Monthly Newsletter

SARVAANK ASSOCIATES

01 July 2026 to 31 July 2026

Securities and Exchange Board of India

In this newsletter you can expect:

SEBI Introduces New Framework for Handling Clients' Unpaid Securities, dated 3 July 2026

SEBI has changed the rules for handling unpaid securities in trades that are not covered by the margin trading facility. Unpaid securities must now be credited directly to the client's demat account and automatically pledged in favour of a separate Client Unpaid Securities Pledgee Account ("CUSPA") maintained by the trading member. The trading member must inform the client of the outstanding payment and its right to sell the securities, and maintain a policy governing the invocation, release and sale of pledged securities. The client must make payment within five trading days from the pay-out date.

If the pledge is not invoked or released within this period, the depository will automatically release it at the end of the sixth trading day. Securities pledged to CUSPA cannot be re-pledged or used to raise funds from banks or NBFCs. An extension of up to one calendar week is permitted in limited situations, such as when the security is locked in a lower circuit with only sellers, trading is suspended or halted, or in other cases recognised by market infrastructure institutions. Stock exchanges are required to issue operational guidelines within 30 days.

This circular can be accessed here.

SEBI Restores the Stock Exchange Route for Open Market Share Buy-Backs, dated 6 July 2026

SEBI has restored the stock exchange route for open market share buy-backs from 1 August 2026, allowing listed companies to buy back shares of up to 15% of their paid-up capital and free reserves, calculated on the lower of their standalone or consolidated financial statements. Buy-backs will now be executed through the normal trading window instead of a separate buy-back window, without identifying the company as the purchaser. Companies must notify shareholders electronically within one working day of the public announcement, complete the buy-back within 66 working days, and utilise at least 40% of the buy-back size during the first half of the offer period.

SEBI has also aligned the cooling-off period between successive buy-backs with the Companies Act, 2013, prohibited buy-backs that would breach the minimum public shareholding requirement, and introduced stricter promoter participation restrictions, including a freeze on promoter holdings during the buy-back period. The requirement to appoint a merchant banker continues to apply, as SEBI has decided not to make such appointments optional.

This amendment can be accessed here.

SEBI Revises Investor Protection Fund (IPF) Utilisation Norms for Depositories, dated 7 July 2026

SEBI has amended the Master Circular for Depositories to allow Investor Protection Fund (IPF) Trusts to use a limited portion of the income earned on IPF investments for their operating expenses. Earlier, depositories were required to add 100% of the interest or income from IPF investments back to the fund, leaving no dedicated source to meet the Trust's administrative costs. The amendment aims to align the framework for depositories with that applicable to stock exchanges.

Under the revised framework, effective 1 September 2026, at least 95% of the annual interest or income earned on IPF investments must be added back to the IPF corpus, while up to 5% may be used for administrative and statutory expenses, including employee costs, taxes, audit fees and regulatory charges. Any expenditure exceeding this limit must be borne by the depository itself, and any unutilised portion of the 5% must also be added back to the IPF corpus. Depositories have been directed to amend their bye-laws and publicise the changes.

This can be accessed here.

SEBI Revises Intraday Borrowing Framework for Mutual Funds, dated 10 July 2026

The IBBI (Liquidation Process) (Fourth Amendment) Regulations, 2026 aim to make the liquidation process faster, more transparent, and value-maximising by giving creditors a stronger role throughout the process. Key changes include allowing the Committee of Creditors (CoC) from the corporate insolvency process to continue into liquidation, carrying forward verified claims to avoid duplicate verification, shortening timelines, simplifying reporting requirements, and strengthening safeguards for asset sales, including stricter rules for private and related-party sales.

The amendments also introduce provisions for early dissolution, improve coordination where guarantor assets are involved, and require creditor approval for compromise or arrangement schemes that offer value above liquidation value. Overall, the reforms are intended to make liquidation proceedings more efficient, accountable, and aligned with the Insolvency and Bankruptcy Code (Amendment) Act, 2026.

