

LEGAL BRIEFS: BI-WEEKLY LEGAL UPDATES

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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 Master Circular on Debenture Trustees (August 13, 2025):

The SEBI has issued a consolidated master circular for Debenture Trustees, replacing all previous circulars to streamline compliance. It covers due diligence, disclosures, grievance redressal, outsourcing, creation of security, and covenant monitoring. A key feature is the centralized Security and Covenant Monitoring System with unique Asset IDs for real-time oversight. The framework applies to issuers, DTs, credit rating agencies, stock exchanges, and depositories. Issued under SEBI's statutory powers, it is effective immediately and supersedes earlier directives while preserving their validity. DT boards are made accountable for ensuring compliance with the circular.

(The Master Circular on Debenture Trustees issued by the SEBI is accessible [here](#).)

2. The Securities and Exchange Board of India (SEBI) issued a consultation paper on review of SEBI (Stock Brokers) Regulations, 1992 (August 13, 2025):

The SEBI, through its consultation paper dated August 13, 2025, has proposed a comprehensive review of the SEBI (Stock Brokers) Regulations, 1992 to modernize and streamline the framework. The revisions aim to ease compliance, remove outdated provisions, and align with the Companies Act, 2013. Key proposals include introducing definitions for Algorithmic Trading and Execution Only Platforms, expanding the scope of Proprietary Trading Members, and strengthening governance by requiring at least one resident director in India for 182 days annually. Further, brokers must notify SEBI of all material registration changes (not just control shifts), and a system of joint inspections by SEBI, stock exchanges, and depositories is proposed to enhance oversight and investor protection.

(The Consultation Paper on the review of the SEBI (Stock Brokers) Regulations, 1992 issued by the SEBI is accessible [here](#).)

3. The Securities and Exchange Board of India (SEBI) issued a consultation paper on review of requirement of Minimum Public Offer and timelines to comply with Minimum Public Offer and timelines to comply with Minimum Public Shareholding for issuers in terms of Securities Contracts (Regulation) Rules, 1957 (August 18, 2025):

The SEBI issued a consultation paper proposing a tiered relaxation in Minimum Public Offer thresholds and extended timelines for meeting Minimum Public Shareholding norms for large issuers to enhance market absorption and encourage Indian listings. Specifically, companies with post-IPO market capitalization between ₹50,000 crore and ₹1 lakh crore would require an MPO of ₹1,000 crore or at least 8% of post-issue capital, with five years to reach 25% MPS; those between ₹1 lakh crore and ₹5 lakh crore would need an MPO of ₹6,250 crore or 2.75%, with compliance stretched over 5 to 10 years depending on initial public float; and firms above ₹5 lakh crore would have an MPO of ₹15,000 crore or 1% (minimum 2.5% dilution), again with up to 10 years to comply if their public shareholding is below 15% at listing. The retail quota in IPOs remains at 35%, and public feedback is invited until September 8, 2025.

(The consultation paper on review of requirement of Minimum Public Offer and timelines to comply with Minimum Public Offer and timelines to comply with Minimum Public Shareholding for issuers in terms of Securities Contracts (Regulation) Rules, 1957 issued by the SEBI is accessible [here](#).)

BANKING/ FINTECH LAWS

4. The Reserve Bank of India (RBI) has issued a Report of the Committee to develop a Framework for Responsible and Ethical Enablement of Artificial Intelligence (FREE-AI) in the Financial Sector (August 13, 2025):

The RBI released the FREE-AI Committee Report—*Framework for Responsible and Ethical Enablement of Artificial Intelligence in the Financial Sector*—laying down seven foundational principles (Sutras) such as “Trust is the Foundation,” “People First,” “Fairness and Equity,” “Accountability,” and “Understandable by Design,” to guide ethical AI adoption, balanced by risk mitigation. It further recommends 26 actionable measures across six strategic pillars—covering infrastructure, capacity building, policy, governance, protection, and assurance—including development of indigenous AI models, digital public infrastructure integration, adaptive regulation, AI sandboxes, a standing oversight committee, and funding incentives. The report emphasizes harmonizing innovation with safety through enhanced governance, board-approved AI policies, audit frameworks, and consumer protection mandates

(The Report of the Committee to develop a Framework for Responsible and Ethical Enablement of Artificial Intelligence (FREE-AI) in the Financial Sector issued by the RBI is accessible [here](#).)

