



Your Growth, Our Business

BULLETIN – SEPTEMBER 2025



SEBI

The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) (Amendment) Regulations, 2025

- ❑ The Securities and Exchange Board of India (SEBI), through its notification No. F. No. SEBI/LAD-NRO/GN/2025/262 dated September 8, 2025, has issued the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) (Amendment) Regulations, 2025, which take effect from the date of their publication in the Official Gazette.
- ❑ As per the amendment, a new Regulation 9A has been inserted, titled “Employee identified as promoter or part of the promoter group in the draft offer document.”
- ❑ The new provision states that an employee who is identified as a “promoter” or a member of the “promoter group” in the draft offer document submitted to SEBI for an initial public offering (IPO), and who had been granted options, stock appreciation rights (SARs), or any other benefit under a scheme at least one year before the filing of the draft offer document, will be permitted to continue holding and/or exercising such options, SARs, or benefits in line with the scheme’s terms and in compliance with these regulations and other applicable laws.

The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2025 (September 08, 2025)

- ❑ The Securities and Exchange Board of India (SEBI), through its notification No. F. No. SEBI/LAD-NRO/GN/2025/261 dated September 8, 2025, has issued the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2025, which come into effect from the date of their publication in the Official Gazette.

The amendment, among other provisions, introduces the following key changes:

- ✓ Insertion of sub-regulation (2A) in Regulation 39: It mandates that a listed entity shall issue securities pursuant to any Scheme of Arrangement or any subdivision, split, or consolidation of securities only in dematerialised form. Additionally, the listed entity is required to open a separate demat account for the securities of investors who do not already have a demat account.
- ✓ Substitution of sub-regulation (1) under Regulation 91C: The revised provision prescribes updated norms for disclosures by Not for Profit Organisations (NPOs) and specifies the timelines for making annual disclosures to the Social Stock Exchange(s).

The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2025 (September 08, 2025)

- ❑ The Securities and Exchange Board of India (SEBI), through its notification No. F. No. SEBI/LAD-NRO/GN/2025/264 dated September 8, 2025, has issued the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2025, which shall come into effect from the date of their publication in the Official Gazette. However, sub-regulations II and VI of regulation 3 of the amendment regulations will come into force 30 days after their publication in the Official Gazette.

- ❑ The amendment, among other provisions, introduces the following key changes:

1. Substitution of clause (c) in regulation 7(1):

The revised clause specifies that all specified securities held by the following persons or entities must be in dematerialised form prior to filing the draft offer document:

- ❑ Promoters
- ❑ Promoter group
- ❑ Selling shareholder(s)
- ❑ Directors
- ❑ Key managerial personnel (KMPs)
- ❑ Senior management
- ❑ Qualified Institutional Buyers (QIBs)
- ❑ Employees
- ❑ Shareholders holding superior voting right (SR) equity shares
- ❑ Entities regulated by financial sector regulators
- ❑ Any other categories of shareholders as may be specified by SEBI from time to time

2. Amendments to various other provisions:

The amendment also revises several other regulations, including **regulations 2(1)(ss), 8, 15, 105, 230, 237, 292(A)(E)(F), and Schedule VII**, among others.

The Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2025 (September 08, 2025)

The Securities and Exchange Board of India (SEBI), through its notification No. F. No. SEBI/LAD-NRO/GN/2025/265 dated September 8, 2025, has issued the Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2025, which shall come into effect from the date of their publication in the Official Gazette.

The amendment, among other changes, provides the following key updates:

1. Substitution of clause (fa) in regulation 2(1):

The revised clause defines “Co-investment” as an investment made by a Manager, Sponsor, or investor of a Category I or Category II Alternative Investment Fund (AIF) in the unlisted securities of investee companies where such AIF has made its investment.

2. Insertion of new regulation 17A:

A new regulation, Regulation 17A, has been introduced specifying the conditions governing co-investments by Category I and Category II AIFs.

SEBI Circular-Revised regulatory framework for Angel Funds under AIF Regulations (September 10, 2025)

- ❑ The Securities and Exchange Board of India (SEBI) has issued Circular No. SEBI/HO/AFD/AFD-POD1/P/CIR/2025/128 dated September 10, 2025, introducing a revised regulatory framework for Angel Funds under the SEBI (Alternative Investment Funds) Regulations, 2012 ("AIF Regulations").
- ❑ With the aim of enhancing ease of doing business, strengthening risk management, and providing greater operational clarity for Angel Funds, SEBI had earlier amended and notified the AIF Regulations on September 9, 2025.
- ❑ This circular lays down the detailed conditions and operational modalities related to various provisions applicable to Angel Funds in accordance with the amended framework.

SEBI Circular- Ease of regulatory compliances for FPIs investing only in Government Securities (September 10, 2025)

- ❑ The Securities and Exchange Board of India (SEBI), through its "Master Circular for Foreign Portfolio Investors, Designated Depository Participants and Eligible Foreign Investors" dated May 30, 2024, had outlined the guidelines for FPI registration, KYC requirements, and investment conditions/restrictions under Parts A, B, and C of the circular, respectively.
- ❑ To further promote ease of regulatory compliance for Foreign Portfolio Investors investing solely in Government Securities (referred to as "GS-FPIs"), SEBI amended the Foreign Portfolio Investors Regulations, 2019 via a notification dated August 11, 2025.
- ❑ Consequently, the FPI Master Circular has been modified to incorporate changes in various relevant paragraphs as detailed in the circular. Depositories, Custodians, and Designated Depository Participants have been directed to update their systems and processes to implement these revisions.
- ❑ The provisions of this circular shall take effect from February 8, 2026.