The Circular can be accessed Here.

SEBI Issues Consolidated Master Circular for Merchant Bankers, dated 14 July 2026

SEBI has issued a consolidated Master Circular for Merchant Bankers, introducing stricter capital adequacy, governance and operational requirements. Merchant bankers must now maintain both a minimum total net worth and a specified liquid net worth, with Category I firms required to achieve ₹50 crore (including ₹12.5 crore liquid net worth) and Category II firms ₹10 crore (including ₹2.5 crore liquid net worth) by March 2028, with an interim compliance milestone in March 2027. The circular also introduces minimum revenue thresholds, requiring Category I and Category II merchant bankers to generate ₹25 crore and ₹5 crore, respectively, over a rolling three-year period from April 2029, failing which their registration may be cancelled. Core merchant banking activities can no longer be outsourced, underwriting exposure has been capped at 20 times liquid net worth, and key personnel must obtain prescribed NISM certifications by January 2027.

The circular also strengthens governance and conflict-of-interest safeguards. Merchant bankers are prohibited from acting as lead managers for a public issue where their directors, key management personnel, core staff or their relatives hold more than 0.1% of the issuer's paid-up capital or shares with a nominal value exceeding ₹10 lakh, although they may continue to act in a marketing capacity. In addition, by December 2026, merchant bankers must establish robust Chinese Walls by segregating regulated and non-regulated activities into separate business units with distinct personnel, records and appropriate client disclosures.

This can be accessed here.

SEBI Enables Standing Instructions for SWP and STP Transactions in Demat Mutual Fund Units, dated 17 July 2026

Investors holding mutual fund units directly with the fund or its RTA can create standing instructions for a Systematic Withdrawal Plan (periodic redemption of a specified number of units or amount) or a Systematic Transfer Plan (periodic switch from one scheme to another of the same fund). This facility was not available for units held in dematerialised form. Following representations from the depositories, a SEBI working group and the Secondary Market Advisory Committee, it is now being extended to demat-held units as an ease of doing business measure.

Implementation is in two phases, with the depositories as nodal facilitator. Phase I covers unit-based SWP and STP, standing instructions for a fixed number of units at a specified frequency, and must be live by 31 January 2027. Phase II extends the facility to amount-based SWP and STP and must be live by 30 April 2027. The depositories must jointly publish a standard operating framework on their websites by 31 October 2026, amend their bye-laws and rules, and carry out the necessary system changes. The circular itself is effective immediately.

This can be accessed here.

SEBI Operationalises ISIN-Level Freeze of Promoter Holdings during Buy-Backs dated 21 July 2026

SEBI has clarified that, following the recent amendments to the buy-back regulations, shares and other specified securities held by promoters, the promoter group and their associates must remain frozen from the date the board or shareholders approve the buy-back until the buy-back offer closes. The freeze does not apply where the securities are tendered in a tender-offer buy-back or where an encumbrance created before the commencement of the buy-back period is invoked.

The circular also requires depositories to implement the necessary operational framework and system changes for the ISIN-level freeze, including procedures for receiving freeze instructions from listed companies, facilitating tender offers, and handling the invocation or release of pre-existing encumbrances while ensuring the freeze continues to apply where required. The framework was required to be operational before 1 August 2026, and the circular took effect immediately.

This can be accessed here.

SEBI Revises Certification Requirements for Distribution of Specialized Investment Funds (SIFs), dated 21 July 2026

Following representations from industry and discussions with NISM, SEBI has replaced the certification route for SIF distribution set out in paragraph 21.10 of the Master Circular for Mutual Funds. Anyone employed or engaged in the sale or distribution of SIF products must now hold a valid NISM Series-V-D (Mutual Fund – Specialized Investment Fund Distributors) Certification. Usefully, that single certification qualifies the holder to distribute both mutual fund and SIF products, without separately holding NISM Series V-A. Distributors dealing only in mutual funds continue under Series V-A.

