

LEGAL BRIEFS: BI-WEEKLY LEGAL UPDATES

(Volume 2, Issue 3 | August 11, 2025)

Synergia Legal is bringing to you a fortnightly 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 a circular on Operational Efficiency in Monitoring of Non-Resident Indians (NRIs) Position Limits in Exchange Traded Derivatives Contracts – Ease of Doing Business (July 29, 2025):**

The SEBI issued a circular aiming to enhance operational efficiency and ease of investment for Non-Resident Indians (NRIs) in exchange-traded derivatives. It removes the earlier requirement for NRIs to notify exchanges about their clearing members or obtain a Custodial Participant (CP) code. Instead, exchanges and clearing corporations will now monitor NRI position limits in the same manner as for domestic investors. They are required to update their systems within 30 days, and existing NRI clients have 90 days to opt out of the CP code framework via email. This move simplifies compliance, promotes flexibility, and facilitates smoother participation by NRIs in the derivatives market.

(The circular on Operational Efficiency in Monitoring of Non-Resident Indians (NRIs) Position Limits in Exchange Traded Derivatives Contracts – Ease of Doing Business issued by the SEBI is accessible [here](#).)

2. **The Securities and Exchange Board of India (SEBI) issued a circular on Monitoring of Minimum Investment Threshold under Specialized Investment Funds (SIF) (July 29, 2025):**

The SEBI has mandated a robust compliance mechanism requiring AMCs, RTAs, depositories, and exchanges to monitor every investor's total SIF holdings daily, with a strict minimum investment threshold of INR 10 Lakh per PAN across all SIF strategies. In the event of an active breach—such as redemption, transfer, or switch that brings the total below the threshold—all SIF units held by the investor shall be automatically frozen, and a 30-calendar-day notice shall be issued to rebalance. If the investor complies within this notice period, the freeze would be lifted without penalty; otherwise, all frozen units are auto-redeemed at applicable NAV.

(The circular on Monitoring of Minimum Investment Threshold under Specialized Investment Funds (SIF) issued by the SEBI is accessible [here](#).)

3. The Securities and Exchange Board of India (SEBI) issued a circular on Rights of Persons with Disabilities Act, 2016 and rules made thereunder – mandatory compliance by all Regulated Entities (July 31, 2025):

The SEBI has mandated that all regulated entities—including stock exchanges, clearing corporations, depositories, brokers, mutual funds, and KYC agencies—must make their digital platforms fully accessible to persons with disabilities, in line with the *Rights of Persons with Disabilities Act, 2016* and associated rules, particularly emphasizing Sections 40, 42, and 46 of the said Act. The regulated entities are required to inventory their digital assets within one month, appoint an IAAP-certified accessibility auditor within 45 days, complete accessibility audits within three months, and remediate issues within six months. This compliance must also include annual audits and reports, appointment of nodal officers, staff training, grievance redressal mechanisms, ensuring new procurements meet accessibility standards (like WCAG 2.1, GIGW, IS 17802), and inclusive digital KYC features such as voice support and accessible document formats—all to ensure equitable access to the securities market for persons with disabilities

(The circular on Rights of Persons with Disabilities Act, 2016 and rules made thereunder – mandatory compliance by all Regulated Entities issued by the SEBI is accessible [here](#).)

4. The Securities and Exchange Board of India (SEBI) issued a consultation paper on Amendment to the definition of Strategic Investor for REITs and InvITs (July 31, 2025):

The SEBI has proposed broadening the definition of "strategic investor" under REIT (Real Estate Investment Trusts) and InvIT (Infrastructure Investment Trusts) regulations to include all entities classified as Qualified Institutional Buyers (QIBs) under ICDR rules—such as public financial institutions, pension and provident funds, and insurance funds—which were previously excluded; however, the proposal excludes FPIs that are individuals, corporate bodies, or family offices. Strategic investors must still commit between 5% and 25% of the total offer size and observe a 180-day lock-in period. The objective for the consultation paper to attract more institutional capital, enhance market confidence, and improve the ease of doing business. Comments with respect to the consultation paper can be provided by August 22, 2025.

(The consultation paper on Amendment to the definition of Strategic Investor for REITs and InvITs issued by the SEBI is accessible [here](#).)

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(The consultation paper on Amendment to the definition of Strategic Investor for REITs and InvITs issued by the SEBI is accessible [here](#).)

