

# ACQUISORY

*Your Growth, Our Business*

**BULLETIN – APRIL 2025**



## SEBI

### Clarification on the position of Compliance Officer in terms of regulation 6 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

- ❑ The proviso to regulation 6(1) of the SEBI (LODR) Regulations, 2015 inter-alia requires the Compliance officer of a listed entity to be in whole time employment of the listed entity, not more than one level below the board of directors, and designated as a Key Managerial Personnel.
- ❑ In this regard, SEBI has clarified the term 'level' used in regulation 6(1) refers to the position of the Compliance Officer in the organization structure of the listed entity.
- ❑ Therefore, 'one-level below the board of directors' means one-level below the Managing Director or Whole-time Director(s) who are part of the Board of Directors of the listed entity.
- ❑ In case a listed entity does not have a Managing Director or a Whole-Time Director, then the Compliance Officer cannot be more than one-level below the Chief Executive Officer or Manager or any other person heading the day-day affairs of the listed entity.

### Relaxation of provision of advance fee restrictions in case of Investment Advisers and Research Analysts

- ❑ SEBI vide this circular has allowed investment advisers and research analysts to charge advance fees for up to one year.
- ❑ Under the existing rules, investment advisers (IAs) can charge fees in advance for up to two quarters if agreed upon by the client, while for research analysts (RAs), it was only for a quarter.
- ❑ If agreed by the client, IAs and RAs may charge fees in advance, however, such advance shall not exceed fees for a period of one year.
- ❑ The fee-related provisions such as fee limit, modes of payment of fees, refund of fees, advance fee, and breakage fees will only be applicable in the case of their individual and Hindu Undivided Family (HUF) clients (provided these clients are not accredited investors).
- ❑ In case of nonindividual clients, accredited investors, and in case of institutional investors seeking recommendation of proxy adviser, fee related terms and conditions shall be governed through bilaterally negotiated contractual terms.

### Securities and Exchange Board of India (Infrastructure Investment Trusts) (Amendment) Regulations, 2025

- ❑ SEBI vide notification dated April 01, 2025 amended the SEBI (Infrastructure Investment Trusts) Regulations, 2014.
- ❑ Key changes include revised rules for filling independent director vacancies within investment managers, requiring prompt filling of vacancies to maintain compliance.
- ❑ A new Schedule is inserted introducing illustrative Roles and Responsibilities of Trustees emphasizing transparency, accountability, and unitholder's protection.

- ❑ It also revises regulations related to InvIT borrowing, distribution, and reporting, aiming to enhance governance and protect investor interests.

### **SEBI introduces standardized application format for Specialized Investment Funds**

- ❑ SEBI introduced a standard format for applications by mutual funds intending to establish Specialized Investment Funds (SIF) in a bid to ensure uniformity and streamline the processing of such applications.
- ❑ Additionally, SEBI issued a detailed format for the investment strategy information Document (ISID) for SIFs.
- ❑ The introduction of SIFs is intended to bridge the gap between mutual funds and Portfolio Management Services (PMS) in terms of portfolio flexibility.

## RBI

### Clarifications on the permissibility of issuance of bonus shares to existing non-resident shareholder(s) by Indian companies engaged in sectors prohibited for FDI.

- ❑ As per the Consolidated FDI Policy Circular of 2020 dated 15.10.2020, as amended from time to time (FDI Policy), Indian companies are permitted to issue bonus shares to existing non-resident shareholders, subject to adherence to sectoral cap, if any.
- ❑ Accordingly, the following clarification is inserted under Para 1 Annexure 3 of the FDI Policy which shall be effective from the date of issue of the applicable FEMA notifications. issuance of bonus shares” “An Indian Company engaged in a sector/activity prohibited for FDI, is permitted to issue bonus shares to its pre-existing non-resident shareholder(s) provided that the shareholding pattern of the preexisting non-resident shareholder(s) does not change pursuant to the Issuance of bonus shares must comply with the applicable rules/laws/regulations/guidelines.

### **Processing of Regulatory Authorisations/Licenses/Approvals through PRAVAAH**

- ❑ With effect from May 1, 2025, all applicants, including regulated entities (REs) are advised to use PRAVAAH for submitting applications for regulatory authorisations, licenses and approvals to the Reserve Bank using the application forms already available in the portal.
- ❑ All regulated entities are advised to adhere to the above instructions. Instructions related to accessing the portal, submission and tracking of applications etc. are available on the portal itself.
- ❑ Further, for the convenience of users, the user manual, FAQs and videos are also available on the portal.

### **RBI Amends FEMA Compounding Rules – Cap on Penalty**

- ❑ RBI has inserted a new clause in the Master Directions concerning the capping of the maximum compounding amount.
- ❑ The newly added clause, Para 5.4.II.vi, states that subject to the satisfaction of the compounding authority, the maximum compounding amount imposed for contravention of each regulation or rule within a compounding application can be capped at INR 2,00,000/-.