The previous requirement to hold NISM Series XIII (Common Derivatives Certification) for SIF distribution falls away after 21 September 2026. For a clean transition, distributors who hold a valid Series XIII certification obtained on or before that date need not take Series V-D until their Series XIII certification expires, provided they continue to hold a valid Series V-A certification in the meantime. AMFI and AMCs must ensure distributor and agent compliance. Effective immediately.

This can be accessed here.

SEBI Simplifies and Standardises the Framework for Transmission of Securities, dated 23 July 2026

SEBI has introduced a standardised transmission framework for listed companies, RTAs, depositories, depository participants and mutual funds to simplify the transfer of securities upon the death of a holder. The revised framework increases the thresholds for simplified documentation to ₹10 lakh for physical holdings and ₹30 lakh for demat holdings and introduces a Quick Transmission Processing mechanism that enables immediate relatives, including parents, spouse, children and parents-in-law, to claim securities with minimal documentation.

The circular also removes the requirement for probate of a will in uncontested cases, replaces multiple declarations with a single affidavit-cum-No Objection Certificate (NOC), and permits the use of QR-coded death certificates. The revised framework will come into effect 30 days from the date of the circular.

This can be accessed here.

Ministry of Corporate Affairs

Extension of the Companies Compliance Facilitation Scheme, 2026 until 31 August 2026, dated 8 July 2026

The MCA extended the validity of the Companies Compliance Facilitation Scheme, 2026 from 15 July 2026 to 31 August 2026, citing the restoration of MCA data centre capacity following the fire incident on 5 June 2026 that disrupted filings across the portal for much of June. The Ministry had separately granted additional time until 10 July 2026 for name reservation and for resubmission of e-forms affected by the outage.

This circular can be accessed here.

RESERVE BANK OF INDIA

RBI Streamlines Board Governance Framework for Commercial Banks, dated 14 July 2026

The Commercial Banks (Governance) Directions, 2025 have been amended to streamline the governance responsibilities of bank boards by limiting Board-level oversight to three key areas: risk management systems, policies and strategy; exposures to related entities, including lending to or investment in subsidiaries and the classification of such exposures; and compliance with corporate governance standards relating to the composition and functioning of Board committees.

The amendments also replace the existing governance framework with new provisions specifying the matters that require Board approval, review or information, and those that may be delegated by the Board. In addition, they lay down principles on the Board's retained responsibilities, delegation of powers, agenda-setting by the Chairperson, and periodic review of Board processes. These changes have also been extended to private sector banks and will come into effect on 1 October 2026.

This can be accessed here.

RBI Clarifies Project Finance Norms under the Commercial Banks Credit Facilities Framework, dated 15 July 2026

The Commercial Banks (Credit Facilities) Fifth Amendment Directions introduce two clarifications to the project finance framework. First, banks may now, at their discretion, finance independently viable units of a project as separate projects, each with its own financial closure, provided that each unit is assessed in advance for its standalone viability.

Secondly, for electricity generation projects that also include transmission (evacuation) infrastructure, the Directions clarify that the right of way requirement for the transmission component may be determined under the existing provisions applicable to such infrastructure. Both amendments came into effect immediately.

This can be accessed here

RBI Introduces Framework for Specified Non-Financial Assets (SNFAs), dated 16 July 2026

The Resolution of Stressed Assets Directions have been amended to introduce a new prudential framework for Specified Non-Financial Assets (SNFAs)—immovable assets acquired by banks in satisfaction of stressed loan claims. Banks may acquire such assets only against non-performing exposures through full or partial non-recourse settlement, and must value them at the lower of their net book value or an independently assessed distress sale value. Banks are also required to adopt a Board-approved policy covering SNFA acquisition, governance, recovery efforts, delegation of powers and disposal, with a maximum holding period of seven years.