6. The Securities and Exchange Board of India (SEBI) issued a draft circular for public comments on the Revised Norms for appointment of an independent third-party reviewer/certifier for green debt security (August 01, 2025):

The SEBI has put forward a revised framework to tighten the norms for appointing independent reviewers or certifiers for green bonds, aligning them with standards already in place for other ESG-linked bonds such as social and sustainability bonds. Under the draft, issuers must engage reviewers who are entirely independent of the issuer's management, directors, and key personnel, and must ensure they are remunerated in a manner that mitigates any conflict of interest. The scope of the review – ranging from second-party opinions to verifications, certifications, or ESG scoring – must be clearly defined in the offer document. Furthermore, SEBI-registered ESG rating providers may also act as reviewers provided they meet these independence and expertise criteria. Public comments on the proposal are invited until August 21, 2025.

(The draft circular for public comments on the Revised Norms for appointment of an independent third-party reviewer/certifier for green debt security issued by the SEBI is accessible [here](#).)

7. The Securities and Exchange Board of India (SEBI) issued a circular on the Review of Framework for conversion of Private Listed InvIT into Public InvIT (August 08, 2025):

The SEBI revised the framework for converting private listed Infrastructure Investment Trusts (InvITs) into public InvITs to simplify the process and boost market participation. The updated guidelines reinforce sponsor and group minimum unitholding requirements, align lock-in periods with existing regulations, and streamline procedural and disclosure norms to match those for follow-on public offers. These changes, informed by market feedback and the Hybrid Securities Advisory Committee, aim to enhance transparency and investor protection. SEBI has instructed stock exchanges and the Bharat InvITs Association to widely disseminate these revised norms.

(The circular on the Review of Framework for conversion of Private Listed InvIT to Public InvIT issued by the SEBI is accessible [here](#).)

8. The Securities and Exchange Board of India (SEBI) issued a consultation paper on Proposals to facilitate participation by resident Indians in Foreign Portfolio Investors (FPIs) (August 08, 2025):

The SEBI issued a consultation paper proposing measures to enhance resident Indian participation in Foreign Portfolio Investors (FPIs). The proposals include enabling retail schemes based in International Financial Services Centres (IFSCs) in India, with resident Indian non-individuals as sponsors or managers, to register as FPIs. Additionally, SEBI suggests aligning contribution limits for resident Indian non-individuals with those set by the International Financial Services Centres Authority (IFSCA) under the Fund Management Regulations, 2025. The consultation also proposes allowing Indian mutual funds to be constituents of FPIs, thereby broadening investment avenues for domestic investors. SEBI has invited public comments on these proposals until August 29, 2025.

(The consultation paper on Proposals to facilitate participation by resident Indians in Foreign Portfolio Investors issued by the SEBI is accessible [here](#).)

9. The Securities and Exchange Board of India (SEBI) issued a consultation paper on introduction of separate type of AIF scheme for only Accredited Investors (August 08, 2025):

The SEBI proposes allowing AIFs to launch special schemes tailored only for accredited investors, shifting investor eligibility from a high minimum investment threshold (currently ₹1 crore) to accreditation status as the key qualifying criterion. These accredited-only schemes would benefit from a lighter regulatory regime—permitting deviations from pari-passu investor rights (with explicit waivers), waiver of mandatory NISM certification for key investment personnel, extended fund tenure (up to five years) with investor approval, and no investor count cap (lifting the 1,000-investor limit). Managerial duties may also replace trustee roles in trust-structured AIFs by contractual arrangement. The intent is to broaden investor access, streamline operations, and foster innovation in sophisticated investment products. SEBI is inviting feedback on this framework until August 29, 2025.

(The consultation paper on introduction of separate type of AIF scheme for only Accredited Investors issued by the SEBI is accessible [here](#).)

BANKING/ FINTECH LAWS

10. The Reserve Bank of India (RBI) has issued draft Master Direction - Business Authorization of Co-operative Banks (Directions), 2025 (July 28, 2025):

The RBI has introduced a draft Master Direction for Business Authorization of Co-operative Banks, aimed at consolidating and updating the regulatory framework governing the business activities of co-operative banks in India. The draft covers conditions for obtaining business approvals, governance norms, prudential criteria, and procedural requirements. RBI invites public and stakeholder feedback until August 25, 2025, through the “Connect 2 Regulate” portal or via email.

(The Draft Master Direction – Business Authorization of Co-operative Banks (Directions), 2025 issued by the RBI is accessible [here](#).)