5. The Reserve Bank of India (RBI) has issued a press release on Regulatory Sandbox: Fifth Cohort on Theme 'Neutral' - Exit (August 14, 2025):

The Reserve Bank of India announced the exit of entities from the fifth cohort of its Regulatory Sandbox, conducted under the theme “Neutral,” which allowed testing of innovative products and services across various categories without a pre-defined focus area. The cohort, launched to encourage experimentation in emerging financial technologies, has now been completed, with participant entities either graduating successfully after demonstrating compliance and scalability or exiting post-evaluation. The RBI emphasized that the sandbox continues to serve as a controlled environment for fostering innovation in the financial sector while balancing risks to consumer protection and financial stability.

(The press release on Regulatory Sandbox: Fifth Cohort on Theme 'Neutral' - Exit issued by the RBI is accessible [here](#).)

6. The Reserve Bank of India (RBI) has issued a notification on the compliance with Hon'ble Supreme Court Order dated April 30, in the matter of Pragya Prasun and Ors. V. Union of India (W.P.(C) 289 of 2024) and Amar Jain vs Union of India & Ors. (W.P.(C) 49 of 2025) (August 14, 2025):

The RBI has notified all the regulated entities to comply with the orders of the Hon'ble Supreme Court in the cases of Pragya Prasun and Ors. V. Union of India (W.P.(C) 289 of 2024) and Amar Jain vs Union of India & Ors. (W.P.(C) 49 of 2025). In the case of Pragya Prasun and Ors. V. Union of India, the Supreme Court that the digital KYC (Know Your Customer) regime in India discriminates against persons with disabilities—specifically acid attack survivors with facial disfigurements and individuals with complete blindness—by relying on inaccessible “liveness” tests such as blinking or reading on-screen codes, thus violating their rights under Article 21 (right to life and dignity), Articles 14 and 19, the Rights of Persons with Disabilities (RPwD) Act, 2016, and India's international obligations under the UNCRPD. The Court declared digital access a constitutional imperative and issued 20 binding directives to regulatory bodies—including RBI, SEBI, TRAI, PFRDA, IRDAI, and DoT—to ensure inclusivity (such as alternative liveness verification methods, acceptance of thumb impressions, retaining paper-based KYC, accessibility audits, grievance redressal mechanisms, and compliance with WCAG/GIGW standards).

(The notification bearing number RBI/2025-26/74 issued by the RBI is accessible [here](#).)

7. The Reserve Bank of India (RBI) has issued a Discussion Paper on Review of Monetary Policy Framework (August 21, 2025):

On August 21, 2025, the Reserve Bank of India issued a Discussion Paper on the Review of the Monetary Policy Framework, marking the timely reassessment of India's inflation

targeting strategy under the flexible inflation targeting (FIT) regime, as mandated by Section 45ZA of the RBI Act, 1934. The government, in collaboration with the RBI, initially set the CPI-based inflation target in August 2016 for a five-year term and extended it in March 2021 through March 2026. With the next five-year review due by March 2026, the RBI has invited comments from stakeholders and the public on the issues raised in the discussion paper, with responses requested by September 18, 2025.

(The Discussion Paper on Review of Monetary Policy Framework issued by the RBI is accessible [here](#).)

