Monthly Newsletter

SARVAANK ASSOCIATES

01 June 2026 to 30 June2026

Securities and Exchange Board of India

SEBI issues Revised Master Circular for Alternative Investment Funds (AIFs) dated June 03 2026

SEBI has released its updated Master Circular for AIFs, consolidating every circular and clarification issued under the SEBI (AIF) Regulations, 2012 up to 31 May 2026, and superseding the earlier Master Circular dated 07 May 2024. Key changes of direct relevance to PE/VC funds and start-ups include: (i) co-investment within the AIF structure now restricted to accredited investors, with the investor's co-investment via a CIV scheme capped at 3x its contribution in the main scheme; (ii) the combined overseas investment limit for AIFs/erstwhile VCFs in offshore venture capital undertakings remains at USD 1,500 million, allocated first-come-first-served, with not more than 25% of investable funds deployable overseas; (iii) mandatory dematerialisation of all AIF units; (iv) enhanced AML/UBO/sanctions-screening due diligence on investors, including look-through verification to identify the Ultimate Beneficial Owner; and (v) mandatory NISM certification for key investment team members (compliance officer certification effective 01 January 2027). Existing Angel Funds have been given until 08 September 2026 to stop accepting fresh contributions from non-accredited investors.

This Circular can be accessed Here

In this newsletter you can expect:

SEBI inserts Chapter 25 – Winding-up, Retention of Proceeds & "Inoperative Fund" Status for AIFs dated June 16 2026

SEBI has supplemented the June 2026 AIF Master Circular with a new Chapter 25 prescribing the framework for AIFs entering a dissolution period or seeking in-specie distribution on tenure expiry (subject to approval from investors holding 75% by value), along with a minimum 25% external bid requirement on unliquidated investments before investor consent for dissolution is sought. The chapter also introduces "Inoperative Fund" status for AIFs that have completed investment/distribution activity but cannot formally wind up due to pending litigation or tax demands, allowing a substantially reduced compliance burden. The first Quarterly Activity Report under the new framework is due on the SI Portal by 15 July 2026.

This Circular can be accessed Here.

INSOLVENCY AND BANKRUPTCY BOARD OF INDIA

IBBI notifies Amendment Regulations pursuant to the IBC (Amendment) Act, 2026 dated June 02–04 2026

The IBBI has amended multiple regulations to implement the Insolvency and Bankruptcy Code (Amendment) Act, 2026, with the aim of making insolvency processes faster, more transparent, and better coordinated. Key changes include allowing all financial institutions to submit records of default, introducing a formal mechanism to record disputes over defaults, requiring more detailed disclosures in pre-packaged insolvency cases, and streamlining claim verification and termination procedures in voluntary liquidations.

The amendments also strengthen disclosure requirements for personal guarantors by expanding the range of assets that must be reported, improve coordination between insolvency professionals handling related proceedings, and enhance oversight by widening the scope of grievance, inspection, and disciplinary regulations to cover all IBBI-regulated service providers. Overall, the changes are designed to improve efficiency, accountability, and alignment with the amended Insolvency and Bankruptcy Code.

The Circular can be accessed Here.

IBBI Issues Revised Guidelines for Conducting Valuation under the Code Dated June 15 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.

RESERVE BANK OF INDIA

RBI reverts Export Proceeds Realisation period to 9 months Dated June 05, 2026

RBI has amended Regulation 9 of the FEMA (Export of Goods and Services) Regulations, 2015, substituting "fifteen months" with "nine months" for realisation and repatriation of export proceeds, reversing the temporary relaxation granted in November 2025. The shorter window applies to exports made between 05 June 2026 and 30 September 2026, after which the new consolidated FEMA (Export and Import of Goods and Services) Regulations, 2026 (prescribing a 15-month period) will take effect from 01 October 2026. Funds, PE/VC-backed exporters and portfolio companies with cross-border trade should recalibrate their realisation timelines and AD bank reporting accordingly.

This Circular can be accessed Here.

CIMS made mandatory for key FEMA returns by AD Category-I Banks dated June 05 2026

All Authorised Dealer Category-I banks have been directed to migrate branch/office activity reports (Return Code R343) and NRO account remittance reports (Return Code R006) onto RBI's Centralised Information Management System (CIMS) portal, replacing manual submissions to RBI's Foreign Exchange Department. This is part of RBI's broader digital-reporting push and is relevant for funds and portfolio companies routing inbound/outbound remittances through AD banks, as turnaround times and reconciliation formats may change.

This Circular can be accessed Here.