## IFSCA

### Direction for all Regulated Entities

- ❑ IFSCA has noticed that certain entities are operating in IFSC without holding a valid license/registration/authorisation certificate from the Authority (IFSCA) and Letter of Approval under Special Economic Zones Act, 2005.
- ❑ In order to ensure orderly development of financial services market in IFSC and to curb such contraventions, it is hereby directed that all regulated entities should, at all times, ensure that they hold valid and subsisting Certificate of Registration (CoR)/license/ recognition/authorization letter/permission/ approval or any equivalent document, as per the applicable IFSCA regulations or framework; and also the Letter of Approval (LoA) under the SEZ Act, 2005.
- ❑ In case of expiry of the LoA (having validity of 1 year, if business not commenced or 5 years, after commencement of business) or failure to renew it in timely manner, may lead to appropriate enforcement action, including cancellation of the registration/license/recognition/authorization/permission/approval granted under the applicable IFSCA regulations or framework.

### Transition to IFSCA (Fund Management) Regulations, 2025

- ❑ IFSCA on April 08, 2025, issued Transition to IFSCA (Fund Management) Regulations, 2025. IFSCA (Fund Management) Regulations, 2025 notified on February 19, 2025, repealed the old 2022 regulations and introduced key changes including an increased validity period of 12 months for PPMs (up from 6 months) and a reduced minimum corpus requirement of USD 3 million (down from USD 5 million) for Venture Capital and Restricted Schemes.
- ❑ Schemes recorded or extended under the 2022 regulations as of February 19 2025, may operate under the new regime. A one-time opportunity is being offered to the Fund Management Entities to seek an extension of the PPM of Venture Capital Schemes and Restricted Schemes whose validity has expired before February 19, 2025.
- ❑ A one-time window allows expired PPMs to be re-filed within 3 months, subject to conditions. No processing fee is required for filings prompted by regulatory changes or Authority actions.

### IFSCA (KYC Registration Agency) Regulations, 2025

- ❑ These Regulations inter-alia provides the Eligibility requirement for a KRA to be registered with IFSCA;
- ❑ Registration requirements including net worth for a KRA; Qualification and Experience for a KRA; Functions and Obligations of a KRA; Functions and Obligations of a Regulated Entity in IFSC; Code of Conduct to be followed by a KRA.
- ❑ While it shall be mandatory for all the IFSCA regulated entities to upload the KYC records of their clients to the KRA, the regulations empower the Authority to exempt certain classes of regulated entities from applicability of these regulations.
- ❑ The KRA in IFSC shall lead to smooth onboarding of clients/customers by Regulated Entities and enhance their efficiency with respect to Customer Due-Diligence (CDD).

Monthly Updates – April 2025

## IFSCA Updates Fees Structure for IFSC Regulated Entities

### Key Changes

- ❑ USD 500 fee for modifications to scheme documents of Fund Management Entities (FMEs),
- ❑ clarification that late fees for periodic returns apply per activity per Regulated Entity (RE), and
- ❑ a reduced intimation fee of USD 250 (or Schedule I amount, whichever is lower) for changes in key personnel of FMEs.
- ❑ Furthermore, the circular specifies that application and recurring fees for Payment Service Providers (PSPs) and Payment System Operators (PSOs) are payable for each activity they undertake.
- ❑ It also clarifies that fees for Finance Companies/Units undertaking core activities apply separately for each activity listed under IFSCA (Finance Company) Regulations, 2021.
- ❑ Flat recurring fees become payable from the financial year following the grant of registration. The definition of “Annual Turnover (IBUs)” is amended to “Daily fund- based and non-fund based turnover.”
- ❑ Conditional recurring fees for stock exchanges beyond USD 150 Billion turnover are also detailed, and the mechanism for broker dealers to pay monthly turnover-based fees through stock exchanges is clarified.
- ❑ The circular confirms that the fee structure applies to the entire Financial Year 2025-26, regardless of when the fee was remitted, requiring payment of differential fees if applicable. As a one-time measure, applicable and differential fees for FY 2025-26 can be paid by May 10, 2025, or the original due date, whichever is later.
- ❑ This circular, issued under Sections 12 and 13 of the IFSCA Act, 2019, is effective immediately and aims to streamline fee-related processes for entities operating within the IFSC.

## OTHERS

### Revision in eligibility criteria for Industrial Entrepreneurs memorandum (IEM) acknowledgement

- ❑ Pursuant to the Gazette Notification S.O. 1364(E) dated 21st March 2025, issued by Ministry of Micro, Small, and Medium Enterprises (MSME), Department for Promotion of Industry and Internal Trade (DPIIT) has updated the eligibility criteria for issuance of Industrial Entrepreneur Memorandum (IEM) acknowledgment.
- ❑ Revised Eligibility Criteria for IEM Acknowledgment as per the updated guidelines, enterprises meeting the following revised criteria shall be eligible for IEM acknowledgment:
  - a. Investment in plant & machinery / equipment exceeding INR 125 Cr, or/and
  - b. Annual Turnover exceeding INR 500 Cr

The revised criteria shall be applicable w.e.f. April 15, 2025.