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fig bulletin

a newsletter by cam financial institutions group

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Index

It gives us immense pleasure to share with you the twelfth issue of the Financial Institutions Group (**FIG**) Bulletin, a newsletter produced by our FIG practice.

India's financial regulators introduced a series of significant reforms during January-June 2026, aimed at liberalising cross-border frameworks, strengthening consumer and investor protection, and enhancing governance standards across the financial system. The Reserve Bank of India (**RBI**) undertook significant reforms to the cross-border trade and borrowing framework by extending export realisation timelines, simplifying compliance requirements for trade transactions, and easing the external commercial borrowing regime through relaxed eligibility norms and removal of cost ceilings.

The Securities and Exchange Board of India (**SEBI**) introduced several measures to strengthen investor protection and improve operational efficiency in the securities market. These included a voluntary facility allowing mutual fund investors to freeze their folios against unauthorised transactions, a special window for transfer and dematerialisation of physical securities, and revised valuation norms for gold and silver held by mutual fund schemes based on domestic exchange-published spot prices.

Meanwhile, the Insurance Regulatory and Development Authority of India (**IRDAI**) issued revised guidelines governing the establishment of liaison offices in India by overseas insurers, prescribing eligibility conditions, permissible activities, and reporting requirements. The IRDAI also enhanced governance standards for insurer investments in alternative investment vehicles by introducing safeguards intended to protect policyholders' funds from overseas exposure risks.

The International Financial Services Centres Authority (**IFSCA**) focused on strengthening GIFT City's position as a global financial hub through targeted regulatory reforms.

Together, these regulatory updates reflect a coordinated effort to modernize India's financial architecture, balancing innovation with prudence, and positioning the country's markets and institutions for sustainable growth in an increasingly complex global financial landscape.

We hope you enjoy reading this newsletter. Please feel free to send your comments, feedback and suggestions to cam.publications@cyrilshroff.com

Regards,

Cyril Shroff

CYRIL SHROFF
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India's leading law firm

FIG Papers & Blog

1. FIG Paper No. 54 (VDA Series 9): Recent Delhi High Court Rulings: Learnings for Digital Asset Players By Anu Tiwari, Shatrajit Banerji, Aditya Sarkar and Keerti Singh, accessible here

2. FIG Paper No 55: (VDA Series 10): India's First Asset Tokenisation Bill: What It Means for the Digital Assets Space by Anu Tiwari, Shatrajit Banerji, Aditya Sarkar and Keerti Singh , accessible here

3. FIG Paper No.56: Payments Vision 2028: Way Forward by Ganesh Kumar, Anu Tiwari, Utkarsh Bhatnagar and Palak Kapoor, accessible here

4. UPI Goes Global: The Regulatory Reckoning Ahead by Anu Tiwari, Lakshmi Rajagopalan, Hamraj Singh, Tannvi R and Poorna Poovamma, accessible here

5. FIG Paper No. 57 (VDA Series 11) India Digital Assets Round-Up: Recent Regulatory and Market Developments by Manmohan Juneja, Anu Tiwari, Kunal Savani, Utkarsh Bhatnagar, Shivam Garg, Aditya Sarkar and Hritwik Barua, accessable here

6. FIG Paper No 58: RBI Issues Operating Framework for Facilitating Outward Remittance Services by Non-Bank Entities by Ganesh Kumar, Anu Tiwari, Utkarsh Bhatnagar, Naman Lodha and Palak Kapoor, accessable here

7. FIG Paper No 59 – AI in Indian Financial Services: Balancing Innovation with Accountability and Regulation by Anand Sinha, Lily Vadera, Anu Tiwari, Kush Wadehra, Naman Lodha, Abhyuday Jaiswal and Lavanya Malani, accessable here

8. FIG Paper No. 60 – Comparative Analysis – Master Direction On Prepaid Payment Instrument, 2021, And Draft Directions On Prepaid Payment Instrument, 2026 by Anu Tiwari, Lakshmi Prakash, Ann Tomy & Udisha Surana here

RBI Regulatory Updates

1. RBI issues Amendment Directions on 'Matters to be Placed Before the Board of the Banks'

RBI had issued the draft RBI (Governance) Amendment Directions, 2026, applicable to commercial banks, small finance banks, payment banks and local area banks from October 1, 2026, replacing the earlier framework with a more principles based approach to Board governance. In respect of commercial banks, the RBI's (Commercial Banks – Governance) Amendment Directions, 2026 streamlines governance requirements by reducing the number of matters that must be placed before bank Boards and allowing greater delegation to Board committees. The revised framework provides as under:

The Board shall exercise oversight on the following:

i. risk management system, policy and strategy followed by the public sector banks;

ii. exposures to related entities of the public sector banks, namely inter alia details of lending to / investment in subsidiaries, the asset classification of such lending / investment; and

iii. ensure adherence to governance standards, including committee composition, roles, meeting frequency, and review functions.

Further, the matters to be placed before the Board may be determined based on the following key principles:

i. responsible for strategy, financial soundness, governance, risk management, and key personnel decisions, with delegation permitted to committees.

ii. clearly define matters requiring Board approval, reporting, or information, while focusing on strategy and risk governance.

iii. chairperson has primary responsibility for setting Board meeting agendas.

iv. ensure management provides timely and adequate information.

v. regularly review Board and committee responsibilities, agenda quality, information adequacy, and meeting effectiveness.

2. RBI Amends Regulatory Framework for Foreign Portfolio Investors (FPIs) Investments in Government Securities

The RBI, through its circular dated June 5, 2026, liberalised the regulatory framework governing foreign portfolio investor (**FPI**) investments in government securities aiming to enhance ease of investment and attract greater foreign participation in India's debt markets. It removed three key restrictions applicable to FPI investments under the General Route (the short-term investment limit, security-wise limit, and concentration limit) and consolidated the previously separate "general" and "long-term" investment categories into a single investment limit for Central Government Securities and State Government Securities.

The RBI expanded the scope of the Fully Accessible Route (**FAR**) by designating certain new issuances of government securities and sovereign green bonds (**SGBs**), particularly in longer tenors, as "specified securities" eligible for unrestricted investment by non-residents. It also made corresponding amendments to the Master Direction to remove obsolete provisions relating to these limits and classifications. Overall, the changes aim to simplify the investment regime, improve market access for FPIs, increase liquidity in the government bond market, and support greater integration of India's debt markets with global capital markets.

3. RBI Issues Swap Facility for External Commercial Borrowings and Overseas Foreign Currency Borrowings

The RBI, through its circular dated June 8, 2026, introduced a US Dollar–Rupee Forex Swap Facility to facilitate hedging of eligible external commercial borrowings (**ECBs**) and overseas foreign currency borrowings (**OFCBs**). The facility is available for ECBs with a minimum average maturity of three years raised by eligible public sector undertakings (**PSUs**) and for

OFCBs raised by Authorised Dealer Category-I banks, for borrowings drawn or received up to December 31, 2026.

Under the scheme, banks can swap US dollars with the RBI at a fixed rate of 1.5 per cent per annum (compounded semi-annually) for a maximum tenor of five years, helping borrowers manage foreign exchange risk and improve access to overseas funding. The facility became effective immediately and will remain available until January 15, 2027, reflecting the RBI's efforts to support external financing while mitigating currency-related risks.

4. RBI Issues Final Amendment Directions on NBFC–UL Framework and Concentration Norms for Government NBFCs

The RBI finalised the framework for the identification of Non-Banking Financial Companies in the Upper Layer (**NBFC-UL**) and the regulatory treatment of government-owned NBFCs, pursuant to its draft amendment directions issued in April 2026 and earlier draft circular on concentration norms. The final directions largely confirm the shift to an asset size-based threshold of INR 1,00,000 crore for NBFC–UL classification and extend the framework to include eligible government-owned NBFCs while maintaining an ownership-neutral regulatory approach. Based on stakeholder feedback, however, the RBI introduced targeted relaxations, including higher exposure limits for NBFC-IFCs and exemption from listing requirements for wholly government-owned NBFCs. The directions also clarify the applicability of the framework from the date an entity as an NBFC-UL by the RBI. The RBI also declined requests for the continuation of case-specific exemptions or the modification of the asset size criterion, reinforcing a principle-based, transparent, and simplified regulatory regime.

5. RBI Releases Draft Guidance on Regulatory Principles for Model Risk Management

The RBI issued draft Guidance on Regulatory Principles for Model Risk Management, aiming to establish comprehensive regulatory principles for Model Risk Management applicable to a wide range of regulated entities. The draft guidance mandates that all models, whether internally developed or sourced from third parties, be governed through a robust framework to ensure accountability, risk identification, and oversight across their lifecycle. It also requires entities to establish a Board-approved Model Risk Management Framework covering model taxonomy, tiering, documentation, validation, approval, monitoring, change management, business continuity, and decommissioning. It requires continuous assessment of model risk at the individual and enterprise levels. It also proposes detailed lifecycle management standards, including structured development, independent validation, controlled deployment, continuous monitoring, formal approval processes, and disciplined change and continuity planning. It also aims to introduce enhanced principles for specific models, particularly third-party and artificial intelligence / machine learning models, including due diligence, explainability, bias mitigation, risk controls, cybersecurity safeguards, and strong human oversight to ensure reliability, consumer protection, and alignment with regulatory expectations.

6. RBI Notifies Exemptions to Certain Small NBFCs from Mandatory Registration and Reserve Fund Requirements

RBI has notified a significant exemption to a category of non-banking financial companies (**NBFCs**) from certain statutory requirements. Accordingly, the provisions of Section 45IA (*Requirement of registration and net owned fund*) and Section 45IC (*Reserve Fund*) of the RBI Act, 1934, shall not apply to an NBFC that does not avail public funds and does not have any customer interface, subject to the following conditions:

i. The NBFC must operate without public funds and without any customer interface as its conscious and long-term business model.

ii. Its asset size must be less than INR 1,000 crore as per the last audited balance sheet.

iii. It must pass an annual board resolution at the beginning of each financial year confirming that the company will not avail public funds and will not have any customer interface during that year.

iv. It must disclose in the Notes to Accounts to its financial statements that it is an "Unregistered Type I NBFC", along with the status of its public funds and customer interface.

This Notification become effective July 1, 2026.

7. Capital Charge for Credit Risk: Standardised Approach Directions, 2026

On April 27, 2026, the RBI issued the Reserve Bank of India (Commercial Banks – Capital Charge for Credit Risk – Standardised Approach) Directions, 2026. These Directions become effective April 1, 2027. The Directions implement the Standardised Approach (**SA**) for credit risk, as prescribed under the Basel III framework finalised by the Basel Committee on Banking Supervision in December 2017, to ensuring prudent and risk-sensitive calculation of risk-weighted assets for arriving at capital ratios. The Directions apply to the banking book exposures of commercial banks, which for this purpose means banking companies (excluding Small Finance Banks, Payments Banks, and Local Area Banks), corresponding new banks, and the State Bank of India. The framework prescribes risk weights across a wide range of exposure classes, including domestic sovereigns (attracting 0 per cent risk weight for Central Government claims and Central Government-guaranteed claims, and 0 per cent for direct State Government exposures, with a 20 per cent risk weight on State Government-guaranteed claims), general corporate exposures (weighted at 20 per cent to 150 per cent based on external rating category), retail exposures qualifying the prescribed criteria (carrying a 75 per cent risk weight), unrated MSME exposures (75 per cent if meeting regulatory retail criteria, 85 per cent otherwise), and non-performing/Stage 3 assets, where risk weights range from 50 per cent to 150 per cent depending on the level of specific provisions.

The Directions further prescribe rules on the use of external credit assessments, permitting banks to rely on ratings from specified domestic and international eligible credit-rating agencies (**ECRAs**), subject to consistency requirements and an observed default rate (**ODR**) adjustment mechanism. Under this, the reported ODR for a rating category exceeds the prescribed reference range, the applicable risk weight is raised one bucket higher than the base risk weight. Credit risk mitigation techniques, including collateral, on-balance sheet netting, and guarantees, are recognised for banking book exposures, provided legal certainty requirements are satisfied. Banks are required to adopt the Comprehensive Approach for collateralised transactions, which adjusts exposure and collateral values through prescribed supervisory haircuts. For equity investments in pooled funds such as mutual funds, Alternative Investment Funds (**AIFs**), Real Estate Investment Trusts (**REITs**), and Infrastructure Investment Trusts (**InvITs**), risk-weighted assets must be computed under one of three prescribed approaches: the look-through approach, the mandate-based approach, or the fall-back approach. The fall-back approach requires full capital deduction from CET1 capital. Upon becoming effective, the Directions will repeal the corresponding provisions of the Reserve Bank of India (Commercial Banks – Prudential Norms on Capital Adequacy) Directions, 2025.

8. RBI Issues Guidelines on Cross-Border Inward Payments

The RBI, vide circular RBI/2026-27/08 dated April 9, 2026, issued guidelines directed at all Scheduled Commercial Banks to bring greater efficiency to cross-border payments, in line with the G20 roadmap that sets targets for cheaper, faster, more transparent, and more accessible cross-border payments. The guidelines address a specific bottleneck identified at the beneficiary leg of inward payments, namely, the time taken from the receipt of a payment at the beneficiary bank to the actual credit to the beneficiary's account.

Under the directions, banks are required to notify customers immediately upon receipt of an inward cross-border payment message, with messages received after operating hours to be communicated at the start of the next business day. Critically, banks are directed to move away from reliance on end-of-day nostro account statements and instead undertake reconciliation and confirmation of nostro credits on a near real-time basis or at periodic intervals not exceeding one hour. Banks must also endeavour to credit inward payments received during foreign exchange market hours on the same business day, with payments received after market hours to be credited on the next business day, subject to compliance with applicable FEMA requirements. Banks may additionally implement straight-through processing for crediting individual resident accounts and are encouraged to provide customers with a digital interface for foreign exchange transactions, document submission, and transaction monitoring. These directions take effect six months from the date of the circular and are issued under Section 10(2) read with Section 18 of the Payment and Settlement Systems Act, 2007.

9. New NBFC Classification Framework: Type I and Type II NBFCs

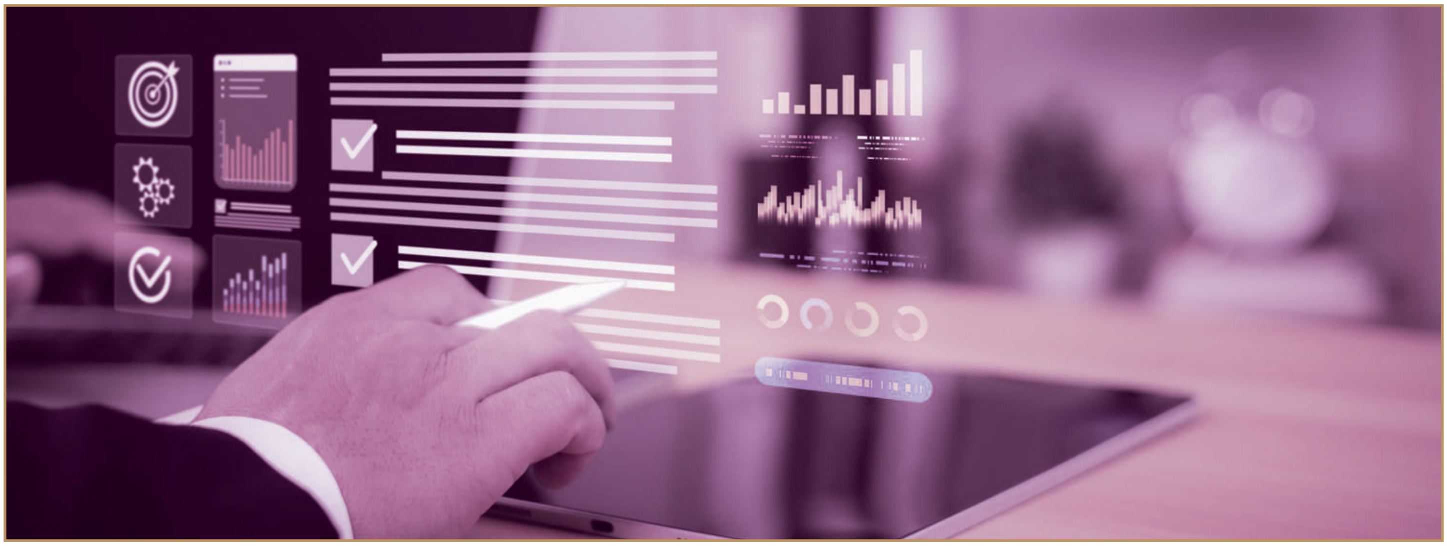
On April 29, 2026, the RBI issued the Reserve Bank of India (Non-Banking Financial Companies: Registration, Exemptions and Framework for Scale Based Regulation) Amendment Directions, 2026, amending the principal Directions dated November 28, 2025. The Amendment Directions become effective July 1, 2026. The key change is the introduction of a formal classification framework for NBFCs that neither avail public funds nor maintain any customer interface. Such entities are now categorised as either (**Type I NBFCs**) (holding a Certificate of Registration in that capacity), (**Type II NBFCs**) (all other registered NBFCs), or (**Unregistered Type I NBFCs**) (entities meeting the Type I criteria but with an asset size below INR 1,000 crore and are exempted from the registration and reserve fund requirements under Sections 45IA and 45IC of the Reserve Bank of India Act, 1934 (**RBI Act**), 1934). The Directions also clarify that "public funds" includes funds received indirectly through associates and group entities with access to public funds.

Existing NBFCs meeting the exemption criteria may apply for deregistration by December 31, 2026, with the asset threshold set at below INR 1,000 crore as per the latest audited balance sheet. Applications for deregistration are to be filed through the PRAVAAH portal, accompanied by the original Certificate of Registration, three years of audited financials, a statement on public funds and customer interface status, and a Statutory Auditor's Certificate confirming the absence of public funds and customer interface. Statutory Auditors of Unregistered Type I NBFCs are required to submit an Exception Report to the Reserve Bank in the event of any violation of the conditions relating to public funds, customer interface, or other exemption criteria. Consequential amendments have been made to 13 (thirteen) other NBFC Directions, replacing references to NBFCs without public funds and customer interface with the new designation of "NBFC holding Certificate of Registration as Type I NBFC".

10. Amendment to Credit Card Past Due Reporting and Late Payment Norms

The RBI issued the Reserve Bank of India (Commercial Banks: Credit Cards and Debit Cards: Issuance and Conduct) Amendment Directions, 2026, amending the principal Directions of 2025. This was issued in exercise of the powers conferred under Section 35A of the Banking Regulation Act, 1949, consequent to the issuance of the Reserve Bank of India (Commercial Banks: Asset Classification, Provisioning and Income Recognition) Directions, 2026.

The amendment modifies Paragraph 23(5) of the principal directions to provide that card-issuers shall not report a credit card account as "past due" to credit information companies, nor levy late payment charges or other related penal charges, unless the account remains past due for more than three days from the payment due date as specified in the credit card



statement. Further, the number of days past due and late payment charges are to be computed from the payment due date, and such charges shall be levied only on the outstanding amount after the due date, and not on the total amount due. These amendments shall come into force with effect from April 1, 2027.

11. Reserve Bank of India Issues Consolidated E-mandate Framework for Digital Payments

The RBI, in exercise of its powers under Sections 10(2) and 18 of the Payment and Settlement Systems Act, 2007, issued the Digital Payments E-mandate Framework, 2026, consolidating all prior circulars on e-mandates into a single unified set of directions. The Framework, dated April 21, 2026, takes effect immediately. It applies to all Payment System Providers and Payment System Participants for recurring transactions, whether domestic or cross-border, processed through cards, Prepaid Payment Instruments (**PPIs**), or the Unified Payments Interface (**UPI**). Under the Framework, e-mandates must be registered through a one-time process with mandatory Additional Factor of Authentication (**AFA**) validation, and may be for a fixed or variable amount, subject to an overall cap prescribed by the RBI. Any modification or withdrawal of an existing mandate also requires AFA validation.

Issuers are required to send pre-transaction notifications to customers at least 24 hours prior to any debit, disclosing the merchant's name, the transaction amount, the scheduled date and time of debit, and the relevant e-mandate reference number, with customers retaining the right to opt out of any specific transaction or the mandate itself, subject to AFA. On transaction limits, recurring payments up to INR 15,000 per transaction may proceed without AFA, while insurance premium payments, mutual fund subscriptions, and credit card bill payments are permitted without AFA up to INR 1,00,000 per transaction. Notably, no charges may be levied on customers for availing the e-mandate facility. The Framework simultaneously repeals eight prior RBI circulars issued between 2019 and 2024 about e-mandate processing.

12. Reporting Requirements under FEMA Guarantees Regulations, 2026

The RBI, vide A.P. (DIR Series) Circular No. dated April 1, 2026, introduced reporting requirements under the Foreign Exchange Management (**Guarantees**) Regulations, 2026 (FEMA 8(R)) by prescribing specific forms for submission to authorised dealer banks. Persons obligated to report guarantees under Regulation 7 of FEMA 8(R) are required to use Form Guarantee Return Number (**GRN**) Issue for reporting issuance of a guarantee, Form GRN Modification for reporting subsequent changes to guarantee terms (including changes in guarantee amount, extension of period, or pre-closure), and Form GRN Invocation for reporting invocation of the guarantee. Authorised dealer banks are, in turn, required to submit these returns to the RBI within thirty calendar days from the end of the relevant quarter through the Centralised Information Management System (**CIMS**).

For each guarantee issuance reported through Form GRN Issue, the authorised dealer bank is required to assign a unique Guarantee Transaction Number before submitting the return to the RBI. On Late Submission Fees, for any delay in filing Form GRN Invocation, the amount involved in the delayed reporting should be taken as the liability created towards the surety upon invocation; however, for delayed filings of Form GRN Issue and Form GRN Modification, the relevant amount is to be treated as nil, as these forms do not capture actual flows. The circular was issued in exercise of powers under Sections 10(4), 11(1), and 11(2) of the Foreign Exchange Management Act, 1999 and became effective immediately.

13. RBI Establishes Expert Committee for Quantum Secure and Adaptive Financial Ecosystem

On May 25, 2026, the Reserve Bank of India (**RBI**) notified its decision to constitute an Expert Committee for a Quantum Secure and Adaptive Financial Ecosystem (**Q-SAFE**). Quantum technology, which harnesses principles such as superposition and entanglement, holds significant potential for addressing complex financial challenges including portfolio optimisation and risk modelling. However, it simultaneously poses material risks to the financial sector by potentially compromising existing cryptographic standards.

