers of this office.
2. A Certificate will be issued to each legitimate legal trainee, upon completion of the legal training successfully and subject to submission of final report of the Registrar of Companies, M P, Gwalior on the work performed by each trainee, acknowledging their contribution, under signatures of the Registrar of Companies, M P, Gwalior.

MUKESH KUMAR SONI

Registrar of Companies Madhya Pradesh, Gwalior

Complete details are not published here for want of space. For complete notification readers may log on to www.mca.gov.in

03 Regulatory framework for Specialized Investment Funds ('SIF')

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/IMD/IMD-PoD-1/P/CIR/2025/26 date 27.02.2025]

1. The landscape of investment management in India has significantly evolved over the years, marked by the introduction and development of various investment products. SEBI has adopted a segmented risk-based approach to regulation of these products depending on their complexity, sophistication of target investors, minimum investment size etc.
2. The current range of investment products with varying risk-reward profiles, are intended to meet the investment needs of retail, high net-worth and institutional investors. The regulatory framework and prudential norms governing these investment vehicles become progressively more flexible from Mutual Funds ('MFs') to Portfolio Management Services ('PMS') to Alternative Investment Funds ('AIFs'), in sync with the investment profile and investment size of these products.
3. Over the years, a gap has emerged between MFs and PMS in terms of portfolio flexibility, creating an opportunity for a new investment product. To bridge this gap, the SEBI (Mutual Funds) Regulations, 1996 have been amended to introduce the broad regulatory framework for the new investment product – Specialized Investment Fund (SIF). The amendment notification is available at link.
4. The comprehensive regulatory framework for the Specialized Investment Fund is provided in Annexure A to this circular.
5. This circular shall come into force with effect from April 01, 2025.
6. AMFI shall issue necessary guidelines/standards as required under this circular by March 31, 2025.
7. The Stock Exchanges, Clearing Corporations and Depositories are directed to:
 - 7.1. take necessary steps and put in place necessary systems for the implementation of this circular;
 - 7.2. make necessary amendments to the relevant bye-laws, rules and regulations, wherever applicable, for the implementation of this circular;
 - 7.3. bring the provisions of this circular to the notice of market participants and also disseminate the same on their website.
8. This circular is issued in exercise of the powers conferred by Section 11(1) of the Securities and Exchange Board of India Act, 1992 read with Chapter VI-C of the SEBI (Mutual Funds) Regulations 1996 to protect the interest of investors in securities and to promote the development of, and to regulate the securities market.
9. This circular is available at www.sebi.gov.in under the link "Legal ->Circulars".

PETER MARDI

Deputy General Manager

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04 Timelines for deployment of funds collected by Asset Management Companies (AMCs) in New Fund Offer (NFO) as per asset allocation of the scheme

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/IMD/IMD-PoD-1/P/CIR/2025/23 dated 27.02.2025]

1. With an objective to encourage AMCs to collect only as much funds in NFOs as can be deployed in a reasonable period of time and to discourage any mis-selling of NFOs of the mutual fund schemes, certain amendments to SEBI (Mutual Funds) Regulations, 1996 ('MF Regulations') were carried out and notified through the notification dated February 14, 2025 (link to the Gazette notification). The said amendments shall be applicable from April 01, 2025.
2. Accordingly, in terms of Regulation 35 (5) of MF Regulations, it has been decided that the following shall be ensured in respect of deployment of funds collected by an AMC in an NFO:
 - a) The AMC shall specify achievable timelines in the Scheme Information Document (SID) of a scheme regarding the deployment of the funds as per the specified asset allocation of the scheme and garner funds during the NFO accordingly.
 - b) The AMC shall deploy the funds garnered in an NFO within 30 business days from the date of allotment of units.
 - c) In an exceptional case, if the AMC is not able to deploy the funds in 30 business days, reasons in writing, including details of efforts taken to deploy the funds, shall be placed before the Investment Committee of the AMC.
 - d) The Investment Committee may extend the timeline by 30 business days, while also making recommendations on how to ensure deployment within 30 business days going forward and monitoring the same. The Investment Committee shall examine the root cause for delay in deployment before granting approval for part or full extension. The Investment Committee shall not ordinarily give part or full extension where the assets for any scheme are liquid and readily available.
 - e) Trustees shall monitor the deployment of funds collected in NFO and take steps, as may be required, to ensure that the funds are deployed within a reasonable timeframe.
 - f) In case the funds are not deployed as per the asset allocation mentioned in the SID as per the aforesaid mandated plus extended timelines, AMC shall:
 - i. not be permitted to receive fresh flows in the same scheme till the time the funds are deployed as per the asset allocation mentioned in the SID.

- ii. not be permitted to levy exit load, if any, on the investors exiting such scheme(s) after 60 business days of not complying with the asset allocation of the scheme.
 - iii. inform all investors of the NFO, about the option of an exit from the concerned scheme without exit load, via email, SMS or other similar mode of communication.
 - iv. report deviation, if any, to Trustees at each of the above stages.
- g) The above provisions shall be applicable to all NFOs.
- h) To effectively manage the fund flows in NFO, the fund manager may extend or shorten the NFO period (except for Equity Linked Savings Scheme (ELSS) schemes), based on his view of the market dynamics, availability of assets and his ability to deploy funds collected in NFO. However, the same shall be subject to compliance with Clause 1.10.1 and 1.10.1A of the Master Circular for Mutual Funds dated June 27, 2024. 3. In order to discourage mis-selling of mutual funds schemes by Mutual Fund Distributors, in terms of Regulation 52 (4A) of the MF Regulations, in case of switch transaction to NFO of a regular plan of mutual fund scheme from an existing scheme managed by the same AMC, the AMC shall ensure that the distribution commission paid is lower of the commissions offered under the two schemes of switch transaction. The detailed guidelines in this regard shall be specified by AMFI, in consultation with SEBI.

- 4. This circular shall come into effect from April 1, 2025.
- 5. This circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 read with Regulation 35(5) and 52 (4A) of MF Regulations, to protect the interest of investors in securities and to promote the development of, and to regulate the securities market.
- 6. This circular is available at www.sebi.gov.in under the link "Legal ->Circulars".

PETER MARDI

Deputy General Manager

05 Industry Standards on Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/CFD/CFD-PoD-2/P/CIR/2025/25 dated 25.02.2025]

- 1. In order to facilitate ease of doing business, the Industry Standards Forum ("ISF") comprising of representatives from three industry associations, viz. ASSOCHAM, CII and FICCI, under the aegis of the Stock Exchanges, has formulated industry

standards, in consultation with SEBI, for effective implementation of the requirement to disclose material events or information under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations"). The industry associations which are part of ISF (ASSOCHAM, FICCI, and CII) and the stock exchanges shall publish the industry standards note on their websites.