RBI withdraws 732 obsolete FEMA Circulars in regulatory clean-up dated June 24 2026

In one of its largest housekeeping exercises under FEMA, 1999, RBI has formally withdrawn 732 A.P. (DIR Series) circulars issued since June 2000 that have been rendered redundant or superseded over time. No FDI, ECB or LRS limits have changed pursuant to this exercise — it is a clean-up of the regulatory archive. Practitioners should update internal compliance trackers and legal opinion templates to stop citing the withdrawn circulars; further rounds of rationalisation across other FEMA notification series are expected.

This Circular can be accessed Here.

RBI introduces USD-INR Forex Swap Facility for Eligible ECBs and Overseas Foreign Currency Borrowings dated June 8, 2026

The Reserve Bank of India (RBI) has introduced a US Dollar–Rupee Forex Swap Facility for eligible External Commercial Borrowings (ECBs) and Overseas Foreign Currency Borrowings (OFCBs). The facility is available for ECBs with an average maturity of three years or more drawn by eligible Public Sector Undertakings (PSUs) up to December 31, 2026, as well as OFCBs raised by Authorised Dealer Category-I banks with a minimum maturity of three years. The circular pr escribes the operational framework, including eligibility conditions, swap tenor, pricing, reporting requirements, and timelines. The facility will remain available until January 15, 2027 for eligible ECB drawdowns and OFCB flows received up to December 31, 2026.

This Circular can be accessed Here.

RBI amends FEMA Regulations on Mode of Payment and Reporting for Non-Debt Instruments dated June 13, 2026

The Reserve Bank of India (RBI) has notified amendments to the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019, effective from the date of publication in the Official Gazette. The amendments revise the mode of payment and remittance provisions applicable to investments by Non-Resident Indians (NRIs), Overseas Citizens of India (OCIs), and other persons resident outside India under Schedule III, including the use of designated repatriable rupee accounts for permitted investments. The notification also updates the payment and remittance framework for equity shares of Indian companies listed on International Exchanges under Schedule XI and revises the reporting requirement under Regulation 4 by requiring designated Authorised Dealer Category-I banks to report transactions in Form LEC (Individual Foreign Investor – IFI).

This Circular can be accessed Here.

MINISTRY OF CORPORATE AFFAIRS

Companies (Registered Valuers and Valuation) Amendment Rules, 2026 Dated June 01 2026

The Central Government has notified the Companies (Registered Valuers and Valuation) Amendment Rules, 2026 (G.S.R. 432(E)), effective from the date of publication in the Official Gazette. The amendment revises Rule 12(1)(i) to prescribe enhanced eligibility criteria for Registered Valuer Organisations (RVOs), requiring them to be registered under Section 25 of the Companies Act, 1956 or Section 8 of the Companies Act, 2013, maintain a minimum paid-up share capital of INR 25,00,000 (Indian Rupees Twenty-Five lakhs only), have the sole object of regulating valuers of one or more asset classes, and adopt bye-laws in accordance with Annexure III. Existing RVOs that do not meet the minimum paid-up capital requirement have been granted time until 31 March 2028 to achieve compliance.

The Circular can be accessed Here.

Companies Compliance Facilitation Scheme, 2026 – Window closes 15 July 2026

The Ministry of Corporate Affairs (MCA) has introduced the Companies Compliance Facilitation Scheme, 2026 (CCFS-2026) as a one-time compliance window from 15 April 2026 to 15 July 2026, enabling eligible companies to regularise pending annual filings at substantially reduced additional fees. The scheme offers significant relief by allowing overdue annual returns and financial statements to be filed on payment of only a fraction of the applicable additional fees, while also providing concessions for companies seeking dormant status or voluntary strike-off. It aims to improve corporate compliance, update the MCA registry, and reduce the compliance burden on defaulting companies. However, the scheme is not available to companies already under final strike-off proceedings, dissolved entities, dormant companies, or vanishing companies.

The Circular can be accessed Here.

Insurance Regulatory and Development Authority of India

IRDAI revises Obligatory Cession requirement for FY 2026–27 dated June 15, 2026

The Insurance Regulatory and Development Authority of India (IRDAI) has amended its notification on Obligatory Cession for the financial year 2026–27. Pursuant to the amendment, the percentage of the sum insured on each general insurance policy required to be ceded to the Indian reinsurer(s) has been revised to 4% for insurance attaching during the period from April 1, 2026 to March 31, 2027. The notification also clarifies that the premium ceded to the Terrorism Pool, Nuclear Pool, and Bharat Maritime Insurance Pool shall be Nil, and the entire obligatory cession shall be placed only with the General Insurance Corporation of India (GIC Re).

The Circular can be accessed Here.

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