Key Aspects

The Expert Committee is tasked with the following responsibilities:

i. *Potential benefits and risks:* Explore and evaluate the potential benefits, risks, and challenges that quantum technology presents to the financial sector.

ii. *Cryptographic inventory assessment:* Evaluate the financial sector's cryptographic inventory through a Cryptography Bill of Materials, assess crypto agility, and identify the critical systems and processes most vulnerable to quantum-related threats.

iii. *Cross-country analysis:* Undertake a cross-country analysis and assess the adequacy of existing regulatory frameworks for the safe deployment of quantum applications.

iv. *Industry preparedness:* Evaluate the financial industry's preparedness for adoption of quantum-safe cryptography, including the availability, scalability, and maturity of vendor tools and solutions.

v. *Roadmap and framework:* Recommend a roadmap and framework to quantum-secure the Indian financial system.

vi. *Incidental matters:* Consider any other matters incidental to the foregoing objectives.

The constitution of the Expert Committee marks a significant step towards proactively safeguarding the resilience and integrity of the Indian financial system against emerging quantum-enabled threats.

14. RBI Issues Draft Capital Adequacy Amendment Directions, 2026 for Commercial and Small Finance Banks

For ensuring greater consistency with the Basel Pillar 3 disclosure requirements and enhancing transparency, consistency, and comparability of banks' risk disclosures, the RBI released draft Amendment Directions on Pillar 3 disclosure requirements, for commercial and Small Finance Banks.

A. RBI (Commercial Banks – Prudential Norms on Capital Adequacy) Seventh Amendment Directions, 2026

Key Aspects

i. *Objective and scope:* The amendments seek to align the Pillar 3 disclosure framework with Basel standards, revise disclosure references and templates, and expand the scope of disclosures to enhance cross-bank comparability and market discipline.

ii. *Governance and accountability:* Banks must adopt a Board-approved disclosure policy with defined internal controls, formal attestation by whole-time directors and Board-level accountability for disclosure integrity.

iii. *Format, frequency, and revised Annex III:* Disclosures must be made in standardised templates aligned with financial reporting cycles, and the existing Annex III is proposed to be comprehensively replaced with a revised, consolidated framework, including enhanced leverage ratio disclosure requirements.

iv. *Guiding principles, confidentiality, and materiality:* Disclosures must adhere to core principles of clarity, comprehensiveness, consistency, and comparability. While transparency is emphasised, non-disclosure of proprietary or confidential information is permitted in exceptional cases, subject to adequate explanatory reasoning.

B. RBI (Small Finance Banks – Prudential Norms on Capital Adequacy) Fifth Amendment Directions, 2026

Key Aspects

i. *Objective and scope:* The amendments extend Pillar 3 disclosure obligations to all Small Finance Banks regardless of listing status, ensuring uniform standards and eliminating regulatory gaps.

ii. *Governance and accountability:* A strengthened governance framework is introduced requiring a Board-approved disclosure policy, whole-time director attestation, and Board-level accountability, with non-disclosure of sensitive information permitted only in exceptional cases with adequate reasoning.

iii. *Format, frequency, and streamlining:* Disclosures must be presented as a standalone report in prescribed templates, published in alignment with financial reporting cycles, maintained as accessible archival records, and certain redundant legacy provisions are proposed to be removed; and

iv. *Guiding principles, terminology, and purpose:* Core qualitative principles of clarity, consistency and comparability are formally codified; cross-references within the disclosure framework are updated to reflect revised Basel-consistent templates; and disclosures are expressly intended to reduce information asymmetry and provide decision-useful risk information to market participants.

The proposed amendments represent a comprehensive overhaul of the Pillar 3 disclosure framework aimed at bringing Indian banks into closer alignment with global Basel standards. Comments on the draft Directions were invited until June 2, 2026.

15. RBI Issues Foreign Exchange Management (Authorised Persons) Regulations, 2026

The RBI notified the Foreign Exchange Management (Authorised Persons) Regulations, 2026 (**Regulations**), to rationalise the authorisation and renewal framework for Authorised Persons (**APs**) and extending the principal-agent model for delivery of foreign exchange facilities, while maintaining appropriate checks and balances.

Key Aspects

i. *Grant of authorisation:* No person shall act as an AP without obtaining the RBI's authorisation through the PRAVAAH portal. Fresh authorisation shall be considered under three categories: Authorised Dealer (**AD**) Category-I, AD Category-II, and AD Category-III. Applicants must be companies incorporated under the Companies Act, 2013, with a

minimum net worth of Rs. 10 crore (AD Category-II) and Rs. 2 crore (AD Category-III) and must satisfy fit and proper criteria for their promoters, directors, and key managerial personnel (**KMPs**). No fresh authorisation as a full-fledged money changer (**FFMC**) shall be considered, except for applications already under process.

ii. *Permitted activities:* AD Category-I may facilitate any current and capital account transactions permissible under FEMA; AD Category-II may facilitate non-trade current account transactions and foreign trade transactions up to Rs. 25 lakh per transaction; AD Category-III may undertake activities as specifically mentioned in its authorisation; and FFMCs are permitted to purchase and sell foreign currency notes and travellers' cheques and to function as agents under the Money Transfer Service Scheme.

iii. *Conditions of authorisation and appeal mechanism:* Authorisation shall remain valid until revoked or surrendered, with authorisations granted to banks or NBFCs being co-terminus with their respective licences or certificates of registration. Minimum annual forex turnover thresholds must be achieved within two (2) years and maintained on an ongoing basis. Applicants whose authorisation were rejected, or APs whose authorisation were revoked, may appeal to the Executive Director in charge of the Foreign Exchange Department within 45 (forty-five) calendar days, with the Appellate Authority required to pass a reasoned order within 60 (sixty) calendar days.

iv. *Forex correspondent scheme:* AD Category-I and AD Category-II entities may appoint Forex Correspondents (**FxCs**) as agents under a principal-agent model for conducting money-changing business. Principals must formulate a Board-approved policy governing FxC engagement and submit details of all FxCs to the RBI within 15 (fifteen) days from the end of each calendar quarter.

v. *Franchisee arrangements:* No fresh franchisee arrangements shall be permitted under the existing framework. Existing franchisee arrangements must be discontinued within two years from the date the Regulations came into force, after which franchisees may be onboarded as FxCs under the Forex Correspondent Scheme.

The Regulations came into force from the date of their publication in the Official Gazette, i.e., April 30, 2026, and represent a significant consolidation and rationalisation of the regulatory framework governing foreign exchange dealings in India.

16. RBI Issues Draft Prudential Norms on Specified Non-financial Assets Directions, 2026

With a view to providing regulatory clarity on the prudential treatment of non-financial assets, the RBI issued the draft Prudential Norms on Specified Non-financial Assets Directions, 2026 (**Draft SNFA Directions**), governing assets acquired by REs in lieu of the extinguishment of claims, referred to as "Specified Non-Financial Assets" (**SNFAs**).

Key Aspects

i. *Eligibility and acquisition:* Only non-performing exposures for which other recovery options were assessed as unviable shall be eligible; REs may acquire SNFAs in lieu of full or partial extinguishment of claims, with any residual exposure in cases of partial extinguishment being treated as restructured and subject to applicable prudential requirements.

ii. *Valuation:* SNFAs shall initially be recorded at the lower of the Net Book Value (**NBV**) of the extinguished exposure or the distress sale value and subsequently carried at the lower of the last available distress sale value or the revised NBV net of notional provisions.

iii. *Holding period, restrictions, and disclosure:* A maximum holding period of seven (7) years is prescribed; Regulated Entities (**REs**) are prohibited from selling SNFAs back to the borrower or any related party to mitigate moral hazard; and REs must disclose the stock of SNFAs held in their balance sheet.

The Draft SNFA Directions establish a structured and transparent prudential framework for the management and disposal of non-financial assets acquired by REs during loan recovery. The Draft SNFA Directions were open for comments till May 26, 2026.

17. RBI Amends Operating Framework for Facilitating Outward Remittance Services by Non-Bank Entities through AD Category I Banks

The RBI dispensed with the requirement of prior RBI approval for tie-up arrangements between non-bank entities and AD Category-I banks for outward remittance services, deleting Paragraph 10 of the Master Direction – Miscellaneous with immediate effect. In its place, the RBI issued the following instructions to ADs facilitating cross-border outward remittance of funds for non-trade current account transactions through third-party online platforms:

Key Aspects

i. *Compliance:* ADs have sole and non-delegable responsibility for FEMA compliance and KYC obligations.

ii. *Customer disclosure:* ADs must display their name, authorisation status, FX rate, full cost break up, beneficiary credit amount, crediting timelines, and grievance redressal details. They must ensure the third party generates a formal invoice for every transaction, detailing the full cost break-up, amounts remitted and credited, maximum crediting time, and the name of the AD quoting the FX rate.

iii. *Formal grievance redressal:* ADs must maintain a standalone formal grievance redressal framework in compliance with RBI guidelines.

iv. *Banking channel restriction:* Remittances are permitted only for fund transfers originating from the remitter's bank account and ending at the beneficiary's bank account.

v. *Non-resident third parties and FATF compliance:* Non-resident third parties must be duly licensed in the destination jurisdiction, and ADs must apply enhanced due diligence for transactions involving FATF-identified high-risk countries.

vi. *Doorstep delivery arrangements:* Where ADs have arrangements for doorstep delivery of forex cards or foreign currency notes through a third party, they must ensure compliance with relevant transparency, customer grievance, and customer protection provisions.

vii. *Third-party agreement:* ADs are fully liable for all acts and omissions of the third party, with agreements required to cover data privacy, dispute resolution, audit rights, refund policy, and FEMA compliance.

viii. *Internal policy:* ADs must maintain a Board-backed policy ensuring customer protection, need-based data collection with explicit remitter consent, and cybersecurity compliance.

ix. *Fund safety and settlement:* ADs must ensure timely end-to-end settlement with transaction tracking, ringfence remitter funds from insolvency risks, and ensure funds do not flow into the third party's account in India.

18. Foreign Exchange Management (Non-debt Instruments) (Amendment) Rules, 2026

Pursuant to the issuance of Press Note 2 (2026) by the Department for Promotion of Industry and Internal Trade (**DPIIT**), the Ministry of Finance notified the Foreign Exchange Management (Non-debt Instruments) (Amendment) Rules, 2026 (**Amendment Rules**), substituting Clause (a) of Rule 6 of the Foreign Exchange Management (Non-debt Instruments) Rules, 2019, in its entirety, consolidating all restrictions applicable to the subscription, purchase, or sale of equity instruments of Indian companies by foreign investors.

Key Aspects

i. *Government route requirement:* Any entity or citizen of a country sharing a land border with India, or where the beneficial owner of an investment into India is a citizen of, or beneficial ownership is vested in, such a country, must invest solely through the Government route; additionally, a citizen of Pakistan or an entity incorporated in Pakistan is restricted to investing only via the Government route and exclusively in sectors other than defence, space, atomic energy, and any other sectors prohibited for foreign investment.

ii. *Transfer of ownership:* Any direct or indirect transfer of ownership of existing or future Foreign Direct Investment (**FDI**) in an Indian entity that results in beneficial ownership falling within the preceding restrictions will independently trigger the requirement for prior Government approval, making this a critical diligence point in M&A and secondary transactions.

iii. *Beneficial ownership test:* Explanation 2 to the substituted clause sets out a broad test for when beneficial ownership shall be construed as vested in a land-border country, covering scenarios where a land-border citizen or entity has the ability, directly, indirectly, individually, cumulatively, or collectively, to:

a) hold rights in excess of Prevention of Money-Laundering Act, 2002, thresholds over a non-land-border investor entity;

b) exercise control over such investor entity; or

c) exercise ultimate effective control over the Indian investee entity in any manner.

iv. *Multilateral bank / fund carve-out and reporting:* Multilateral Banks or Funds of which India is a member shall not be treated as entities of any particular country; however, investments routed through investor entities with any direct or indirect land-border country ownership that do not require prior Government approval remain subject to RBI-specified reporting requirements.

v. *Participating interest in oil fields:* Explanation 3 clarifies that the issue or transfer of a "participating interest or right" in oil fields by Indian companies to a person resident outside India shall be treated as foreign investment, subject to the conditions specified in Schedule I of the Principal Rules.

The Amendment Rules came into force on the date of their publication in the Official Gazette, i.e., May 2, 2026.

19. Foreign Exchange Management (Non-debt Instruments) (Second Amendment) Rules, 2026

Permits 100 per cent FDI in Insurance Companies through Automatic Route

Pursuant to Press Note 1 (2026 Series) issued by DPIIT, on June 2, 2026, the Ministry of Finance notified the Foreign Exchange Management (Non-debt Instruments) (Second Amendment) Rules, 2026, substituting Serial Number F.8 of Schedule I of the Principal Rules pertaining to the insurance sector.

Key Aspects

i. *Insurance companies:* Foreign investment is now permitted up to 100 per cent via the Automatic Route, subject to IRDAI approval, compliance with the Insurance Act, 1938, and the Indian Insurance Companies (Foreign Investment) Rules, 2015, prescribed pricing guidelines for any increase in foreign investment, FPI governance under Chapter IV of the Principal Rules and the SEBI (Foreign Portfolio Investors) Regulations, 2019, and that at least one from among the Chairperson, Managing Director, or CEO be a Resident Indian Citizen.

ii *LIC:* Foreign investment is permitted up to 20 per cent via the Automatic Route, subject to compliance with the Life Insurance Corporation Act, 1956, and applicable provisions of the Insurance Act, 1938, with FPI and pricing guidelines applicable to Indian Insurance Companies applying mutatis mutandis.

iii. *Insurance intermediaries:* Foreign investment is permitted up to 100 per cent via the Automatic Route, subject to IRDAI verification; where a bank or entity with a primary non-insurance business functions as an insurance intermediary, the foreign equity caps of its primary sector continue to apply, provided non-insurance revenues exceed 50 per cent of total revenues; intermediaries with majority foreign shareholding must be incorporated under the Companies Act, 2013, have at least one Resident Indian Citizen in senior leadership, bring in the latest technological and managerial skills, and comply with IRDAI disclosure requirements.

20. Amendment Directions on Lending to Related Parties by Regulated Entities

The RBI issued final Amendment Directions on Lending to Related Parties by Regulated Entities (**Amendment Directions**), consolidating and harmonising the existing framework governing credit facilities extended by REs to their related parties. The Amendment Directions introduce a principle-based, institution-wide framework applicable across various categories of REs.

Key Aspects

i. *Definitions and scope:* Clarification of definitions of "related party", "related person", "control", and retain KMP, with the scope of "related party" broadly covering directors, promoters, significant shareholders, entities under common control, and their relatives, subject to specific exclusions.

ii. *Board-approved policy:* REs must maintain a comprehensive Board-approved Credit Risk Management policy addressing lending to related parties, including aggregate and sub-limits, whistleblowing mechanisms, and periodic review.

iii. *Materiality thresholds:* Loans above prescribed thresholds require Board or designated committee approval; those below may be sanctioned by delegated authorities.

iv. *Recusal:* Directors, KMPs, and specified employees must recuse themselves from decisions involving their related parties, including subsequent material changes.

v. *Monitoring and reporting:* Annual Board reporting of credit facilities to specified employees and their relatives, with internal audits mandated.

vi. *Prohibitions:* Reinforced restrictions on lending to directors and their related parties, except in tightly defined circumstances. Non-compliance will attract

supervisory and enforcement action. The Amendment Directions came into force from April 1, 2026, with existing non-conforming transactions permitted to run off until maturity.

21. Foreign Exchange Management (Export and Import of Goods and Services) Regulations, 2026

The RBI notified the Foreign Exchange Management (Export and Import of Goods and Services) Regulations, 2026, superseding the Foreign Exchange Management (Export of Goods and Services) Regulations, 2015, with effect from October 1, 2026. The Regulations follow two rounds of public consultation and introduce several significant changes to the framework governing cross-border trade transactions.

Key Aspects

i. *Declaration-based closure:* EDPMS/IDPMS entries below INR 10 lakh may now be closed on the basis of exporter/importer self-certification, with quarterly bulk-closure permitted, reducing reliance on mandatory Authorised Dealer (**AD**) verification.

ii. *Extended realisation timelines:* The realisation period for export proceeds has been extended from 9 (nine) months to 15 (fifteen) months, and to 18 (eighteen) months for INR-invoiced or INR-settled exports.

iii. *Simplified reduction in realisation:* Reductions or non-realisations below INR 10 lakh may be approved on the exporter's declaration alone.

iv. *Third-party arrangements:* Third-party receipts and payments are now permissible based on the overall bona fides of the transaction, without case-specific justification.

v. *IDPMS-integrated import monitoring:* ADs are obligated to monitor import payment closure through IDPMS, with extensions permitted on reasonable request

vi. *AD flexibility:* Advance receipts and payments may be routed through a different AD upon simple intimation.

vii. *Behaviour-driven import controls:* Stricter conditions for unrepatriated import advances are now triggered by non-repatriation within contractual timelines rather than a monetary threshold.

viii. *Tightened unrealised export norms:* Exporters with proceeds unrealised for over one year after the due date must ship only against full advance or irrevocable letter of credit.

22. RBI (Internal Ombudsman for Regulated Entities) Directions, 2026

The RBI issued the Reserve Bank of India (Internal Ombudsman for Regulated Entities) Directions, 2026 (**IO Directions**), applicable to specified REs including scheduled commercial banks, co-operative banks above a prescribed threshold, and certain NBFCs. The IO Directions consolidate and rationalise the framework for appointment of an Internal Ombudsman (**IO**) and mandate that complaints not fully redressed by the RE's internal grievance redressal mechanism be escalated to the IO.

Key Aspects

i. *Eligibility and fitness:* Prescribed eligibility and fitness criteria for the IO have been specified.

ii. *Complaint disposal:* Structured timelines for complaint disposal have been introduced.

iii. *Board oversight:* Board-level oversight and periodic reporting obligations are mandated.

iv. *Co-ordination with RBI Ombudsman:* The IO Directions provide for coordination with the RBI's Integrated Ombudsman Scheme to ensure seamless escalation of unresolved complaints.

v. *Reinstatement of powers:* Powers previously granted to the IO of Credit Information Companies under the 2023 Directions (including the authority to seek additional information from Credit Institutions via the CIC and to hold meetings with regulated entities) have been reinstated.

vi. *Reporting:* Clause 14(13) has been amended to clarify that the IO's decision must be reported for both accepted and rejected complaints, including those received from the RBI Ombudsman.

vii. *Quarterly reporting:* The quarterly reporting deadline has been extended from the 10th to the 15th of the succeeding month, with improvements to the reporting format.

23. Foreign Exchange Management (Borrowing and Lending) (First Amendment) Regulations, 2026

The RBI notified the Foreign Exchange Management (Borrowing and Lending) (First Amendment) Regulations, 2026, effective from February 10, 2026, following a public consultation on the draft Fourth Amendment Regulations, 2025. The Final Regulations introduce several significant modifications to the ECB framework, liberalising the ECB regime by simplifying eligibility norms, standardising the minimum average maturity period (**MAMP**), easing end-use provisions, enhancing operational flexibility, and strengthening the reporting and compliance framework.

Key Aspects

i. *New definitions:* Formal definitions of "arm's length basis", "control", "industrial park", and "real estate business" have been inserted.

ii. *Eligible borrowers:* Limited Liability Partnerships (**LLPs**) have been recognised as eligible borrowers for raising ECBs.

iii. *End-use restrictions:* A new Regulation 3A prohibits utilisation of borrowed funds for specified purposes, including chit funds, Nidhi companies, and real estate business, subject to exceptions for construction-development projects and industrial parks. ECB proceeds may be used for transactions in securities undertaken as part of strategic corporate actions such as merger, demerger, amalgamation, arrangement, or acquisition of control, in accordance with the applicable regulatory framework.

iv. *MAMP:* The Revised ECB Framework standardises the MAMP at 3 (three) years. For manufacturing entities, ECBs with a MAMP between 1 (one) and 3 (three) years may be raised, subject to an outstanding cap of USD 150 million for such shorter-tenor borrowings.

v. *Borrowing limits:* The ECB headroom has been enhanced to the higher of USD 1 billion outstanding or 300 per cent of net worth (standalone) of the borrower. No ECB limits shall be applicable to eligible borrowers regulated by financial sector regulators.

vi. *Removal of all-in cost ceiling:* The all-in cost ceiling shall be as per prevailing market conditions and at arm's length for related parties.

vii. *Reporting:* Form ECB-2 filing is now event-based, to be submitted only upon utilisation of ECB proceeds or undertaking of debt-servicing, with the due date being 7 (seven) calendar days from the end of the month in which the event occurs.

viii. *Untraceable borrowers:* Where a borrower does not file specified returns for 4 (four) consecutive quarters post-drawdown and the designated AD bank documents multiple unsuccessful contact attempts, the borrower may be classified as untraceable and notified to the RBI and the Directorate of Enforcement. Existing ECBs availed prior to the amendment will continue to be governed by the erstwhile regime, except for the reporting requirements.

24. Draft Directions on Foreign Exchange Dealings of Authorised Persons

The RBI issued draft Directions on Foreign Exchange Dealings of Authorised Persons (**Draft Directions**), proposing a revised framework governing foreign exchange transactions by Authorised Dealer Category-I banks and Standalone Primary Dealers authorised as Authorised Dealer Category-III under the Foreign Exchange Management Act, 1999 (**FEMA**). The Draft Directions supersede the relevant portions of the Master Direction – Risk Management and Inter-Bank Dealings dated July 05, 2016, and aim to provide greater flexibility to Authorised Persons in dealing with products and undertaking foreign exchange transactions for hedging, balance sheet management, and market-making, while easing reporting obligations.

Key Aspects:

i. *Permitted products and venues:* Authorised Persons may undertake OTC foreign exchange transactions with other Authorised Dealers and overseas entities, including non-deliverable derivative contracts involving INR, subject to specified conditions; they may also undertake currency derivative contracts on recognised stock exchanges in India, IFSC, and overseas exchanges in FATF member countries regulated by CPMI or IOSCO members.

ii. *Hedging of gold prices:* Designated banks may hedge gold price risk using exchange-traded and OTC products in overseas markets.

iii. *Foreign currency accounts and investments:* Surplus funds in foreign currency accounts may be deployed in overnight placements, reverse repos, and overseas money market and debt instruments.

iv. *Overseas borrowings:* AD Category-I banks may borrow in foreign currency from specified sources, subject to a cap of 100 per cent of Tier I capital or USD 10 million, whichever is higher, with certain exclusions; and

v. *Governance:* Authorised Persons must maintain a Board-approved policy for foreign exchange dealings, including a net overnight open position limit not exceeding 25 per cent of total capital. Comments were invited until March 10, 2026.

25. Draft Amendment Directions for 'Review of Framework of Limiting Customer Liability in Digital Transactions'

Following a review of the 2017 instructions on limiting customer liability for unauthorised electronic banking transactions, the RBI issued draft Amendment Directions proposing to amend the existing Responsible Business Conduct Directions across seven categories of regulated entities, including commercial banks, small finance banks, payments banks, local area banks, regional rural banks, and urban and rural co-operative banks.