The amended framework requires SNFAs to be disposed of within the prescribed period, primarily through public auction in line with SARFAESI principles, and prohibits their sale back to the borrower or related parties. SNFAs will be excluded from NPA, stressed exposure and provisioning metrics, disclosed separately in the financial statements, and reported through the CIMS portal. The amendments will take effect on 1 October 2026, with existing SNFAs required to comply with the new framework by 30 September 2027.

This can be accessed here.

RBI Aligns IRACP Norms with the Specified Non-Financial Assets (SNFA) Framework, Dated 16 July 2026

The IRACP Directions have been amended to align the income recognition framework with the newly introduced Specified Non-Financial Asset (SNFA) regime. Banks are now prohibited from recognising as income any accrued but unrealised interest or charges relating to the period before an SNFA is acquired. Any such income already recognised in respect of SNFAs outstanding as on 30 September 2026 must be reversed through the profit and loss account by 30 September 2027, to the extent it remains unrealised.

The amendments also clarify that income realised from an SNFA must be recognised as non-interest or other income in the year of receipt, while expenses incurred for the upkeep of an SNFA must be recognised in the year they are incurred. The revised framework will come into effect on 1 October 2026.

This can be accessed here.

RBI Consolidates the Framework for Special Rupee Vostro Accounts (SRVAs), Dated 17 July 2026

The RBI has consolidated five earlier circulars on Special Rupee Vostro Accounts (SRVAs) into a single comprehensive instruction. Under the revised framework, Authorised Dealer (AD) Category-I banks may open SRVAs for their overseas branches or banks resident outside India. The circular clarifies that SRVAs may be used to settle all permissible current and capital account transactions under FEMA, and not just import and export transactions. AD banks maintaining an SRVA may also open a separate current account for exporters or importers exclusively for settling export and import transactions.

The circular further provides that SRVAs may be funded through inward remittances or transfers from other repatriable rupee accounts and may hold proceeds from permissible current and capital account transactions. Investments of SRVA balances in debt instruments will continue to be governed by the RBI (Non-resident Investment in Debt Instruments) Directions, 2025, and banks are required to periodically update SRVA details in the FEDAI SRVA directory. The consolidated instructions came into effect immediately.

This can be accessed here.

Department for Promotion of Industry and Internal Trade

FDI Policy Amended to Permit Inventory-Based E-Commerce Model for Export-Only Operations, Dated 23 July 2026

DPIIT inserted a clause into the FDI policy permitting an e-commerce entity to operate an inventory-based model exclusively for the export of goods manufactured or produced in India, subject to the Foreign Trade Policy 2023 and the Foreign Exchange Management (Export of Goods and Services) Regulations, 2015. The restriction on FDI in B2C e-commerce and in inventory-based selling within India remains untouched. The stated objective is to move India closer to the USD 200–300 billion e-commerce export target for 2030, while insulating small domestic retailers.

This circular can be accessed here.

Insurance Regulatory and Development Authority of India

IRDAI Revises Financial Reporting Formats for Listed Insurers Transitioning to Ind AS, Dated 8 July 2026

With the transition to Ind AS, the reporting formats that listed insurers submit to stock exchanges have been updated. Accordingly, the IRDAI has prescribed new formats for listed life, general and health insurers, as well as reinsurers preparing financial statements under Ind AS. These cover quarterly financial results, segment-wise revenue, results and capital employed, limited review reports, audit reports, and the newspaper publication format required under Regulation 47(1)(b).

Listed insurers that have been granted a one-year deferment for implementing Ind AS in FY 2026–27 will continue to prepare their financial statements under Schedule II of the IRDAI (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024, in accordance with the circulars dated 25 October 2016 and 30 January 2017. The Authority clarified that this circular is issued only to meet SEBI's LODR disclosure requirements and does not change the requirements for preparing financial statements under the Insurance Act, 1938 or the IRDA Act, 1999.

This circular can be accessed **here.**

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