

Capital Market & Securities Laws

Amendments for December 2025 & onwards

INDEX

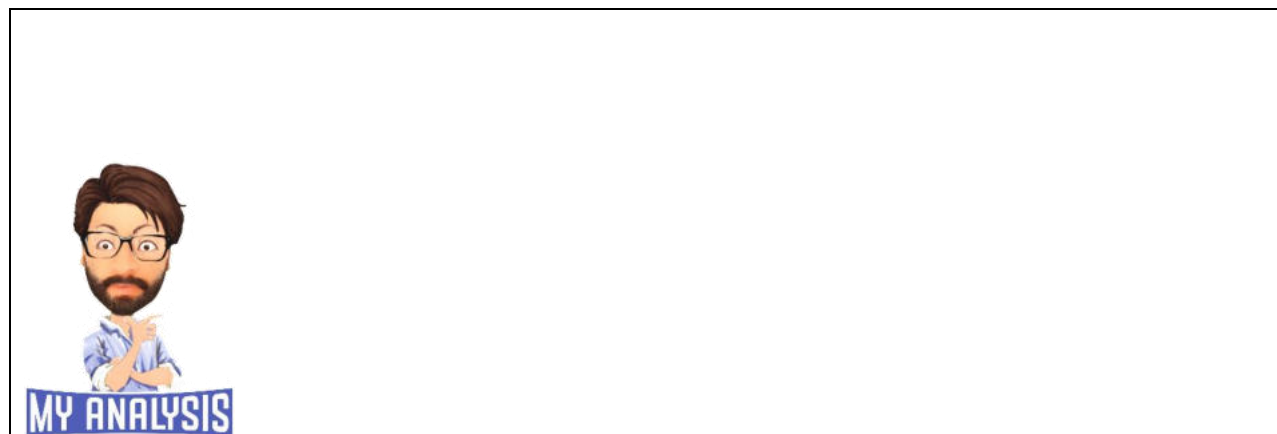
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Lesson 2 SECONDARY MARKET IN INDIA

1. Enhancement in the scope of optional T+0 rolling settlement cycle in addition to the existing T+1 settlement cycle in Equity Cash Markets

SEBI had issued a framework to introduce the beta version of the T+0 trade settlement cycle on an optional basis with effect from March 28, 2024. This will be in addition to the existing T+1 settlement cycle in the equity cash market. The beta version of T+0 settlement will be introduced for a limited set of 25 scrips and with a limited number of brokers. All investors are eligible to participate in the segment for T+0 settlement cycle, if they are able to meet the timelines, process and risk requirements as prescribed by the MIIs, during 09:15 AM to 1:30 PM continuous trading session. A shortened settlement cycle will bring cost and time efficiency, transparency in charges to investors and strengthen risk management at clearing corporations and the overall securities market ecosystem.

SEBI, vide its Circular dated December 10, 2024, enhanced the scope of optional T+0 rolling settlement cycle in addition to the existing T+1 settlement cycle in Equity Cash Markets. It is provided that, the optional T+0 settlement cycle will be made available to top 500 scrips in terms of market capitalization as on December 31, 2024. The scrips shall be made available for trading and settlement starting with scrips at bottom 100 companies out of the aforesaid 500 companies and gradually include the next bottom 100 companies every month till top 500 companies are available for trading in optional T+0 settlement cycle. The above list of scrips shall be in addition to the existing 25 scrips available for trading and settlement under the Beta version of optional T+0 settlement cycle.



Lesson 6
SECURITIES MARKET INTERMEDIARIES

1. SEBI (Investment Advisers) (Second Amendment) Regulations, 2024

SEBI has notified the SEBI (Investment Advisers) (Second Amendment) Regulations, 2024 which shall come into force on the date of their publication in the Official Gazette. Vide this notification, the following amendments have been made in the SEBI (Investment Advisers) Regulations, 2013:

- The **amendment** is made **in the definition of the investment adviser** which means any person, who for consideration, is engaged in the business of providing investment advice to clients or other persons or group of persons and **includes a part-time investment adviser** or any person who holds out himself as an investment adviser, by whatever name called.
- **A new definition of part-time investment adviser is inserted** which means an individual or a firm, who for consideration, is engaged in the business of providing investment advice and is also engaged in any other business activity or employment.
- The **definition of investment advice is amended** which as per amended definition means **advice relating to investing in, purchasing, selling or otherwise dealing in securities and advice on investment portfolio containing securities whether written, oral or through any other means of communication for the benefit of the client and shall include financial planning:**

Provided that investment advice given through newspaper, magazines, any electronic or broadcasting or telecommunications medium, which is widely available to the public shall not be considered as investment advice for the purpose of these regulations.

Provided further that trading calls shall not be considered as investment advice for purpose of these regulations.