Key Aspects:

i. *Expanded definitions:* The scope of "authorised", "unauthorised", and "fraudulent" electronic banking transactions is significantly broadened to cover fraud-induced transfers, coerced transactions, and impersonation scams.

ii. *Codification of negligence:* Bank negligence and customer negligence are formally defined for the first time, reducing interpretational ambiguity in liability disputes.

iii. *Third-party breach:* A standalone category is introduced for failures attributable to intermediaries such as payment aggregators, payment gateways, and telecom service providers.

iv. *Customer protection framework:* The earlier liability-limiting regime is replaced with a comprehensive customer protection framework mandating transparent policies, real-time SMS alerts for transactions above INR 500, and 24×7 fraud reporting channels.

v. *Burden of proof and resolution timelines:* The burden of proving customer liability is placed on the bank, with all complaints to be resolved within 30 (thirty) calendar days.

vi. *Compensation mechanism:* A structured compensation framework is introduced for individual victims of small-value fraudulent transactions, providing up to 85 per cent of net loss, shared between the RBI, the customer's bank, and the beneficiary bank. Comments were invited until April 6, 2026.

26. Reserve Bank of India (Prudential Norms on Declaration of Dividend and Remittance of Profit) Directions, 2026

The RBI issued the Reserve Bank of India (Prudential Norms on Declaration of Dividend and Remittance of Profits) Directions, 2026 (**Dividend Directions**), consolidating and revising the extant framework governing declaration of dividends and remittance of profits by banks. The Dividend Directions, effective from FY 2026–27, comprise five new Master Directions and four Repeal Directions applicable to commercial banks, small finance banks, payment banks, local area banks, and regional rural banks, along with an Amendment Guideline on setting up wholly owned subsidiaries by foreign banks.

Key Aspects:

i. *Adjusted profit after tax:* Net profit is to be reduced by 50 per cent of net non-performing assets, revised from a full deduction following stakeholder feedback.

ii. *Board oversight:* Boards must consider asset classification divergence, audit qualifications, and current and projected capital adequacy when approving both final and interim dividends.

iii. *Quantum of dividend:* The permissible dividend payout is linked to the Common Equity Tier 1 ratio of the previous financial year.

iv. *Deductions from profit:* Dividends may not be declared from exceptional income, unrealised gains, or profits subject to audit qualifications.

v. *Remittance of profit by foreign banks:* Foreign banks operating in branch mode may remit profits without prior RBI approval, subject to specified conditions. The extant prudential norms shall remain applicable through FY 2025–26.

27. Master Direction on RBI (Unique Identifiers in Financial Markets) Directions, 2026

The RBI issued the Master Direction on RBI (Unique Identifiers in Financial Markets) Directions, 2026 (Directions), consolidating prior circulars on the Legal Entity Identifier (**LEI**) and Unique Transaction Identifier (**UTI**) – two globally recognised standards for enhancing transparency and risk management in financial markets.

Key Aspects:

i. *LEI:* A 20-character unique identity code assigned to entities (other than individuals) party to over-the-counter (**OTC**) transactions in government securities, money market instruments, foreign exchange instruments, and derivatives under Section 45U of the RBI Act, 1934. For non-derivative foreign exchange transactions, the LEI threshold is USD 1 million or equivalent. Entities without a valid LEI are prohibited from undertaking transactions in RBI-regulated markets. Non-resident participants that are not legal entities in their home jurisdiction may use the LEI of their parent or management company. The LEI directions come into force immediately

ii. *UTI:* A unique identifier of up to 52 characters assigned to OTC derivative transactions, generated in accordance with CPMI-IOSCO technical guidance. UTI obligations apply across foreign exchange derivatives, rupee interest rate derivatives, forward contracts in government securities, and credit derivatives. A prescribed waterfall mechanism determines responsibility for UTI generation, with CCIL-TR generating the UTI where none is reported. The UTI directions come into effect from January 1, 2027.

28.Payments Vision 2028

The RBI released Payments Vision 2028, themed "Shaping India's Payment Frontier", marking the latest in a series of successive Payments Vision documents issued since 2001 to guide the evolution of India's payment and settlement ecosystem. Building on the widespread reach achieved by digital payments, the Vision shifts focus from expansion to deepening trust, resilience, and consumer protection.

Key Aspects:

i. *User empowerment and consumer protection:* enhanced safeguards against fraud, greater customer control over payment modes, and a shared responsibility framework for unauthorised transactions.

ii. *Safety-by-design:* embedding security into system architecture, strengthening cyber risk monitoring, and reviewing legacy instruments such as cheques.

iii. *Cross-border payments:* improving efficiency, speed, transparency, and accessibility of cross-border payments, including streamlining authorisation processes and examining a single-window mechanism.

iv. *Innovation and future-readiness:* supporting new use cases, reimagining card payments, enabling interoperability, and facilitating seamless switching between payment service providers.

v. *AI-led supervision:* moving towards an artificial intelligence-led, data-driven approach to regulation and supervision. Specific initiatives include a perpetual regulatory sandbox, a Cyber Key Risk Indicators framework for non-bank Payment System Operators, a Payments Switching Service, and a unified AI-enabled payments data platform. The Vision retains flexibility to respond to emerging risks and technological developments through December 2028.

29.Revision of reporting framework for External Commercial Borrowings under FEMA

The RBI revised the reporting framework for ECBs under the Foreign Exchange Management Act, 1999, with effect from March 30, 2026. The revision follows the amendments to the ECB regulatory framework under Foreign Exchange Management (Borrowing and Lending) (First Amendment) Regulations, 2026 and the modification of ECB return forms.

Key Aspects:

i. *Enhanced data fields:* Revised ECB reporting forms introduce enhanced data fields to improve regulatory granularity and enable more comprehensive monitoring of cross-border borrowings by the RBI.

ii. *Revised submission protocols:* Updated submission protocols have been prescribed for AD banks and ECB borrowers, streamlining the process of filing and verification of ECB-related returns.

iii. *Streamlined framework:* The revision consolidates and rationalises the existing reporting requirements with a view to reducing the compliance burden on REs while strengthening the RBI's oversight of cross-border borrowing activity.

SEBI Regulatory Updates

1. SEBI Revises Master Circular on AIFs

Background

To provide stakeholders with a single consolidated reference, SEBI had earlier issued a Master Circular on May 7, 2024. Since then, several important regulatory developments relating to Accredited Investors, Angel Funds, Co-investments, Special Situation Funds, valuation, reporting, governance, dematerialisation and investor protection were introduced. The Master Circular dated June 3, 2026 consolidates all circulars issued up to May 31, 2026, supersedes the 2024 Master Circular and rescinds the earlier circulars listed in Annexure 21. The circular aims to improve regulatory clarity, operational efficiency, compliance consistency and investor protection across the AIF industry.

Key Aspects

i. *Consolidated regulatory framework:* The circular consolidates all SEBI circulars and directions issued under the AIF Regulations up to May 31, 2026, into a single reference document for AIFs and stakeholders.

ii. *Registration and fund launch:* It introduces updated requirements for AIF registration, online filing through the SEBI Intermediary Portal, certification requirements for key investment personnel, and revised procedures for launching schemes through Private Placement Memoranda (**PPM**).

iii. *Accredited investors and LVFs:* It provides the framework for accredited investors, AI-only funds, and large value funds (**LVF**), including regulatory relaxations and investor eligibility criteria.

iv. *Investment and overseas investment norms:* It clarifies investment conditions, co-investment mechanisms, participation in credit default swaps, overseas investments, applicable limits, and reporting requirements.

v. *Category-specific provisions:* It prescribes detailed operational and prudential norms for Category III AIFs, angel funds, and special situation funds, including leverage limits, fundraising conditions, lock-in requirements, and distressed asset investments.

vi. *Governance and investor protection:* It strengthens obligations of managers, sponsors, trustees, investment committees, and compliance officers, while introducing enhanced rules on valuation, stewardship, investor rights, disclosures, and conflict management.

vii. *Due diligence and compliance:* It mandates specific due diligence measures to prevent circumvention of SEBI, RBI, SARFAESI, FEMA, and other regulatory frameworks, particularly in relation to QIB/QB benefits, stressed assets, and investments from border-sharing countries.

viii. *Dematerialisation, reporting, and benchmarking:* It requires dematerialisation of units and investments, periodic reporting to SEBI, annual compliance testing, PPM audits, and mandatory performance benchmarking of AIFs.

ix. *Winding-up and liquidity framework:* It introduces detailed mechanisms for dissolution periods, in specie distribution, liquidation processes, and treatment of unliquidated investments to facilitate orderly exits for investors.

Conclusion

The June 3, 2026, Master Circular is primarily a consolidation and harmonisation exercise that brings together all operative AIF-related circulars issued up to May 31, 2026, into a single framework. While it does not fundamentally alter the AIF regulatory architecture, it significantly enhances clarity, consistency, and ease of compliance. The circular places strong emphasis on investor protection, governance standards, transparency, valuation discipline, Accredited investor frameworks, due diligence controls and operational efficiency, thereby strengthening SEBI's oversight of India's rapidly growing AIF industry.

2. SEBI Extends Compliance Timelines for Merchant Bankers

Background

SEBI extended certain compliance timelines through a circular issued on January 2, 2026, prescribing the implementation framework, timelines, and compliance requirements for merchant bankers. The extension followed representations from industry participants citing operational challenges in establishing the SBU framework and requesting alignment of the enhanced capital requirements with financial year-end reporting. SEBI had originally notified the SEBI (Merchant Bankers) (Amendment) Regulations, 2025, on December 5, 2025, which revised the net worth and liquid net worth requirements applicable to merchant bankers and introduced Regulation 13A, requiring the segregation of certain activities through separate business units (**SBUs**).

Key Aspects

i. *SBUs:* The deadline for transferring activities to SBUs and complying with related SBU framework requirements has been extended from July 3, 2026, to December 31, 2026.

ii. *Net worth:* The timelines for meeting Phase I and Phase II net worth requirements have been extended from January 2, 2027, and January 2, 2028, to March 31, 2027, and March 31, 2028, respectively.

iii. *Liquid net worth:* Similar extensions have been granted for compliance with the liquid net worth requirements under Regulation 7A.

iv. *Categorisation intimation:* The deadline for intimating SEBI regarding Category I or Category II merchant banker status has also been extended to March 31, 2027.

v. *Others:* All other provisions of the January 2, 2026, circular remain unchanged and continue to be applicable.

Conclusion

The circular provides merchant bankers with additional time to implement the new regulatory framework introduced under the 2025 amendments, particularly the SBU segregation requirements and enhanced capital adequacy norms. By aligning key compliance deadlines with the end of the financial year, SEBI aims to facilitate smoother implementation while ensuring that merchant bankers continue to strengthen their governance, operational segregation, and financial resilience in accordance with the revised regulatory regime.

3. Ease of Doing Investments – Modified Norms for Nomination in Demat Accounts and Mutual Fund Folios

Background

SEBI, on January 10, 2025, had issued a circular "Revise and Revamp Nomination Facilities in the Indian Securities Market", which was applicable to demat accounts and mutual fund folios with effect from March 1,2025. The objective was to enhance the ease of investor on-boarding and the nomination process to prevent the generation of unclaimed assets. However, since subsequently receiving representations from stakeholders highlighting certain operational challenges in the implementation of that circular and after considering these along with feedback received through public consultation, SEBI decided to modify the nomination norms for demat accounts and mutual fund folios. This resulted in the issuance of the present circular dated May 29, 2026.

Key Aspects

i. *Mandatory nomination with opt-out:* For all single accounts / folios opened on or after the implementation date, investors must mandatorily provide nomination, unless a declaration form for "opt-out" is submitted. This replaces the earlier voluntary approach and ensures fewer unclaimed assets.

ii. *Simplified physical submission:* For physical/offline nomination, only the wet signature of the account/folio holder is required, and the signature of a witness is no longer needed which is a significant reduction in procedural burden.

iii. *Minimal mandatory information:* Only the nominee's name and their relationship with the investor are mandatory. Contact details, percentage share, and KYC/identifier details are all optional, making the process considerably simpler.

iv. *Equal apportionment by default:* Where the percentage share of each nominee is not specified, assets shall be apportioned equally among nominees, with any odd lot transferred to the first nominee.

v. *Flexibility for multiple nominees post-demise:* Upon the demise of the investor, multiple nominees may either continue in the same account/folio or open separate accounts/folios for their respective holdings.

vi. *Unlimited changes/cancellations:* Investors can provide, change, or cancel nominations any number of times, with REs required to provide an acknowledgement for each instance.

Conclusion

This Circular modifies norms for Nomination in Demat Accounts and Mutual Fund Folios, effective from September 1, 2026, consolidates and simplifies the nomination framework by striking a pragmatic balance between investor protection and operational ease. SEBI has considerably lowered the barriers to compliance by making nomination mandatory for single accounts/folios while minimising the information and procedural requirements such as limiting mandatory fields to merely the nominee's name and relationship and removing the need for a witness in physical submissions. Given that the absence of nomination can lead to delays in transmission of securities to legal heirs and, in prolonged cases, the transfer of holdings to the Investor Education and Protection Fund Authority (**IEPF**) as unclaimed assets, the circular serves a vital investor protection purpose. By superseding all earlier circulars on the subject, it also brings much-needed clarity and uniformity to the nomination framework across demat accounts and mutual fund folios.

4. One-Time Relaxation for Validity of SEBI Observations

Background

Under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, issuers are required to open a public issue within twelve months and eighteen months respectively from the date of issuance of SEBI's observations. However, SEBI received representations from an industry body highlighting the difficulties faced by issuers in mobilising resources and accessing the capital market due to ongoing geopolitical tensions in the Middle East, which caused several issuers to defer, recalibrate, or withdraw their issuance plans. This risked lapses in the validity of their observation letters and led to duplication of regulatory processes.

Key Aspects

Considering the representation of the industry body, the prevailing uncertain market conditions, and subdued investor participation, SEBI decided to grant a one-time relaxation to extend the validity of all SEBI Observation letters expiring between April 1,2026, and September 30,2026, uniformly to September 30,2026, subject to an undertaking from the Lead Manager confirming compliance with Schedule XVI of the ICDR Regulations at the time of submitting the updated offer document to SEBI.

Conclusion

This circular reflects SEBI's proactive and pragmatic approach in responding to extraordinary market disruptions caused by geopolitical uncertainties. By extending the validity of SEBI Observation letters, SEBI has provided meaningful regulatory relief to issuers who were compelled to defer or recalibrate their capital market plans through no fault of their own.

5. Advisory on Emerging Advanced AI Tools for Vulnerability Detection

Background

This Circular is an advisory on emerging advanced Artificial Intelligence (AI) tools for vulnerability detection, with reference to tools such as Mythos. The rapid evolution of AI-driven vulnerability identification tools has introduced new risks for REs, including heightened risk exposure by enabling the identification and potential exploitation of existing vulnerabilities at speed and scale, while raising concerns relating to data confidentiality, application integrity, and the reliability of outputs. Given the interconnectedness and interdependency of market participants within the Securities Market Ecosystem, a periodic coordinated approach for vulnerability management, information sharing, and monitoring is necessary to prevent a cascading impact. SEBI constituted a task force named cyber-suraksha.ai, comprising representatives from Market Infrastructure Institutions (**MIIs**), Qualified Registered Transfer Agents (**QRTAs**), all Qualified Regulated Entities (**QREs**), and other related stakeholders.

Key Aspects

i. *The threat:* AI-driven vulnerability identification tools, such as Claude Mythos, have introduced new risks for REs by enabling identification and potential exploitation of existing vulnerabilities at speed and scale, while raising concerns around data confidentiality, application integrity, and reliability of outputs.

ii. *Coordinated response:* Due to the inter-connectedness and interdependency of market participants in the Securities Market Ecosystem, a periodic coordinated approach for vulnerability management, information sharing, and monitoring is required to prevent a cascading impact.

iii. *Task force:* SEBI constituted a task force, cyber-suraksha.ai, comprising representatives from MIIs, QRTAs, all QREs, and other related stakeholders, mandated to examine cybersecurity risks posed by AI-based models, facilitate sharing of threat intelligence and best practices, report cyber incidents on a priority basis, and review the cybersecurity posture of third-party application service providers.

Conclusion

This circular reinforces SEBI's commitment to protecting investor interests and promoting the development of, and regulating, the securities market in an increasingly complex cybersecurity landscape.

6. Ease of Doing Business – Mechanism for Lock-In of Pledged Shares under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018

Background

This Circular addresses the ease of doing business by introducing a mechanism for the lock-in of pledged shares under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018. Stock Exchanges, depositories, merchant bankers, and issuers are all required to ensure compliance with this mechanism.

Key Aspects

i. *Regulatory change:* SEBI amended the ICDR Regulations on March 21, 2026, to provide that specified securities on which a lock-in cannot be created may instead be recorded as "non-transferable" by Depositories for the duration of the applicable lock-in period.

ii. *Operationalisation:* Depositories have issued a framework for issuers, covering incorporation of suitable provisions in the Articles of Association, necessary intimations to lenders/pledgees, and disclosures in offer documents.

iii. *System changes:* Depositories have made the necessary changes to their systems and processes.

Conclusion

The Circular was issued in exercise of powers under Section 11(1) of the SEBI Act, 1992 and Section 26(3) of the Depositories Act, 1996, to protect investor interests and promote the development and regulation of the securities market.

7. Borrowing by Mutual Funds

Background

Mutual funds (primarily liquid and overnight schemes) face an intraday timing mismatch that is redemption payouts to investors go out in the morning of T+1, while maturity proceeds from TREPS and reverse repo are received only in the evening of T+1. To bridge this gap, mutual funds borrow intraday from banks and other financial institutions.

Under the newly notified SEBI (Mutual Funds) Regulations, 2026, mutual funds may borrow funds for repurchase or redemption of units, payment of interest or income distribution cum capital withdrawal payouts, or for settlement of trades by equity-oriented index funds and exchange trust funds (**ETF**) on account of under-execution of sell trades, subject to a cap of 20 per cent of net assets and a maximum duration of 6 (six) months. However, under the Regulations, the 20 per cent limit is not applicable to intraday borrowings, subject to conditions specified by the Board.

Additionally, SEBI introduced a closing auction session in the equity cash segment of Stock Exchanges, effective from August 3, 2026. This necessitated clarification on the permissible scope of borrowings by equity-oriented index funds and ETFs in that context.

Key Aspects

i. *Intraday borrowings:* Mutual funds may borrow within the same day to cover redemption or payout obligations, but only against assured receivables like TREPS, reverse repo, or government securities. Costs and risks of such borrowings must be absorbed by the asset management company (**AMC**), not passed on to investors.

ii. *Borrowing limits:* For regular borrowings, SEBI caps them at 20 per cent of a scheme's net assets for up to six months. Intraday borrowings are exempt from this cap but must follow SEBI's specified conditions.

iii. *Index funds & ETFs:* Borrowing is permitted specifically to enable participation in the closing auction session of stock exchanges, effective August 3, 2026.

iv. *Investor protection:* The circular emphasises transparency, requiring AMCs to publish their borrowing policies and ensuring that investor interests are safeguarded.

Conclusion

These Regulations came into effect on April 1, 2026. The SEBI Circular has provided clarity as to how mutual funds can borrow money, mainly to handle short-term cash flow mismatches and to ensure smooth redemption payouts for investors.

8. Introduction of Voluntary Lock-in / Debit Freeze Facility to Mutual Fund folios

Background

SEBI introduced a voluntary debit freeze (lock-in) facility for mutual fund investors to enhance digital security. Investors can voluntarily lock their mutual fund folios so that no units can be debited (such as through redemption, switch, or transfer) until the folio is unlocked. The facility is designed as an investor driven protection mechanism, allowing investors to safeguard their holdings when they do not intend to transact for a certain period.

Under this facility, an investor may voluntarily debit freeze on a mutual fund folio. Once the folio is locked no mutual fund units can be debited from the folio and this would remain in force until the investor explicitly unlocks the folio. The facility is not a regulatory or statutory lock-in and is entirely optional, introduced purely for investor protection. It applies to both demat and non-demat folios and will initially be made available through registrar and transfer agents (**RTA**) of mutual funds on the mutual funds central platform. Only KYC-complied investors with registered mobile numbers and email addresses can avail of this facility.

Key Aspects

I. *Lock-in/debit freeze facility:* To mitigate the risk of unauthorised redemptions and fraudulent transactions, SEBI decided after consultation with the association of mutual funds in India to introduce a voluntary lock-in/debit freeze facility for mutual fund investors.

ii. *Investor protection mechanism:* Designed as an investor-driven protection mechanism, the facility allows investors to safeguard their holdings when they do not intend to transact for a certain period.

iii. *Uniform applicability:* The facility applies uniformly across demat mutual fund folios, and non-demat folios. In the initial phase, investors can lock and unlock their folios through RTAs via the mutual funds central platform, SEBI's interoperable mutual fund service portal.

iv. *Implementation procedure:* In consultation with SEBI, the association of mutual funds in India will prescribe the detailed procedures for locking / unlocking and specify the financial and non-financial transactions permitted during the lock-in period. Asset management companies and RTAs must disclose these details on their websites and in the statement of additional information.

Conclusion

The circular came into effect from April 30, 2026, and was issued under the SEBI Act, 1992, to protect investor interests by mitigating the risk of unauthorised redemptions and fraudulent transactions.

9. Ease of Doing Investment – Special Window for Transfer and Dematerialisation of Physical Securities

Background

In July 2025, SEBI had opened a special window for the re-lodgement of transfer deeds of physical securities.

Building on that initiative of easing investment and to further facilitate investors in gaining rightful access to their securities, SEBI decided to open another special window specifically for the transfer and dematerialisation of physical securities sold or purchased prior to April 1, 2019.

The window is also available for transfer requests submitted earlier but were rejected, returned, or not attended to due to deficiency in documents, process, or otherwise. In essence, eligibility requires the execution of the transfer deed to be before April 1, 2019, and the availability of the original security certificate.

Key Aspects

i. *Special window for physical securities:* SEBI opened a special window to help investors transfer and dematerialise physical securities purchased/sold prior to 1 April 2019. The window is open for one year, from February 5,2026 to February 4, 2027.

ii. *Coverage of pending transfer requests:* The window is also available for transfer requests that were submitted earlier but were rejected, returned, or not attended to due to deficiency in documents, process, or otherwise.

iii. *Mandatory demat and credit lock-in:* The securities transferred shall be mandatorily credited to the transferee in demat mode only and shall be under lock-in for a period of one year from the date of registration of transfer. Such securities shall not be transferred, lien-marked, or pledged during the lock-in period

iv. *Exclusions:* Cases involving disputes between transferor and transferee will not be considered under this window and must be settled through court/NCLT proceedings. Securities transferred to the investor education and protection fund shall not be considered under this window.

