

LEGAL BRIEFS: MONTHLY LEGAL UPDATES

(Volume 2, Issue 1 | January, 2025)

Synergia Legal is bringing it to you a monthly compilation of digestible summaries of key legal developments and case laws impacting the business, commercial and economic landscape in India:

SECURITIES LAWS

1. The Securities and Exchange Board of India (SEBI) issued guidelines for Investment Advisors (January 08, 2025):

The SEBI had notified SEBI (Investment Advisers) (Second Amendment) Regulations, 2024 on December 16, 2024, amending the SEBI (Investment Advisers) Regulations, 2013 (“**IA Regulations**”). Following the amendment, the SEBI has issued the guidelines under the IA Regulations to be complied by the Investment Advisers (“**IA Guidelines**”).

The IA Guidelines require the Investment Advisors to maintain a deposit as determined by the SEBI based on the number of clients of the Investment Advisors. The IA Guidelines also provide the compliances and conditions for a registered research analyst to be registered as an Investment Advisor. Further, the IA Guidelines provide conditions for an individual or a partnership firm to seek a registration as part time Investment Adviser. The IA Guidelines enable non-individual investment advisers to appoint an independent professional, holding relevant certification from NISM, as a compliance officer.

In relation to the adoption of Artificial Intelligence (AI) tools for extending investment advisory services, the IA Guidelines mention that the Investment Advisors would be solely responsible for the security, confidentiality, integrity of the client data or any use of any information to provide the services. The IA Guidelines further provide that the Investment Advisors shall be required to provide a disclosure of the extent of use of AI tools by them to provide the advisory.

Amongst other amendments, the IA Guidelines: (a) eased the process of transition from individual Investment Advisor to non-individual Investment Adviser; (b) provided changes in the Most Important Terms and Conditions, to be entered into as part of the investment advisory agreement with the clients in accordance with the IA Regulations, to restrict the Investment Advisor to execute any trade on behalf of the client without their explicit consent; (c) timelines and conditions associated with the annual compliance audit to be conducted by the Investment Advisors under the IA Regulations; and (d) require the Investment Advisors to maintain a functional website.

(The circular bearing number SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2025/003 issued by the SEBI is accessible [here](#).)

2. The SEBI issued guidelines for Research Analysts (January 08, 2025):

The SEBI had notified SEBI (Research Analysts) (Third Amendment) Regulations, 2024 on December 16, 2024, amending the SEBI (Research Analysts) Regulations, 2014 (“**RA Regulations**”). Following the amendment and in line with the issuance of the IA Guidelines, the SEBI has issued the guidelines under the RA Regulations to be complied by the Research Analysts (“**RA Guidelines**”).

The RA Guidelines provide for the following guidelines in line with the IA Guidelines: (a) deposit requirements for the RAs; (b) registration requirements for part-time research analysts; (c) designation of principal officer; (d) appointment of compliance officer; and (e) provisions in relation to the use of AI tools.

In furtherance to the same, the RA Guidelines extend the scope of the definition of a research analysts to include such research entities providing research services as ancillary services without any direct consideration. The RA Guidelines also provide for model portfolio guidelines for such RAs providing model portfolio(s) to their clients.

(The circular bearing number SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2025/004 issued by the SEBI is accessible [here](#).)

3. The SEBI has issued a circular reviewing the timeline for review of ESG Rating pursuant to occurrence of ‘Material Events’ (January 17, 2025):

Under Para 10.1 of the Master Circular for EGS Rating Providers (“**ERPs**”) dated May 16, 2024, the ERPs are required to review the ESG ratings of the rated companies within 10 (ten) days of the occurrence of a ‘Material Event’. Material event or development has been defined to include any event that results in a change of the ESG profile of the rated company, such as publication of a Business Responsibility and Sustainability Reporting. Based on the representations made by the ERPs with respect to operating challenges faced in undertaking the update within the prescribed timeline, the SEBI has revised the timeline for updating the ESG Rating of the rated company from 10 (ten) days to 45 (forty five) days from the occurrence of a ‘Material Event’.

(The circular bearing number SEBI/HO/DDHS/DDHS-PoD-3/P/CIR/2025/007 issued by the SEBI is accessible [here](#).)

4. The SEBI issued a consultation paper on certain amendments to the SEBI LODR Regulations, 2015 with the objective of encouraging dematerialization of securities and

streamlining certain processes in view of the current regulatory landscape (January 14, 2025):

The SEBI has issued a consultation paper seeking comments from the public on the following proposals relating to the amendment to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**LODR Regulations, 2015**”):

- (a) The consultation paper proposes to mandating the issuance of new securities pursuant to (i) consolidation/split of face value of securities, and (ii) scheme of arrangement, only in dematerialized form;
- (b) The consultation paper proposes to do away with Regulation 40(4) and 40(5) of the LODR Regulations, 2015, dealing with registration of transfer of shares by the listed companies, on the ground of redundancy; and
- (c) The consultation paper proposes to omit the requirement for the listed companies to maintain the “proof of delivery” relating to the intimation of “minor difference in the signature” and “major difference in signature or non-availability of signature”, as provided under Schedule VII of the LODR Regulations, 2015.