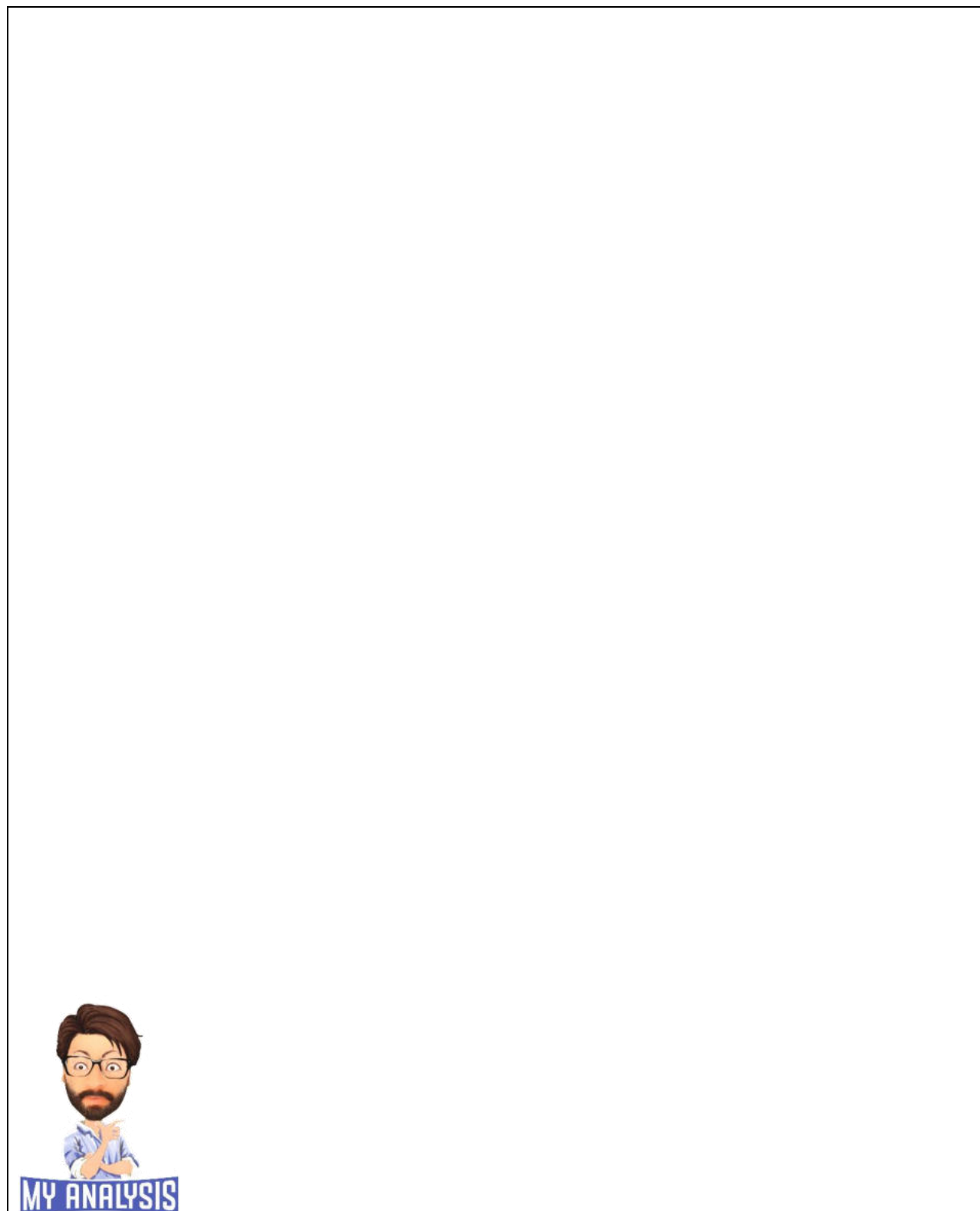
- **The net-worth requirement for the investment adviser is substituted with deposit requirements under regulation 6(e) and regulation 8. The regulation 8 is reproduced below:**
8. (1) An investment adviser shall maintain a deposit of such sum, as specified by the Board from time to time.

(2) The deposit shall be maintained with a scheduled bank marked as lien in favor of a body or body corporate recognized by the Board for the purpose of administration and supervision of investment advisers in accordance with regulation 14 of these regulations.
- **Regulation 20 relating to appointment of compliance officer is amended:**
20(1) A non-individual investment adviser shall appoint either:
 - (i) a compliance officer; or
 - (ii) an independent professional who is a member of Institute of Chartered Accountants of India or Institute of Company Secretaries of India or Institute of Cost Accountants of India or member of any other professional body as may be specified by the Board, provided such a professional holds a relevant certification from NISM, as may be specified by the Board; who shall be responsible for monitoring the compliance by the investment adviser in respect of the requirements of the Act, regulations, notifications, guidelines, instructions issued by the Board.

2. SEBI (Research Analysts) (Third Amendment) Regulations, 2024

SEBI has notified the SEBI (Research Analysts) (Third Amendment) Regulations, 2024 which shall come into force on the date of their publication in the Official Gazette. Vide this notification, the following amendments have been made in the SEBI (Research Analysts) Regulations, 2014:

- The definition of **research analyst** is amended which means a person who, for consideration, is engaged in the business of providing research services **and includes a part-time research analyst.**
- A new definition of **part-time research analyst** is inserted which means an individual or a partnership firm who for consideration, is engaged in the business of providing research services and is also engaged in any other business activity or employment.
- A new definition of **research services** is inserted which means the following services provided by research analyst:
 1. preparation or publication of the research report or content of the research report; or
 2. providing or issuing research report or research analysis; or
 3. making 'buy/sell/hold' recommendation; or
 4. giving price target **or stop loss target; or**
 5. **offering an opinion concerning public offer, or**
 6. **recommending model portfolio; or**
 7. **providing trading calls; or**
 8. any other service of similar nature or character, with respect to securities that are listed or proposed to be listed in a stock exchange, whether or not any such person has the job title of 'research analyst' to the clients or other persons or group of persons or general public.
- **The capital adequacy requirement for the research analyst is substituted with deposit requirements under regulation 6(vi) and regulation 8. Regulation 8 is reproduced below:**
 8. (1) A research analyst shall maintain a deposit of such sum as specified by the Board from time to time.
 - (2) The deposit shall be maintained with a scheduled bank, marked as lien in favour of a body or body corporate recognised by the Board for the purpose of administration and supervision of research analysts in accordance with regulation 14 of these regulations.
- **Regulation 26 relating to appointment of compliance officer is amended:**
 26. (1) A non-individual research analyst or research entity shall appoint either:
 - (i) a compliance officer; or
 - (ii) an independent professional who is a member of Institute of Chartered Accountants of India or Institute of Company Secretaries of India or Institute of Cost Accountants of India or member of any other professional body as may be specified by the Board, provided that such a professional holds a relevant certification from NISM, as specified by the Board who shall be responsible for monitoring the compliance of the provisions of the Act, these regulations and circulars issued by the Board.