Conclusion

The circular is issued in exercise of powers under Section 11(1) of the SEBI Act, 1992, read with Regulation 101 of the SEBI (LODR) Regulations, 2015, and Regulations 37 and 38 of the SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 2025, with the overarching objective of protecting the interests of investors in securities and promoting the development of and regulating the securities market.

10. Valuation of Physical Gold and Silver Held by Mutual Fund Schemes

Background

The newly notified SEBI (Mutual Funds) Regulations, 2026, has mandated that the mutual funds shall value physical Gold and Silver using polled spot prices published by recognised stock exchanges, which are used for settlement of physically delivered gold and silver derivatives contracts.

Key Aspects

i. *Gold and Silver valuation:* Under the existing framework, physical Gold and Silver held by Gold and Silver ETFs are valued using the AM fixing prices of the London Bullion Market Association, adjusted for metric and currency conversions, transportation costs, customs duty, applicable taxes and levies, and notional premium or discount to arrive at domestic valuations.

ii. *Shift to exchange spot prices:* Following deliberations in the mutual fund advisory committee (**MFAC**), public consultation, and stakeholder discussions, SEBI decided that polled spot prices published by recognised stock exchanges may be used for valuation, as such exchanges are subject to transparency and compliance requirements, thereby ensuring valuations reflective of domestic market conditions and uniformity in valuation practices.

iii. *Spot polling compliance:* From April 1, 2026, the SEBI (Mutual Funds) Regulations, 2026, mutual funds must value physical Gold and Silver using polled spot prices published by recognised stock exchanges, which are also used for settlement of physically delivered gold and silver derivatives contracts. The spot polling mechanism must comply with SEBI-specified spot polling guidelines.

Conclusion

This circular strengthens investor protection by bringing greater transparency, domestic relevance, and standardisation to the valuation of physical gold and silver assets held by mutual fund schemes in India. It has been issued in exercise of powers under Section 11(1) of the Securities and Exchange Board of India Act, with the objective of protecting the interests of investors and promoting the development of and regulating the securities market.

IRDAI Regulatory Updates

1. IRDAI constitutes Working Group on AI Governance in Insurance Sector

On 17 June 2026, IRDAI constituted a Working Group on AI-governance in the Insurance Sector to assess the growing use of AI in insurance and address the associated ethical, operational, cybersecurity, and policyholder protection risks. The Working Group, chaired by Prof. Sandeep K. Shukla (Director, IIIT Hyderabad) and comprising representatives from ReBIT, CERT-In, IRDAI, and leading insurers, has been tasked with evaluating AI adoption and governance practices across the insurance sector, reviewing global regulatory approaches, and assessing the impact of AI on insurers, policyholders, and the broader insurance ecosystem. The Group will also recommend frameworks for ethical, transparent, and explainable AI use, AI-related risk management and cybersecurity controls, sector-wide stress testing, AI audit requirements, and capacity-building initiatives. IRDAI intends to use the Group's recommendations to develop governance standards and safeguards that promote responsible AI innovation while ensuring resilience and protection of policyholder data and interests. The Working Group is required to submit its recommendations to IRDAI within three months of its constitution.

2. IRDAI Information and Cyber Security Guidelines, 2026

The IRDAI issued a circular dated April 6, 2026 (Ref. No. IRDAI/GA&HR/CIR/MISC/51/4/2026) addressed to all insurers, insurance intermediaries, and the Insurance Information Bureau of India (**IIB**), introducing revised guidelines on Information and Cyber Security. The earlier framework comprised the IRDA Guidelines on Information and Cyber Security for Regulated Entities issued vide Circular Ref. IRDAI / GA&HR / GDL / MISC /88/04/2023 dated April 24, 2023. The 2026 Guidelines supersede that framework in its entirety.

Background and Rationale

The revised Guidelines were issued in view of the evolving threat landscape, feedback received from the industry, and the recommendations of various IRDAI committees, to enable the insurance industry to further strengthen its defences and related governance mechanisms to deal with emerging cyber threats.

Scope and Minimum Standards

The IRDAI Information and Cyber Security Guidelines, 2026, are set out in Annexure B to the circular and prescribe the minimum standards and governance mechanisms to be adopted by all REs. A summary of the major changes introduced by the Guidelines is enclosed as Annexure A.

Applicability and Compliance

All insurers including foreign reinsurance branches, insurance intermediaries covering brokers, corporate agents, web aggregators, third-party administrators, insurance marketing firms, insurance repositories, insurance self-network platforms, corporate surveyors, motor insurance service providers, common service centres, and the IIB are required to strictly adhere to the Guidelines and ensure compliance from the current financial year.

3. IRDAI Delegates Powers Under Section 34 of the Insurance Act, 1938

By a notification dated April 15, 2026, IRDAI, in exercise of its powers under Section 23(1) of the Insurance Regulatory and Development Authority of India Act (**IRDAI Act**), 1999, and pursuant to a resolution passed at its 135th meeting held on March 30, 2026, delegated its powers under Section 34 of the Insurance Act, 1938. Under this delegation, the power to issue directions to any insurer or insurance intermediary in enforcement proceedings for identified violations vests in a panel of two whole-time members constituted by the chairperson, while the power to issue directions on any other matter under Section 34 rests with the chairperson.

4. IRDAI Circular on Remuneration to KMPs

The Insurance Regulatory and Development Authority of India, with immediate effect, amended the Master Circular on Corporate Governance for Insurers, 2024, in exercise of powers under Section 34 of the Insurance Act, 1938, Section 14 of the IRDA Act, 1999, and Regulation 12 of the Corporate Governance Regulations, 2024. A new Clause 8.3 was inserted, requiring insurers to disclose their performance against the parameters adopted for KMP remuneration on the company website, along with three years of corresponding historical data, in a manner that is easily accessible and comprehensible to the public and policyholders, without requiring personal details of the visitor. Financial soundness metrics are to be disclosed on a quarterly basis, while products' performance, claim responsiveness, and grievance redressal data are to be updated monthly. The Nomination and Remuneration Committee, in consultation with the Risk Management Committee, is required to adopt an integrated approach to remuneration policy, ensuring that remuneration is aligned to policyholder outcomes, adjusted for all types of risk, symmetric with risk outcomes, sensitive to the time horizon of risk, and that the mix of cash and equity is consistent with risk alignment.

For FY 2026–27, six (6) mandatory minimum parameters must be considered for assessing KMP performance for variable pay and disclosure purposes, collectively carrying a total weight of 50 per cent: overall financial soundness, products' performance, claim responsiveness, grievance redressal, implementation of Indian Accounting Standards, and elimination of dark patterns in public-facing communications. Performance against the last two parameters is assessed on a binary basis (met or not met), while the remaining 50 per cent weightage may be allocated by the Board or Nomination and Remuneration Committee (**NRC**) through additional parameters aligned with the insurer's business plan.

5. IRDAI Circular on Annual Fees and Registration of Insurance Surveyors and Loss Assessors: Transitional Arrangements

The IRDAI issued Circular No. IRDAI / INT / CIR / MISC /54/4/2026 on April 7, 2026, providing clarifications on transitional arrangements for the payment of annual fees and issuance of Certificates of Registration (**CoR**) to Insurance Surveyors and Loss Assessors (**SLAs**), in continuation of Circular Ref. IRDAI / INT / CIR / MISC / 41/3/2026 dated March 16, 2026. Pursuant to the SBSR Act, 2025, Section 42D of the Insurance Act, 1938, was amended to provide that registration granted to an insurance intermediary shall remain in force subject to payment of an annual fee as may be specified by regulations, unless suspended or cancelled by the Authority.

With effect from February 5, 2026, the earlier licensing framework applicable to SLAs, which entailed a three-year validity period and renewal requirements, was substituted with a registration-based framework. As a transitional measure, applicants with applications for new registration or renewal approved between February 5, 2026, and June 30, 2026, must pay an interim annual fee prior to issuance of the CoR, amounting to INR 472 (inclusive of GST) for individual SLAs and INR 2,360 (inclusive of GST) for corporate SLAs. Where any fee has already been remitted for applications approved on or after February 5, 2026, such amount shall be adjusted against the interim annual fee payable. Applications for revival of lapsed licences submitted on or before February 4, 2026, shall be processed under the IRDAI (Insurance Surveyors and Loss Assessors) Regulations, 2015, while those submitted on or after February 5, 2026, shall be treated as applications for fresh registration, including the fulfilment of examination and training requirements. All applications are to continue to be submitted through the BAP portal, and the transitional arrangement shall remain operative pending

notification of regulations under the amended framework.

6. IRDAI Circular on Ind AS Implementation for Insurers

The IRDAI, in exercise of its powers under Section 34 of the Insurance Act, 1938 and Section 14 of the IRDA Act, 1999, issued a circular providing clarifications on the implementation of Indian Accounting Standards (**Ind AS**) by insurers, pursuant to the amendments notified to the IRDAI (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024, which became effective from April 1 2026. From that date, all insurers are required to undertake parallel reporting of Ind AS Financial Statements (as per Schedule IIA) and Financial Information (as per Schedule II) for a period of two (2) years, to be prepared and submitted on a quarterly basis and disclosed on the insurer's website, with Financial Statements for the first three quarters subject to limited review and annual statements subject to audit under the Insurance Act, 1938, and the Companies Act, 2013. Insurers seeking a one-year forbearance were to have applied to IRDAI by April 30, 2026, with a Board-approved action plan setting out monthly milestones, system and data readiness timelines, and the governance framework for transition oversight, and those granted forbearance must submit monthly progress reports to the Authority.

The circular further confirms that segregation of policyholder and shareholder funds, determination and distribution of surplus, and valuation for solvency purposes shall continue to be governed by the existing provisions of the Insurance Act, 1938, and Schedule I of the Regulations, and that adoption of Ind AS shall not automatically alter the basis for actuarial investigation, surplus distribution, or solvency assessment. Discounting of insurance contract liabilities shall be carried out in accordance with Ind AS 117, with the applicable risk-free rate derived from the zero-coupon yield curve published by the Clearing Corporation of India Limited (**CCIL**) based on Government of India securities. All existing regulatory frameworks governing investment functions, expenses of management, submission of returns, and public disclosures shall continue to be governed by Schedule II of the Regulations until otherwise modified or clarified by the Competent Authority.

7. IRDAI Guidelines – Liaison Office in India by an Overseas Insurer

A Liaison Office (**LO**) is a representative communication bridge between an Overseas Insurer's Head Office and

Indian entities that cannot undertake any commercial, trading, or industrial activity and must be funded exclusively through foreign remittances from the Overseas Insurer. IRDAI's amended guidelines (superseding the October 2022 guidelines) govern the establishment and closure of such offices, effective from their date of issue.

Eligibility

The applicant must have a profit-making track record for the preceding three financial years and a minimum net worth of USD 65 million. IRDAI may relax the net worth requirement for foreign state-owned enterprises, highly rated reinsurers, or specialist insurers of bilateral strategic significance.

Application

Submit Form IRDAI-FIC-1 with a non-refundable fee of USD 6,000, along with the Certificate of Registration from the home regulator, Certificate of Incorporation, Memorandum and Articles of Association, latest audited financials, regulator's authorisation, Letter of Comfort, and Board resolution. IRDAI conducts due diligence; rejections may be reviewed within 30 (thirty) days. For insurers from countries sharing a land border with India, the Ministry of External Affairs must be consulted prior to approval.

Validity

Initial approval is for 3 (three) years; LO must be established within 6 (six) months. A first extension of 3 (three) years may be sought at least 2 (two) months before expiry (fee: USD 5,000). Beyond the 3+3-year period, continuation is permitted in exceptional cases (strategic importance, FDI facilitation, state-owned enterprises) in 3-year increments at USD 5,000 each.

Permitted Activities

An LO may only:

i. represent the Overseas Insurer in India;

ii. conduct market research and feasibility studies in insurance; and

iii. act as a communication channel between the Overseas Insurer and Indian entities. Any activity beyond these three is prohibited.

Key Operational Conditions

i. All expenses must be funded exclusively by inward foreign remittances;

ii. Only one bank account may be maintained;

iii. The LO cannot borrow, lend, accept deposits, or acquire immovable property (except leases up to 3 years); and

iv. It has no signing or commitment powers beyond normal office operations. The LO must obtain a PAN and register with the ROC if required under the Companies Act, 2013. Only one LO per Overseas Insurer is permitted at any time, and approval is non-transferable.

The Principal Officer acts as Nodal Officer and must be reported to IRDAI within 15 (fifteen) days of appointment (and within 15 days of any change). Any regulatory action by the home country regulator must similarly be reported within 15 (fifteen) days.

Reporting

Within 60 days of each financial year-end, the LO must submit a Balance Sheet, Statement of Income and Expenditure, and Cash Flow Statement (signed by an independent Chartered Accountant and the Principal Officer), along with an Annual Activity Certificate (Annexure III) certifying that only permitted activities were undertaken and all funding was through approved remittances.

Closure and Non-Compliance

Closure requires filing Form IRDA-FIC-2 at least 2 (two) months before expiry, publishing public notices in at least one national English daily and one regional language newspaper (at least 2 months before closure), and submitting an independent CA's certificate covering asset / liability settlement, discharge of all Indian liabilities, and repatriation of proceeds. Closure is mandatory if the Overseas Insurer intends to open a Foreign Reinsurance Branch or form a joint venture / subsidiary in India, an LO, and a joint venture partnership in an Indian insurance company cannot coexist simultaneously. Non-compliance, including failure to furnish required documents, cooperate with inspection or adhere to approval conditions, may result in withdrawal of approval (after an opportunity to be heard), removal of the Principal Officer, and notification to the home country regulator.

8. IRDAI Framework for Insurer Investments in Alternative Investment Funds: Navigating Section 27E Compliance, Excusal Rights, and the Zero-Contamination Protocol

Under Para 1.5 of IRDAI's Master Circular on Actuarial, Finance and Investment Functions of Insurers (May 17, 2024), insurers are permitted to invest in AIFs subject to strict conditions, including investing only through Section 27E-compliant Fund of Funds (**FoF**), contractually restraining FoFs from overseas investments, prohibiting AIF investments in securities of companies incorporated outside India, and preventing cross-exposure between AIFs and FoFs and following industry requests for clarity on "Excusal Rights" and investee limits, IRDAI issued a comprehensive compliance framework integrating SEBI Circular SEBI/HO/AFD-1/PoD/P/CIR/2023/053 (April 10, 2023) with Section 27E obligations, requiring insurers to embed a "Statutory Exclusion" clause into the Private Placement Memorandum and a "Deemed Excusal" standing instruction into the Contribution Agreement ensuring the insurer's capital is never drawn down, utilised, or pledged for overseas investments; operationally enforced through a "Zero Contamination" process wherein the insurer submits a Section 27E Declaration at onboarding (flagged as RESTRICTED_DOMESTIC_ONLY in the Master Investor Register), the AIF Manager issues a Negative Assurance Statement showing zero allocation to the insurer for every overseas deal, and quarterly reports include a Section 27E Compliance Annexure confirming nil overseas exposure, all underpinned by a three-tier certification model comprising the AIF Compliance Officer and Manager (quarterly), the AIF Statutory Auditor (annual), and the Insurer's Concurrent/Internal Auditor (quarterly), with each tier independently verifying zero attribution of the insurer's capital to foreign assets, dual-ledger accounting, strict deal-specific expense tagging, and nil outflows from the insurer's bank account against overseas capital calls, with sub-para 4(d) of Para 1.5 further replaced to require insurers to monitor compliance with the single AIF exposure limit across both direct and indirect (FoF) exposures, making this one of the most robust policyholder fund ring-fencing frameworks in India's insurance investment regulatory landscape.

9. IRDAI Circular on Transitional Arrangements for Annual Fee Payment and Registration of Insurance Intermediaries

The Insurance Regulatory and Development Authority of India (**IRDAI**) has issued a circular under sub-section (4A) of Section 42D of the Sabka Bima Sabki Raksha (Amendment of Insurance Laws) Act, 2025 (effective February 5, 2026), introducing transitional arrangements for insurance intermediaries, including Insurance Brokers, Corporate Agents, IMFs, Web Aggregators, CSCs, Surveyors and Loss Assessors, Insurance Repositories, TPAs, and any other registered intermediaries, whereby the earlier framework of three-year Certificate of Registration (**CoR**) validity and renewal fees has been discontinued and replaced with a perpetual registration model subject to payment of an annual fee; as an interim transitional measure, intermediaries granted fresh registration or renewal of CoR between February 5, 2026, and June 30, 2026, are required to pay an interim annual fee (as specified in Annexure-I) at the time of issuance of the CoR, and where renewal fees had already been remitted before February 5, 2026, such amounts shall be adjusted against the interim annual fee payable, with any balance refunded, with the IRDAI retaining authority to issue further clarifications as necessary pending the formulation of a full regulatory framework.

IFSCA Regulatory Updates

1. IFSCA Issues Advisory on Heightened Cyber Security Risks from Frontier AI Models

The IFSCA issued an advisory on June 4, 2026, to address growing cyber security risks posed by frontier AI models. The advisory supplements IFSCA's existing Cyber Security and Cyber Resilience Guidelines issued in March 2025 (as amended in March 2026) and the cyber security guidelines applicable to market infrastructure institutions (**MIIs**) issued in April 2026. It does not replace or dilute any existing obligations.

The IFSCA notes that recent advances in frontier AI models have significantly enhanced offensive cyber capabilities. These models can rapidly analyse complex code, discover known and unknown (zero-day) vulnerabilities, assess exploitability, and generate working exploits at a much lower cost and speed than before. As a result, the time between the disclosure of a vulnerability and its exploitation has reduced from weeks to potentially mere hours, increasing cyber risks for financial institutions.

Key Aspects

The advisory encourages all REs in IFSCs to proactively strengthen their cyber security posture and implement enhanced controls proportionate to their risk profile by taking the following measures:

i. *Critical vulnerability management:* Treat critical vulnerabilities as immediately exploitable and prepare for large-scale vulnerability patch waves.

ii. *AI risk assessments:* Include frontier AI-related risks in cyber security risk assessments and periodically report such assessments to the Board (and for MIIs, the Standing Committee on Technology).

iii. *SBOM maintenance:* Maintain a software bill of materials (**SBOM**) to quickly assess the impact of newly discovered vulnerabilities.

iv. *Identity and access control fortification:* Strengthen identity and access management, including implementation of phishing-resistant multi-factor authentication (**MFA**) and robust identity verification processes.

v. *API maintenance:* Maintain a comprehensive inventory of APIs, implement rate-limiting controls, and restrict API connectivity to authorised entities.

vi. *Third-party AI risk oversight:* Ensure third-party service providers assess and manage AI-related cyber risks and can respond quickly to vulnerabilities.

vii. *AI threat detection:* Enhance monitoring and threat detection capabilities to identify AI-driven attack indicators such as automated reconnaissance, rapid scanning, and unusually fast attack sequences.

viii. *Credential compromise response:* Establish rapid response mechanisms for credential compromise, including automated resets and account lockouts.

ix. *AI security tool management:* Adopt AI-assisted security tools cautiously, ensuring non-exposure of sensitive data to unauthorised AI services and adequate data protection and confidentiality safeguards for providers.

x. *Human oversight of AI outputs:* Maintain human oversight over AI-generated code and remediation efforts, with rigorous security testing before deployment.

2. IFSCA Issues Master Circular for Recognised Stock Exchanges and Recognised Clearing Corporations

The IFSCA Master Circular for Recognised Stock Exchanges and Recognised Clearing Corporations, issued on June 5, 2026, consolidates and rationalises various IFSCA circulars and guidelines applicable to MIIs in IFSCs, including stock exchanges and clearing corporations. The circular was issued to create a unified regulatory framework, improve regulatory clarity, facilitate ease of doing business, and support the development of the IFSC ecosystem. It supersedes several IFSCA circulars issued between 2021 and 2025, as well as pre-October 2020 SEBI circulars applicable to stock exchanges and clearing corporations in IFSCs.

Key Aspects

The Master Circular covers the following:

i. *Recognition and governance framework:* This prescribes recognition and governance requirements for stock exchanges and clearing corporations, including application procedures, board composition, appointment of public interest directors, managing directors, and statutory committees.

ii. *Trading and market operations:* This includes provisions relating to negotiated large trades (**NLTs**), segregated nominee account structures, eligible foreign investors, margin trading, liquidity enhancement schemes, proprietary trading, client code requirements, and transaction charges.

iii. *Technology and infrastructure standards:* This covers internet-based trading, direct market access (**DMA**), sponsored access, trading software approvals, system audits, cyber-security, business continuity plans (**BCP**), disaster recovery (**DR**), co-location facilities, capacity planning, and data feed management.

iv. *Settlement and risk management requirements:* This includes settlement cycles, settlement guarantee funds (**SGFs**), close-out procedures, clearing corporation risk management frameworks, stress testing, and default waterfalls.

v. *Market surveillance and investor protection measures:* This mandates robust real-time surveillance systems, inspection frameworks, monitoring of trading patterns and disclosure requirements.

vi. *Periodic reporting and compliance obligations for MIIs:* This includes monthly activity reports, net worth certificates, system audit reports, CRO reports, and annual filings.

3. IFSCA Releases FAQs on IFSCA FinTech Sandbox Framework, 2026

The IFSCA released FAQs on the IFSCA FinTech Sandbox Framework, 2026, to provide clarity on the operation of the new framework, which became effective on March 16, 2026. The framework, which replaces the earlier FinTech Entity Framework, 2022, and Regulatory Sandbox Framework, 2020, aims to support innovation by allowing eligible domestic and foreign entities to develop and test innovative financial technology products, services, and business models in a controlled environment within GIFT IFSC. The framework was introduced in response to evolving fintech trends, stakeholder feedback, and the growing need for a comprehensive innovation ecosystem across banking, capital markets, insurance, fund management, and related financial services.

4. IFSCA Revisits Revised Instructions on Internet Banking Services to IBU Clients

Background

The IFSCA issued a circular on June 30, 2026, further revising its framework governing internet banking services provided by IFSC banking units (**IBUs**). The amendments refines the original circular issued on April 22, 2024, and the subsequent review circular dated December 29, 2025, aiming to provide additional implementation flexibility and clarify certain operational requirements for IBUs offering internet banking services.

Key Aspects

i. *Compliance timeline extension:* The compliance timeline has been extended until July 31, 2026, for IBUs that commenced operations before the issue of the revised framework. Non-compliant IBUs will be prohibited from onboarding new customers for the affected liability products from August 1, 2026, until they achieve compliance.

ii. *Clarification on linked accounts:* The term “all linked accounts” has been clarified to include all customer accounts maintained with the IBU, including both deposit accounts and loan accounts.

iii. *Clarification on whitelisting:* that the term "whitelisting" has been clarified to refer to the facility allowing customers to create a predefined list of approved beneficiaries for transactions.

iv. *Relaxation of specific requirement:* The framework has been relaxed by making the requirement specified under Paragraph 8.i.b. of the December 2025 circular non-mandatory.

v. *Others:* All other provisions of the earlier internet banking circulars remain unchanged.