- 2. The listed entities shall follow the aforesaid industry standards to ensure compliance with Regulation 30 of LODR Regulations.
- 3. The Stock Exchanges are advised to bring the contents of this circular to the notice of their listed entities and ensure its compliance.
- 4. This circular is issued in exercise of the powers conferred under Section 11(1) and 11A of the Securities and Exchange Board of India Act, 1992 read with regulation 101 of LODR Regulations.
- 5. This circular is available on SEBI website at www.sebi.gov.in under the category: 'Legal → Circulars'.

RAJ KUMAR DAS

Deputy General Manager

06 Opening of Demat Account in the name of Association of Persons

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/MRD/PoD1/CIR/P/2025/24 dated 25.02.2025]

- 1. SEBI had received representations to permit opening of demat accounts directly in the name of Association of Persons (AoP).
- 2. Upon examination of the relevant legal provisions and after detailed deliberations with stakeholders, to foster and ensure ease of doing business, it has been decided to allow opening of demat account in the name of the AoP for holding securities, such as units of mutual funds, corporate bonds and Government Securities in demat account.
- 3. In view of the above, paragraph 1.2.6.A. titled "Opening of Demat Account in the name of Association of Persons (AoP)" shall be inserted after paragraph 1.2.6 of Section 1 of the Master Circular for Depositories dated December 03, 2024:

"1.2.6.A Apart from opening of demat account by AoP in the name of natural persons as provided in paragraph 1.2.6, an AoP may also open a Demat account in its own name for holding units of mutual funds, corporate bonds and Government Securities in dematerialized form, subject to the following conditions:

1.2.6.A.1 AoP shall be responsible for ensuring that it only subscribes to the financial instrument/ securities that are permitted by statutes governing the constitution of AoP.

1.2.6.A.2 The PAN Card details of the AoP and the Principal Officer of the AoP shall be obtained.

Explanation: For this purpose, "Principal Officer" with reference to AoP means the secretary, treasurer, manager or agent or any person connected with the management or administration of the AoP.

1.2.6.A.3 While opening a demat account in the name of the AoP, the Depository Participants shall seek confirmation from the AoP with respect to the following:

1.2.6.A.3.1 The AoP holds only such securities in dematerialized form as permitted by the statutes governing its constitution.

1.2.6.A.3.2 The demat account is not be used for subscribing / holding equity shares.

1.2.6.A.4 In case of any dispute, the Principal Officer of the AoP shall be treated as the legal representative of the AoP.

1.2.6.A.5 At all times, members of the AoP shall be jointly and severally liable on behalf of the AoP."

4. The Depositories are advised to:
 - 4.1 take necessary steps and put in place necessary systems for implementation of the above;
 - 4.2 make amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision, as may be applicable/necessary; and
 - 4.3 bring the provisions of this circular to the notice of market participants (including investors) and also to disseminate the same on their respective websites.
5. Applicability: The provisions of this circular shall be effective from June 02, 2025.
6. This circular is issued in exercise of the powers conferred upon SEBI under Section 11 (1) of the Securities and Exchange Board of India Act, 1992 read with Section 26(3) of the Depositories Act, 1996 and Regulations 59 and 97 of SEBI (Depositories and Participants) Regulations, 2018, to protect the interests of investors in securities and to promote the development of and to regulate the securities market.
7. This circular is available on SEBI website at www.sebi.gov.in under the categories "Legal → Circulars".

NEETIKA RAJPAL

Deputy General Manager

07 Investor Charter for Stock Brokers

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/MIRSD/MIRSD-PoD1/P/CIR/2025/22 dated 21.02.2025]

1. SEBI, vide Circular no. SEBI/HO/MIRSD/DOP/P/CIR/2021/676 dated December 02, 2021 (hereinafter mentioned as 'Circular') and Clause 75 of Master

Circular for Stock Brokers dated August 09, 2024 (hereinafter mentioned as 'Master Circular'), inter alia, issued Investor charter for stock brokers.

2. In a move to enhance financial consumer protection alongside enhanced financial inclusion and financial literacy and in view of the recent developments in the securities market including introduction of Online Dispute Resolution (ODR) platform and SCORES 2.0, it has been decided to modify the investor charter for stock brokers.
3. In view of the above and based on consultation with Brokers' Industry Standards Forum (ISF), updated investor charter for stock brokers is placed at Annexure A.
4. In this regard, Stock Exchanges are directed to advise Stock Brokers to bring the Investor Charter for Stock Brokers to the notice of their clients (existing as well as new clients) through disclosing the Investor Charter on their respective websites, making them available at prominent places in the office, provide a copy of Investor Charter as a part of account opening kit to the clients, through e-mails/ letters etc.
5. Additionally, in order to ensure transparency in the Investor Grievance Redressal Mechanism, all the Stock Brokers shall continue to disclose on their respective websites, the data on complaints received against them or against issues dealt by them and redressal thereof, latest by 7th of succeeding month, as per the format enclosed at Annexure 'B' to this circular.
6. The provisions of this circular shall come into force with immediate effect.
7. With the issuance of this circular, SEBI, Circular. SEBI/HO/MIRSD/DOP/P/CIR/2021/676 dated December 02, 2021 stands rescinded and Clause 75 of Master Circular for Stock Brokers dated August 09, 2024 stands amended as per this circular.
8. Stock Exchanges are hereby directed to bring the provisions of this circular to the notice of the stock brokers.
9. This circular is issued in exercise of powers conferred under Section 11(1) of Chapter IV of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities markets and shall come into effect from the date of this circular.
10. This circular is available on SEBI website at www.sebi.gov.in under the category: 'Legal → Circulars'

SUDEEP MISHRA

General Manager

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08 Clarification regarding Investor Education and Awareness Initiatives

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/IMD/PoD1/P/CIR/2025/21 dated 20.02.2025]

- Chapter 10 of the SEBI Master Circular dated June 27, 2024 on Mutual Funds ("Master Circular"), which specifies the provisions for loads, fees, charges and expenses charged by Mutual Fund schemes, inter alia requires AMCs to annually set apart at least 2 basis point on daily net assets within the maximum limit of total expense ratio, as per regulation 52 of SEBI (Mutual Fund) Regulations, 1996, for investor education and awareness initiatives.
- In this regard, it is clarified that initiatives under 'Investor Education and Awareness' include financial inclusion initiatives, as may be approved by SEBI from time to time.
- This circular is issued in exercise of the powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, read with the provision of Regulations 52 of SEBI (Mutual Funds) Regulations, 1996 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
- This Circular is available at www.sebi.gov.in under the link "Legal ---Circulars".

