



ACQUISORY

Your Growth, Our Business

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SEBI

Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) (Amendment) Regulations, 2025

- ❑ SEBI has amended Securities Contracts (Regulation) (Stock Exchange and Clearing Corporations), 2018 by inserting Regulation 39B on Responsibility for the use of Artificial Intelligence.
- ❑ It provides that a recognized stock exchange and a recognized clearing corporation which 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 clients or constituents, shall be solely responsible –
 - for the privacy, security and integrity of investors’ and stakeholders’ data including data maintained by it in a fiduciary capacity throughout the processes involved;
 - for the output arising from the usage of such tools and techniques it relies upon or deals with; and
 - for the compliance with applicable laws in force

Securities and Exchange Board of India (Depositories and Participants) (Amendment) Regulations, 2025

- ❑ SEBI amends SEBI (Depositories and Participants) Regulations, 2018 by inserting Regulation 9 on Interest on non-payment, belated payment or short payment of annual fee and annual charge and Regulation 82 AA on Responsibility for the use of artificial intelligence.
- ❑ Regulation 82AA provides that a that a depository which 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 clients or constituents, shall be solely responsible–
 - for the privacy, security and integrity of investors’ and stakeholders’ data including data maintained by it in a fiduciary capacity throughout the processes involved;
 - for the output arising from the usage of such tools and techniques it relies upon or deals with; and
 - for compliance with applicable laws in force.

Securities and Exchange Board of India (Intermediaries) (Amendment) Regulations, 2025

- ❑ SEBI has amended the SEBI (Intermediaries) Regulations, 2008, by inserting Regulation 16C on Responsibility for the use of Artificial Intelligence.
- ❑ It provides that any person regulated by the Board 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 investors, shall be solely responsible –
 - for the privacy, security and integrity of investors’ and stakeholders’ data including data maintained by it in a fiduciary capacity throughout the processes involved;

- for the output arising from the usage of such tools and techniques it relies upon or deals with; and
- for the compliance with applicable laws in force.

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

- ❑ SEBI has introduced industry standards for the minimum information that listed entities are required to provide to the audit committee and shareholders when seeking approval for the related party transactions (RPT).
- ❑ The Industry Standards Forum (ISF) comprising representatives from three industry associations i.e ASSOCHAM, CII and FICCI have formulated these standards for minimum information to be provided for review of the audit committee and shareholders for approval of RPTs in consultation with SEBI under the aegis of the stock exchanges.
- ❑ The industry associations and stock exchanges will publish these standards on their websites to facilitate a uniform approach and assist listed entities in complying with the requirements.

SEBI launches RPT portal to strengthen corporate governance and transparency

- ❑ The SEBI Launched a dedicated Related Party Transaction portal to enhance transparency and governance in corporate India.
- ❑ SEBI introduced this portal as a strategic move to track and analyse RPTs, a critical area where governance lapses often occur.
- ❑ The launch of the RPT portal marks a significant step towards corporate accountability, ensuring that transactions are conducted fairly and transparently.
- ❑ SEBI expects market participants to leverage the platform to reinforce governance norms and boost investor confidence.

Relaxation in timelines for holding AIFs’ investments in dematerialized form.

- ❑ According to a circular, any investment made by an AIF on or after July 1, 2025 shall be held in dematerialized form only, irrespective of whether the investment is made directly in the investee company or is acquired from another entity.
- ❑ However, any investments made prior to July 1, 2025 are exempted from the requirement of being held in dematerialized form, except in specific cases.
- ❑ The investments made by an AIF prior to July 1, 2025 shall be held in dematerialized form by the AIF on or before October 31, 2025. This shall not be applicable to the scheme of an AIF whose tenure (not including permissible extension of tenure) ends on or before October 31, 2025 and the Scheme of an AIF which is in extended tenure as on February 14, 2025. The provisions of this circular shall come into force with immediate effect.

SEBI Introduces Regulatory Framework for Specialized Investment Funds

- ❑ Securities and Exchange Board of India (SEBI) has introduced a regulatory framework for Specialized Investment Funds (SIF) through amendments to the SEBI (Mutual Funds) Regulations, 1996.
- ❑ This initiative addresses the gap between Mutual Funds (MFs) and Portfolio Management Services (PMS) in terms of portfolio flexibility.
- ❑ SIF aims to provide an alternative investment vehicle for investors seeking a product with characteristics bridging these two options.
- ❑ The framework aligns with SEBI's segmented, risk-based regulatory approach, tailoring norms to investment size, investor profile, and product complexity.
- ❑ The guidelines, detailed in Annexure A of the circular, will take effect from April 1, 2025. By March 31, 2025, the Association of Mutual Funds in India (AMFI) will issue necessary guidelines and standards for SIF. Additionally, stock exchanges, clearing corporations, and depositories are instructed to prepare systems, amend relevant regulations, and ensure wide dissemination of the framework among market participants.
- ❑ This circular is issued under Section 11(1) of the SEBI Act, 1992, to safeguard investor interests and promote a well-regulated securities market.