3. SEBI (Intermediaries) (Amendment) Regulations, 2025 : Use of AI

SEBI has notified the SEBI (Intermediaries) (Amendment) Regulations, 2025 which shall come into force on the date of their publication in the Official Gazette. Vide this notification, a new Chapter IIIB has been inserted, namely, Usage of Artificial Intelligence. Under this Chapter the responsibility for the use of artificial intelligence is prescribed as under:

Responsibility for the use of artificial intelligence

16C. (1) Any person regulated by SEBI who uses artificial intelligence and machine learning tools and techniques, either designed by it or procured from third-party technology service providers, irrespective of the scale and scenario of adoption of such tools for conducting its business and servicing its investors, shall be solely responsible –

- a) for the privacy, security and integrity of investors' and stakeholders' data including data maintained by it in a fiduciary capacity throughout the processes involved;
- b) for the output arising from the usage of such tools and techniques it relies upon or deals with; and
- c) for the compliance with applicable laws in force.

4. SEBI (Credit Rating Agencies) (Amendment) Regulations, 2025 : PRRVA (CRA)

SEBI has notified the SEBI (Credit Rating Agencies) (Amendment) Regulations, 2025 which shall come into force on the date of their publication in the Official Gazette.

Vide this notification, SEBI has inserted a new chapter IIA in the SEBI (Credit Rating Agencies) Regulations, 1999 namely Past Risk and Return Verification Agency specifying that the activity of a Past Risk and Return Verification Agency may be carried out by a credit rating agency, with the approval of SEBI.

Verification of Past Risk and Return Metrics.

The provisions of this chapter shall be applicable only to Investment Advisers, Research Analysts, Algo Providers empaneled with a recognised stock exchange, and intermediaries permitted by SEBI to provide the services of Investment Advisers, Research Analysts and Algorithmic Trading. The Investment Advisers, Research Analysts, Algo Providers shall be permitted to make claim of returns or performance in the form of risk and return metrics, which have been verified by a credit rating agency recognized SEBI to carry out the activity of a Past Risk and Return Verification Agency.



Lesson 7

INTERNATIONAL FINANCIAL SERVICES CENTRES AUTHORITY (IFSCA)

1. International Financial Services Centre Authority (Informal Guidance) Scheme, 2024

IFSCA has issued the 'International Financial Services Centre Authority (Informal Guidance) Scheme, 2024' (Scheme) which is aimed at providing a mechanism for seeking clarity and guidance inter-alia on various issues pertaining to a potential business activity and transactions, which are under the regulatory ambit of the IFSCA and on other legal issues emanating from the Acts administered by IFSCA.

Eligible entities who can seek guidance include persons who are licensed, registered, recognized or authorised by IFSCA, persons intending to undertake a business transaction(s) in relation to financial product(s) or financial service(s) and persons desirous of setting up a Unit in IFSC. The informal guidance can be sought under two forms, namely:

1. No-Action letter and
2. Interpretative letter.

The Scheme also provides confidential treatment of 90 days considering the sensitivities of certain transactions, based on the requests made. The Department(s) will provide the guidance within a period of 30 days and the fees charged for the same is USD 1000. The guidance provided under the scheme is not binding on the IFSCA and not amenable for appeal.

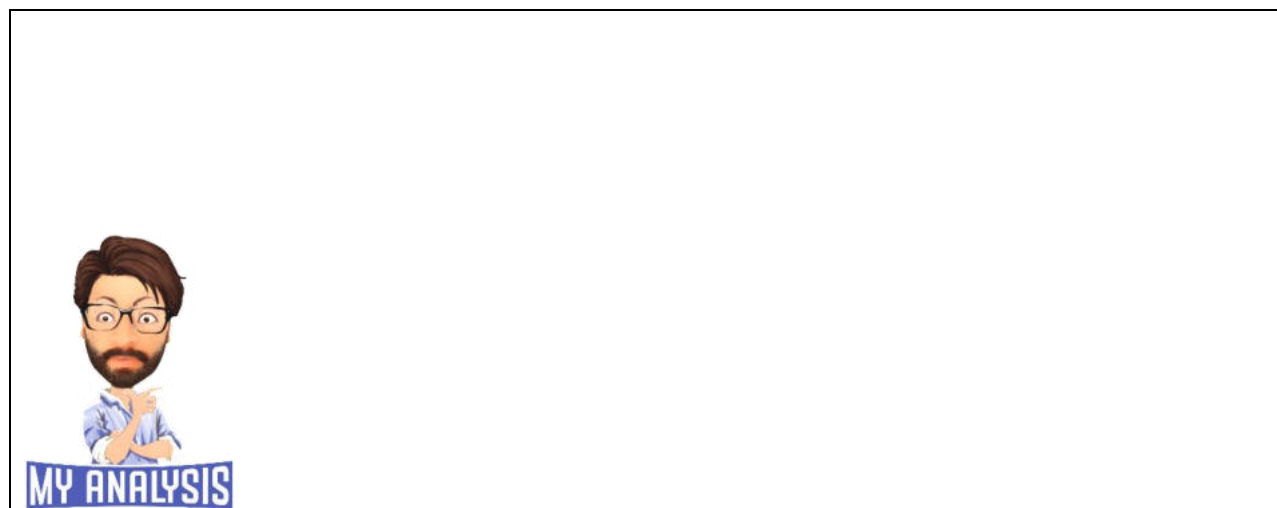


Lesson 10
ISSUE AND LISTING OF NON-CONVERTIBLE SECURITIES

1. SEBI (Issue and Listing of Non-Convertible Securities) (Third Amendment) Regulations, 2024

SEBI has notified the SEBI (Issue and Listing of Non-Convertible Securities) (Third Amendment) Regulations, 2024 which shall come into force on the date of their publication in the Official Gazette. Vide this notification, the following amendments have been made in the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021:

