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MAY 2026

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REGSTREET LAW ADVISORS' MONTHLY NEWSLETTER















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HIGHLIGHTS

Mr. Sumit Agrawal, Founder & Managing Partner at Regstreet Law Advisors, has been appointed as a Sector Expert under the prestigious DEA–AJNIFM Research Programme of the Department of Economic Affairs, Indian Ministry of Finance, Government of India, in collaboration with the Arun Jaitley National Institute of Financial Management (AJNIFM), Faridabad.

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HIGHLIGHTS

Regstreet Law Advisors acted as legal advisors to Celestial Chakra Trust in successfully securing registration as a Category II Alternative Investment Fund (AIF) from the Securities and Exchange Board of India on May 05, 2026.

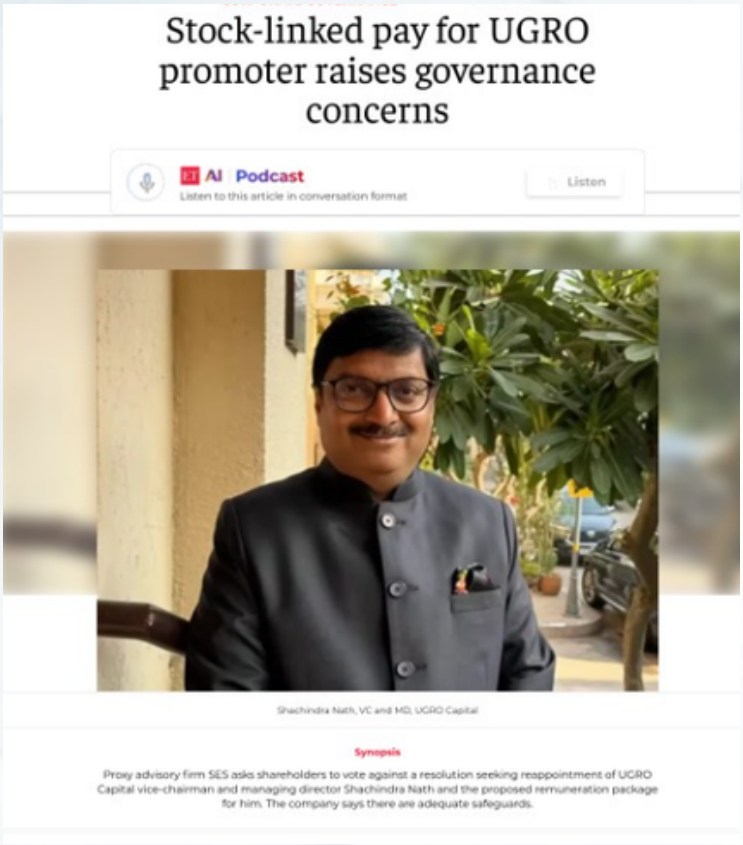
The transaction team from Regstreet Law Advisors comprised Mr Sumit Agrawal (Senior Partner), Mr Kavish Garach (Senior Associate) and Ms. Aditi Sahu (Associate). Other stakeholders involved in the process included Gretex Corporate Services Limited and Gretex Share Broking Limited, both of which are partners in the LLP Sponsor/Investment Manager. The Trustee to the fund is Orbis Trusteeship Services Private Limited.

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HIGHLIGHTS

Mr. Sumit Agrawal, Managing Partner at Regstreet Law Advisors and former SEBI officer, has been quoted in The Economic Times article titled “Stock-linked pay for UGRO promoter raises governance concerns”.



Stock-linked pay for UGRO promoter raises governance concerns

AI Podcast

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Shachindra Nath, VC and MD, UGRO Capital

Synopsis

Proxy advisory firm SES asks shareholders to vote against a resolution seeking reappointment of UGRO Capital vice-chairman and managing director Shachindra Nath and the proposed remuneration package for him. The company says there are adequate safeguards.