MCA

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

According to the amendment a new proviso is inserted in rule 9B (2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 stating:

“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 provisions of this sub rule by June 30, 2025.”

RBI

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

RBI reviewed the above-mentioned Direction 2023 and 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*. Accordingly, the relevant instructions have been amended.

TAX

CBDT extends Due Date for Filing Form 56F for AY 2024-25

- ❑ Central Board of Direct Taxes (CBDT) has extended the due date for filing Form 56F under the Income tax Act, 1961.
- ❑ This extension is granted in response to difficulties faced by taxpayers and stakeholders in submitting the required accountant's report under Section 10AA(8) read with Section 10A(5) of the Act.
- ❑ To mitigate genuine hardship, CBDT has extended the deadline for Assessment Year 2024-25 from the original date specified under Section 44AB to March 31, 2025.
- ❑ The decision aims to provide relief to taxpayers who were unable to comply with the initial deadline.

IFSCA

IFSCA (Fund Management) Regulations, 2025

- ❑ The IFSCA (Fund Management) Regulations, 2025 have been notified in the Official Gazette on February 19, 2025, which replaced the IFSCA (Fund Management) Regulations, 2020.
- ❑ Among other, the key provision of the regulations inter-alia includes the following:
 - The minimum corpus of a scheme has been reduced from \$5 million to \$3 million, which will allow Fund Management Entities (FMEs) to commence investment activities upon reaching a lower threshold.
 - The validity of the scheme's Private Placement Memorandum (PPM) has been increased to 12 months. This will provide more time to FMEs to raise the minimum corpus to start a scheme. Also, open-ended schemes have been permitted to start investment activities upon achieving an investment of \$1 million and the minimum corpus of \$3 million can be achieved within a 12-month period.
 - In order to further boost portfolio management activities, the minimum investment amount has been reduced to \$75,000 from \$150,000.

Appointment and change of Key Managerial Personnel by a Fund Management Entity

- ❑ Regulation 7 of the IFSCA (Fund Management) Regulations, 2025 requires the Fund Management Entity (FME) to appoint Key Managerial Personnel (KMPs) based out of IFSC and meeting the requirements prescribed regarding educational qualification, work experience, etc.
- ❑ Further, it also stipulates that any appointment of and changes to the KMPs shall take place only in the manner as specified by the IFSCA.
- ❑ IFSCA specifies the manner and procedure to be followed by a FME for effecting the appointment of or change to the KMPs subsequent to the grant of registration by the Authority to the FME.

- ❑ The FME shall file an intimation to the IFSCA regarding the proposal to appoint or change a KMP in the prescribed format as specified in the circular.

Interest on late payment of fee by entities undertaking permissible activities in IFSCA

- ❑ IFSCA vide this circular notified the Interest on late payment of fee by entities undertaking permissible activities in IFSC.
- ❑ It is clarified that the fifteen percent (15%) simple interest per month is required to be paid on the late fee only, i.e. on the twenty percent (20%) of outstanding fee or outstanding dues payable.
- ❑ Further, with effect from March 01, 2025, S. No. 1 of Schedule II of IFSCA Circular dated May 17, 2023, wherein fee structure has been provided for the entities undertaking or intending to undertake permissible activities in IFSC, has been amended.
- ❑ Failure to pay outstanding dues/fees, in full (unpaid) or part (short-paid), to the IFSCA within the specified time, will incur a simple interest of 0.75% per month for every month.

IFSCA Mandates FIU-IND Portal Registration for Compliance

- ❑ The International Financial Services Centres Authority (IFSCA) has issued a circular dated February 25, 2025, reinforcing the requirement for regulated entities to register on the FIU-IND FINGate 2.0 portal for compliance with its Anti Money Laundering (AML), Counter-Terrorist Financing (CFT), and Know Your Customer (KYC) Guidelines, 2022.
- ❑ Registration must be completed before commencing business, or within 30 days if business operations begin urgently. Entities facing technical issues must report them weekly to FIU-IND and IFSCA.
- ❑ Additionally, any changes or additions to a Line of Business must be updated on the portal within 30 days. If registration or updates are not possible due to uncontrollable reasons, entities must submit filings under the Prevention of Money Laundering Act, 2002, via email.
- ❑ Non-compliance will be considered a breach of licensing conditions, potentially impacting the entity's registration, recognition, or authorization.