OTHERS

8. **The Insolvency and Bankruptcy Board of India issued a Discussion Paper on deletion of Clause 6 from the Code of Conduct for Insolvency Professionals (August 12, 2025):**

The Insolvency and Bankruptcy Board of India (IBBI) has issued a discussion paper proposing the removal of Clause 6 from the Code of Conduct for Insolvency Professionals, which currently restricts insolvency professionals (IPs) and their relatives from acquiring assets of a debtor during liquidation or bankruptcy, unless objectivity and independence are assured and prior IBBI approval is granted. Since equivalent prohibitions already exist within the applicable Insolvency and Bankruptcy regulations, IBBI considers Clause 6 redundant. Its deletion would simplify and harmonize the Code of Conduct without diluting ethical safeguards, as the prohibition would still be enforceable under the existing regulatory framework. Public feedback on this proposal is invited through the IBBI website, with comments due by September 1, 2025.

(The Discussion Paper on deletion of Clause 6 from the Code of Conduct for Insolvency Professionals issued by the IBBI is accessible [here](#).)

9. **The Insolvency and Bankruptcy Board of India notified the Amendments to the Insolvency and Bankruptcy Board of India (Continuing Professional Education for Insolvency Professionals) Guidelines, 2019 (August 13, 2025):**

The Insolvency and Bankruptcy Board of India, through the Amendments to the Insolvency and Bankruptcy Board of India (Continuing Professional Education for Insolvency Professionals) Guidelines, 2019, has mandated that Insolvency Professionals undertake a minimum of 30 credit hours of CPE annually, except in the year of registration. The amendment further prescribes an increasing proportion of in-person learning – 40% in 2026, 50% in 2027, and 60% from 2028 onwards. It also expands the scope of recognised learning activities, requires prior approval of the Insolvency Professional Agency for external

programmes, and broadens subject coverage to include the Prevention of Money Laundering Act and fraud detection.

(The Amendments to the Insolvency and Bankruptcy Board of India (Continuing Professional Education for Insolvency Professionals) Guidelines, 2019 issued by the IBBI is accessible [here](#).)

10. The Insolvency and Bankruptcy Code (Amendment) Bill, 2025 presented in the Lok Sabha (August 12, 2025):

The Insolvency and Bankruptcy Code (Amendment) Bill, 2025 (Bill), introduced in the Lok Sabha on August 12, 2025, seeks to strengthen and streamline India's insolvency framework by addressing gaps, reducing delays, and enhancing creditor confidence. The Bill introduces a Creditor-Initiated Insolvency Resolution Process (CIIRP), permitting certain financial creditors to trigger insolvency outside the National Company Law Tribunal (NCLT) with majority approval, subject to safeguards for debtors. It mandates the NCLT to admit or reject applications within 14 days based on objective records of default, removes the existing fast-track insolvency process, and introduces provisions for group insolvency and cross-border insolvency to handle complex multi-entity and international cases. The Bill also proposes electronic portals, specialised benches, and stronger rule-making powers for the Government and IBBI. Further, it enhances creditor oversight during liquidation, imposes penalties for frivolous filings, and enables reinstatement of CIRP where resolution initially fails—collectively aiming to expedite resolutions, curb discretion, and provide greater certainty in insolvency proceedings.

(The Insolvency and Bankruptcy Code (Amendment) Bill, 2025 is accessible [here](#).)

11. The Parliament of India passes the Promotion and Regulation of Online Gaming Bill, 2025 (August 21, 2025):

The Promotion and Regulation of Online Gaming Bill, 2025, passed by Parliament on 21 August 2025, establishes a comprehensive legal framework to regulate India's rapidly growing online gaming industry. The Bill seeks to prohibit exploitative money games—whether based on skill, chance, or hybrid formats—while promoting e-sports and social/educational games as legitimate and constructive digital activities. It provides for the creation of an Online Gaming Authority to classify games, register operators, and handle grievances, while empowering the government to block illegal platforms. Strict penalties are prescribed, including fines up to ₹1 crore and imprisonment of up to three years, with enhanced punishment for repeat offenders. The legislation also ensures accountability of gaming companies and their officers, with due diligence protections for non-executive directors. Overall, the Bill aims to curb addiction, fraud, money laundering, and security risks while fostering innovation, digital entrepreneurship, and India's competitive position in the global gaming economy.

(The Promotion and Regulation of Online Gaming Bill, 2025 is accessible [here](#).)

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THE RECITALS