- A new definition of Environment, Social and Governance Debt Securities (**“ESG Debt Securities”**) is inserted which means green debt securities, social bonds, sustainability bonds, sustainability-linked bonds, or any other type of bonds, by whatever name called, that are issued in accordance with such international frameworks as adapted or adjusted to suit Indian requirements that are specified by the Board from time to time, and any other securities as specified by the Board.
- An issuer desirous of issuing and listing of Environment, Social and Governance Debt Securities shall comply with such conditions as may be specified by SEBI. [Insertion: Regulation 12A]



Lesson 11
LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS

1. Amendment relating to compliance officer

SEBI has notified the SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2024 which shall come into force on the date of their publication in the Official Gazette.

- In terms of regulation 6(1), a listed entity shall appoint a qualified company secretary as the compliance officer. After the existing regulation 6(1) the following new proviso is inserted: “Provided that the Compliance Officer shall be an officer, who is in whole time employment of the listed entity, not more than one level below the board of directors and shall be designated as a Key Managerial Personnel.”
- Further, in terms of regulation 6(1A), any vacancy in the office of the Compliance Officer shall be filled by the listed entity at the earliest and in any case not later than three months from the date of such vacancy.
- Regulation 7(3) has been omitted relating to submission of a compliance certificate to the exchange, duly signed by both the compliance officer of the listed entity and the authorised representative of the share transfer agent certifying compliance with the requirements of share transfer facility in accordance with regulation 7(2).



2. Secretarial Audit

In regulation 24A, stipulating the provisions for Secretarial Audit and Secretarial Compliance Report, the existing sub-regulation (1) is substituted with the following sub-regulation, namely,-

“(1) (a) Every listed entity and its material unlisted subsidiaries incorporated in India shall undertake Secretarial Audit by a Secretarial Auditor who shall be a Peer Reviewed Company Secretary and shall annex a Secretarial Audit Report in such form as specified, with the annual report of the listed entity.

- (b) On the basis of recommendation of board of directors, a listed entity shall appoint or re-appoint:
- i. an individual as Secretarial Auditor for **not more than one term of five consecutive years**; or
 - ii. a Secretarial Audit firm as Secretarial Auditor for **not more than two terms of five consecutive years**,
- with the approval of its shareholders in its Annual General Meeting:

Provided that-

- i. an individual Secretarial Auditor who has completed his or her term under sub-clause (i) of this clause shall not be eligible for re-appointment as Secretarial Auditor in the same entity for five years from the completion of his or her term;
- ii. a Secretarial Audit firm which has completed its term under sub-clause (ii) of this clause, shall not be eligible for re-appointment as Secretarial Auditor in the same entity for five years from the completion of such term:

Provided further that as on the date of appointment no Secretarial Audit firm having a common partner or partners to the other Secretarial Audit firm, whose tenure has expired in the listed entity immediately preceding the financial year, shall be appointed as Secretarial Auditor of the same listed entity for a period of five years:

Provided further that, nothing contained in these regulations shall prejudice the right of the entity to remove Secretarial Auditor with the approval of its shareholders in its Annual General Meeting or the right of the Secretarial Auditor to resign from such office of the listed entity.

(c) The casual vacancy arising out of resignation, death or disqualification of a Secretarial Auditor shall be filled by the board of directors of the listed entity within a period of three months and the secretarial auditor so appointed shall hold office till the conclusion of the next annual general meeting.”

(1A) Eligibility, Qualifications and Disqualifications of Secretarial Auditor:

- a) A person shall be eligible for appointment as a Secretarial Auditor of the listed entity only if such person is a Peer Reviewed Company Secretary and has not incurred any of the disqualifications as specified by SEBI. Provided that a firm whereof majority of partners practising in India are qualified for appointment as aforesaid may be appointed by its firm name to be Secretarial Auditor of the listed entity.
- b) Where a firm including a limited liability partnership is appointed as Secretarial Auditor of the listed entity, only the partners who are Peer Reviewed Company Secretaries shall be authorised to act and sign on behalf of the firm.



3. Minor Amendments

1. The following new proviso is inserted to regulation 17(1E):

If the vacancy in the office of a director results in non-compliance with the provisions of sub-regulation (1) of regulation 18, sub-regulation (1) or (2) of regulation 19, sub-regulation (2) or (2A) of regulation 20 or sub-regulation (2) or (3) of regulation 21, **the listed entity shall ensure compliance at the earliest and in any case not later than three months from the date of such vacancy.**

2. In regulation 30(6) stating that the listed entity is require to first disclose to the stock exchange(s) all events or information which are material as soon as reasonably possible. The following new provisos are inserted to regulation 30(6)(i) and regulation 30(6)(iii):

In case the meeting of the board of directors closes after normal trading hours of that day but more than three hours before the beginning of the normal trading hours of the next trading day, the listed entity shall disclose the decision pertaining to the event or information, within three hours from the closure of the board meeting.