PETER MARDI
Deputy General Manager

09 Most Important Terms and Conditions (MITC) for Research Analysts

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/20 dated 17.02.2025]

- In terms of Regulation 24(6) of the SEBI (Research Analysts) Regulations, 2014, ('RA Regulations') an RA is required to disclose the terms and conditions of research services to the clients and take consent of the clients thereon. SEBI, vide Circular no. SEBI/HO/MIRSD/ MIRSD-PoD-1/P/CIR/2025/004 dated January 08, 2025 has inter alia specified the minimum mandatory terms and conditions to be disclosed by RA. Vide the above Circular, SEBI has also specified that the terms and conditions shall include the Most Important Terms and Conditions ('MITC') to be disclosed by RAs and the same shall be standardized by Industry Standards Forum ('ISF') in consultation with RAASB and SEBI.
- In view of the above, the MITC for the services of RAs, as standardized by the Industry Standards Forum ('ISF') for Research Analysts in consultation with RAASB and SEBI is placed at Annexure A.
- For existing clients, the MITC shall be informed by the RAs to their clients via email or any other suitable

mode of communication (which can be preserved) by June 30, 2025.

- RAs shall incorporate the MITC into the 'Terms and Conditions' of providing research services and shall disclose the 'Terms and Conditions' to the clients and take consent thereon, in terms of Clause 2 (xii) of the SEBI Circular no. SEBI/HO/MIRSD/ MIRSD-PoD-1/P/CIR/2025/004 dated January 08, 2025.
- The provisions of this circular shall come into force with immediate effect.
- This circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 read with Regulation 24 (6) of the RA Regulations to protect the interests of investors in securities market and to promote the development of, and to regulate the securities markets.
- This circular is available on SEBI website at www.sebi.gov.in under the category: 'Legal → Circulars'

ARADHANA VERMA
General Manager

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10 Most Important Terms and Conditions (MITC) for Investment Advisers

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/19 dated 17.02.2025]

- In terms of Regulation 19(1) (d) of the SEBI (Investment Advisers) Regulations, 2013 ('IA Regulations'), an Investment Adviser ('IA') is required to enter into an investment advisory agreement with its client. SEBI, vide Circular no. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2025/003 dated January 08, 2025 has inter alia specified that the investment advisory agreement shall also include the Most Important Terms and Conditions ('MITC') to be disclosed by IA and the same shall be standardized by Industry Standards Forum ('ISF') in consultation with IAASB and SEBI.
- In view of the above, the MITC for the services of IAs, as standardized by the ISF for Investment Advisers in consultation with IAASB and SEBI is placed at Annexure A.
- For existing clients, the MITC shall be informed by the IAs to the clients via email or any other suitable mode of communication (which can be preserved) by June 30, 2025. For investment advisory agreements entered by IA with clients after the date of this circular, IAs shall incorporate the MITC into the investment advisory agreement and shall disclose and take consent from clients in the manner specified in the Clause 2 (xi) of the SEBI Circular no. SEBI/HO/MIRSD/ MIRSD-PoD-1/P/CIR/2025/003 dated January 08, 2025.

4. The provisions of this circular shall come into force with immediate effect.
5. This circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 read with Regulation 19 (1) (d) of the IA Regulations to protect the interests of investors in securities market and to promote the development of, and to regulate the securities markets.
6. This circular is available on SEBI website at www.sebi.gov.in under the category: 'Legal → Circulars'

ARADHANA VERMA

General Manager

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

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/CFD/CFD-PoD-2/P/CIR/2025/18 dated 14.02.2025]

1. Regulation 23(2), (3) and (4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations") require related party transactions ("RPTs") to be approved by the audit committee and by the shareholders, if material. Part A and Part B of Section III-B of SEBI Master Circular dated November 11, 2024¹ ("Master Circular") specify the information to be placed before the audit committee and shareholders, respectively, for consideration of RPTs.
2. In order to facilitate uniform approach and assist listed entities in complying with the above mentioned requirements, the Industry Standards Forum ("ISF") comprising of representatives from three industry associations, viz. ASSOCHAM, CII and FICCI, under the aegis of the Stock Exchanges, has formulated industry standards, in consultation with SEBI, for minimum information to be provided for review of the audit committee and shareholders for approval of RPTs. The industry associations which are part of ISF (ASSOCHAM, FICCI, and CII) and the stock exchanges shall publish the industry standards on their websites.
3. The listed entities shall follow the aforesaid industry standards to ensure compliance with Part A and Part B of Section III-B of the Master Circular read with Regulation 23(2), (3) and (4) of LODR Regulations.
4. Section III-B of the Master Circular shall stand modified as given below:
 - 4.1. Paragraph 4 under Part A of Section III-B shall stand substituted by the following paragraph:

"The listed entity shall provide the audit committee with the information as specified in the Industry Standards on "Minimum information

to be provided for review of the audit committee and shareholders for approval of a related party transaction", while placing any proposal for review and approval of an RPT."

- 4.2. Paragraph 6 under Part B of Section III-B shall stand substituted by the following paragraph:

"The notice being sent to the shareholders seeking approval for any RPT shall, in addition to the requirements under the Companies Act, 2013, include the information as part of the explanatory statement as specified in the Industry Standards on "Minimum information to be provided for review of the audit committee and shareholders for approval of a related party transaction"."

5. This circular shall come into effect from April 1, 2025.
6. The Stock Exchanges are advised to bring the contents of this circular to the notice of their listed entities and ensure its compliance.
7. This circular is issued in exercise of the powers conferred under Section 11(1) and 11A of the Securities and Exchange Board of India Act, 1992 read with regulation 101 of LODR Regulations.
8. This circular is available on SEBI website at www.sebi.gov.in under the category: 'Legal → Circulars'.

RAJ KUMAR DAS

Deputy General Manager

12 Revised timelines for issuance of Consolidated Account Statement (CAS) by Depositories

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/MRD/PoD1/CIR/P/2025/16 dated 14.02.2025]

1. Para 1.24 of Chapter 1 of SEBI Master Circular for Depositories dated December 3, 2024 ("Master Circular") prescribes the modalities for issuance of 'Consolidated Account Statement (CAS) for all securities assets'.
2. In terms of the requirements specified under Para 1.24.5 of the Master Circular, CAS is required to be generated on a monthly basis. The AMCs /MF-RTAs are required to provide the data with respect to the common PANs to the depositories within three days from the month end, pursuant to which, the depositories are required to consolidate and dispatch the CAS within ten days from the month end.
3. Pursuant to representations received from Depositories and Mutual Fund - Registrar and Transfer Agents (MF-RTAs) and to enhance ease of compliance with the timelines, it has been decided to rationalize the timelines for issuance of CAS. Accordingly, based on discussions held with MF-RTAs and Depositories, it has been decided that AMCs/ MF-RTAs shall send the monthly common PAN data to Depositories on or before the fifth (5th) day from the month end. The Depositories, in turn,

shall consolidate and dispatch the monthly CAS to investors that have opted for delivery via electronic mode (e-CAS) by the twelfth (12th) day from the month end and to investors that have opted for delivery via physical mode by the fifteenth (15th) day from the month end.