The last date of providing comments/suggestions to the SEBI is February 04, 2025.

(The consultation paper on certain amendments to the SEBI LODR Regulations, 2015 with the objective of encouraging dematerialization of securities and streamlining certain processes in view of current regulatory landscape is accessible [here](#).)

5. The SEBI issued a consultation paper on review of framework for social stock exchange (January 20, 2025):

The SEBI has issued a consultation paper on review of framework for social stock exchange (“**SSE**”). The consultation paper seeks comments/view/suggestions from the public and other stakeholders on various proposals of the SSE Advisory Committee, including but not limited to:

- (a) The consultation paper has proposed amendment in the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 to: (i) expand the scope of the definition of ‘not for profit organization’ (“**NPOs**”); (ii) permitting NPOs to be registered on SSE for a period of 2 years without raising funds; and (iii) inclusion of welfare of disadvantaged children, women, elderly, vocational skills, promotion and education of art, culture and heritage as eligible activities to be identified as Social Enterprise; and
- (b) The consultation paper proposes for amendment to the LODR Regulations with respect to: (i) bifurcating the annual disclosures in financial and non-financial aspects by the

NPOs; and (ii) segregating reporting for listed and other significant non-listed projects under the social impact report.

The last date of providing comments/suggestions to the SEBI is February 10, 2025.

(The consultation paper on review of framework for social stock exchange is accessible [here](#).)

6. The SEBI issued a consultation paper on promoting financial inclusion through sachetisation of investment in mutual fund schemes (January 22, 2025):

The SEBI has issued a consultation paper on promoting financial inclusion through sachetisation of investment in mutual funds schemes. The consultation paper has been issued to promote financial inclusion, inculcate the habit of systematic saving and facilitate investment of small savings by investors new to the mutual fund space, by sachetisation of mutual funds. The consultation paper proposes small ticket SIP of INR 250 (Indian Rupees Two Hundred and Fifty) SIP. The last date of providing comments/suggestions to the SEBI is February 06, 2025.

(The consultation paper on promoting financial inclusion through sachetisation of investment in mutual fund schemes is accessible [here](#).)

7. The SEBI issued a consultation paper on draft circular for “Safe and Efficient Transfers on UPI” (January 31, 2025):

The SEBI has issued a consultation paper on draft circular for “Safe and Efficient Transfers on UPI”. While usage of Unified Payment Interface (UPI) has been a successful and efficient mode of usage adopted by the SEBI, there has been many instances of unregistered entities misleading investors by unauthorized collection of money. To address the same, the consultation paper proposes to create unique UPI address for collection of money by SEBI investor facing registered market participants/intermediaries.

(The consultation paper on draft circular for “Safe and Efficient Transfer on UPI” is accessible [here](#).)

8. The SEBI issued a circular on development of Web-based portal: iSPOT (Integrated SEBI Portal for Technical Glitches) for reporting of technical glitches (January 28, 2025):

The SEBI has provided for a standard operating procedure for handling of technical glitches by Market Infrastructure Institutions i.e., stock exchanges, clearing corporations and depositories, (“MIIs”) and payment of financial disincentive. Presently, the MIIs are required to report information about technical glitches and submit the root cause analysis reports to the SEBI at techglitch@sebi.gov.in. In order to streamline the reporting process of technical glitches across MIIs, the SEBI has developed a web-based portal i.e., integrated SEBI Portal

for Technical Glitches (iSPOT) for the submission of preliminary and final root cause analysis reports of technical glitches by the MIIs.

(The circular bearing number SEBI/HO/MRD/TPD/P/CIR/2025/08 issued by the SEBI is accessible [here](#).)

BANKING/ FINTECH

9. The Reserve Bank of India (RBI) released the draft formats of the Financial Statements of Co-operative Banks (January 07, 2025):

Under the Banking Regulation Act, 1949, the co-operative banks are required to prepare a balance sheet and profit and loss account as on the last working day of the year in the forms set out in Third Schedule of the Banking Regulation Act, 1949. The said forms have been notified in 1981, and have not been subject to amendment thereafter. In view of the same, the RBI has released the revised forms and their schedule together with instruction for the compilation of the balance sheet and profit and loss account. The revised formats have been subjected to the comments from the public, which may be provided on or before February 21, 2025.

(The press release bearing number 2024-2025/1869 issued by the Reserve Bank of India is accessible [here](#).)