Provided further that in case the meeting of the board of directors is being held for more than one day, the financial results shall be disclosed within thirty minutes or three hours, as applicable, from closure of such meeting for the day on which it has been considered. [Insertion: Proviso to regulation 30(6)(i)]

3. Regulation 36(2) is omitted specifying that the listed entity shall send annual report to the holders of securities, not less than twenty-one days before the annual general meeting.
4. The listed entity shall send a letter providing the web-link, including the exact path, where complete details of the Annual Report is available. SEBI has done away with the requirement of sending the hard copy of statement containing the salient features of all the documents, as prescribed in Section 136 of Companies Act, 2013 or rules made thereunder. [Amendment: Regulation 36(1)(b)]

5. The following new clauses are inserted in regulation 46(2) relating to Website:
- Memorandum of Association and Articles of Association;
 - Brief profile of board of directors including directorship and full-time positions in body corporates;
 - Employee Benefit Scheme Documents.



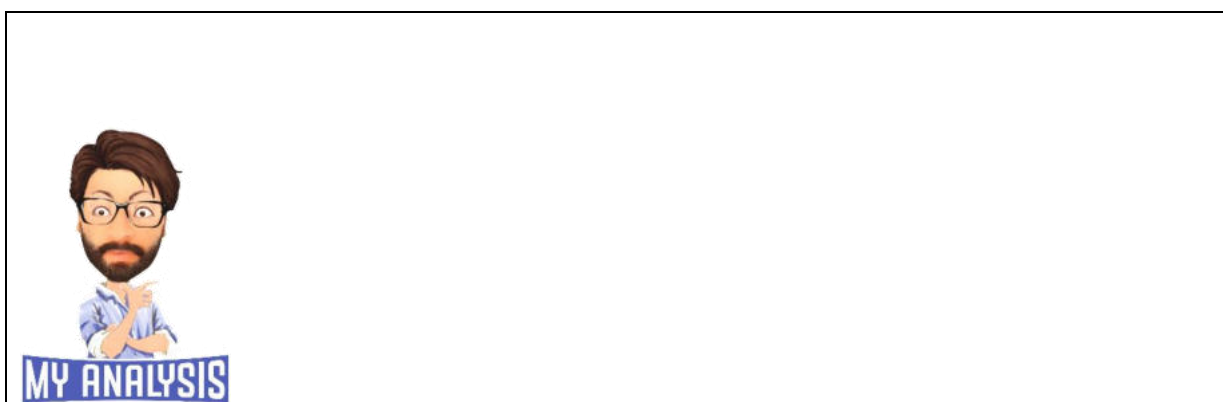
4. RPT applicable to securities listed on SME Exchange

Amendments pertaining to listed entity which has listed its specified securities on the SME Exchange

With effect from April 01, 2025, the provisions of regulation 23, relating to Related party transactions, shall be applicable in respect of a listed entity which has listed its specified securities on the SME Exchange and which has either paid up equity share capital exceeding Rupees ten crore or net worth exceeding Rupees twenty-five crore, as on the last day of the previous financial year.

Provided further that where the provisions of regulation 23 become applicable at a later date to a listed entity which has listed its specified securities on the SME Exchange, it shall ensure compliance with the same within six months from such date.

Provided further that once the provisions of regulation 23 become applicable to a listed entity which has listed its specified securities on the SME Exchange, they shall continue to remain applicable till such time the equity share capital and the net-worth of such entity reduces and remains below the specified threshold for a period of three consecutive financial years. [Insertion: Provisos to Regulation 15(2)(b)]



5. New Chapter VA : High value debt listed entity” (‘HVDLE’)

A new Chapter VA regarding Corporate Governance Norms for a Listed Entity which has listed its Non-Convertible Debt Securities has been introduced. The brief provisions of the same are provided below:

1. Applicability

- The provisions of this Chapter will be applicable to a listed entity which only has non-convertible debt securities listed with an outstanding value of Rs. 1000 crore and above and does not have any listed specified securities.
- In case, this Chapter becomes applicable to “high value debt listed entity” (‘HVDLE’), these regulations will be applicable till the value of the outstanding listed debt securities as on March 31 in a year, reduces and remains below the specified threshold for a period of three consecutive financial years.
- Provisions of Companies Act, 2013 will continue to apply, wherever applicable.

2. Board of Directors of HVDLE

- It will have an optimum combination of executive and non-executive directors with at least 1 woman director and not less than 50% of the board of directors will comprise of non-executive directors. Where the chairperson of the board of directors is a non-executive director, at least