5. Specification of Certification Course for KMPs and Employees of Capital Market Intermediaries

Vide Circular dated April 2, 2026, the IFSCA specified a mandatory certification course for KMPs and employees of Capital Market Intermediaries (**CMIs**) in IFSC (**Circular**), in exercise of powers conferred under Sub-regulation (5) of Regulation 9 of the IFSCA (Capital Market Intermediaries) Regulations, 2025 (**CMI Regulations**), which empowers the IFSCA to specify certification courses for employees of CMIs.

The Circular provides the following:

i. The certification course, "Regulatory Framework for Capital Market Intermediaries in IFSC", is offered by The Institute of Company Secretaries of India.

ii. KMPs and all other employees discharging core business activities must successfully complete the said certification course on or before September 30, 2026.

iii. The CMI and the persons in control of the CMI will be responsible for ensuring timely completion of the certification course by its employees.

iv. Employees involved in providing non-operational or support services are encouraged to undertake the said certification course to enhance professional competence and regulatory preparedness.

6. Reporting Norms for Capital Market Intermediaries in IFSC

On April 8, 2026, the IFSCA issued a circular prescribing revised reporting norms (**Circular**) for CMIs in IFSC. The Circular supersedes the earlier circular dated February 8, 2024, and was issued to account for several new categories of CMIs introduced under the IFSCA CMI Regulations including global access provider, credit-rating agency, ESG ratings and data products provider, and research entity, to enhance supervisory efficiency by revising the existing reporting formats.

The Circular provides the following:

i. CMIs shall submit information to the IFSCA in the specified format on a quarterly basis.

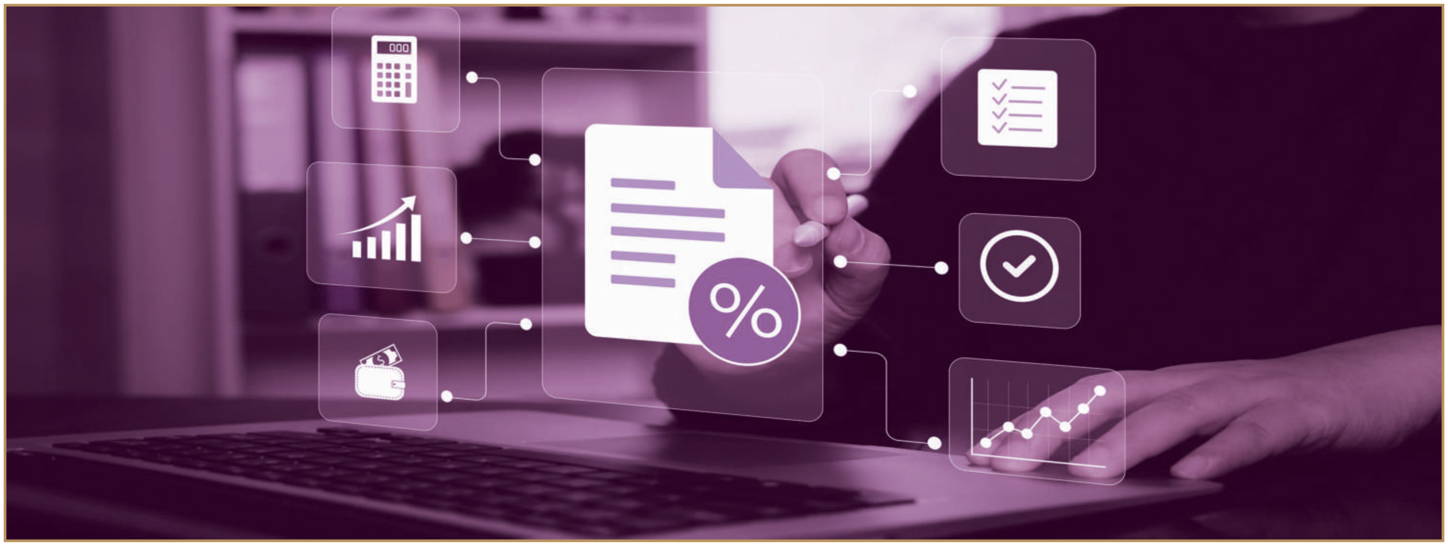
ii. The quarterly report format includes (a) sheets to be completed by all categories of CMIs, covering general information, complaint handling, and grievance redressal, video customer identification procedure (**V-CIP**) reporting, AML/CFT/KYC compliance, and a signed undertaking to be submitted as a scanned PDF; and (b) registration-specific sheets, which CMIs shall fill only for their category(ies) of registration or authorisation.

iii. The AML/CFT/KYC compliance sheet shall be submitted on a half-yearly basis, i.e., along with the quarterly reports for the quarters of July–September and January–March.

iv. In the event of surrender, suspension, or cancellation of a certificate, CMIs shall be required to continue submitting the quarterly reports until such cancellation is communicated by the IFSCA.

v. CMIs holding registrations as broker dealer, clearing member, and depository participant shall submit their quarterly reports to the respective MIIs of which they are members.

vi. CMIs holding registrations as global access provider, custodian, investment banker, investment adviser, debenture trustee, registered distributor, credit-rating agency, ESG ratings and data products provider, and research entity shall submit their



reports within 21 (twenty-one) calendar days from the end of each quarter directly to the IFSCA.

vii. A transitional provision, where CMIs shall submit their quarterly report for the period ending March 31, 2026, in accordance with the extant circular dated February 8, 2024.

7. Requirements for Payment Service Providers Entering into Rupee Drawing Arrangement

On April 10, 2026, the IFSCA issued a circular (**Circular**) prescribing requirements for Payment Service Providers (**PSPs**) in IFSC proposing to participate in the Rupee Drawing Arrangement (**RDA**) scheme as non-resident Exchange Houses. This was in furtherance of the circular titled Participation of Payment Service Providers in International Payment Systems dated June 6, 2025, which required PSPs to obtain the approval of the IFSCA for membership to participate in international payment systems for transactions with banks/financial institutions outside IFSC.

The Circular clarifies that the following:

i. A PSP seeking to participate in the RDA scheme will require prior permission from the IFSCA, in accordance with the RBI's Master Direction on Opening and Maintenance of Rupee/Foreign Currency Vostro Accounts of Non-resident Exchange Houses dated January 1, 2016.

ii. The PSP must, along with the request for prior permission, provide a comprehensive overview of the framework and processes put in place by it to ensure compliance with the IFSCA (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022, and any other applicable laws, for the transactions proposed to be undertaken under the RDA.

This Circular came into force with immediate effect.

8. Governance and Oversight of Schemes in IFSC – Segregation of the Role of Fiduciaries

The IFSCA issued a circular on April 10, 2026, addressed to all Fund Management Entities (**FMEs**), clarifying the governance and oversight requirements applicable to schemes in IFSC, with a specific focus on the segregation of the role of fiduciaries (**Circular**).

i. *Regulatory framework:* Regulation 17 (2) of the IFSCA (Fund Management) Regulations, 2025 (**FM Regulations**) mandates that FMEs shall appoint fiduciaries, which includes trustees for scheme established as a trust, board of directors for schemes set up as a company, and designated partners for schemes in the form of a Limited Liability Partnership (**LLP**). Regulation 17(5) of the FM Regulations also mandates that fiduciaries abide by the code of conduct and obligations specified in the Third Schedule, which provides that fiduciaries render high standards of service, exercise due diligence, ensure proper care, and exercise independent professional judgment at all times.

ii. *Clarification:* The IFSCA clarified that FMEs shall not appoint an entity acting as a fiduciary to a scheme to provide fund administration, valuation, audit, and lending or financing services to that same scheme, either directly or through their associates.

iii. *Transition compliance requirement:* For schemes taken on record by the IFSCA or filed with the IFSCA as on the date of issuance of the Circular, FMEs must take necessary steps to comply with the provisions of the Circular by September 30, 2026.

9. Guidelines on Cyber Security and Cyber Resilience for MIIs in IFSC

1. Specification of Certification Course for KMPs and Employees of Capital Market Intermediaries

Vide Circular dated April 2, 2026, the IFSCA specified a mandatory certification course for KMPs and employees of Capital Market Intermediaries (**CMIs**) in IFSC (**Circular**), in exercise of powers conferred under Sub-regulation (5) of Regulation 9 of the IFSCA (Capital Market Intermediaries) Regulations, 2025 (**CMI Regulations**), which empowers the IFSCA to specify certification courses for employees of CMIs.

The Circular provides the following:

i. The certification course, "Regulatory Framework for Capital Market Intermediaries in IFSC", is offered by The Institute of Company Secretaries of India.

ii. KMPs and all other employees discharging core business activities must successfully complete the said certification course on or before September 30, 2026.

iii. The CMI and the persons in control of the CMI will be responsible for ensuring timely completion of the certification course by its employees.

iv. Employees involved in providing non-operational or support services are encouraged to undertake the said certification course to enhance professional competence and regulatory preparedness.

2. Reporting Norms for Capital Market Intermediaries in IFSC

On April 8, 2026, the IFSCA issued a circular prescribing revised reporting norms (**Circular**) for CMIs in IFSC. The Circular supersedes the earlier circular dated February 8, 2024, and was issued to account for several new categories of CMIs introduced under the IFSCA CMI Regulations including global access provider, credit-rating agency, ESG ratings and data products provider, and research entity, to enhance supervisory efficiency by revising the existing reporting formats.

The Circular provides the following:

i. CMIs shall submit information to the IFSCA in the specified format on a quarterly basis.

ii. The quarterly report format includes (a) sheets to be completed by all categories of CMIs, covering general information, complaint handling, and grievance redressal, video customer identification procedure (**V-CIP**) reporting, AML / CFT / KYC compliance, and a signed undertaking to be submitted as a scanned PDF; and (b) registration-specific sheets, which CMIs shall fill only for their category(ies) of registration or authorisation.

iii. The AML/CFT/KYC compliance sheet shall be submitted on a half-yearly basis, i.e., along with the quarterly reports for the quarters of July–September and January–March.

iv. In the event of surrender, suspension, or cancellation of a certificate, CMIs shall be required to continue submitting the quarterly reports until such cancellation is communicated by the IFSCA.

v. CMIs holding registrations as broker dealer, clearing member, and depository participant shall submit their quarterly reports to the respective MIIs of which they are members.

vi. CMIs holding registrations as global access provider, custodian, investment banker, investment adviser, debenture trustee, registered distributor, credit-rating agency, ESG ratings and data products provider, and research entity shall submit their reports within 21 (twenty-one) calendar days from the end of each quarter directly to the IFSCA.

vii. A transitional provision, where CMIs shall submit their quarterly report for the period ending March 31, 2026, in accordance with the extant circular dated February 8, 2024.

3. **Requirements for Payment Service Providers Entering into Rupee Drawing Arrangement**

On April 10, 2026, the IFSCA issued a circular (**Circular**) prescribing requirements for Payment Service Providers (**PSPs**) in IFSC proposing to participate in the Rupee Drawing Arrangement (**RDA**) scheme as non-resident Exchange Houses. This was in furtherance of the circular titled Participation of Payment Service Providers in International Payment Systems dated June 6, 2025, which required PSPs to obtain the approval of the IFSCA for membership to participate in international payment systems for transactions with banks / financial institutions outside IFSC.

The Circular clarifies that the following:

i. A PSP seeking to participate in the RDA scheme will require prior permission from the IFSCA, in accordance with the RBI's Master Direction on Opening and Maintenance of Rupee/Foreign Currency Vostro Accounts of Non-resident Exchange Houses dated January 1, 2016.

ii. The PSP must, along with the request for prior permission, provide a comprehensive overview of the framework and processes put in place by it to ensure compliance with the IFSCA (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022, and any other applicable laws, for the transactions proposed to be undertaken under the RDA.

This Circular came into force with immediate effect.

4. **Governance and Oversight of Schemes in IFSC – Segregation of the Role of Fiduciaries**

The IFSCA issued a circular on April 10, 2026, addressed to all Fund Management Entities (**FMEs**), clarifying the governance and oversight requirements applicable to schemes in IFSC, with a specific focus on the segregation of the role of fiduciaries (**Circular**).

i. *Regulatory framework:* Regulation 17 (2) of the IFSCA (Fund Management) Regulations, 2025 (**FM Regulations**) mandates that FMEs shall appoint fiduciaries, which includes trustees for scheme established as a trust, board of directors for schemes set up as a company, and designated partners for schemes in the form of a Limited Liability Partnership (**LLP**). Regulation 17(5) of the FM Regulations also mandates that fiduciaries abide by the code of conduct and obligations specified in the Third Schedule, which provides that fiduciaries render high standards of service, exercise due diligence, ensure proper care, and exercise independent professional judgment at all times.

ii. *Clarification:* The IFSCA clarified that FMEs shall not appoint an entity acting as a fiduciary to a scheme to provide fund administration, valuation, audit, and lending or financing services to that same scheme, either directly or through their associates.

iii. *Transition compliance requirement:* For schemes taken on record by the IFSCA or filed with the IFSCA as on the date of issuance of the Circular, FMEs must take necessary steps to comply with the provisions of the Circular by September 30, 2026.

5. **Guidelines on Cyber Security and Cyber Resilience for MIIs in IFSC**

The IFSCA on April 20, 2026, issued guidelines specifically for MIIs, comprising Stock Exchanges, Clearing Corporations, Depositories and the Bullion Exchange, through its circular dated April 20, 2026 (**Guidelines**). These Guidelines, which became effective April 1, 2026, build upon the IFSCA's earlier baseline framework for all REs in GIFT-IFSC (issued March 10, 2025) and introduce a more robust, granular, and prescriptive cyber security framework commensurate with the systemically critical role of MIIs.

Key Aspects

i. *The seven-function framework:* The Guidelines are structured around seven core functions – govern, identify, protect, detect, respond, recover, and resilience – providing end-to-end cyber preparedness for MIIs.

ii. *Governance and accountability:* MIIs are required to formulate a comprehensive cyber security and cyber resilience policy, approved by their governing board, with periodic reviews to keep the framework adaptive to emerging threats. A dedicated Chief Information Security Officer (**CISO**), reporting directly to the MD/CEO, must be appointed and will be responsible for assessing, identifying, and mitigating cyber security risks, responding to cyber security incidents, establishing cyber security standards and controls, and implementing the necessary processes as per the Board-approved policy.

iii. *Incident response and reporting:* Any cyber-attack or breach must be notified to the IFSCA and CERT-In within six (6) hours of noticing/detecting such incidents or being brought to notice. An interim report must follow within three (3) days, mitigation measures within seven (7) days from detection, and a detailed root cause analysis (**RCA**) report within 30 (thirty) days.

iv. *Quantum-ready security:* MIIs are required to implement a specialised training and awareness program on Post Quantum Cryptography (**PQC**), ensuring technical personnel are proficient in identifying quantum-vulnerable algorithms and equipped to transition to PQC standards defined by international and national bodies. MIIs must also conduct an annual cryptographic risk assessment to evaluate the continued efficacy of their encryption algorithms against advancements in cryptanalysis and quantum computing/high performance computing. MIIs must also establish a roadmap for adoption of PQC standards, such as NIST FIPS 203, 204, and 205, to ensure migration of critical systems before existing asymmetric standards are rendered obsolete.

v. *24x7 cyber security operations:* MIIs must establish a Cyber Security Operation Centre (**C-SOC**) operating 24x7x365, manned by dedicated security analysts. A contingent C-SOC with identical capabilities must also be maintained at the DR site.

vi. *Audit and certification:* CERT-In-empanelled IS auditors must conduct annual cyber security audits, submitting reports to the IFSCA within 120 days from the end of the financial year (**FY**). The MIIs must also submit a declaration from the MD/CEO. All MIIs are required to obtain ISO 27001 certification within two (2) years of issuance of these Guidelines.

10. Framework for Preferential Issues and Qualified Institutions Placement under the IFSCA (Listing) Regulations, 2024

The IFSCA, vide circular dated April 22, 2026, introduced a comprehensive framework for preferential issues and Qualified Institutions Placement (**QIP**) under the IFSCA (Listing) Regulations, 2024, enabling listed entities in IFSCs to raise capital through these routes (**Framework**).

Key Aspects

i. *Applicability:* The Framework applies to listed entities whose specified securities are listed solely

on recognised stock exchanges in the IFSC and does not extend to issuers with only a secondary listing.

ii. *Eligibility:* A preferential issue or QIP cannot be made to any person who has sold or transferred equity shares of the issuer during the 30 (thirty) trading days preceding the relevant date. An issuer is also ineligible if it has outstanding dues payable to the IFSCA, the stock exchange, or the depository, unless such dues are subject to a pending appeal or proceeding.

iii. *Key conditions*

a) All equity shares allotted must be fully paid up; shareholder approval by special resolution and in-principle approval from the recognised stock exchange(s) are required.

b) The tenure of convertible securities issued on a preferential shall not exceed 18 (eighteen) months, while the tenure of those issued under a QIP must shall not exceed 60 (sixty) months, from the date of allotment.

c) In the case of warrants, at least 25 per cent of the consideration must be paid at the time of allotment, with the remaining 75 per cent payable at the time of allotment of equity shares upon exercise of the option.

iv. *Preferential issue – additional requirements*

a) In the explanatory statement, the issuer must disclose the objects of the issue; intent of promoters/controlling shareholders, directors, and KMPs to subscribe; the time frame within which the issue shall be completed; the identity of the ultimate beneficial owners of the shares proposed to be allotted and/or who ultimately control the proposed allottees; shareholding pattern before and after issue, percentage of post-issue capital held by allottees; and change in control, if any, consequent to preferential issue and pricing.

b) Pricing must be determined through a valuation report prepared by a registered valuer registered with the Insolvency and Bankruptcy Board of India, independent third-party service provider (such as a fund administrator or custodian) registered with the IFSCA, or a credit-rating agency registered with the IFSCA.

c) Securities allotted to promoters and controlling shareholders shall be locked up for six (6) months from the date of trading approval.

d) Allotment must be completed within 30 (thirty) days from the date of passing of the relevant resolution, provided that where regulatory approval is required, allotment shall take place within the later of (a) 30 (thirty) days from the date of passing such resolution, or (b) 30 (thirty) days from the date of receipt of such regulatory approval.

v. *QIP – additional requirements*

a) The issuer must appoint one or more the IFSCA-registered investment bankers as lead manager(s) to the issue.

b) The QIP must be conducted on the basis of a preliminary placement document and placement document containing all material information.

c) Allotment under a QIP must be completed within one (1) year from the date of passing of the relevant resolution.

11. Framework for Rights Issue under the International Financial Services Centres Authority (Listing) Regulations, 2024

The IFSCA, vide circular dated April 22, 2026, introduced a comprehensive Framework for Rights Issue under the IFSCA (Listing) Regulations, 2024, enabling listed entities in IFSCs to raise capital through rights offerings (**Framework for Rights Issue**).

Key Aspects

i. *Applicability:* The Framework for Right Issue applies to listed entities whose specified securities are listed solely on recognised stock exchanges in the IFSC and does not extend to issuers with only a secondary listing.

ii. *Eligibility and process:* An issuer is ineligible to make a rights issue if its equity shares are suspended from trading as a disciplinary measure. Eligible issuers must seek in-principle approval from one or more recognised stock exchanges by filing a draft letter of offer and file a letter of offer with the IFSCA for information and dissemination on its website.

iii. *Key procedural requirements:*

a) The issue price must be decided before determining the record date, and the issuer may consult with the designated stock exchange in this regard.

b) The letter of offer, application form, and renunciation/nomination forms or the form of acceptance must be sent electronically to all existing shareholders at least three days before the issue opens.

c) Allotment of specified securities shall be made in dematerialised form only.

d) The rights issue shall remain open for subscription for a minimum of seven (7) days.

e) Specified securities must be allotted and payments and refunds completed within eight working days from the date of closing of the issue.

iv. *Post-issue obligations:* The issuer must submit a post-issue report to the recognised stock exchange(s) within fifteen (15) working days from the date of closing of the rights issue, covering details such as applications received, allotments made, subscription, credit of specified securities, renunciation, payments and refunds, and the date of filing of the listing application.

12. Amendment to the Circular Titled "Framework for Ship Leasing"

The IFSCA, vide circular dated April 22, 2026, amended the Framework for Ship Leasing dated August 16, 2022, by omitting the Explanation under Clause 3.D.(ii), consequent to the inclusion of "management of physical assets" in the Third Schedule under the IFSCA (TechFin and Ancillary Services) Regulations, 2025, which specifies the services not permitted to be provided by TechFin and Ancillary Service Providers. The amendment became effective immediately.

13. Norms and Manner of Reporting for International Branch Campuses of Foreign Universities in the GIFT-IFSC

The IFSCA, vide circular dated April 30, 2026 (**Circular**), specified the norms and manner of annual reporting by International Branch Campuses (**IBCs**) of foreign universities in the GIFT-IFSC, pursuant to Regulation 15 of the IFSCA (Setting up and Operation of International Branch Campuses and Offshore Education Centres) Regulations, 2022, which provides for annual reporting by IBC as mandatory.

The Circular specifies the following:

i. IBCs must submit annual information in the prescribed format available on the IFSCA website, with operational data submitted in an editable Excel workbook and annexures in PDF.

ii. IBCs must also submit a simultaneous undertaking, duly signed by their authorised person, affirming that the information submitted is true, complete, and accurate.

iii. The requisite information must be submitted within 30 (thirty) days from the closure of the Academic Year (i.e., March 31, each year).

iv. Details relating to Graduation Outcomes must be submitted within 30 (thirty) days from the date the foreign university formally issue degrees, diplomas, or certificates.

v. For Academic Years 2024–25 and 2025–26, all submissions were to be made by May 30, 2026, electronically to reporting.ibc@ifsca.gov.in.

14. Circular – Implementation Services by Investment Advisers in the IFSC

The IFSCA, on May 12, 2026, issued a circular concerning the provision of implementation services by Investment Advisers in the IFSC (**Circular**) under the CMI Regulations, which permit investment advisers, in the IFSC, to provide implementation services to advisory client in securities market.

The Circular clarified the following:

i. The term "implementation services" refers to such services provided for the purpose of executing or giving effect to the investment advice rendered.

ii. An investment adviser providing implementation services shall do so through the following channels, depending on the nature of the financial product(s) involved: (a) through a global access provider or an introducing broker in the IFSC for financial product(s) listed on stock exchanges in foreign jurisdictions; (b) a member of such recognised stock exchange for financial product(s) listed on stock exchange in the IFSC; and (c) by entering into formal arrangement(s) with platform(s) and/or asset management company(ies) regulated by a financial sector regulator in a foreign jurisdiction for unlisted financial product(s).