10. The RBI issued the Master Directions on Credit Information Reporting (January 06, 2025):

The RBI has issued the Master Directions – Reserve Bank of India (Credit Information Reporting) Directions, 2025. The Master Direction consolidates the existing instructions on credit information reporting and dissemination, issued to the regulated entities (REs) of the RBI.

(The press release bearing number 2024-2025/1861 issued by the Reserve Bank of India is accessible [here](#); and the Master Direction – Reserve Bank of India (Credit Information Reporting) Directions, 2025 is accessible [here](#).)

11. The RBI issued the Master Directions – Reserve Bank of India (Non-resident Investment in Debt Instruments) Directions, 2025 (January 07, 2025):

The RBI has issued the Master Directions – Reserve Bank of India (Non-resident Investment in Debt Instruments) Directions, 2025. The Master Direction consolidates the circulars issued by the RBI under the following regulations issued by the RBI in accordance with the powers conferred under the Foreign Exchange Management Act, 1999:

- (a) Foreign Exchange Management (Permissible Capital Accounts Transactions) Regulations, 2000;
- (b) Foreign Exchange Management (Borrowing and Lending) Regulations, 2018; and
- (c) Foreign Exchange Management (Debt Instruments) Regulations, 2019.

(The Master Direction – Reserve Bank of India (Non-resident Investments in Debt Instruments) Directions, 2025 is accessible [here](#).)

12. The RBI released steps to encourage use of Indian Rupee and local/national currencies for settlement of cross border transactions – Liberalization of FEMA Regulations (January 16, 2025):

In July, 2022, the RBI had introduced additional arrangement in the form of Special Rupee Vostro Account (“SVRA”) to encourage a greater use of Indian Rupee for trade transactions. Further, in December, 2023, the Foreign Exchange Management (Manner of Receipt and Payment) Regulations were revised to enable cross border transactions in all foreign currencies and INR. In order to promote cross border transactions in INR and local/national currencies, the RBI has proposed a further review of the FEMA Regulations to enable the following:

- (a) Overseas branches of Authorized Dealer banks will be able to open INR accounts for a person resident outside India for settlement of all permissible current account and capital account transactions with a person resident in India;
- (b) Persons resident outside India will be able to settle bona fide transactions with other persons resident outside India using the balances in their repatriable INR accounts such as Special Non-resident Rupee account and SRVA;
- (c) Persons resident outside India will be able to use their balances held in repatriable INR account for foreign investment, including FDI, in non-debt instruments; and
- (d) Indian exporters will be able to open accounts in any foreign currency overseas for settlement of trade transactions, including receiving export proceeds and using these proceeds to pay for imports.

(The press release bearing number 2024-2025/1940 issued by the Reserve Bank of India is accessible [here](#).)

13. The RBI releases list of NBFCs in the Upper Layer (NBFC-UL) under Scale Based Regulations for NBFCs (January 16, 2025):

The RBI had issued the Scale Based Regulations (SBR): A Revised Regulator Framework for NBFCs (the “**Framework**”) on October 22, 2021. The Framework had categorized NBFCs into different layers i.e., Base Layer (NBFC-BL), Middle Layer (NBFC-ML), Upper Layer (NBFC-UL) and Top Layer (NBFC-TL). In accordance with the methodology provided under the Framework, the RBI announced a list of NBFCs in the Upper Layer under Scale Based Regulation for NBFCs.

(The press release bearing number 2024-2025/1939 issued by the Reserve Bank of India is accessible [here](#).)

14. The RBI issued a framework for imposing monetary penalty and compounding of offences under the Payment and Settlement Systems Act, 2007 (January 30, 2025):

Pursuant to the amendments to the Payment and Settlement Systems Act, 2007 under the Jan Vishwas (Amendment of Provisions) Act, 2023, and with the objective of rationalizing and consolidating enforcement action by the Reserve Bank of India, the RBI has amended the instruction provided under the Circular DPSS.CO.OD.No.1328/06.08.005/2019-20 dated January 10, 2020 on the ‘Framework for imposing monetary penalty and compounding of offences under the Payment and Settlement Systems Act, 2007’.

(The circular bearing number RBI/2024-25/108 issued by the Reserve Bank of India is accessible [here](#).)

OTHERS

15. The Insolvency and Bankruptcy Board of India (IBBI) issued a circular extending the time for filing Forms to monitor liquidation and voluntary liquidation process (January 09, 2025):

The liquidators were directed by the IBBI to file form relating to the liquidation and voluntary liquidation process latest by September 30, 2024. The last date for filing the forms was extended to December 31, 2024, vide a circular no. IBBI/LIQ/79/2024 dated December 02, 2024. However, the IBBI has received representations from the liquidators and insolvency professional agencies requesting for an extension of the said timeline citing technicalities and issues involved in the submission of the forms. In view of the same, the IBBI has decided to extend the last date of submission of the liquidation and voluntary liquidation forms till March 31, 2025.