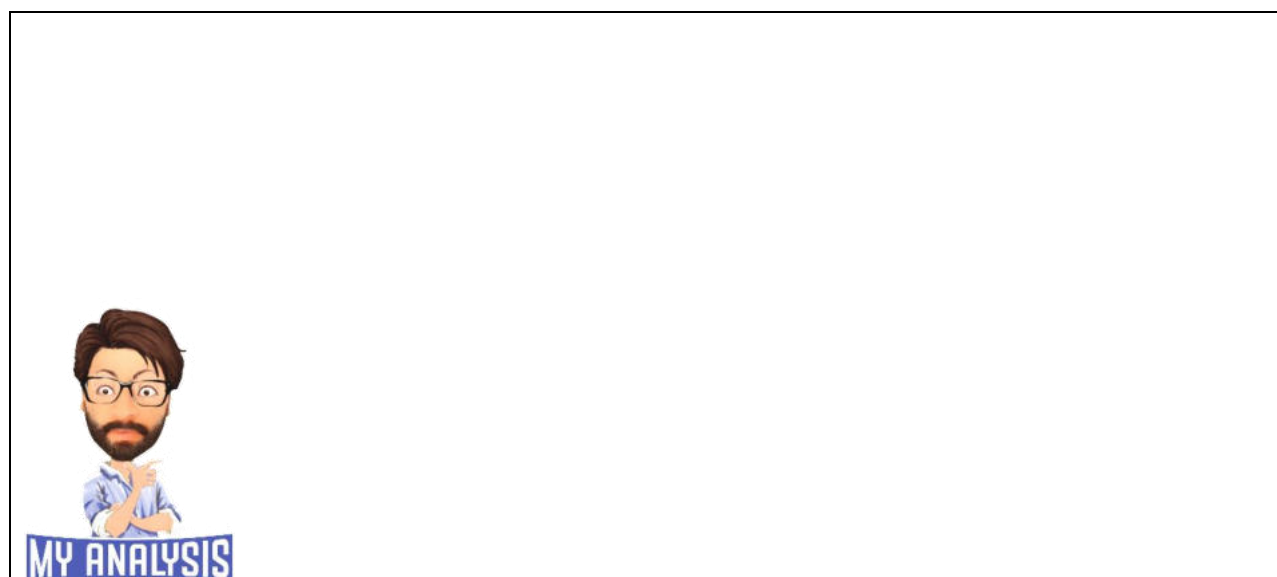
one-third of the board of directors shall comprise of independent directors and where the listed entity does not have a regular non-executive chairperson, at least half of the board of directors shall comprise of independent directors.

- Directors will have to comply with the following conditions with respect to maximum number of directorships:
 - A person may act as a director in not more than seven listed entities;
 - A person may serve as an independent director in not more than seven listed entities
 - Any person who is serving as a whole time director/ managing director in any listed entity may serve as an independent director in not more than three listed entities.

3. Committees:

The following committees will be created under this Chapter:

- a) Audit Committee
 - b) Nomination and Remuneration Committee
 - c) Stakeholder Relationship Committee
 - d) Risk Management Committee
4. The HVDLE shall formulate a **vigil mechanism/ whistle blower policy** for directors and employees to report genuine concerns.
 5. The HVDLE shall formulate a **policy on materiality of related party transactions**.
 6. At least one independent director, on the board of directors of the HVDLE, shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.
 7. Every HVDLE and its material unlisted subsidiaries incorporated in India shall undertake **secretarial audit** and shall annex a secretarial audit report given by a company secretary in practice, in such form as specified by the Board, with the annual report of the listed entity,



Lesson 13
PROHIBITION OF INSIDER TRADING

1. SEBI (Prohibition of Insider Trading) (Third Amendment) Regulations, 2024 : Connected person def

SEBI has notified the SEBI (Prohibition of Insider Trading) (Third Amendment) Regulations, 2024 which shall come into force on the date of their publication in the Official Gazette.

8. The following amendments have been made in regulation 2(1)(d) defining the term Connected Person:

- Sub-clause (i) has been substituted with the following:

“(i) any person who is or has been, during the six months prior to the concerned act, associated with a company, in any capacity, directly or indirectly, including by reason of frequent communication with its officers or by being in any contractual, fiduciary or employment relationship or by being a director, officer or an employee of the company or holds any position including a professional or business relationship, whether temporary or permanent, with the company, that allows such a person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.”

- The word “immediate” appearing in point no. (a) and (j) to regulation 2(1)(d)(ii) is omitted.

- **The following points are inserted in the definition of deemed connected person:**

“(k). a firm or its partner or its employee in which a connected person specified in sub-clause (i) of clause (d) is also a partner; or

(l). a person sharing household or residence with a connected person specified in sub-clause (i) of clause (d);”

9. The definition of “relative” is inserted which shall mean the following:

- (i) spouse of the person;
- (ii) parent of the person and parent of its spouse;
- (iii) sibling of the person and sibling of its spouse;
- (iv) child of the person and child of its spouse;
- (v) spouse of the person listed at sub-clause (iii); and
- (vi) spouse of the person listed at sub-clause (iv)



2. SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2025: UPSI

SEBI has notified the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2025 which shall come into force on the ninetieth day from the date of their publication in the Official Gazette.

1. According to the notification, **following information inter alia are to be included in the definition of unpublished price sensitive information** in regulation 2(1)(n) of the SEBI (Prohibition of Insider Trading) Regulations, 2015:
 - a. mergers, de-mergers, acquisitions, delistings, disposals and expansion of business, award or termination of order/contracts not in the normal course of business and such other transactions;
 - b. changes in key managerial personnel, other than due to superannuation or end of term, and resignation of a Statutory Auditor or Secretarial Auditor;
 - c. change in rating(s), other than ESG rating(s);
 - d. fund raising proposed to be undertaken;
 - e. agreements, by whatever name called, which may impact the management or control of the company;
 - f. fraud or defaults by the company, its promoter, director, key managerial personnel, or subsidiary or arrest of key managerial personnel, promoter or director of the company, whether occurred within India or abroad;
 - g. resolution plan/ restructuring or one time settlement in relation to loans/borrowings from banks/financial institutions;
 - h. admission of winding up petition filed by any party /creditors and admission of application by the Tribunal filed by the corporate applicant or financial creditors for initiation of corporate insolvency resolution process against the company as a corporate debtor, approval of resolution plan or rejection thereof under the Insolvency and Bankruptcy Code, 2016;
 - i. initiation of forensic audit, by whatever name called, by the company or any other entity for detecting misstatement in financials, misappropriation/ siphoning or diversion of funds and receipt of final forensic audit report;
 - j. action(s) initiated or orders passed within India or abroad, by any regulatory, statutory, enforcement authority or judicial body against the company or its directors, key managerial personnel, promoter or subsidiary, in relation to the company;
 - l. outcome of any litigation(s) or dispute(s) which may have an impact on the company;
 - m. giving of guarantees or indemnity or becoming a surety, by whatever named called, for any third party, by the company not in the normal course of business;
 - n. granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.