The Circular which came into force with immediate effect may be accessed here.

15. Consumer Charter by Regulated Entities in IFSC

On May 8, 2026, the IFSCA issued a circular on the Consumer Charter by Regulated Entities in the International Financial Services Centre (**Circular**), aimed at strengthening consumer protection across the financial services market in the IFSC and ensuring market integrity.

The Circular specifies the following:

i. All REs dealing with retail consumers are encouraged to develop and publish their Consumer Charters on their GIFT-IFSC entity websites or provide a link redirecting consumers to a dedicated webpage of any of their group entities.

ii. Such Consumer Charters should contain the vision, mission, rights and responsibilities, essential dos and don'ts for the consumers and other consumer-centric provisions depending on the nature of their business, operational model, product complexity, and delivery channels. Alternatively, REs may also consider adopting the IFSCA Consumer Charter with relevant modifications based on their business activities.

16. IFSCA Approves Draft Regulations for Managing General Agents

The IFSCA, via its press release dated May 11, 2026 (**Press Release**), notified approval of the draft IFSCA (Managing General Agents) Regulations, 2026 (**MGA Regulations**), at its 28th meeting held on April 17, 2026. The MGA Regulations aim to provide a comprehensive regulatory framework for the registration, regulation, and operation of managing general agents (**MGAs**) operating in IFSCs in India, which hold delegated authority from foreign insurer(s) for underwriting direct insurance business or settlement of claims.

Key Aspects

i. MGAs may be established either as an incorporated entity or a branch form. An entity may be incorporated under the Companies Act, 2013. Branch MGAs are required to hold a valid registration and No Objection Certificate from their home regulator. Further, the applicant's jurisdiction should have a Double Taxation Avoidance Agreement with India and be FATF compliant. The foreign insurers entering into binding authority agreements are required to have a minimum net worth of USD 100 million and a minimum credit rating of 'A'.

ii. Registered MGAs will be permitted to undertake direct insurance business from within the IFSC and outside India, in specified foreign currencies only.

iii. A minimum capital requirement of USD 500,000 is prescribed to be held in an IFSC Banking Unit (**IBU**), with net worth specified as USD 2,50,000 or 50 per cent of the minimum capital, whichever is higher. Branch form MGAs can maintain net worth at their parent level.

The MGA Regulations will be notified in due course of time on the IFSCA website.

17. IFSCA (Finance Company) (Amendment) Regulations, 2026

The IFSCA notified the IFSCA (Finance Company) (Amendment) Regulations, 2026, effective May 7, 2026 (**Amendment Regulations**), introducing key structural changes to the IFSCA (Finance Company) Regulations, 2021 (**Principal Regulations**).

Key Aspects

i. *Introduction of key definitions:* The Amendment Regulations introduce the definition of a special purpose vehicle (**SPV**) as a finance company incorporated or administered (or both) by a trust and company service provider (**TCSP**), in the manner specified by the IFSCA, for undertaking permissible activities. A "TCSP" is defined as an entity authorised under the IFSCA (TechFin and Ancillary Services) Regulations, 2025, to provide TCSP services.

ii. *Expanded permissible activities – SPV leasing and financing:* Finance companies may now undertake leasing or financing activity by an SPV, as permitted by the IFSCA, a new category of permissible activity expressly introduced by the Amendment Regulations. This significantly expands the scope of structured finance and asset-backed transactions that can be conducted through the GIFT-IFSC platform.

iii. *Revised schedule – minimum owned fund requirement for SPVs:* A new entry was inserted in the Schedule to the Principal Regulations, providing that for leasing or financing activity undertaken by an SPV, the minimum owned fund or paid-up share capital will be equivalent to the amount prescribed under the Companies Act, 2013, or such other amount as may be specified by the IFSCA, with exemptions granted from Principal Regulation 4 (net-worth requirements) and Regulation 8 (other financial thresholds).

iv. *Linkage with TechFin and ancillary services framework:* The Amendment Regulations formally

integrates the TCSP framework under the IFSCA (TechFin and Ancillary Services) Regulations, 2025, into the finance company ecosystem, enabling professionally administered SPVs to be set up and operated at GIFT-IFSC for structured transactions, marking an important step toward building a robust structured finance and capital markets infrastructure at IFSC, GIFT City.

18. Guidelines for IBUs Availing of Voice Broking Services from IFSCA-Registered TechFin and ASPs

The IFSCA, on May 20, 2026, issued guidance to all IBUs on availing voice broking services from entities registered as TechFin and Ancillary Service Providers (**Guidance**).

The Guidance clarifies the following:

i. Voice broking services are already permitted under Module 5 of the IFSCA Banking Handbook Conduct of Business Directions v 6.0, which defines a voice broker as "an entity (located within or outside the IFSC) that brings together buyers and sellers of a financial asset for the purpose of executing a transaction in such financial asset".

ii. Entities registered as TechFin and Ancillary Service Providers (**ASPs**) under the IFSCA (TechFin and Ancillary Services) Regulations, 2025, are expressly permitted to offer voice broking services under the said regulations.

iii. IBUs may, subject to satisfying the other conditions specified in Module 5, avail voice broking services from such registered entities.

The Guidance may be accessed here.

19. IFSCA Introduces Regulatory Framework for TCSPs in IFSC

On May 5, 2026, the IFSCA notified the IFSCA (TechFin and Ancillary Services) (Amendment), 2026 (**Amendment Regulations**), inserting a new Chapter VA into the IFSCA (TechFin and Ancillary Services) Regulations, 2025 (**Principal Regulations**) to establish a dedicated framework for TCSPs operating within the IFSC.

Key Aspects

i. *Registration and eligibility:* TCSPs, desirous of undertaking TCSP services for leasing activities, must obtain a certificate of registration from the

IFSCA before commencing operations. The applicant must be incorporated as a company or LLP in the IFSC (or other permitted form), and all promoters and partners must be from jurisdictions not identified as "high risk" under the FATF public statement. Existing TechFin and ASPs must seek separate approval from the IFSCA to offer TCSP services.

ii. *Governance and compliance:* TCSPs must establish a governance framework commensurate with their scale and risk profile, including internal audit mechanisms, system-based segregation of duties, and documented conflict management policies. The Principal Officer and Compliance Officer must be IFSC-based, full-time employees with requisite qualifications and experience.

iii. *Permissible services:* A TCSP may undertake one or more of the following services for leasing activities permitted by the IFSCA: (a) acting as agents for setting up trusts/companies/LLPs; (b) acting or arranging for other persons to act as trustees/ directors/ nominees; (c) providing registered office or business addresses, and (d) undertaking any other services permitted by the IFSCA, all for leasing activities permitted by the IFSCA.

iv. *Eligible recipients:* Services may be provided to non-residents from non-high-risk jurisdictions. TCSPs may also provide services to SPVs in the IFSC even where such services are undertaken at the request of, or for the benefit of, a person resident in India. In such cases, the TCSP's contractual and fiduciary obligations shall be directed solely towards the SPV based in the IFSC, in accordance with applicable service agreements.

v. *Other key obligations:* TCSPs must maintain accurate records (retained for minimum five years post-cessation of client relationship), carry professional indemnity insurance commensurate with their risk profile, and comply with AML/CFT/KYC requirements. Non-compliance may attract enforcement action including suspension or cancellation of registration.

This is a significant step towards building a comprehensive financial services ecosystem within GIFT-IFSC, bringing India's regulatory framework for TCSPs in line with global standards.

20. IFSCA Informal Guidance on General Insurance Business in GIFT City-IFSC

The IFSCA, on December 17, 2025, issued an Informal Guidance by way of an interpretative letter (**Informal Guidance**) under the IFSCA (Informal Guidance) Scheme, 2024, clarifying whether the proposed re-insurance of general insurance business in the GIFT-IFSC falls within the ambit of "general insurance business" under the IFSCA's regulatory framework on insurance.

The applicant is an Indian entity and solutions provider for the insurance and reinsurance industry and seeks to establish a re-insurance company in the GIFT-IFSC to exclusively undertake re-insurance of general insurance business.

Accordingly, interpretative guidance was sought on whether such proposed activity falls within the ambit of "general insurance business" under the IFSCA's regulatory framework on insurance.

For the purpose of the query, the IFSCA considered the following under the Insurance Act, 1938 (**Act**):

i. definition of "Insurer" under Section 2(9)(a) of the Act;

ii. definition of "Indian insurance company" under Section 2(7A)(c) of the Act;

iii. definition of "General insurance business" under Section 2(6B) of the Act;

iv. definition of "Health insurance business" under Section 2(6C) of the Act;

v. definition of "Re-insurance" under Section 2(16B) of the Act; and

vi. requirement of capital as per Section 6 of the Act.

Based on the preceding considerations and definition of "insurance segments" as per Regulation 3(1)(o) of the IFSCA (Re-insurance) Regulations, 2023, which means "insurance or re-insurance business transacted by an IFSC Insurance Office (**IIO**) in any one or more of 15 defined segments", it was noted that except for "segment of life insurance", all other segments fall within the purview of Section 2(6B) of the Act.

The IFSCA opined that re-insurance business may be carried on for life insurance, general insurance, or health insurance segments. Accordingly, the proposed activity of transacting re-insurance business of general insurance business only falls within the ambit of "general insurance business" under the IFSCA's regulatory framework on insurance.

The IFSCA clarified that its jurisdiction extends only to the IFSCA's regulatory framework on insurance and does not cover guidance on any provision of the FEMA (Overseas Investment) Rules, 2022.

21. Informal Guidance – Regulatory Framework for IIOs through MGAs in IFSC

The IFSCA, on December 9, 2025, issued an informal guidance by way of an interpretative letter (**Informal Guidance**) under the IFSCA (Informal Guidance) Scheme, 2024, clarifying the regulatory framework for International Financial Services Centre Insurance Offices (**IIOs**) operating through MGAs in the IFSC.

Key Aspects

i. *Reporting obligations:* Clause 5(e) of Third Schedule of the IFSCA (Registration of Insurance Business) Regulations, 2021 (**IIO Regulation**), mandates that MGA undertake the compliance of the Act, rules, regulations, guidelines, and circulars issued by the IFSCA from time to time.

ii. *Registration – joint certificate of registration:* Unlike international practice where MGAs function as intermediaries, in the IFSC, an MGA and the relevant Foreign (Re)insurer are issued a joint Certificate of Registration as an IIO. Accordingly, compliance with retention/ retrocession and investment requirements is the joint responsibility of the MGA and the relevant (re)insurer. An IIO set up as an MGA is required to comply with retention/retrocession requirements. Critically, an IIO permitted to transact re-insurance business shall not retrocede more than 50 per cent of its reinsurance business.

iii. *Investment requirements:* At the time of registration, an IIO must elect its investment regulation regime, either norms specified by the IFSCA or those of its home country regulatory authority, in terms of Regulation 2(2) read with Regulation 2(3) of the IFSCA (Investment by IIOs) Regulations, 2022 (**Investment Regulations**). In case the investments are required to be domiciled in India, investments in the Domestic Tariff Area (**DTA**) are subject to the exposure limits prescribed under Matrix 1B of the Investment Regulations.

iv. *Applicability to international business:* The retrocession and investment requirements apply to the entire gross reinsurance premium booked by an IIO, irrespective of whether the business emanates from mainland India, IFSCs/SEZs, or foreign jurisdictions.

v. *Delegated authority/binders:* The terms of a binder or delegated authority agreement, including the role of the Foreign Reinsurer in the underwriting process and claims settlement, are governed by Clauses 2(3) and 2(4) of the Third Schedule read with Regulation 4 of the IIO Regulations.

vi. *Monitoring and reporting:* Retrocession / retention limits are supervised on a Gross Written Premium basis, with mandatory quarterly reporting under Regulations 11 and 17 of the IIO Regulations read with Chapter 8 of the IFSCA (Operations of IIO) Guidelines, 2021.

vii. *Taxation:* The IFSCA advised that clarification with respect to the tax treatment of the Foreign Reinsurer be sought from the relevant tax authorities in India.

viii. *Repatriation of surplus:* The IIO Regulations is self-explanatory on the matter.

ix. *Closure of IIO:* Surrender of the Certificate of Registration requires prior approval from the IFSCA, subject to such conditions as may be specified by the IFSCA under Regulation 21 of the IIO Regulations.

22. IFSCA Issues Master Circular for Broker Dealers and Clearing Members

On May 12, 2026, the IFSCA issued the Master Circular for Broker Dealers and Clearing Members, (**Master Circular**) consolidating into a single instrument the regulatory framework dispersed across various circulars applicable to broker dealers and clearing members operating in GIFT-IFSC. The Master Circular also supersedes all applicable SEBI circulars issued prior to October 1, 2020, for broker dealers and clearing members registered with the IFSCA. It is issued under the CMI Regulations, which provides a unified framework for the regulation and supervision of CMIs.

Key Aspects

i. *Streamlined registration through SWITS:* The IFSCA operationalised a Single Window IT System (**SWITS**) with a common application form (**CAF**), enabling seamless online registration, SEZ approvals, GST registration, and fee payment in USD, all through a single integrated platform. Entities may also apply for a Unified Registration (Master Key) for multiple capital market activities.

ii. *Governance standards:* Broker dealers and clearing members must appoint a Principal Officer based in the IFSC, responsible for overall activities of the entity. A dedicated Compliance Officer, also based in the IFSC, must be appointed to ensure adherence to all applicable regulatory and legal requirements. Entities must also establish a Code of Conduct in accordance with Schedule II of the CMI Regulations.

iii. *Risk-based supervisory framework:* Stock exchanges and clearing corporations must formulate a policy for periodic and ad-hoc inspections of their members, with mandatory information-sharing protocols across MIIs to ensure synchronised and holistic supervision. A continuous risk-assessment framework must be maintained to monitor evolving member profiles, ensuring supervision remains proportionate to systemic, operational, and conduct risks.

iv. *Tiered system audit framework:* System audits of broker dealers must be conducted annually, with separate Terms of Reference (**ToR**) prescribed for three categories, Type I (exchange-provided terminals), Type II (API-based terminals), and Type III (algorithmic trading). Auditors may conduct such audits for a maximum of three (3) years, with a mandatory cooling-off period of two (2) years before reappointment.

v. *Client asset protection:* All broker dealers must operate distinct, separate accounts for proprietary and client capital. Any overlap shall be treated as a material breach of fiduciary duty. Client collateral must be utilised exclusively for the respective client's margin obligations or settlement pay-ins, with any diversion strictly prohibited.

vi. *Technical glitches framework:* Broker dealers must report any technical glitch to the stock exchange within one hour of occurrence. A RCA report must be submitted within 14 (fourteen) days of the incident. To ensure systemic stability, broker dealers must maintain an installed capacity of at least 150 per cent of the observed peak load.

vii. *Business continuity and disaster recovery (**BCP-DR**):* Identified broker dealers must mandatorily establish and maintain robust BCP-DR infrastructure, with a comprehensive policy document defining standard operating procedures for disruption scenarios. The Disaster Recovery Site (**DRS**) must be located in a different seismic zone from the Primary Data Centre, or at a minimum distance of 250 km.

viii. *Vendor risk and software resilience:* Broker dealers must establish vendor transition protocols to ensure migration of trading and clearing functions to an alternate software vendor without data loss or operational downtime. Large broker dealers are encouraged to adopt a multi-vendor strategy for

core trading and risk management engines to eliminate single points of failure.

ix. *Market access through APs:* Broker dealers are permitted to provide market access to investors through APs based in foreign jurisdictions. To enable access to resident Indian investors through the Liberalised Remittance Scheme (**LRS**) route, the IFSCA-registered broker dealers have also been permitted to provide market access through APs based in India.

x. *Periodic reporting and compliance audit:* Broker dealers and clearing members must submit quarterly reports to their respective stock exchange or clearing corporation in accordance with prescribed reporting norms. An annual compliance audit must be conducted by a qualified chartered accountant, company secretary, or cost accountant, with a copy of the audit report to be furnished to the IFSCA by September 30 of each year.

23. Clarification on the Fee Structure Applicable to Existing ASPs and Existing TechFin Entity

The IFSCA, vide its circular dated May 21, 2026, issued a clarification on the fee structure applicable to existing ASPs and existing TechFin entities operating in IFSC, GIFT City (**Circular**). The Circular was issued after considering the representations received from stakeholders and is significant for entities currently navigating the transition to the newly introduced the IFSCA (TechFin and Ancillary Services) Regulations, 2025 (**TAS Regulations**).

In terms of Regulation 4 of the TAS Regulations, existing ASPs and TechFin entities will continue to be regulated and governed by their respective existing frameworks until the grant of certificate of registration under the TAS Regulations. The IFSCA clarified that the fee structure prescribed under the circular titled "Fee Structure for the Entities Undertaking or Intending to Undertake Permissible Activities in IFSC or Persons Seeking Guidance under the Informal Guidance Scheme", dated March 2, 2026 (**Fee Circular**), which provides the fee structure for TAS providers, will also be applicable to such existing entities continuing their operations pursuant to the transition provisions laid down under the circular titled "Transition to IFSCA TAS Regulations, 2025", dated July 31, 2025.

Further, as a one-time measure, and in view of the clarification issued regarding the applicability of the fee structure to existing ASPs and existing TechFin entities, the applicable fees for the FY 2026–27 were to be remitted to the IFSCA on or before May 31, 2026, in the manner specified under the Fee Circular.

24. Import of Gold or Silver through IIBX Permitted for Eligible SEZ Units and Advance Authorisation Holders

On 2 January 2026, IFSCA issued a circular (**Circular**) amending the circular dated 10 October 2025, (**Consolidated Circular**), on import of gold or silver by Qualified Jewellers (**QJ**) and valid India–UAE CEPA TRQ holders through the India International Bullion Exchange (**IIBX**). The Circular introduces the following key amendments to the Consolidated Circular:

i. Eligibility criteria relaxed to include (a) SEZ units with valid letter of approval and jewellery export as an authorised operation; and (b) advance authorisation holders.

ii. Entities with valid IEC certificates from DGFT can import silver bars (ITC HS Code 71069221) without QJ notification.

iii. SEZ units must certify that 35 per cent of annual turnover in each of the last 3 (three) financial years and the current financial year until the date of application is through dealing in goods falling under ITC(HS) codes 7113, 7114, and 7118 under Chapter 71 of ITC(HS)

iv. Minimum net worth: INR 15 crore generally; INR 5 crore for eligible SEZ units with annual export turnover of at least INR 5 crore in ITC (HS) Code 7113 goods.

v. Advance authorisation holders may apply for QJ notification and import gold/silver only under ITC(HS) codes specified in their authorisation for export purposes.

vi. QJ must always maintain the applicable minimum net worth, with IIBX reviewing such maintenance on a half-yearly basis. SEZ units notified as QJ must maintain an annual export turnover of at least INR 5 crore in goods falling under ITC (HS) Code 7113 during each financial year throughout the subsistence of their notification.

vii. QJ notification remains valid unless denotified on application or after 6 (six) months of continuous suspension.

viii. For SEZ imports, vault managers must ensure direct delivery to SEZ premises post-customs clearance.

ix. Non-compliant QJ will be suspended from IIBX until eligibility criteria are met.

25. Modifications under the International Financial Services Centres Authority (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022

IFSCA, *vide* circulars dated January 2, 2026, and February 26, 2026, modified the IFSCA (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022 (**Guidelines**), to strengthen risk controls while simplifying compliance requirements.

Key amendments included were:

i. The Authority is empowered to exempt any activity or regulated entity from the Guidelines.

ii. Electronic documents is recognised as equivalent to physical documents.

iii. Timelines for periodic KYC updation for resident Indian customers prescribed as every 2 (two) years for high-risk, 8 (eight) years for medium-risk, and 10 (ten) years for low-risk customers.

iv. Onboarding of Non-Resident Indians is permitted in specified jurisdictions (including the United States, the United Kingdom, the United Arab Emirates, Singapore, Australia, Canada, Japan, South Korea, and the European Union) through video-based KYC, subject to IP address verification.

v. All financial institutions are mandated to transact only through accounts maintained with a banking unit in the IFSC.

vi. Global In-House Centres, International Branch Campuses, Financial Crime Compliance Service Providers, and certain intra-group financial institutions are exempted from the Guidelines, subject to compliance with AML/CFT provisions where third-party service providers are involved.

vii. OTP-based Aadhaar e-KYC authentication is permitted as a valid method for digital customer identity verification.

Additionally, IFSCA issued a set of Frequently Asked Questions (**FAQs**) *vide* circular dated January 5, 2026, to facilitate better understanding of compliance expectations under the Guidelines.

Further, FSCA, *vide* circular dated February 26, 2026, issued further modifications to the Guidelines, introducing OTP-based Aadhaar e-KYC authentication as an additional and valid method for customer identity verification. Accordingly, financial institutions operating in IFSCs are now permitted to complete KYC digitally through a one-time password sent to a customer's Aadhaar-linked mobile number, thereby expanding the suite of permissible digital onboarding mechanisms and further streamlining the customer identification process. The circular came into force with immediate effect.

26. IFSCA (BATF) (Amendment) Regulations 2026

IFSCA, *vide* gazette notification dated January 8, 2026, amended the IFSCA (Book-keeping, Accounting, Taxation and Financial Crime Compliance Services) Regulations, 2024 (**Amendment**). The Amendment omits Regulation 12 of the BATF Regulations, which previously required BATF service providers to maintain a minimum office space of 60 square feet of carpet area per employee within the IFSC. Consequentially, the reference to Regulation 12 in Item Number 5 of the Second Schedule to the BATF Regulations, which sets out conditions applicable to entities under the ancillary services framework, has also been omitted. The Amendment thus removes the mandatory physical office space requirement, providing greater operational flexibility to BATF service providers functioning within IFSCs.

27. IFSCA (Registration of Insurance Business) (Amendment) Regulations, 2026

IFSCA, *vide* gazette notification dated January 8, 2026, amended the IFSCA (Registration of Insurance Business) Regulations, 2021 (**Amendment**). The Amendment substitutes sub-clause (i) of clause (1) of the Second Schedule of the principal regulations to introduce a revised definition of "Service Companies of Lloyd's IFSC", which now means service companies registered in India and promoted by:

i. Managing Agents of Lloyd's;

ii. Such group entities of Managing Agents or Members of Lloyd's, as may be permitted by Lloyd's; and

iii. Indian Companies that meet the criteria specified under the regulations. The Amendment thus broadens the category of entities that may qualify as service companies of Lloyd's IFSC, providing greater flexibility for Lloyd's-affiliated and Indian entities seeking to participate in the insurance business framework within IFSCs.