(The circular bearing number IBBI/LIQ/80/2025 issued by the Insolvency and Bankruptcy Board of India is accessible [here](#).)

16. The IBBI issued a circular on mandatory use of eBKray Auction Platform for Liquidation Processes (January 10, 2025):

The IBBI had, through circular No. IBBI/LIQ/78/2024 dated October 29, 2024, issued directions regarding use of the eBKray auction platform for streamlining liquidation process and improving transparency. The IBBI stated that the platform has received positive response since its introduction, with 210 assets having been listed and 25 auctions having been conducted on the platform. In view of the same, the IBBI has directed all the insolvency professionals to exclusively use the eBKray auction platform for conducting auctions for the sale of assets during the liquidation process with effect from April 01, 2025.

(The circular bearing number IBBI/LIQ/81/2025 issued by the Insolvency and Bankruptcy Board of India is accessible [here](#).)

17. The IBBI has notified Amendment to the Guidelines for Technical Standards for the performance of core services and other services under the Insolvency and Bankruptcy Board of India (Information Utilities) Regulations, 2017 (January 29, 2025):

The IBBI has notified amendment to the guidelines for technical standards for the performance of core services and other services under the IBBI (Information Utilities) regulations, 2017. The amendment extends the use of Permanent Account Number (PAN) or other Officially Valid Documents (OVDs) for the verification of user identity during registration. The amendment also provides that before filing an application to initiate corporate insolvency resolution, the submitter shall file the information of default, with the IU and the IU shall process the information for the purpose of issuing a Record of Default in accordance with the Insolvency and Bankruptcy Board of India (Information Utilities) Regulations, 2017. Further, the IU is required to mark the 'status' of authentication of the submitted debt information where no default has been reported.

(The Amendment to the Guidelines for Technical Standards for the performance of core services and other services under the Insolvency and Bankruptcy Board of India (Information Utilities) Regulations, 2017 is accessible [here](#).)

18. The Ministry of Electronics and Information Technology (MeitY) released the Draft Digital Personal Data Protection Rules, 2025 (January 03, 2025):

The MeitY released the Draft Digital Personal Data Protection Rules, 2025 ("**Draft DPDP Rules**") in exercise of the powers conferred by sub-sections (1) and (2) of Section 40 of the Digital Personal Data Protection Act, 2023 ("**DPDP Act**"). The MeitY has requested for submission of objections and suggestions on the Draft DPDP Rules on the website of MyGov before February 18, 2025. The Draft DPDP Rules provide for a framework for implementation of the DPDP Act, and sets out the obligations of the data fiduciaries including implementation of security measures. Further, the Draft DPDP Rules sets out framework around the setting

up and operations of the Data Protection Board (DPB). The Draft DPDP Rules outlines the registration conditions and responsibilities of consent managers, and mandates the data fiduciaries to obtain a verifiable consent from the parent/legal guardians of children/persons with disability, as applicable.

(The Draft Digital Personal Data Protection Rules, 2025 issued by the Ministry of Electronics and Information Technology is accessible [here](#); and the explanatory note to the Draft Digital Personal Data Protection Rules, 2025 is accessible [here](#).)

19. The MeitY released AI Governance Guidelines Development Report (January 06, 2025):

The MeitY released AI Governance Guidelines Development Report issued by the sub-committee on 'AI Governance and Guidelines Development', established under the multi stakeholder advisory group constituted to undertake the development of an 'AI for India-Specific Regulatory Framework'. The AI Governance Guidelines Development Report emphasizes on the need for a coordinated, whole-of-government approach to ensure effective compliance and enforcement as India's AI landscape continues to evolve. The report sets out the list of AI governance principles including transparency, accountability and security. Further, the report identifies different players involved across the lifecycle of an AI system. The subcommittee focused on identifying gaps requiring considerations while the adoption of AI: (a) enabling effective compliance and enforcement of existing laws; (b) cyber security; (c) intellectual property rights; and (d) AI led bias and discrimination.

(The AI Governance Guidelines Development Report issued by the Ministry of Electronics and Information Technology is accessible [here](#).)

20. The MeitY notified the Aadhar Authentication for Good Governance (Social Welfare, Innovation, Knowledge) Amendment Rules, 2025 (January 31, 2025):

The MeitY notified the Aadhar Authentication for Good Governance (Social Welfare, Innovation, Knowledge) Amendment Rules, 2025 under the Aadhar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016. The amendment enables both government and non-government entities to avail Aadhar authentication service for providing various services in the public interest for specific purposes like enablement of innovation, spread of knowledge, promoting ease of living and enabling better access to services.

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