Lesson 17 MUTUAL FUNDS

SEBI (Mutual Funds) (Third Amendment) Regulations, 2024

1. Nomination by unit holders

The following amendments have been made in the SEBI (Mutual Funds) Regulations, 1996:

10. Rejection of application of sponsor

Where the sponsor does not satisfy the eligibility criteria mentioned in regulation 7 or regulation 81, the SEBI may reject the application and inform the applicant of the same. [Amendment: Regulation 11]

11. Rejection of application of AMC

Where an application made under regulation 19 by an asset management company for grant of approval does not satisfy the eligibility criteria laid down in regulation 21 and regulation 86, the SEBI may reject the application. [Amendment: Regulation 23]

12. The amendments have been made in Regulation 29A relating to Nomination.

The same is provided below:

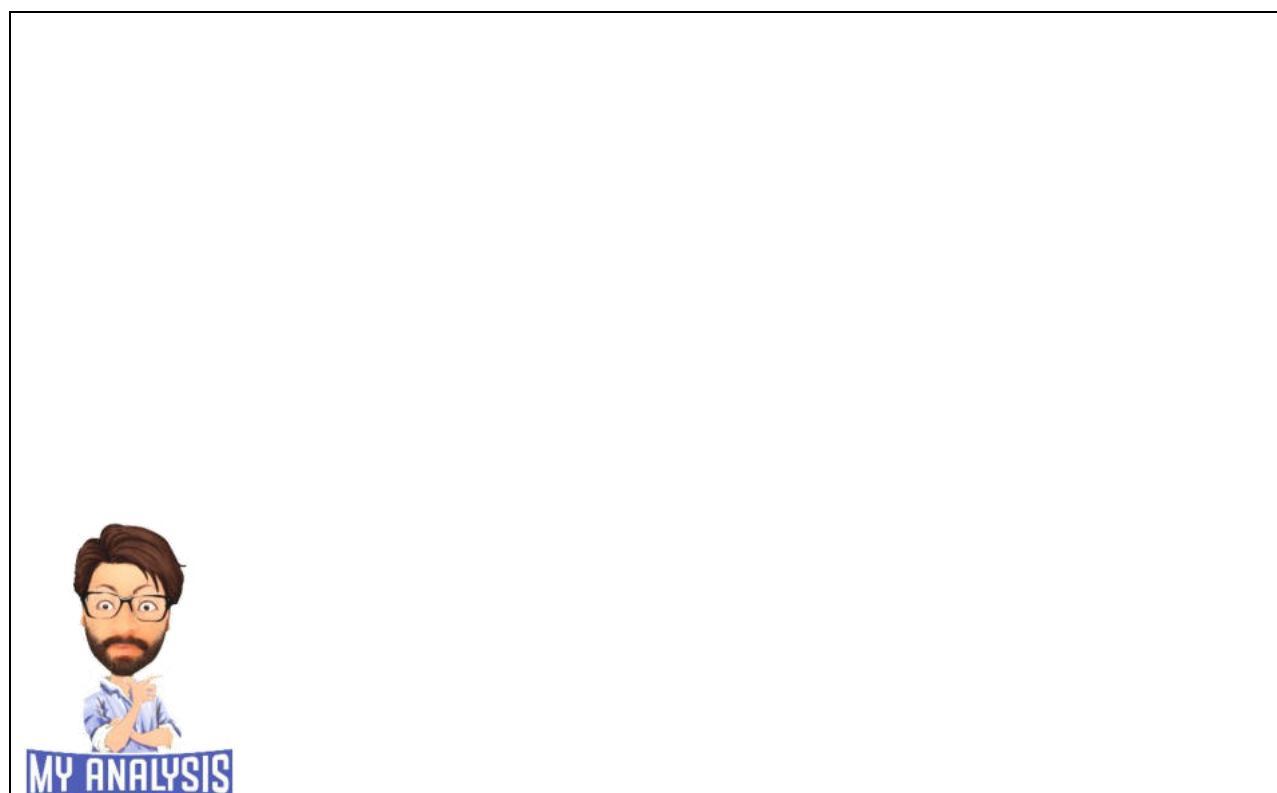
1. The asset management company shall provide an option to the unitholder to nominate, in the manner as may be specified from time to time, a person in whom the units held by him shall vest in the event of his death.
2. The unitholder shall have an option to nominate, in the manner as may be specified, a person who shall be authorized to conduct transactions on behalf of the unitholder in the event of the incapacitation of the unitholder.
3. Where the units are held by more than one person jointly, the joint unitholders may together nominate a person in whom all the rights in the units shall vest in the event of death of all the joint unitholders.
4. An asset management company or its registrar to an issue and share transfer agent shall not be liable for any action taken on the basis of nomination made by the unitholder.