28. IFSCA (Performance Review Committee) (Amendment) Regulations, 2026

IFSCA *vide* gazette notification dated January 8, 2026, amended the IFSCA (Performance Review Committee) Regulations, 2022 (**Amendment**). The Amendment substitutes the words "Up to two independent experts" of the principal regulations with "At least two independent experts from relevant fields", thereby converting what was previously a ceiling on the number of independent experts into a mandatory minimum threshold. Accordingly, the performance review committee is now required to have the participation of at least two independent experts drawn from relevant fields while carrying out its review functions, thereby strengthening the independence and domain expertise of the Committee's oversight mechanism.

29. Notification on Enabling "Oilfield Equipment" as a Financial Product in IFSC

The IFSCA, *vide* its notification dated January 5, 2026, specified operating lease, including any hybrid of operating and financial lease, regarding oilfield equipment as a financial product under Section 12 of the IFSCA Act, 2019, with "oilfield equipment" defined by reference to Notification No. 3/2017-Central Tax (Rate) dated June 28, 2017, and "oilfield" carrying the meaning assigned under clause (e), Section 3 of the Oilfields (Regulation and Development) Act, 1948, a welcome development that enables entities at GIFT-IFSC to offer structured lease financing solutions for the energy sector from India's premier international financial services hub.

30. IFSCA (Capital Market Intermediaries) (Amendment) Regulations, 2026

IFSCA, *vide* notification dated January 13, 2026, amended the IFSCA (Capital Market Intermediaries) Regulations, 2025, with the objective of easing procedural requirements for entities applying for various capital market activities and enabling unified registration for such activities.

Key amendments included were:

i. A proviso is inserted under the obligation to seek registration, enabling a unit in an IFSC to obtain a unified registration for undertaking multiple capital market activities.

ii. The minimum work experience requirement in the financial services market for the principal officer and compliance officer is reduced from 10 (ten) years to 5 (five) years.

iii. The eligible educational qualification for such officers is broadened to include fintech, science, technology, engineering and mathematics.

iv. An entity registered as a broker dealer, clearing member, depository participant, investment adviser, research entity, custodian or registered distributor is permitted to designate the same person as its principal officer across all such activities, while requiring a separate official as vertical head for its distribution business activities.

v. The net worth requirement for custodians is fixed at USD 1 million, with existing registered custodians required to comply with the revised norms by June 30, 2026.

vi. The IFSCA circular on "Recognition as Custodian of assets/securities" dated February 24, 2021, is suppressed.

31. One-Time Window to Extend the Validity of the Placement Memorandum

On January 27, 2026, IFSCA introduced a 3-month one-time window allowing Fund Management Entities (**FMEs**) to extend the validity of placement memorandums (**PPMs**) (**Circular**) for venture capital schemes and restricted schemes. This initiative comes in response to market participants' requests for greater flexibility, recognising that fundraising timelines are highly dependent on market forces. This relief is being offered pursuant to the IFSCA (Fund Management) (Amendment) Regulations, 2026 (**Amendment Regulations**).

Key points under the Circular:

I. *Expired/expiring PPMs that have not commenced investments:* Venture Capital Schemes and restricted schemes with expired PPMs as on or before the notification of the Amendment Regulations, or those expiring within 30 (thirty) days from the notification of the Amendment Regulations, may seek extension by re-filing the PPM within 3 (three) months from the Circular's issuance date. The extension maybe granted for a further period of 6 (six) months from the date which IFSCA has communicated to the FME that the refiled PPM has been taken on record. Such application requires payment of 50 per cent of the fee applicable for filing a fresh scheme.

ii. *Open-ended restricted schemes:* Open-ended restricted schemes that have commenced investment activities upon raising USD 1 million in funds but haven't achieved the minimum corpus of USD 3 million within the validity or the extended validity of the PPM, and where such PPMs have expired or are set to expire within 30 days from the notification of the Amendment Regulations, are also eligible for this one-time extension.

iii. *Further extension(s) of the validity of PPM of the schemes:* Schemes using the one-time three-month PPM extension may seek further extensions beyond 6 months under FM Regulations, subject to payment of 50 per cent of the applicable fresh scheme filing fee at the prevailing rate.

iv. *Effective date:* The Circular, issued on January 27, 2026, takes effect immediately.

32. IFSCA (Fund Management) (Amendment) Regulations, 2026

On January 27, 2026, IFSCA issued the IFSCA (Fund Management) (Amendment) Regulations, 2026 (**Amendment Regulations**). The Amendment Regulations introduces the following key amendments:

i. *KMP qualifications:* The experience requirements for KMPs is revised to provide greater flexibility. Generally, an experience of at least 5 (five) years in related activities in the securities market or financial products required. However, for certain KMPs with professional qualifications, the experience requirement has been reduced to 3 (three) years. Additionally, alternative pathways have been introduced, permitting individuals with 2 (two) to 3 (three) years of post-qualification experience and valid certifications specified by IFSCA to qualify for KMP positions.

ii. *Extension of placement memorandum validity:* Fund Management Entities (**FMEs**) that fail to achieve the minimum corpus size within the specified timeframe may extend the validity of their placement memorandum in 6-month increments, subject to fees of 25 per cent of the fresh scheme filing fee for the first extension and 50 per cent for subsequent extensions.

iii. *Open-ended schemes – unlisted securities:* Open-ended schemes are permitted to invest in unlisted securities only after achieving a minimum corpus of USD 3 million, with similar extension provisions available for placement memorandum validity where the minimum corpus is not achieved within the specified period.

iv. *Scheme winding up:* The Amendment Regulations clarify the circumstances requiring scheme winding up, including where funds have been raised but the minimum corpus has not been achieved and validity has not been extended, or when FMEs voluntarily wish to wind up schemes with no investors or funds collected.

v. *Custodian appointment timeline:* Schemes required to appoint custodians in IFSC now have a period of 24 months from the commencement of the Amendment Regulations to make such appointments. During this interim period, such schemes may appoint independent custodians in India or in foreign jurisdictions regulated by financial sector regulators.

33. Requirement for a Finance Company / Finance Unit (FC/FU) to Have a Website / Webpage

On February 3, 2026, IFSCA issued a circular introducing mandatory website/webpage requirements for Finance Companies (**FCs**) and Finance Units (**FUs**) operating in the IFSC (**Circular**).

Key requirements under the Circular:

i. *Applicability:* All FCs and FUs that serve clients beyond their group entities are required to maintain a dedicated website or webpage.

ii. *Mandatory disclosures:* The website or webpage must prominently display the following information: (a) a brief overview of the GIFT IFSC ecosystem; (b) certificate of registration along with registration number and permitted activities; (c) comprehensive list of products and services offered with detailed descriptions; (d) grievance redressal procedure including contact details of the designated grievance officer; and (e) details of key managerial personnel, including the head of the FC/FU, CEO, CFO, compliance officer, and principal officer.

iii. *Effective date:* The requirements will come into effect from April 1, 2026.

34. Directions for obtaining International Securities Identification Numbers (ISINs) from a recognised depository in IFSC

On February 6, 2026, IFSCA issued directions regarding the obtaining of International Securities Identification Numbers (**ISINs**) from recognised depositories in the IFSC (**Directions**).

The Directions provide that all units in the IFSC:

i. intending to dematerialise securities or other permitted financial products shall obtain ISINs from a depository recognised by IFSCA; and

ii. those that have already obtained ISINs from domestic depositories in India for securities or other permitted financial products shall obtain new ISINs from a depository recognised by the IFSCA by August 31, 2026.

Issuers may continue to avail the services of International Central Securities Depositories for issuance and listing of debt securities and other financial products, as permitted under the IFSCA (Listing) Regulations, 2024.

To facilitate the transition, the recognised depository in the IFSC it responsible for preparing a standardised process flow in coordination with domestic depositories to ensure seamless onboarding and for issuing FAQs and notices for providing guidance to the units.

A compliance report is required to be submitted to the IFSCA by September 30, 2026, to confirm completion of the transition process.

35. FAQs on International Financial Services Centres Authority (Global in-house centres) Regulations, 2025

On February 13, 2026, IFSCA released detailed FAQs on the IFSCA (Global In-House Centres) Regulations, 2025 (**GIC FAQs**), providing much-needed clarity on the regulatory framework governing GIC Units in IFSC, GIFT City. These new regulations have repealed and superseded the earlier IFSCA (Global In-House Centres) Regulations, 2020, marking a significant evolution in the regulatory landscape.

A GIC Unit is defined as a unit set up in the IFSC for delivering services relating to financial products and financial services to a financial institution group under various operating models including captive centre, build-operate-transfer, joint venture, or hybrid.

Financial institution groups encompass entities engaged in providing financial services or carrying out financial activities, including banks, NBFCs, insurance companies, re-insurance companies, actuaries, brokerage firms, funds, investment banks, financial intermediaries, stock exchanges, clearing corporations, depositories, custodians and similar financial institutions.

GIC Units can be set up as a company or LLP incorporated in the IFSC, or as a branch of a company or LLP incorporated outside the IFSC. The application process requires submission through the Single Window IT System (**SWIT**), following which IFSCA may grant in-principle approval with conditions to be fulfilled within 180 days or an extended period, after which the Certificate of Registration (**CoR**) may be granted.

An important aspect of these regulations relates to service recipients. GIC Units may provide services relating to financial products and financial services to the entities of the financial institution group that are non-resident and located in jurisdictions not identified by the Financial Action Task Force (**FATF**) as "high-risk jurisdictions subject to a call for action". GIC Units can provide services to entities of their financial institution group in India, but such services must not exceed 10 per cent of the total revenue of the GIC Unit in a financial year. However, this ceiling is not applicable where GIC services were previously undertaken by an overseas entity and are now proposed to be on shored and provided through the GIC Unit in the IFSC, subject to prior approval of the IFSCA.

Existing GIC Units granted registration under the erstwhile IFSCA (GIC) Regulations, 2020 must comply with new requirements within 90 (ninety) days from the date of commencement of the GIC Regulations, 2025, including declarations on appointment of Principal Officer (**PO**) and Compliance Officer (**CO**) as full-time employees based in the IFSC Unit, and compliance with fit and proper criteria. Importantly, a GIC Unit shall not be set up in IFSC by transferring existing contracts or work arrangements from any entities of financial services group in India, although there are no restrictions on transfer of existing employees from Indian entities to the GIC Unit at IFSC, GIFT City.

36. Unified Registration for Multiple Capital Market Activities under the IFSCA (Capital Market Intermediaries) Regulations, 2025 (Master Key)

IFSCA *vide* its circular dated February 13, 2026, amended the Capital Market Intermediaries Regulations, 2025 (**CMI Regulations**), to introduce a groundbreaking unified registration system, known as the "Master Key", enabling entities in the IFSC to obtain a single registration for undertaking multiple capital market activities (**Master Key Framework**). This circular becomes effective as of February 16, 2026.

This Master Key Framework is available for 11 (eleven) categories of CMIs including (i) broker dealer; (ii) clearing member; (iii) credit rating agency; (iv) custodian; (v) debenture trustee; (vi) depository participant; (vii) distributor; (viii) ESG ratings and data products provider; (ix) investment adviser; (x) investment banker; and (xi) research entity. This initiative streamlines the registration process for entities that wish to conduct multiple capital market activities under a single unified registration.

The application process has been simplified through the IFSCA's SWIT portal. Applicants must file only one application, with the flexibility to select one or multiple activities they wish to undertake in the IFSC. The certificate of registration will clearly mention all the permitted activities under the CMI Regulations. Entities must pay the requisite fees for each activity applied for, and upon grant of registration, they will need to pay registration, annual, and other recurring fees separately for each activity as per applicable deadlines.

37. Directions to IBUs Pertaining to SWIFT-related Operational Requirements

On February 26, 2026, IFSCA issued directions on SWIFT-related operational requirements (**Directions**) for all IFSC Banking Units (**IBUs**).

These Directions have been issued in response to instances of delay in the receipt of funds in accounts maintained with IBUs, where remittances routed through the SWIFT network and intended for the Nostro account of an IBU were incorrectly credited to the Nostro account of the parent bank in onshore India.

To ensure uniform identification, efficient routing, and seamless processing of cross-border transactions involving IBUs through the SWIFT network, the Directions have been issued to all IBUs, as follows:

i. SWIFT Bank Identifier Code (**BIC**) should clearly reflect the IBU's presence in GIFT IFSC by specifying "GIFT IFSC Banking Unit" in the BIC name.

ii. Messages related to the IBU's BIC currently being received by the BIC of their onshore India operations must be identified, and their SWIFT systems configured with appropriate routing rules to ensure that such messages are automatically routed to the correct IBU BIC for processing.

iii. Their SWIFT BIC details must be widely disseminated, ensuring they are accessible through appropriate channels, including their website, brochures, customer communications, and other public-facing material.

iv. Correspondent banks and clients must be advised to use the correct BIC for all cross-border transactions and to appropriately populate the optional fields in SWIFT messages to clearly indicate that the message is intended for the IBU.

v. The message broadcast facility provided by SWIFT must be used to disseminate information regarding their BIC, with such broadcast messaging to be undertaken once a quarter, starting with the quarter ending March 31, 2026, and continuing for a period of 1 (one) year from the date of the Directions.

IBUs commencing operations after the date of the Directions shall comply with these instructions from the date of commencement of their operations. All IBUs are required to report compliance to the Department of Banking Supervision by June 30, 2026.

38. Amendment to "Guidelines on Cyber Security and Cyber Resilience for Regulated Entities in IFSCs"

On March 10, 2026, IFSCA released a circular (**Circular**) amending its Guidelines on Cyber Security and Cyber Resilience for Regulated Entities in IFSCs (**Guidelines**) to ease the challenges faced by REs in complying with the Guidelines.

Key amendments:

i. *Revised exempted categories (Para 21):* The following categories of REs are now exempt from the Guidelines for 3 (three) years from the date of issuance: (a) REs operating as a branch of a regulated Indian or foreign entity; (b) REs providing services to group entities only (e.g., Global In-House Centres); and (c) REs with fewer than 10 (ten) employees. Specifically, foreign universities have been removed from this list and are now separately addressed under the newly inserted Para 23.

ii. *Revised conditions for exempted REs (Para 22):* Key conditions during the exemption period include: (a) REs may adopt the Cyber Security framework and IS Policy of the parent entity or its holding company, expanding the scope beyond just the parent entity; (b) the CISO of the parent entity will act as the Designated Officer for the RE; (c) the parent entity or its holding company must be regulated by a regulator or government body in its home jurisdiction (not limited to financial sector regulators); (d) the Designated Officer of the RE must certify compliance and submit it to IFSCA within 90 (ninety) days of each financial year-end; and (e) a new requirement – REs must submit an annual cyber security audit report to IFSCA.

iii. *Separate exemption with compliance (Para 23 – newly inserted):* An exemption of 3 (three) years is now available for: (a) foreign universities set up in the IFSC; (b) newly incorporated standalone entities with no parent organisation; and (c) Credit Rating Agency. During this period, the designated officer must certify that adequate cybersecurity measures proportionate to the RE's risk exposure have been implemented and submit the same to IFSCA within 90 (ninety) days of each financial year-end.

These amendments reflect IFSCA's pragmatic approach to balancing cyber resilience with the operational realities of diverse REs in the IFSC ecosystem.

39.IFSCA FinTech Sandbox Framework

On March 16, 2026, IFSCA issued revamped FinTech Sandbox Framework which is applicable to all entities desirous of obtaining limited use authorisation as a FinTech Sandbox Entity (**FSE**) from IFSCA (**New Framework**). The entities with valid limited-use authorisation issued under the 2022 Framework will be governed under the New Framework till the validity of their existing limited-use authorisation.

Key provisions under the New Framework:

i. *Four Types of Sandboxes now available:* The New Framework supports innovation by offering access to four distinct sandboxes: (a) IFSCA FinTech Regulatory Sandbox (FRS); (b) IFSCA FinTech Innovation Sandbox (FIS); (c) Inter-Operable Regulatory Sandbox (IoRS); and (d) Overseas Regulatory Referral Mechanisms FinTech Bridges, across banking, capital markets, insurance, fund management and other segments.

ii. *Eligibility:* Domestic applicants may include companies, LLPs, partnership firms, branch of company, LLP or partnership firm, DPIIT-registered fintech startups, entities regulated by domestic financial sector regulators and individuals affiliated with recognised research/academic institutions, incubators or accelerators established in India. Foreign applicants must be from jurisdictions other than a FATF-identified "high-risk jurisdiction" and must be legal persons or individuals affiliated with duly recognised institutions, incubators, or accelerators.

iii. *Application and approval process:* The applicant must first submit a preliminary application through the SWIT portal, which IFSCA will assess within 30 (thirty) days. Upon submission of the final application along with requisite fees, an in-principle approval may be granted within 60 (sixty) days. The applicant then has 30 (thirty) days to fulfill the conditions of the in-principle approval, including securing at least one Testing Partner.

iv. *Testing stage:* The Testing stage lasts a maximum of 12 (twelve) months, extendable by a further 6 (six) months at IFSCA's discretion upon written request. Before onboarding users, entities must obtain express written consent and disclose all associated risks, as well as any applicable compensation terms. Monthly status reports must be submitted by the 10th of each succeeding month.

v. *Regulatory relaxations:* Applicants may seek exemptions or relaxations from regulatory requirements. IFSCA reserves the right to grant, refuse, or grant with modifications to any such requests on a case-by-case basis.

vi. *IoRS and FinTech Bridges:* Domestic fintechs with global ambitions and foreign fintechs seeking entry into India may be considered under IoRS, with IFSCA serving as the Principal Regulator and domestic sector regulators as Associate Regulators. Access to FinTech Bridges is governed by MoUs or FinTech Cooperation Agreement between IFSCA and overseas financial sector regulators.

vii. *Permissible technology areas:* Permitted technology solutions or services leveraging include those leveraging AI/ML, biometrics or chatbots, digital identity/KYC/AML/CFT, fraud detection/prevention, and Distributed Ledger Technology (**DLT**). Permissible activity areas include capital markets, banking, insurance/re-insurance, pension and metals, and commodities.

viii. *Key compliance obligations:* Records of all sandbox tests must be maintained for 7 (seven) years from the date of exit from the sandbox. Transactions must be conducted in foreign currency as specified in the First Schedule of the IFSCA (Banking) Regulations, 2020, though administrative expenses may be defrayed in INR. All prior sandbox-related circulars, frameworks, and guidelines stand superseded with immediate effect.

Market Updates

1. Jio Financial Services and Allianz form general insurance JV in India

Jio Financial Services Limited (**Jio Financial Services**) and Allianz Group (through its wholly owned subsidiary, Allianz Europe B.V.) agreed to form a 50:50 joint venture (**JV**) through a binding agreement to undertake general insurance business (includes health insurance business) in India. Jio Financial Services will invest INR 4.95 crore (approx. USD 0.5 million) towards the initial subscription of 49,50,000 equity shares of face value INR 10 each, which will translate into a 50 per cent stake in the joint venture.

2. SMBC increases investment in Jefferies

Sumitomo Mitsui Banking Corporation (**SMBC**) has increased its economic stake in Jefferies Financial Group Inc. (**Jefferies**) from 14.5 per cent to 20 per cent (on a fully diluted basis), while keeping its voting interest below 5 per cent. The investment is valued at approx. USD 912 million. SMBC will also extend USD 2.5 billion in credit facilities to Jefferies. The transaction is subject to regulatory approvals, including filings in India.

3. SMBC on its exit from Aseem Infra by sale of shares to TPG

Sumitomo Mitsui Banking Corporation (**SMBC**), together with NIIF Infrastructure Finance Fund – II (**NIIF-II**) and the Government of India, entered into agreements for the sale of their shareholding in Aseem Infrastructure Finance Limited (**Aseem Infra**) to TPG Nicobar SG Pte. Ltd (**TPG**) through TPG Rise Climate platform alongside co-investors GIC and ICICI Bank. The transaction also included Aseem Infra's divestment of its 30.83% stake in NIIF Infrastructure Finance Limited (**NIIF-IFL**) to NIIF Fund II. Aseem Infra is a leading sustainable infrastructure debt financier focused on renewable energy, power transmission and other infrastructure sectors in India.

4. TPG to acquire Aseem Infra

TPG Rise Capital Pte. Ltd (**TPG**) to acquire 100 per cent stake in of Aseem Infrastructure Finance Limited (**Aseem Infra**), a non-banking financial company with a lending portfolio spanning the renewable energy, power transmission, and broader infrastructure sectors in India from National Investment and Infrastructure Fund II (**NIIF II**), SMBC and the Government of India.

5. Corebridge and Equitable Holdings announce all stock merger

Corebridge Financial, Inc. (**Corebridge**) and Equitable Holdings, Inc. (**Equitable Holdings**) entered into definitive agreements for an all-stock merger, resulting in a combined financial services group operating under the Equitable brand. Corebridge shareholders will own 51 per cent and Equitable shareholders 49 per cent of the combined entity, which will have over USD 1.5 trillion in assets under management and administration and serve more than 12 million customers. The merger would integrate the Corebridge, Equitable, and AllianceBernstein franchises. As part of the transaction, USD 100 billion of Corebridge's assets will be transferred to AllianceBernstein, creating a USD 1 trillion asset manager, and a platform expected to originate approx. USD 80 billion in retirement liabilities annually. The deal is valued at approx. USD 22 billion.

6. Global Payments acquires Worldpay from FIS and GTCR

Global Payments, Inc., a NYSE-listed global payments technology company, acquires Worldpay from Fidelity National Information Services, Inc. (**FIS**) and GTCR, LLC (**GTCR**), for USD 24.25 billion, while FIS concurrently acquires Global Payments' issuer solutions business at an enterprise value of USD 13.5 billion. As part of the same transaction, GTCR also acquires a 15 per cent equity stake in Global Payments, reflecting a broader strategic realignment in the global payments ecosystem to sharpen focus on core capabilities and unlock shareholder value.

7. MUFG Bank invests in Shriram Finance

MUFG Bank, a subsidiary of Mitsubishi UFJ Financial Group, acquires a 20 per cent strategic stake in Shriram Finance Limited (**Shriram Finance**) for an aggregate consideration of USD 4.4 billion. The investment enhanced the balance sheet resilience for Shriram Finance, a retail-focused NBFC specialising in commercial vehicle finance, MSME lending, two-wheeler finance, and affordable credit in semi-urban and rural markets.

8. Advent International to invest in Aditya Birla Housing Finance

Advent International has proposed for a primary capital infusion of INR 2,750 crore (approx. USD 305 million) into Aditya Birla Housing Finance Limited (**ABHFL**), a wholly owned subsidiary of Aditya Birla Capital Limited (**ABCL**), was approved by the board of directors of ABHFL and ABCL. Post the completion of the transaction, Advent would hold 14.3 per cent stake, whereas ABCL would hold 85.7 per cent stake in ABHFL.