“The company’s position appears to be that this is a pure cash-settled managerial remuneration arrangement and not a share-based employee benefit scheme involving grant, transfer or issuance of securities. Merely using share price as a reference metric for determining variable pay does not, by itself, bring the arrangement within the ambit of the Sebi SBEB regulation,” says Sumit Agrawal, senior partner, Regstreet Law Advisors, and a former Sebi officer.

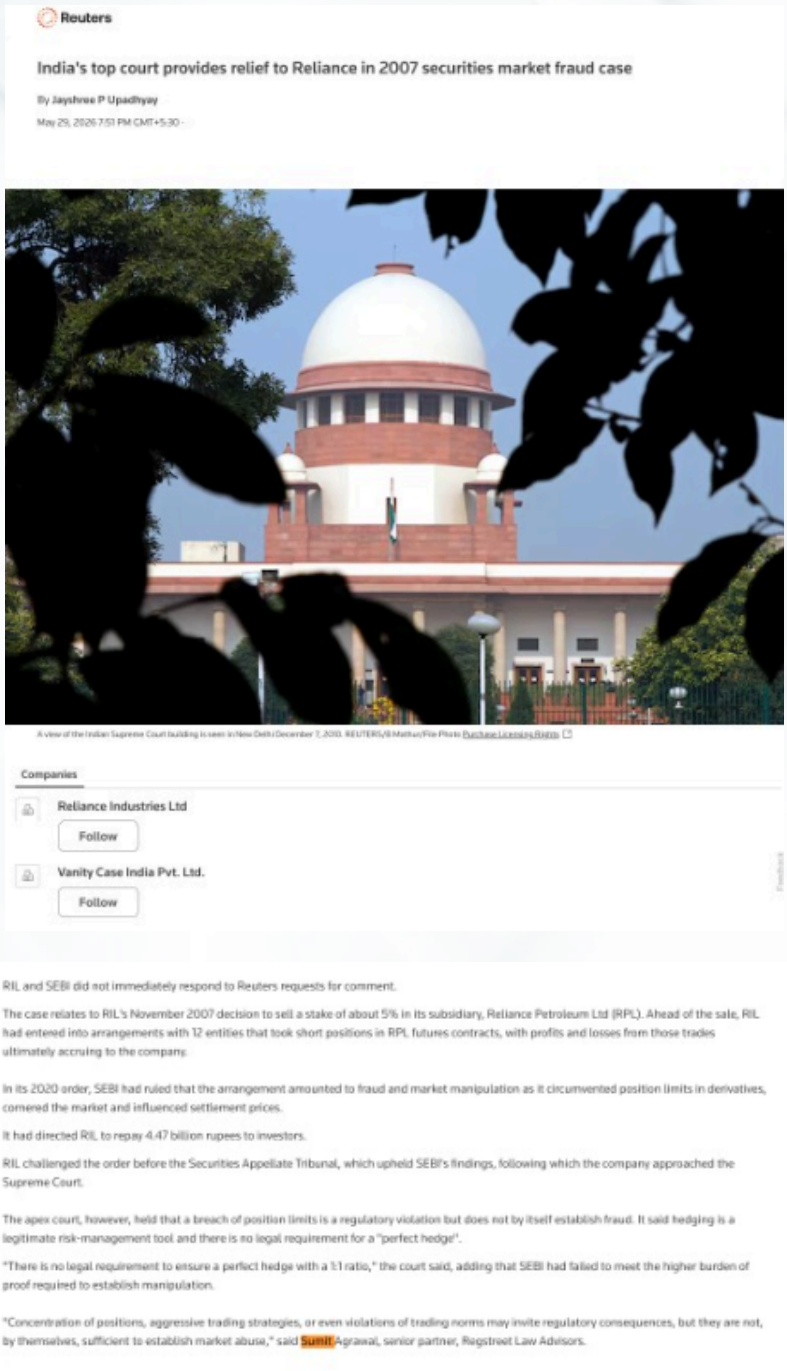
The article discusses the regulatory and corporate governance debate around UGRO Capital’s proposed share price-linked variable remuneration structure for its promoter-managing director and examines its interplay with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021. Commenting on the issue, Sumit noted that merely using share price as a reference metric for determining variable pay may not, by itself, bring such an arrangement within the ambit of the SEBI SBEB Regulations.