4. Further, in respect of half yearly CAS, it has been decided that the AMCs/MF-RTAs shall provide the data with respect to the common PANs to the depositories on or before eighth (8th) day of April and October every year. The depositories shall then consolidate and dispatch the CAS to investors that have opted for e-CAS on or before the eighteenth (18th) day of April and October and to investors that have opted for delivery via physical mode by the twenty first (21st) day of April and October.

5. In view of the above, Para 1.24.5 of the Master Circular stands revised as under:

The CAS shall be generated on a monthly basis. The AMCs /MF-RTAs shall provide the data with respect to the common PANs to the depositories within five (5) days from the month end. The depositories shall then consolidate and dispatch the CAS to investors that have opted for delivery via electronic mode, within twelve (12) days from the month end and to investors that have opted for delivery via physical mode, within fifteen (15) days from the month end.

6. Further, Para 1.24.12 of the Master Circular stands revised as under:

If there is any transaction in any of the demat accounts of the investor or in any of his mutual fund folios, then CAS shall be sent to that investor through email on monthly basis. In case there is no transaction in any of the mutual fund and demat accounts then CAS with holding details shall be sent to the investors by email on half yearly basis. In respect of half-yearly CAS, the AMCs/MF-RTAs shall provide the data with respect to the common PANs to the depositories on or before eighth(8th) day of April and October every year. The depositories shall then consolidate and dispatch the CAS to investors that have opted for delivery via electronic mode, on or before the eighteenth (18th) day of April and October and to investors that have opted for delivery via physical mode, on or before the twenty-first (21st) day of April and October. However, where an investor does not wish to receive CAS through email, option shall be given to the investor to receive the CAS in physical form at the address registered with the Depositories and the AMCs/MF-RTAs.

7. The circular shall be effective from May 14, 2025.

8. The Depositories are directed to:

- 8.1 make amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision, as may be applicable/necessary;

- 8.2 to carry out system changes, if any, to implement the above;

- 8.3 disseminate the provisions of this circular on their website;

- 8.4 communicate to SEBI, the status of implementation of the provisions of this circular in their Monthly Development Report.

9. This circular is issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992 read with read with Section 26(3) of the Depositories Act, 1996 and Regulation 97 of SEBI (Depositories and Participants) Regulations, 2018, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
10. The circular is issued with approval of the competent authority.
11. The circular is available on SEBI website at www.sebi.gov.in under the category "Legal" → "Circulars".

NEETIKA RAJPAL

Deputy General Manager

13 Relaxation in timelines for holding AIFs' investments in dematerialised form

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/AFD/PoD-1/P/CIR/2025/17 dated 14.02.2025]

1. SEBI (Alternative Investment Funds) Regulations, 2012 ("AIF Regulations") have been amended and notified on January 05, 2024, with respect to AIFs holding their investments in dematerialised form.
2. Subsequently, SEBI Circular dated January 12, 2024 [subsumed subsequently in Chapter 21 of Master Circular for AIFs dated May 07, 2024 ("Master Circular")] prescribed timelines for AIFs with respect to holding their investments in dematerialised form.
3. In this regard, it has been decided to relax the aforesaid timelines, and accordingly relevant provisions of Para 21 of the Master Circular stand modified as under:

21.1. *Any investment made by an AIF on or after July 01, 2025 shall be held in dematerialised form only, irrespective of whether the investment is made directly in the investee company or is acquired from another entity.*

21.2. *The investments made by an AIF prior to July 01, 2025 are exempted from the requirement of being held in dematerialised form, except in the following cases:*

21.2.1. *Investee company of the AIF has been mandated under applicable law to facilitate dematerialisation of its securities;*

21.2.2. *The AIF, on its own, or along with other SEBI registered intermediaries/entities which*

are mandated to hold their investments in dematerialised form, exercises control over the investee company.

For the purpose of the aforesaid clause, the definition of 'control' shall be construed with reference to Regulation 2(1)(f) of AIF Regulations.

- 21.3. *The investments made by an AIF prior to July 01, 2025 which are covered under conditions as specified in Para 21.2.1 and Para 21.2.2 above, shall be held in dematerialised form by the AIF on or before October 31, 2025.*
- 21.4. *The aforesaid requirement of holding investments in dematerialised form shall not be applicable to:*
 - 21.4.1. *Scheme of an AIF whose tenure (not including permissible extension of tenure) ends on or before October 31, 2025;*
 - 21.4.2. *Scheme of an AIF which is in extended tenure as on February 14, 2025.*
4. The trustee/sponsor of AIF, as the case may be, shall ensure that the 'Compliance Test Report' prepared by the manager in terms of Chapter 15 of the master circular for AIFs, includes compliance with the provisions of this circular.
5. The provisions of this circular shall come into force with immediate effect.
6. This circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 read with Regulation 15(1)(i) and Regulation 36 of AIF Regulations, 2012 to protect the interests of investors in securities and to promote the development of, and to regulate the securities markets.
7. The circular is available on SEBI website at www.sebi.gov.in under the categories "Legal framework -Circulars" and "Info for - Alternative Investment Funds".

SANJAY SINGH BHATI
Deputy General Manager

14 **Service platform for Investors to Trace Inactive and Unclaimed Mutual Fund folios- MITRA (Mutual Fund Investment Tracing and Retrieval Assistant)**

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/IMD/IMD-SEC-3/P/CIR/2025/15 dated 12.02.2025]

1. Over a number of years, Mutual Fund investors sometimes lose track of their investments considering investments might have been made in physical form with bare minimum KYC details. The investments in open-ended growth option mutual fund schemes may remain invested perpetually until and unless investor/ his nominee/legal heir approaches the concerned

AMC for redemption/transfer/transmission. Due to non-availability of PAN, email ID or valid address it is also possible that these MF folios may not appear in the unitholder's Consolidated Account Statement. Thus, inactivity in Mutual Fund folios could be on account of the investor losing track of his/her investment, demise etc. Such inactive folios may become susceptible to fraudulent redemptions.