9. Payoneer's USD 2.75 billion acquisition by Nuvei Corporation

Payoneer Global, Inc. (**Payoneer**) has entered into a definitive agreement for its acquisition by Nuvei Corporation for an equity value of USD 2.75 billion. The all-cash transaction combines Nuvei's strengths in payment acceptance, processing, and merchant services with Payoneer's expertise in cross-border payouts, multi-currency accounts, and global banking networks. The combined platform is projected to generate approximately USD 3 billion in annual revenue and process over USD 500 billion in payment volume for more than 2.4 million customers, enhancing scale and regulatory reach in key emerging markets.

10. Worldline India's acquisition by Billdesk, from Worldline S.A.

Worldline Group, France, a leading European Financial Services Group, exited through a 100per cent sale of shares of Worldline India Private Limited (**WIPL**), and Worldline ePayments India Private Limited (WEIPL, collectively with WIPL as Worldline India), to IndiaIdeas.com (**BillDesk**). This is the first large exit of a global player in the Indian payments and fintech space, undertaken through a bid process, and resulting in a strategic sale.

11. BNP Paribas consolidates asset management entities into BNP Paribas Asset Management

BNP Paribas Asset Management Activities, BNP Paribas Real Estate Investment Management, and BNP Paribas Asset Management was consolidated into a single asset management platform operating under the BNP Paribas Asset Management brand. This step marked the creation of a single asset management player, combining complementary investment capabilities, global reach and long-standing expertise across all asset classes, different client segments, and geographies.

12. Meta invests in CRED

Meta Platforms, Inc (**Meta**) invested USD 900 million in CRED at a post-money valuation of approximately USD 4.5 billion, acquiring a minority stake of around 20 per cent. The deal also coincided with CRED founder Kunal Shah's appointment as Global Head of WhatsApp, underscoring Meta's strategic focus on payments, commerce, and financial services integration within its digital platforms.

13. Tata Communications on KKR and Singtel's SGD 13.8 billion acquisition of ST Telemedia Global Data Centres

KKR, Singtel and ST Telemedia have signed definitive agreements through which funds managed by KKR and Singtel will be used to acquire 82 per cent stake of ST Telemedia Global Data Centres (**STGDC**) from the founding shareholder ST Telemedia for a consideration of SGD 13.8 billion. STGDC is a joint venture held by STT Global Data Centres India Private Limited and Tata Communications Limited (**Tata Communications**).

14. Fairfax India to acquire a majority stake in IIFL Capital

Fairfax India Holdings Corporation (**Fairfax India**) to invest INR 2,000 crore (approx. USD 208 million) in IIFL Capital Services Limited (**IIFL Capital**) through a preferential allotment, which will increase its stake to at least 51 per cent and make it the majority shareholder. The investment is aimed at strengthening IIFL Capital's balance sheet and supporting growth across its financial services businesses, with completion subject to shareholder and regulatory approvals.

15. Warburg Pincus and other invetsors particapte in rights issue by Avanse

Avanse Financial Services (**Avanse**), an education-focused NBFC, has raised INR 1,200 crore (approx. USD 125 million) through a rights issue from its existing shareholders, including Warburg Pincus, Kedaara Capital and Alpha Investment Company. Avanse plans to utilise the proceeds to scale education loan disbursements across students, courses and geographies, strengthen digital platforms and institutional partnerships, enhance product innovation, and launch new solutions such as flexi-term loans and receivable financing term loans.

16. Vivriti Capital undertakes internal restructuring

Vivriti Group undertook an internal restructuring exercise, including a comprehensive reorganisation of its NBFC and asset management businesses, as part of a composite scheme of arrangement under the Companies Act, 2013, and other applicable regulations, involving: (a) the demerger of the NBFC business of Vivriti Capital Limited (**VCL**) into Hari and Company Investments Madras Private Limited; (b) the amalgamation of Vivriti Asset Management Private Limited into VCL; and (c) the demerger of the asset management business of VCL into Vivriti Funds Private Limited.

17. Prudential to invest in Bharti Life Insurance

Prudential plc (**Prudential**) proposes to acquire around 75 per cent of the majority stake in Bharti AXA Life Insurance Company Limited (**Bharti Life Insurance**) from Bharti Enterprises Limited and 360 One Asset

Management Ltd., valuing Prudential at approximately INR 8,000 crore (approx. USD 833 million). The transaction consideration is about INR 4,200 crore (approx. USD 438 million), comprising INR 3500 crores (approx. USD 365 million) in upfront cash and INR 700 crore (approx. USD 73 million) contingent earnout.

18. Nxtra Data, data center arm of Bharti Airtel group secures investment of USD 1 billion

Nxtra Data Limited (**Nxtra Data**), the data centre arm of Bharti Airtel, has secured a total investment commitment of aggregate USD 1 billion from a consortium of investors led by Alpha Wave Ventures along with Carlyle Group, Anchorage Capital, and Airtel Limited. Nxtra Data offers secure, scalable, and enterprise-grade infrastructure, operating a nationwide network of over 120 smart and sustainable data centres that serve a diverse customer base including enterprises, hyperscalers, government bodies, Small and Medium-sized Enterprises (**SME**), over the top (**OTT**) platforms, and Content Distribution Network (**CDN**).

19. Coforge to acquire Encora for USD 2.4 billion

Coforge Limited (**Coforge**) announced that it would acquire Encora Innovation Labs India Private Limited (**Encora**) for a value of USD 2.4 billion. Encora is a global digital engineering services company that specialises in cloud, data, AI, and product engineering solutions for enterprises. The transaction marks a strategic shift for Coforge from traditional IT outsourcing to higher-margin digital and product engineering services.

20. Prosus increases stake in Rapido at USD 3 billion

Prosus has increased its stake in Roppen Transportation Services Private Limited (**Rapido**) through a combination of primary and secondary investments, valuing the company at USD 3 billion on a post-money basis. Rapido plans to utilise the investment to expand its presence across high-growth markets, strengthen its mobility supply network, enhance technology capabilities and scale its multi-modal mobility platform across India.

21. Amazon acquires Rightbot Technologies

Amazon.com Services LLC (**Amazon**) acquires Rightbot Technologies Inc. along with its subsidiary Rightbot Technologies Private Limited (**Rightbot Technologies**) for an undisclosed deal value. Rightbot is engaged in developing autonomous and AI-driven robotics solutions for warehousing, distribution and logistics operations.

22.Amazon exits, L'Oréal to acquire Innovist

Amazon.com NV Investment Holdings LLC (**Amazon**) agreed to sell its entire stake in Onesto Labs Private Limited (**Innovist**), the parent company of beauty and personal care brands including Bare Anatomy, Sunscoop, Vinci Botanicals and Chemist at Play, to L'Oréal India Private Limited (**L'Oréal**) as part of L'Oréal's acquisition of a majority interest in the company.

23.Uber invests in Carrum

Uber has announced a Series A investment in Carrum to support the expansion of its premium mobility offering, Uber Black, in India. The investment is expected to help Carrum expand its fleet and scale operations, while enabling Uber to double the size of its Uber Black fleet in 2026 across Delhi, Mumbai and Bengaluru.

24.AMI Paradigm to acquire Smart World and Communication Business Unit of L&T Technology

AMI Paradigm Solutions Private Limited (**AMI Paradigm**) has proposed the acquisition of Smart World and Communication Business Unit of L&T Technology Services Limited (**L&T Technology**) through a slump sale for a consideration of INR 453 crores (approx. USD 55 million). The transaction strengthens AMI Paradigm's capabilities in delivering large-scale government technology systems, while enabling LTTS to streamline its focus on core engineering research and development, digital engineering, AI, and software solutions businesses.

25.Dixon and Vivo form electronics manufacturing joint venture

Dixon Technologies (India) Limited (**Dixon**) and vivo Mobile India Private Limited (**Vivo**) India entered into a joint venture to undertake OEM manufacturing of electronic devices, including smartphones, in India, with Dixon holding a 51% stake and Vivo holding 49%. The joint venture will acquire certain manufacturing assets from Vivo and manufacture a portion of Vivo's smartphone orders while also serving other brands.

26.Prism Johnson exists from Raheja QBE General Insurance Company

Prism Johnson Limited (**Prism Johnson**) has entered into a share purchase agreement with QBE Holdings (AAP) Pty Limited for the sale of its entire 51 per cent stake in Raheja QBE General Insurance Company Limited (**Raheja QBE**) for an aggregate consideration of INR 324 crore (approx. USD 34 million). Upon completion of the transaction, QBE Group will become the sole owner of Raheja QBE and the existing joint venture arrangement between the parties will be terminated. The transaction is subject to shareholder and regulatory approvals, including clearance from the Insurance Regulatory and Development Authority of India.

27.Alpaca to acquire Zincmoney

Alpaca has announced to acquire Zincmoney IFSC Private Limited (**Zincmoney**), a broker-dealer regulated by the IFSCA and operating from GIFT City. The proposed acquisition is expected to strengthen Alpaca's global brokerage infrastructure capabilities and accelerate its expansion into the Indian market through brokerage licences, payment infrastructure and local market expertise of Zincmoney. The transaction remains subject to regulatory approvals from the IFSCA.

28.DWS to invest in Nippon Life India

DWS Group GmbH & Co. KGaA (**DWS**) has agreed to acquire a 40 per cent stake in Nippon Life India AIF Management Ltd (**Nippon Life India**), a wholly-owned subsidiary of Nippon Life India Asset Management Ltd, for an approximate consideration of INR 733 crore (approx. USD 76 million) through a preferential allotment of equity shares. The proposed transaction is expected to support the development of India-focused alternative investment capabilities and strengthen the strategic collaboration between DWS and Nippon Life India Asset Management across alternative and passive investment solutions.

29.Kedaara invests in Axis Finance

Kedaara Capital (**Kedaara**) proposes to invest INR 750 crore (approx. USD 80 million) in Axis Finance Limited (**Axis Finance**) through a preferential issue, which would be structured as a primary capital raise from Kedaara Capital. An NBFC, Axis Finance is a wholly owned subsidiary of Axis Bank. The investment would be made through two investor entities, i.e., Kedaara Capital Fund IV AIF, a resident entity, and Kedaara Pearl Holding, a non-resident entity.

30.Motilal Oswal Alternates invests in KreditBee

KreditBee raised USD 280 million in a Series E round, valuing the company at USD 1.5 billion and marking its entry into the unicorn club. The funding included USD 220 million in fresh capital and USD 60 million in secondary transactions, with investors such as Motilal Oswal Alternates, Hornbill Capital, MUFG-backed Dragon Funds, WhiteOak Capital, A.P. Moller Holding, Premji Invest, and Advent International participating in the funding round.

31.Peak XV invests in Prayaan Capital

Peak XV Partners (**Peak XV**) made a primary investment in the Prayan Capital through Peak XV Partners Investments VIII, following a share subscription agreement and shareholders' agreement. Prayan Capital is an RBI-registered NBFC in Chennai focused on providing structured credit solutions to underserved and emerging segments, particularly across supply chain and MSME financing. The deal value is approx. INR 110 crore (approx. USD 12 million).

32.Peak XV invests in Plum Benefits

Plum Benefits Private Limited (**Plum Benefits**) raised INR 193 crore (approx. USD 20 million) in a Series B funding round led by Peak XV. Plums Benefits is a health benefits and technology platform with an insurance broking business operated through its wholly owned subsidiary.

33.Peak XV exits One MobiKwik

Peak XV exited Indian fintech company One MobiKwik Systems through a block deal worth approx. INR 130 crore (approx. USD 14 million). Through the transaction, Peak XV sold around 7.7 per cent equity in One MobiKwik Systems. Investment firms Florintree Advisors, Viridian Asset Management, Dymon Asia and Karma Capital were among the buyers in the block deal.

34.Carlyle to acquire a majority stake in Nido Home Finance

Carlyle Group (**Carlyle**) has agreed to acquire a strategic majority stake in Nido Home Finance Limited (**Nido Home Finance**), a wholly owned subsidiary of Edelweiss Financial Services Limited (**Edelweiss**). As part of the transaction, investment funds affiliated with Carlyle will invest INR 2,100 crore (approx. USD 230 million), including the acquisition of a 45 per cent stake in Nido Home Finance from Edelweiss and a primary equity infusion of INR 1,500 crore (approx. USD 156 million) into Nido Home Finance. The investment is expected to support expansion of Nido Home finance across the affordable housing and mass-market segments, particularly in rural and semi-urban markets in India.

35.TVS Capital invests in Neo Wealth and Asset Management

Neo Wealth and Asset Management has raised INR 500 crore (approx. USD 52 million) in growth funding from investing in TVS Capital Fund (**TVS Capital**) and its affiliates at a pre-money valuation of INR 10,000 crore (approx. USD 1.1 billion) marking TVS Capital's first investment in the wealth management sector. The funds will be used to accelerate Neo Group's expansion and enhance its specialised, advisory-driven offerings.

36.General Catalyst invests in Scapia

Scapia, a travel-fintech startup, has raised USD 63 million in a funding round led by General Catalyst, with participation from existing investors Peak XV and Z47. Scapia plans to utilise the proceeds towards building an AI-native organisation, expanding its talent base across engineering, product, data science and design functions, and strengthening its travel and fintech offerings, including UPI-based rewards, bill payments and co-branded credit card products.

37. Bessemer invests in AI startup Sarvam AI

Bessemer Venture Partners L.P.(**Bessemer**) participated in the Series B funding round of Axonwise Private Limited (**Sarvam AI**). alongside strategic investor HCLTech and existing investors Khosla Ventures and Peak XV. Sarvam AI, which develops sovereign AI models and platforms tailored for Indian languages and use cases, achieved a nearly sevenfold valuation increase from its Series A round.

38. Cyient to acquire Tao Digital

Cyient Limited (**Cyient**) agreed to acquire 100 per cent stake of Tao Digital Solutions Inc. (**Tao Digital**), a US-based provider of IT and digital technology services across industrial, media, hi-tech, fintech and automotive sectors. The cross-border transaction spans six jurisdictions and includes regulatory approvals, including merger control filings in India.

39.Growtheum Capital Partners invests in Wonder Home Finance

Growtheum Capital Partners announced a strategic investment of INR 500 crore (approx. USD 52 million) in Wonder Home Finance Limited (**Wonder Home Finance**), an affordable housing finance company backed by the RK Group. Wonder Home Finance plans to utilise the investment to expand its branch network across existing and new geographies, strengthen its capital base to support loan book growth, and continue investments in systems, analytics and governance infrastructure.

40.Consortium of investors to invest in Ecofy

Ecofy, a Mumbai-based green NBFC, has raised INR 380 crore (approx. USD 40 million) in fresh equity funding from a mix of global development finance institutions and existing investors, including British International

Investment, Finnfund (through its Digital Access Impact Fund), Eversource Capital, and FMO. The capital infusion will support the expansion of Ecofy's retail-focused green financing platform across India, particularly in areas such as electric mobility, rooftop solar, and financing for MSMEs.

41.Vertex Ventures invests in Wishlink

Wishlink, operating under Creatormon Private Limited, has raised INR 157 crore (approx. USD 16 million) in a Series B funding round led by Vertex Ventures, with participation from existing investors Elevation Capital and Fundamentum Partnership. The transaction also involved secondary share acquisitions by Elevation Capital and Fundamentum Partnership from the founders and certain angel investors.

42.WestBridge Capital invests in Juspay

Juspay, a payments infrastructure firm, has raised USD 50 million in a Series D follow-on round led by WestBridge Capital, valuing the company at USD 1.2 billion. The round includes a mix of primary and secondary investments, offering partial liquidity to early investors and employees, marking its second such liquidity event in the past year. The proceeds will support Juspay's global expansion and product development.

43.Accel invests in Sahi

Sahi, a Bengaluru-based broking platform, offers futures and options and cash trading services has raised USD 33 million in Series B round led by Accel, with participation from Elevation Capital, valuing the company at around USD 200 million. Accel Growth contributed about USD 20 million, with the balance coming from existing investor. Sahi plans to use the funds to enhance its technology and AI capabilities, expand into new trading categories, and scale its user base.

44.Kapture CX's Pre-Series B funding round led by Bajaj Finserv Ventures

Adjetter Media Network Private Limited (operating under the brand name "Kapture CX"), a SaaS and AI-driven customer experience platform, raised INR 94.50 crore (approx. USD 11 million) in a pre-series B funding round comprising both primary and secondary investments. The round was led by Bajaj Finserv Ventures, with participation from existing investors Cactus Partners Fund I and India Alternatives, as well as Frangipani Trust and Nextedge Distribution Services. Kapture CX provides customer support, engagement, and experience automation solutions powered by conversational AI, agentic AI, voicebots, chatbots, and analytics platforms.

45. Bank of Baroda establishes BOB Securities

BOB Securities & Giltedge Limited (**BOB Securities**), a wholly owned subsidiary of Bank of Baroda, received RBI approval to operate as a Non-Banking Financial Company Investment and Credit Company (**NBFC-ICC**). BSGL will now seek a standalone primary dealer licence and, upon approval, undertake primary dealership activities in accordance with RBI guidelines.

46. SBI and Bank of Baroda establish IDPIC

State Bank of India (**SBI**) and Bank of Baroda established The Indian Digital Payment Intelligence Corporation (**IDPIC**), a Section 8 not-for-profit company and India's central digital payment fraud intelligence platform operating under the oversight of the Ministry of Finance and the RBI. IDPIC will leverage artificial intelligence, machine learning, and big data analytics to detect, prevent, and analyse digital payment fraud in real time by aggregating fraud signals and risk data across participating institutions, strengthening the security and resilience of India's digital payments ecosystem.

47.Investcorp invests in Easy Home Finance

Easy Home Finance Ltd. (**Easy Home Finance**) has raised USD 30 million in a Series C funding round led by Investcorp, with participation from existing investors Claypond Capital and SMBC Asia Rising Fund. Easy Home Finance plans to utilise the proceeds to accelerate expansion into new markets across India, strengthen distribution capabilities, and further invest in product development, technology and talent across the home-loan lifecycle.

48.Accel invests in Knight FinTech

Knight F inTech, a Mumbai-based banking and digital lending infrastructure company raised USD 23.6 million in a Series A round led by Accel, with participation from IIFL, Rocket Capital, and existing investors including Prime Venture Partners, 3one4 Capital, Commerce VC and Trifecta Capital. The funding, completed in multiple tranches, will support the Knight FinTech's platform that enables co-lending, digital lending, embedded finance, supply chain finance and treasury management. Knight FinTech acts as a bridge between banks with surplus capital and fintechs/NBFCs with loan demand, aiming to improve capital flow, reduce operational friction, manage risk and enhance lending efficiency.

49.General Catalyst invests in Xflow

Xflow has raised approx. USD 17 million in a Series A funding round led by General Catalyst, with participation from existing investors Square Peg, Stripe, Lightspeed and Moore Capital, while PayPal Ventures joined as a new investor. Xflow plans to utilise the proceeds to scale operations and expand into new geographies, while strengthening its cross-border payments infrastructure for SMEs, exporters and fintech companies.

50.Cornerstone invests in Novio

Novio, a fintech startup, has raised INR 100 crore (approx. USD 11 million) in a Series A round led by Cornerstone Ventures (**Cornerstone**), with participation from multiple investors and venture debt from Innoven Capital and Alteria Capital. Novio plans to use the funds to expand into tier II to tier V markets, enhance bank partnerships, and strengthen its product through deeper UPI integration and AI-driven credit advisory.

51.Accel invests in Oolka, an AI-fintech startup

Bengaluru-based AI fintech startup Oolka (founded in 2024 by ex-Meesho executive) raised USD 14 million in a Series A funding round led by Accel, with participation from Lightspeed and Z47. The accelerated funding round pushed Oolka's valuation to USD 87 million (approx. INR 730 crore).

52.BlackSoil Capital invests in Zanskar Technology

Zanskar Technology, a Bengaluru-based quantitative trading and execution infrastructure firm raised INR 25 crore (approx. USD 3 million) from BlackSoil Capital (**BlackSoil**), with additional backing from Peak XV. Through its platform Nubra, Zanskar Technology provides execution and brokerage services to institutional and retail clients, including asset management companies, alternate investment funds, venture capital/private equity firms, family offices, and trading desks.

53.MobiKwik receives RBI approval for NBFC licence

One MobiKwik Systems Ltd (**Mobikwik**) announced that the RBI has approved the group's application for an NBFC licence. The approval will enable the launch of its wholly owned subsidiary, MobiKwik Financial Services

Private Ltd, to expand the group's regulated lending operations. Mobikwik stated that the NBFC operations will commence upon receipt of the Certificate of Registration from the RBI, subject to fulfilment of certain conditions.

54.CRED receives RBI approval for PA operations

Mobile payments platform CRED has received the RBI's approval to operate as a Payment Aggregator (**PA**). The licence enables CRED to directly onboard merchants, reducing reliance on intermediary payment providers and banks. The approval marks a milestone for the Bengaluru-based fintech platform, which has expanded beyond credit card bill payments into broader financial services offerings, including lending.

55.PB Pay receives RBI authorisation for PA operations

PB Fintech announced that its wholly owned subsidiary, PB Pay, has received RBI authorisation to operate as a PA. The approval allows PB Pay to commence payment aggregation services, enabling merchants to accept multiple digital payment modes, including UPI, cards, and wallets. The licence is expected to help the PB Pay integrate payment processing across its platforms, reduce reliance on third-party payment gateways, and expand into merchant payment services.

56.Skydo receives RBI authorisation for cross-border PA operations

Cross-border payments fintech Skydo has received final authorisation from the RBI to operate as a PA-CB. The licence enables Skydo to process inward cross-border transactions and expand its payment offerings across additional trade corridors. Skydo stated that the approval will support its growing MSME export-focused business, including local payment acceptance solutions in challenging international markets such as Africa.

57.ED raids Transak, Carret, Xpat, Onramp.money and Onmeta over alleged FEMA violations in cross-border transactions

The Enforcement Directorate (**ED**) conducted searches on five crypto platforms namely Transak Technology India Private Limited(**Transak**), Carretx Technologies Private Limited(**Carret**), Mokshagna Technologies Private Limited (**Xpat**), Buyhatke Internet Private Limited (**Onramp.money**) and Abhibha Technologies Private Limited(**Onmeta**) for allegedly facilitating unauthorized cross-border money transfers through virtual digital assets without requisite RBI approvals and in contravention of FEMA. Restraint orders have been imposed on their bank accounts, and the ED has preliminarily estimated violations exceeding INR 2,500 crore (approx. USD 300 million) signalling increased regulatory scrutiny of crypto enabled cross-border payment activities.

58.Coinbase launched INR payment rail

On June 1, 2026, U.S.-listed cryptocurrency exchange Coinbase announced the launch of rupee denominated trading services in India, allowing users to buy and sell crypto assets directly using Indian rupees. Indian users can deposit and withdraw funds in INR via the Immediate Payment Service (IMPS), enabling direct bank-to-exchange transfers without relying on peer-to-peer (P2P) mechanisms or offshore routing structures.

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