11. The Reserve Bank of India (RBI) has notified the Reserve Bank of India (Investment in AIF) Directions, 2025 (July 29, 2025):

The RBI has introduced revised regulatory guidelines effective January 1, 2026, governing investments by regulated entities (REs)—including commercial and co-operative banks, NBFCs, and All-India Financial Institutions—in Alternative Investment Funds (AIFs). Under the new directives, no single RE may contribute more than 10% of a scheme’s corpus, and total contributions from all REs must not exceed 20%. If an RE investing over 5% in an AIF also has upstream exposure to a debtor company through that AIF, it must provision 100% of its proportional investment, up to its direct exposure. Additionally, certain exemptions apply for prior-approved investments, and entities may choose to follow either the earlier circulars or the new directions for ongoing commitments.

(The Reserve Bank of India (Investment in AIF) Directions, 2025 issued by the RBI is accessible [here](#).)

12. The Reserve Bank of India (RBI) has issued draft circular on ‘Reserve Bank of India (Settlement of Claims in respect of Deceased Customers of Banks) Directions, 2025 (August 06, 2025):

The RBI has released a draft circular titled ‘Reserve Bank of India (Settlement of Claims in respect of Deceased Customers of Banks) Directions, 2025’ in line with its commitments outlined in the Statement on Developmental and Regulatory Policies. The draft proposes revised guidelines for how banks should handle and settle claims from customers who have passed away—providing clearer procedural directives. Stakeholders and the public are invited to submit feedback or comments via RBI’s “Connect 2 Regulate” portal or by email; the deadline for submissions is August 27, 2025.

(The draft circular titled ‘Reserve Bank of India (Settlement of Claims in respect of Deceased Customers of Banks) Directions, 2025’ issued by the RBI is accessible [here](#).)

13. The Reserve Bank of India (RBI) has notified the Reserve Bank of India (Non-Fund Based Credit Facilities) Directions, 2025 (August 06, 2025):

The RBI has released comprehensive, consolidated directives to standardize the regulation of non-fund based (NFB) credit instruments—such as guarantees, letters of credit, co-acceptances, and partial credit enhancements—across all regulated entities including commercial banks, co-operative banks, all-India financial institutions, NBFCs, and HFCs. These Directions introduce a unified framework aimed at improving transparency, credit discipline, and operational resilience, while significantly facilitating infrastructure financing. Key enhancements include increased scope for partial credit enhancement (PCE), supportive norms for electronic guarantees, and prudential limits and policies for NFB exposures. The new rules will take effect on April 1, 2026, although early implementation by regulated entities is permitted.

(The Reserve Bank of India (Non-Fund Based Credit Facilities) Directions, 2025 issued by the RBI is accessible [here](#).)

14. The Reserve Bank of India (RBI) has notified the Reserve Bank of India (Co-Lending Arrangements) Directions, 2025 (August 06, 2025):

The RBI has introduced a comprehensive regulatory framework for Co-Lending Arrangements (CLAs), enabling regulated entities—such as commercial banks, All-India Financial Institutions, and NBFCs/HFCs—to jointly extend credit. Under the new Directions, each participating lender must retain at least 10% of individual loans, incorporate CLA-specific provisions in their credit policies, and ensure clear borrower disclosures and grievance mechanisms. The blended interest rate, based on pro-rata contributions, must be transparently communicated, with all transactions routed via escrow accounts. CLAs must also include default loss guarantees (capped at 5% of outstanding loans), adhere to borrower-level asset classification norms, and ensure robust disclosures both to customers and in financial statements. These Directions repeal the 2020 circular on co-lending for priority sector lending and standardize conduct, credit discipline, and transparency in co-lending practices.

(The Reserve Bank of India (Co-Lending Arrangements) Directions, 2025 issued by the RBI is accessible [here](#).)

OTHERS

15. The Insolvency and Bankruptcy Board of India issued a Discussion Paper – Measures to enhance integrity of the Corporate Insolvency Resolution Process (August 06, 2025):

The Insolvency and Bankruptcy Board of India (IBBI) has released a discussion paper proposing key reforms to enhance the integrity of the Corporate Insolvency Resolution Process (CIRP). The proposals include mandatory disclosure of beneficial ownership by

resolution applicants, electronic submission of resolution plans to ensure confidentiality and efficiency, and the establishment of monitoring committees to oversee plan implementation. Additionally, the paper suggests coordinated resolution mechanisms for interconnected entities, and requires corporate debtors to submit a comprehensive Statement of Affairs to aid the resolution. These measures aim to increase transparency, accountability, and timely execution within CIRP. Public comments on the proposals are invited until August 27, 2025.

(The Discussion Paper – Measures to enhance integrity of the Corporate Insolvency Resolution Process issued by the IBBI is accessible [here](#).)

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THE RECITALS