2. In order to address the aforesaid concerns, MITRA platform is developed by the RTAs to provide investors with a searchable database of inactive and unclaimed Mutual Fund folios at an industry-level which will empower the investors in following manner:
 - 2.1. Enable investors to identify the overlooked investments or any investments made by any other person for which he/she may be rightful legal claimant;
 - 2.2. Encourage investors to do KYC as per the current norms thus reducing the number of non-KYC compliant folios;
 - 2.3. The MITRA platform will lead to reduction in the unclaimed Mutual Fund folios;
 - 2.4. Contribute towards building a transparent financial ecosystem and will be reliable medium for investors to find their inactive and unclaimed Mutual Fund investments;
 - 2.5. Build and incorporate mitigants against fraud risk.

Criterion for classifying a Mutual Fund folio as inactive

3. An inactive folio shall be defined as "Mutual Fund Folio(s) where no investor initiated transaction/s (financial and non-financial) have taken place in the last 10 years but unit balance is available".
4. Thus, the inactive folios will include those folios where the investor might have remained invested in an open ended scheme and has either chosen not to redeem or simply might have lost track of the investment. There is no consequence for those folios appearing in the platform where the unitholder is aware of the investment and has chosen to remain invested. The objective of the platform is to encourage the investors to search for forgotten MF investments and update KYC as per the current norms.

Details of the MITRA Platform

5. The MITRA platform will be hosted jointly by the two Qualified RTAs (QRTAs) viz. Computer Age Management Services Limited (CAMS) and KFINT Technologies Limited as agents of AMCs and available through a link on the website of MF Central, AMCs, AMFI, the two QRTAs and SEBI.
6. The cyber security and cyber resilience framework as applicable to QRTAs in terms of SEBI Master Circular on Mutual Funds dated June 27, 2024 shall be applicable to the MITRA platform.

7. The QRTAs are jointly and severally responsible for compliance with all the applicable regulations including system audit and cyber security audit. Further, the QRTAs shall ensure that the platform complies with the guidelines for Business Continuity Plan (BCP) and Disaster Recovery (DR) specified by SEBI from time to time to MIIs.
8. AMCs, QRTAs, RIAs, AMFI and Mutual Fund Distributors are advised to create awareness about this initiative amongst the investors.
9. The QRTAs shall make the MITRA platform operational within 15 working days of issuance of the circular. Beta version shall be launched for 2 months.
10. Any RTA providing its services to Mutual Fund(s), subsequent to issuance of this circular, shall follow the guidelines specified in this circular or amendments thereto as may be intimated by SEBI from time to time.

PRIYANKA MAHAPATRA
General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.sebi.gov.in

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

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/14 dated 11.02.2025]

1. Reserve Bank of India vide its notification dated February 07, 2025 permitted access of SEBI-registered non-bank brokers to Negotiated Dealing System-Order Matching (NDS-OM) through Master Direction - Reserve Bank of India (Access Criteria for NDS-OM) Directions, 2025.
2. In order to facilitate SEBI-registered stock brokers to participate in Government Securities (G-Secs) market in the NDS-OM, it has been decided that they may do so under a Separate Business Unit (SBU) of the stock broking entity itself, in the manner specified herewith.
3. The matters related to policy, eligibility criteria, risk management, investor grievances, inspection, enforcement, claims etc. for stock brokers to transact on NDS-OM would be specified under the regulatory framework issued by the respective regulatory authority and all activities of the business unit of stock broker facilitating trading on NDS-OM would be under the jurisdiction of that regulatory authority.
4. In pursuance of the above regulatory jurisdiction, to demarcate the regulatory obligations and to ring fence the activities of the stock brokers and its NDS-OM activities, some of the key safeguards are being prescribed as under:
 - 3.1 Stock brokers shall ensure that activities of the NDS-OM under a SBU are segregated

and ring-fenced from the securities market related activities of the stock broker and arms-length relationship between these activities are maintained;

- 3.2 Such SBU shall be exclusively engaged in activities of transacting on NDS-OM only;
- 3.3 Stock brokers shall prepare and maintain a separate account for the SBU on arms-length basis;
- 3.4 The net worth of the SBU shall be kept segregated from the net worth of the stock broker in the securities market. Net worth criteria for stock broker shall be satisfied after excluding account of the SBU.
5. As the activities of the SBU shall be under the jurisdiction of another regulatory authority, Grievance Redressal Mechanism and Investor Protection Fund (IPF) of the stock exchanges and SCORES shall not be available for investors availing the services of the SBU.
6. This circular is issued in exercise of powers conferred under Section 11(1) of Chapter IV of the Securities and Exchange Board of India Act, 1992, read with regulation 30 of the SEBI (Stock Brokers) Regulations 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities markets.
7. This circular is available on SEBI website at www.sebi.gov.in under the category: 'Legal → Circulars'.

ARADHANA VERMA
General Manager

16 **Safer participation of retail investors in Algorithmic trading**

[Issued by the Securities and Exchange Board of India vide Circular SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/0000013 dated 04.02.2025]

1. SEBI, vide circular no. CIR/MRD/DP/09/2012 dated March 30, 2012, provided broad guidelines on Algorithmic Trading ("Algo" - orders generated using automated execution logic). Thereafter, SEBI has introduced measures to strengthen controls around Algorithmic Trading.
2. Algo trading provides significant advantages of timed and programmed order execution. At present, there are mechanisms such as Direct Market Access Facility, which enable institutional investors to trade through Algorithms.
3. There has been an increasing demand for algo trading by retail investors. In order to facilitate safer participation of retail investors in algo trading, with Stock Brokers (hereinafter referred to as "Brokers") and Stock Exchanges (hereinafter referred to as "Exchanges") playing the required roles in risk management, it has been decided to review and refine the existing regulatory framework to ensure proper

checks and balances, to safeguard investor interest as well as integrity of the market.

4. The regulatory environment envisaged is aimed at spelling out the rights and responsibilities of the main stakeholders of the trading ecosystem i.e. investors, brokers, algo providers/vendors and Market Infrastructure Institutions (MIIs), so that the retail investors are enabled to avail algo facilities with requisite safeguards.
5. SEBI had issued a discussion paper dated December 09, 2021 on “Algorithmic Trading by Retail Investors”, on the use of API access and automation of trades using the same. Further, SEBI had extensive discussions with the Exchanges, Brokers and Algo Providers. The proposal was also discussed in the meeting of the Intermediary Advisory Committee and with the Broker’s Industry Standards Forum (ISF), which comprises of industry representatives. Accordingly, after extensive deliberations, the following regulatory framework is being proposed to facilitate safer participation of retail investors in Algorithmic trading through brokers -