SEBI Board Meeting (September 12, 2025)

- ❑ The Securities and Exchange Board of India (SEBI), through its Press Release No. 62/2025 dated September 12, 2025, announced the outcomes of its 211th Board Meeting held in Mumbai.
- ❑ During the meeting, the SEBI Board approved, among other items, the following key proposals:
 - ✓ Amendments to the Securities Contracts (Regulation) Rules, 1957, aimed at enhancing ease of doing business by revising provisions related to Minimum Public Offer and the timelines for compliance with Minimum Public Shareholding requirements for issuers.
 - ✓ Amendments to the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, with the objective of promoting ease of doing business and broadening institutional investor participation in the IPO process.

- ✓ Amendments to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and related circulars, focused on simplifying compliance and facilitating ease of doing business in matters pertaining to Related Party Transactions.

Smooth transmission of securities from Nominee to Legal Heir (September 19, 2025)

- ❑ The Securities and Exchange Board of India (SEBI), through its circular SEBI/HO/MIRSD/MIRSDPoD/P/CIR/2025/130 dated September 19, 2025, has introduced measures to enhance the ease of doing investments and ensure smooth transmission of securities from a nominee to a legal heir.
- ❑ As per the circular, SEBI has streamlined the process of appointing nominees, clarifying that a nominee functions merely as a trustee of the securities held by the original security holder and is responsible for transferring such securities to the rightful legal heir in accordance with the succession plan.
- ❑ To further simplify and standardize the reporting of such transmissions and address tax-related issues, SEBI has directed that a uniform reason code "TLH" (Transmission to Legal Heir) be used by all reporting entities when reporting the transfer of securities from nominee to legal heir to the Central Board of Direct Taxes (CBDT). This measure aims to facilitate accurate application of the provisions of the Income-tax Act, 1961.

MCA

The Companies (Compromises, Arrangements and Amalgamations) Amendment Rules, 2025 (September 08, 2025)

- ❑ The Ministry of Corporate Affairs (MCA), through its notification G.S.R. 603(E) dated September 4, 2025, has issued the Companies (Compromises, Arrangements and Amalgamations) Amendment Rules, 2025, which come into effect from the date of their publication in the Official Gazette.
- ❑ The amendment, among other changes, introduces a new clause (iii) under Rule 25(1A), which allows the merger of one or more unlisted companies (other than companies referred to in Section 8 of the Companies Act) with one or more other unlisted companies (also excluding Section 8 companies), provided that:
 - ❑ The total outstanding loans, debentures, or deposits of all companies involved in the merger do not exceed ₹200 crore in aggregate; and
 - ❑ There is no default in the repayment of such loans, debentures, or deposits as mentioned above, both within thirty days prior to the date of the notice under clause (a) of sub-section (1) of Section 233 of the Act and on the date of filing the scheme under sub-section (2) of Section 233.
- ❑ Additionally, a certificate from the company's auditor confirming compliance with these conditions must be filed in Form No. CAA-10A, along with the copy of the approved scheme submitted under Section 233(2) of the Act.
- ❑ The amendment also substitutes the existing Forms CAA-9, CAA-10, CAA-11, and CAA-12 with revised versions.

MCA Widens the scope of fast-track mergers under the Companies Act, 2013 (September 11, 2025)

- ❑ The Companies Act, 2013 governs the incorporation, management, governance, and dissolution of companies in India. Section 233 of the Act provides for merger or amalgamation of certain classes of companies through a simplified approval process known as the Fast Track Merger, which is sanctioned by the Central Government (delegated to the Regional Directors).
- ❑ Under Section 233(1), such mergers or demergers are permitted between:
 1. two or more small companies, and
 2. a holding company and its wholly owned subsidiary.
- ❑ The provision also authorizes the Central Government (MCA) to prescribe additional classes of companies eligible to use this simplified process through rulemaking.
- ❑ To promote ease of doing business and extend the benefit of the fast track procedure to small and start-up companies, an amendment was introduced in 2021 to the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (CAA Rules), enabling fast track mergers or demergers between:
 1. two or more start-up companies, and
 2. one or more start-up company with one or more small company.
- ❑ Further, through an amendment to the CAA Rules in September 2024, the scope of the fast track merger process was expanded to include mergers of a foreign transferor company (incorporated outside India) being a holding company with its wholly owned Indian subsidiary (transferee company) — thereby allowing reverse flipping under the fast track route.

IFSCA

Regulatory Framework for Global Access in the IFSC - Amendments (September 12, 2025)

- ❑ The International Financial Services Centres Authority (IFSCA) has issued an amendment revising clauses 27, 36, and 37 of its earlier circular.
- ❑ Previously, all Global Access Providers and Introducing Brokers were required to route client funds through bank accounts maintained with an International Banking Unit (IBU) in the IFSC.
- ❑ Under the revised framework, IFSCA has provided additional flexibility by allowing these entities to either:
 1. open bank account(s) with an IFSC Banking Unit licensed by the Authority, or
 2. open account(s) with a Payment Service Provider (PSP) authorized under the IFSCA (Payment Services) Regulations, 2024,
- ❑ for handling payments and fund movements referred to in clauses 27, 36, and 37 of the circular, specifically in relation to global access business activities.