2. “Specialized Investment Fund”

A new Chapter VI-C namely “Specialized Investment Fund” is inserted which stipulates that:

- A Specialized Investment Fund shall not accept from an investor, an investment amount less than Rs. 10 lakh across all investment strategies in the manner as may be specified by SEBI. Provided that the requirement of minimum investment amount shall not apply to an accredited investor.
- An investment strategy under the Specialized Investment Fund shall be launched as an open-ended investment strategy or close-ended investment strategy or interval investment strategy with subscription and redemption frequency appropriately disclosed in the offer document.
- An investment strategy under Specialized Investment Fund shall not invest more than 20 per cent of its NAV in debt instruments comprising money market instruments and non-money market instruments issued by a single issuer which are rated not below investment grade by a credit rating agency authorised to carry out such activity under the Act. Such investment limit may be extended to 25 per cent of the NAV of the investment strategy with the prior approval of the Board of Trustees and Board of Directors of the asset management company.
- The asset management company shall ensure that the Specialized Investment Fund has distinct identification, separate from that of the Mutual Fund, to maintain clear differentiation between the offerings of the Specialized Investment Fund and that of a Mutual Fund.
- The trustees shall ensure that the asset management company has the necessary expertise, internal control systems and risk management mechanism to invest in and manage investments.
- The offer documents of the Specialized Investment Fund shall contain disclosures which are adequate for investors to make informed investment decisions, highlighting the high-risk nature of the product, in the manner as may be specified by SEBI.

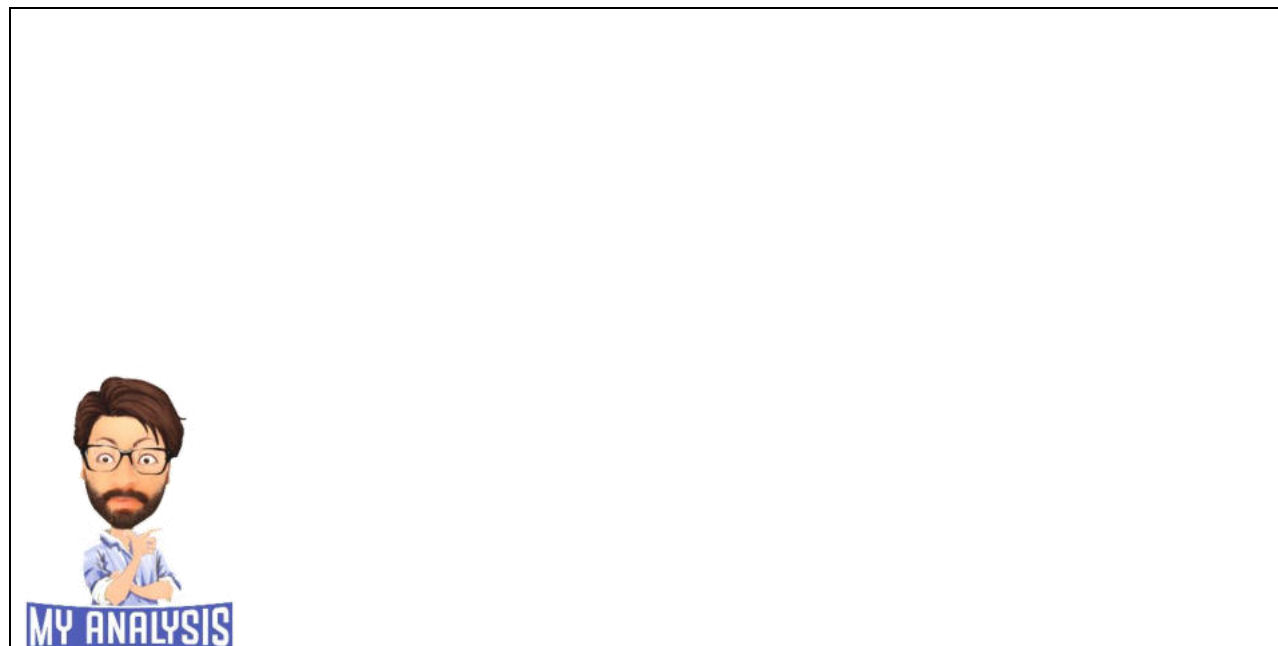


3. Introduction of Mutual Funds Lite (MF Lite) framework

The present regulatory framework for Mutual Funds (MFs) provides for regulation of MFs and the schemes managed thereunder. While both active and passive MF schemes (such as Exchange Traded Funds (ETFs) and Index funds) are covered under the purview of the extant MF Regulations, the provisions thereunder have been envisaged, primarily keeping in mind the actively managed schemes and the risks and complexities associated therewith.

Passive funds follow a rule-based investment strategy and there is negligible discretion with AMCs regarding asset allocation and investment objective. As such, various provisions of the existing regulatory framework may not be relevant for passively managed schemes. Accordingly, SEBI has made amendments to the SEBI (Mutual Funds) Regulations, 1996 and inserted Chapter XI viz, "Mutual Funds Lite" for enabling a relaxed framework with light-touch regulations for entities desirous of launching only passive Mutual Fund schemes.

"Mutual Fund Lite" or "MF Lite" means a mutual fund that has obtained registration under Chapter XI and is having only such index funds, exchange traded funds, fund of funds or other mutual fund schemes as may be specified by the Board from time to time.



4. Obligations of AMC (2 points added)

SEBI has notified the SEBI (Mutual Funds) (Amendment) Regulations, 2025 which shall come into force with effect from April 1, 2025. Vide this notification, the following amendments have been made in the SEBI (Mutual Funds) Regulations, 1996:

5. In regulation 25, relating to Asset management company and its obligations, the following clauses have been inserted:
- The asset management company shall invest a percentage of the remuneration of such employees as specified by the Board in units of mutual fund schemes based on the designation or roles of the designated employees in the manner as may be specified by the Board.
 - The asset management company shall conduct stress testing for such schemes as specified by the Board and disclose the results of the stress testing in the form and manner, as may be specified by the Board.