I. Use of Application Programming Interface (API) for Algo trading

- a) For the purpose of provision of algo trading through APIs, brokers shall be the principal while any algo provider or fintech/vendor (hereinafter referred to as “Algo Provider”) shall act as its agent, while using the API provided by the broker.
- b) All algo orders originating/flowing through Application Programming Interface (API) extended by brokers to algo providers, shall be tagged with a unique identifier provided by Stock Exchange.
- c) Algos developed by tech-savvy retail investors themselves, using programming knowledge, shall also be registered with the Exchange, through their broker, only if they cross the specified order per second threshold². Further, the same registered Algo shall be permitted to be used by such retail investors for their family (but not for other investors). ‘Family’ for this purpose would mean self, spouse, dependent children and dependent parents.
- d) Brokers shall:
 - ensure that they have systems and procedures in place to detect/identify and categorize all orders above the specified threshold as algo orders;
 - not permit open APIs and allow access only through a unique vendor client specific API key and static IP whitelisted by the broker to ensure identification and traceability of the algo provider and the end user (i.e. investor);

- have OAuth (Open Authentication)³ based authentication only and all other authentication mechanisms shall be discontinued;
- authenticate access to API through two factor authentication;
- deal with empaneled algo providers only and handle all related complaints, as such algo providers are agents of such broker.

ARADHANA VERMA

General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.sebi.gov.in

17 Implementation of Section 51A of UAPA, 1967: Updates to UNSC’s 1267/1989 ISIL (Da’esh) & Al-Qaida Sanctions List: Amendments in 01 Entry

[Issued by the Reserve Bank of India vide RBI/2024-25/121 DOR.AML.REC.64/14.06.001/2024-25 dated 27.02.2025]

Please refer to paragraph 51 of the RBI’s Master Direction on Know Your Customer dated February 25, 2016 as amended on November 06, 2024 (MD on KYC), in terms of which “Regulated Entities (REs) shall ensure that in terms of Section 51A of the Unlawful Activities (Prevention) (UAPA) Act, 1967 and amendments thereto, they do not have any account in the name of individuals/entities appearing in the lists of individuals and entities, suspected of having terrorist links, which are approved by and periodically circulated by the United Nations Security Council (UNSC).”

2. In this connection, Ministry of External Affairs (MEA), Government of India has informed about the UNSC press release SC/16003 dated February 21, 2025 wherein the Security Council Committee pursuant to resolutions 1267 (1999), 1989 (2011) and 2253 (2015) concerning ISIL (Da’esh), Al-Qaida and associated individuals, groups, undertakings and entities, removed the entry below from the ISIL (Da’esh) and Al-Qaida Sanctions List after the Committee concluded its consideration of the de-listing request for this name submitted through the Office of the Ombudsperson established pursuant to Security Council resolution 1904 (2009), and of the Comprehensive Report of the Ombudsperson on this de-listing request. The assets freeze, travel ban and arms embargo set out paragraph 1 of Security Council resolution 2734 (2024) and adopted under Chapter VII of the Charter of the United Nations accordingly no longer apply to the entry.

A. Individuals

QDi.095 Name: 1: LIONEL 2: DUMONT 3: na 4: na

Title: na **Designation:** na **DOB:** 29 Jan. 1971 **POB:** Roubaix, France **Good quality a.k.a.:** a) Jacques Brougere b) Abu Hamza c) Di Karlo Antonio d) Merlin Oliver Christian Rene e) Arfauni Imad Ben Youssef Hamza f) Imam Ben Yussuf Arfaj g) Abou Hamza h) Arfauni Imad Low quality a.k.a.:

- a) Bilal b) Hamza c) Koumkal d) Kumkal e) Merlin
f) Tinet g) Brugere h) Dimon

Nationality: France Passport no: na National identification no: na

3. In accordance with paragraph 58 of resolution 2610 (2021), the Committee has made accessible on its website the narrative summaries of reasons for listing of the above entries at the following

URL: www.un.org/securitycouncil/sanctions/1267/aq_sanctions_list/summaries.

4. Press release dated February 21, 2025 regarding the above can be found at <https://press.un.org/en/2025/sc16003.doc.htm>

Further, the UNSC press releases concerning amendments to the list are available at

URL: <https://www.un.org/securitycouncil/sanctions/1267/press-releases>

5. The details of the sanction measures and exemptions are available at the following

URL: https://www.un.org/securitycouncil/sanctions/1267#further_information

6. In view of the above, REs are advised to take appropriate action in terms of Para 51 of the MD on KYC and strictly follow the procedure as laid down in the UAPA Order dated February 02, 2021 (amended on April 22, 2024) annexed to the MD on KYC.

7. Updated lists of individuals and entities linked to ISIL (Da'esh), Al-Qaida and Taliban are available at: www.un.org/securitycouncil/sanctions/1267/aq_sanctions_list <https://www.un.org/securitycouncil/sanctions/1988/materials>

8. Further, as per the instructions from the Ministry of Home Affairs (MHA), any request for de-listing received by any RE is to be forwarded electronically to Joint Secretary (CTCR), MHA for consideration. Individuals, groups, undertakings or entities seeking to be removed from the Security Council's ISIL (Da'esh) and Al-Qaida Sanctions List can submit their request for delisting to an independent and impartial Ombudsperson who has been appointed by the United Nations Secretary-General. More details are available at the following

URL: <https://www.un.org/securitycouncil/ombudsperson/application>

9. REs are advised to take note of the aforementioned UNSC communications and ensure meticulous compliance.

VEENA SRIVASTAVA
Chief General Manager

18 Exposures of Scheduled Commercial Banks (SCBs) to Non-Banking Financial Companies (NBFCs) – Review of Risk Weights

[Issued by the Reserve Bank of India vide RBI/2024-25/120 DOR.STR. REC.61/21.06.001/2024-25 dated 25.02.2025]

In terms of Paragraph 2.B of the circular 'Regulatory measures towards consumer credit and bank credit to NBFCs' dated November 16, 2023, the risk weight on the exposures of SCBs to NBFCs¹ was increased by 25 percentage points (over and above the risk weight associated with the given external rating) in all cases where the extant risk weight as per external rating of NBFCs was below 100 percent.

- On a review, it has been decided to restore the risk weights applicable to such exposures and the same shall be as per the external rating, as specified in Paragraph 5.8.1 of the 'Master Circular – Basel III Capital Regulations' dated April 1, 2024², as amended from time to time.
- The above instructions shall come into effect from April 01, 2025. All other instructions of the circulars ibid remain unchanged.

VAIBHAV CHATURVEDI
Chief General Manager

19 Review of Risk Weights on Microfinance Loans

[Issued by the Reserve Bank of India vide RBI/2024-25/119 DOR.CRE. REC.63/21.06.001/2024-25 dated 25.02.2025]

- Commercial Banks (including Small Finance Banks but excluding Regional Rural Banks and Local Area Banks)**

In terms of para 5.9.1 of 'Master Circular on Basel III – Capital Regulations' dated April 01, 2024¹, as amended from time to time, claims (including both fund-based and non-fund based) that meet all the four criteria listed in paragraph 5.9.3 of the Master Circular ibid may be considered as retail claims for regulatory capital purposes and included in a regulatory retail portfolio (RRP), attracting a risk weight of 75 percent. Para 5.9.2 of the Master Circular ibid disallows certain claims like consumer credit, including personal loans from being categorised under RRP.

- Further, in terms of circular 'Regulatory measures towards consumer credit and bank credit to NBFCs' dated November 16, 2023, risk weights on consumer credit, including personal loans, but excluding housing loans, education loans, vehicle loans and loans secured by gold and gold jewellery, was increased to 125 percent. On a review, it has been decided that microfinance loans in the nature of consumer credit shall also be excluded from the applicability of higher risk weights specified in the circular ibid and shall accordingly, be subject to a risk weight of 100 percent.

3. It is further clarified that microfinance loans which are not in the nature of consumer credit and fulfil all the four criteria specified in para 5.9.3 of the Master Circular *ibid*, may be classified under RRP provided that the banks put in place appropriate policies and standard operating procedures to ensure fulfilment of the qualifying criteria.

II. Regional Rural Banks (RRBs) and Local Area Banks (LABs)

4. All microfinance loans extended by RRBs and LABs shall attract a risk weight of 100 percent.
5. The above instructions shall be applicable from the date of issue of this circular in respect of outstanding as well as new microfinance loans. All other instructions of the circulars *ibid* remain unchanged.
6. The above instructions have been issued in exercise of the powers conferred by Sections 21 and 35A of the Banking Regulation Act, 1949.

VAIBHAV CHATURVEDI
Chief General Manager

20 Review and Rationalization of Prudential Norms - UCBs

[Issued by the Reserve Bank of India vide RBI/2024-25/118 DOR.CRE.REC.62/07.10.002/2024-25 dated 24.02.2025]

Reserve Bank has, from time to time, prescribed various prudential norms for Urban Co-operative Banks (UCBs) for enhancing their financial soundness and resilience. Some of these prudential norms have been issued with a view to reducing credit concentration risk, reducing exposures to sensitive sectors, and enhancing provisioning requirements for relatively riskier exposures. These norms, *inter alia*, include the stipulations relating to small value loans, exposure ceilings on housing and real estate loans, and provisioning requirements for investment in Security Receipts (SRs).

2. With a view to rationalizing these norms, and thereby allowing greater operational flexibility to UCBs without diluting the regulatory objectives, the above prudential norms have been reviewed. The revised instructions are given in the following paragraphs.

A. Small Value Loans

3. In terms of circular DOR (PCB).BPD.Cir No.10/13.05.000/2019-20 dated March 13, 2020, as revised vide circular DOR.CRE.REC.28/07.10.002/2024-25 dated July 25, 2024, UCBs are required to follow the prescribed glidepath to have at least 50 percent of their aggregate loans and advances comprising of small value loans – i.e., loans of value not more than ₹25 lakh or 0.2 percent of their Tier I capital, whichever is higher, subject to a maximum of ₹1 crore per borrower – by March 31, 2026.
4. On a review, it has been decided to revise the definition of small value loans as loans of value not more than ₹25 lakh or 0.4 percent of their Tier I capital, whichever is

higher, subject to a ceiling of ₹3 crore per borrower. All other conditions, as well as the timelines and the intermediate targets remain unchanged. Boards of UCBs, however, shall periodically review the portfolio behaviour and quality under different loan-size categories and where necessary, may consider fixing lower ceilings.

VAIBHAV CHATURVEDI
Chief General Manager

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21 Reserve Bank of India (Forward Contracts in Government Securities) Directions, 2025

[Issued by the Reserve Bank of India vide RBI/2024-25/117 FMRD.DIRD.16/14.03.042/2024-25 dated 21.02.2025]

Please refer to press release dated December 28, 2023, regarding issuance of draft Directions on Bond Forwards for public feedback.

2. Based on the feedback received from the market participants, the draft Directions have been finalised and the Reserve Bank of India (Forward Contracts in Government Securities) Directions, 2025, are being issued herewith. Necessary amendments to the Gazette Notification (S.O. 2192 (E) dated 8th January 2010) have been notified in the Official Gazette vide Gazette Id no. CG-MH-E-13022025-260991 dated February 13, 2025, a copy of which is annexed to this circular.
3. Further, the following Directions have been updated, as attached, to enable transactions in forward contracts in government securities:
 - a. Master Direction – Reserve Bank of India (Market-makers in OTC Derivatives) Directions, 2021; and
 - b. Master Direction – Reserve Bank of India (Margining for Non-Centrally Cleared OTC Derivatives) Directions, 2024.
4. These Directions have been issued in exercise of the powers conferred under section 45W of the Reserve Bank of India Act, 1934 read with section 45U of the Act and of all the powers enabling it in this behalf.

DIMPLE BHANDIA
Chief General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

22 Reserve Bank of India (Prudential Regulations on Basel III Capital Framework, Exposure Norms, Significant Investments, Classification, Valuation and Operation of Investment Portfolio Norms and Resource Raising Norms for All India Financial Institutions) Directions, 2023 - Amendment

[Issued by the Reserve Bank of India vide RBI/2024-25/116 DOR.MRG.REC.60/00-00-017/2024-25 dated 17.02.2025]

Please refer to paragraph 34.2 of the Reserve Bank of India (Prudential Regulations on Basel III Capital Framework, Exposure Norms, Significant Investments, Classification,

Valuation and Operation of Investment Portfolio Norms and Resource Raising Norms for All India Financial Institutions) Directions, 2023 issued on September 21, 2023.

2. On a review, it has been decided that investments made by All India Financial Institutions (AIFIs), as per their statutory mandates, in long-term bonds and debentures (i.e., having minimum residual maturity of three years at the time of investment) issued by non-financial entities shall not be accounted for the purpose of the ceiling of 25 per cent applicable to investments included under Held to Maturity (HTM) category, specified under the Directions *ibid*.
3. Accordingly, the relevant instructions have been amended as detailed in Annex.

Applicability

4. This circular shall be applicable to the AIFIs regulated by the Reserve Bank, viz. the Export-Import Bank of India (EXIM Bank), the National Bank for Agriculture and Rural Development (NABARD), the National Bank for Financing Infrastructure and Development (NaBFID), the National Housing Bank (NHB) and the Small Industries Development Bank of India (SIDBI).
5. This circular is issued in exercise of the powers conferred under Section 45L of the Reserve Bank of India Act, 1934.
6. These instructions shall come into force with effect from April 1, 2025.

USHA JANAKIRAMAN

Chief General Manager-in Charge

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

23

Government Securities Transactions Between a Primary Member (PM) of NDS-OM and its own Gilt Account Holder (GAH) or Between two GAHs of the Same PM

[Issued by the Reserve Bank of India vide RBI/2024-25/115 FMRD.MIOD. No.15/11.01.051/2024-25 dated 17.02.2025]

Transactions in Government securities in the Over the Counter (OTC) market are currently undertaken either on Negotiated Dealing System - Order Matching (NDS-OM) platform or are bilaterally negotiated outside the system and subsequently reported on NDS-OM. All transactions matched on NDS-OM platform are cleared and settled through the Clearing Corporation of India Limited (CCIL), which acts as a Central Counter Party (CCP) for transactions in Government securities.

2. At present, transactions between a Primary Member (PM) and its own Gilt Account Holder (GAH) and between two GAHs of the same PM are not permitted to be matched on NDS-OM and are also not cleared and settled through CCIL. On a review and based on the feedback received, it has been decided to:

- a. Permit matching of transactions between a PM and its own GAH or between two GAHs of the same PM on both the anonymous Order Matching segment and the Request for Quote (RFQ) segment of NDS-OM. Transactions matched on NDS-OM shall be cleared and settled through CCIL.
- b. Extend the facility of clearing and settlement through CCIL to transactions between a PM and its own GAH or between two GAHs of the same PM which are bilaterally negotiated and reported to NDS-OM, on an optional basis.
3. Any failure in the settlement of these transactions shall be treated as an instance of 'SGL bouncing' in terms of RBI circular "Government securities Act, 2006, Section 27 and 30 – Imposition of penalty for bouncing of SGL forms" dated July 14, 2010, as amended from time to time, and will be subjected to the applicable penal provisions, as specified therein.
4. Detailed operational guidelines in this regard will be issued by CCIL.
5. The Directions contained in this circular have been issued under Section 45W of Chapter IIID of the Reserve Bank of India Act, 1934 and are without prejudice to permissions/ approvals, if any, required under any other law.

DIMPLE BHANDIA

Chief General Manager

24

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

[Issued by the Reserve Bank of India vide RBI//2024-2025/114 A.P. (DIR Series) Circular No. 21 dated 13.02.2025]

Export-Import Bank of India (Exim Bank) has entered into an agreement dated July 31, 2024, with the Government of the Socialist Republic of Vietnam (GO-VNM), for making available to the latter, Government of India supported Line of Credit (LoC) of USD 120 mn (USD One Hundred Twenty Million Only) for procurement of High-Speed Guard Boats in the Borrower's Country. The export of eligible goods and services from India, as defined under the agreement, would be allowed subject to their eligibility under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by the Exim Bank under this agreement.

2. The Agreement under the LoC is effective from January 20, 2025. Under the LoC, the last date for disbursement will be 60 months after scheduled completion date of the project.
3. Shipments under the LoC shall be declared in Export Declaration Form/Shipping Bill as per instructions issued by the Reserve Bank from time to time.

4. No agency commission is payable for export under the above LoC. However, if required, the exporter may use his own resources or utilize balances in his Exchange Earners' Foreign Currency Account for payment of commission in free foreign exchange. Authorised Dealer (AD) Category- I banks may allow such remittance after realization of full eligible value of export subject to compliance with the extant instructions for payment of agency commission.
5. AD Category – I banks may bring the contents of this circular to the notice of their exporter constituents and advise them to obtain complete details of the LoC from the Exim Bank's office at Centre One, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005 or from their website www.eximbankindia.in.
6. The directions contained in this circular have been issued under section 10(4) and 11(1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999) and are without prejudice to permissions/ approvals, if any, required under any other law.

N SENTHIL KUMAR
Chief General Manager

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

[Issued by the Reserve Bank of India vide RBI//2024-2025/113 A.P. (DIR Series) Circular No. 20 dated 13.02.2025]

Export-Import Bank of India (Exim Bank) has entered into an agreement dated July 31, 2024, with the Government of the Socialist Republic of Vietnam (GO-VNM), for making available to the latter, Government of India supported Line of Credit (LoC) of USD 180 mn (USD One Hundred Eighty Million Only) for procurement of 4 Offshore Patrol Vessels (OPV) in the Borrower's Country. The export of eligible goods and services from India, as defined under the agreement, would be allowed subject to their eligibility under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by the Exim Bank under this agreement.

2. The Agreement under the LoC is effective from January 20, 2025. Under the LoC, the last date for disbursement will be 60 months after scheduled completion date of the project.
3. Shipments under the LoC shall be declared in Export Declaration Form/Shipping Bill as per instructions issued by the Reserve Bank from time to time.
4. No agency commission is payable for export under the above LoC. However, if required, the exporter may use his own resources or utilize balances in his Exchange Earners' Foreign Currency Account for payment of commission in free foreign exchange. Authorised Dealer (AD) Category- I banks may

allow such remittance after realization of full eligible value of export subject to compliance with the extant instructions for payment of agency commission.

5. AD Category – I banks may bring the contents of this circular to the notice of their exporter constituents and advise them to obtain complete details of the LoC from the Exim Bank's office at Centre One, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005 or from their website www.eximbankindia.in.
6. The directions contained in this circular have been issued under section 10(4) and 11(1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999) and are without prejudice to permissions/ approvals, if any, required under any other law.

N SENTHIL KUMAR
Chief General Manager

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

[Issued by the Reserve Bank of India vide Notification No. FEMA 14(R) (1)/2025-RB dated 10.02.2025]

In exercise of the powers conferred by section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999), the Reserve Bank makes the following amendment in the Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2023 (Notification No. FEMA 14(R)/2023-RB dated December 20, 2023) (hereinafter referred to as 'the Principal Regulations'), namely:-

1. **Short title and commencement:**

- (i) These regulations shall be called the Foreign Exchange Management (Manner of Receipt and Payment) (Amendment) Regulations, 2025.
- (ii) They shall come into force with effect from the date of their publication in the Official Gazette.

2. **Amendment to Regulation 3:**

In the Principal Regulations, in regulation 3, in sub-regulation (2), in clause (I), in sub-clause (a), for the item (ii) along with its proviso, the following shall be substituted, namely: -

“(ii) Member countries of ACU, other than Nepal and Bhutan – In respect of payments from a resident in the territory of one participant country to a resident in the territory of another participant country, through ACU mechanism, or as per the directions issued by the Reserve Bank to authorised dealers from time to time. For all other transactions, receipt and payment may be made in a manner as specified at (iii) below.”

DR ADITYA GAIHA
Chief General Manager-in-Charge