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HIGHLIGHTS

Mr. Sumit Agrawal, Senior Partner at Regstreet Law Advisors and former SEBI officer, was quoted by Reuters in an article titled "*India's top court provides relief to Reliance in 2007 securities market fraud case*" on the Supreme Court's decision granting relief to Reliance Industries Limited in the long-running 2007 Reliance Petroleum stake sale matter.

Commenting on the judgment, which set aside SEBI's and SAT's findings of fraud and market manipulation, Mr. Agrawal noted that while concentration of positions, aggressive trading strategies, or breaches of trading norms may attract regulatory consequences, such conduct alone is insufficient to establish market abuse. The ruling is expected to have significant implications for the interpretation of market manipulation standards and the evidentiary threshold required to prove fraudulent conduct under India's securities laws.



Reuters

India's top court provides relief to Reliance in 2007 securities market fraud case

By Jayshree P Upadhyay

May 29, 2026 7:51 PM GMT+5:30

A view of the Indian Supreme Court building is seen in New Delhi December 7, 2010. REUTERS/B Mathur/File Photo Purchase Licensing Rights

Companies

Reliance Industries Ltd

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RIL and SEBI did not immediately respond to Reuters requests for comment.

The case relates to RIL's November 2007 decision to sell a stake of about 5% in its subsidiary, Reliance Petroleum Ltd (RPL). Ahead of the sale, RIL had entered into arrangements with 12 entities that took short positions in RPL futures contracts, with profits and losses from those trades ultimately accruing to the company.

In its 2020 order, SEBI had ruled that the arrangement amounted to fraud and market manipulation as it circumvented position limits in derivatives, cornered the market and influenced settlement prices.

It had directed RIL to repay 4.47 billion rupees to investors.

RIL challenged the order before the Securities Appellate Tribunal, which upheld SEBI's findings, following which the company approached the Supreme Court.

The apex court, however, held that a breach of position limits is a regulatory violation but does not by itself establish fraud. It said hedging is a legitimate risk-management tool and there is no legal requirement for a "perfect hedge".

"There is no legal requirement to ensure a perfect hedge with a 1:1 ratio," the court said, adding that SEBI had failed to meet the higher burden of proof required to establish manipulation.

"Concentration of positions, aggressive trading strategies, or even violations of trading norms may invite regulatory consequences, but they are not, by themselves, sufficient to establish market abuse," said Sumit Agrawal, senior partner, Regstreet Law Advisors.

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HIGHLIGHTS

Mr. Sumit Agrawal, Senior Partner at Regstreet Law Advisors and former SEBI officer, was quoted by The Economic Times on the Supreme Court's judgment in the Reliance Petroleum derivatives trading case, which set aside findings of fraudulent and manipulative conduct against Reliance Industries Limited and 12 other entities.

Commenting on the regulatory significance of the ruling, Mr. Agrawal noted that the Court has drawn a clear distinction between position-limit or disclosure violations and fraudulent or manipulative conduct under the PFUTP framework, reinforcing the requirement for SEBI to establish actual market manipulation through evidence rather than infer it solely from concentration of positions, trading strategies, or hindsight analysis.

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THE ECONOMIC TIMES | MUMBAI | SATURDAY | 30 MAY 2026 | WWW.ECONOMICTIMES.COM

Relief for RIL, 12 others in ₹447-cr Reliance Petro Insider Trading Case

SC sets aside SAT order, upholds ₹25-crore penalty for violation of disclosure requirements

Indu Bhan

New Delhi: The Supreme Court on Friday exonerated Reliance Industries (RIL) and 12 other entities that were accused by the market regulator of insider trading in the shares of erstwhile Reliance Petroleum.

The Securities and Exchange Board of India in 2017 held RIL and the others guilty of insider trading and asked the company to disgorge ₹447 crore. The transactions were in 2007 and Reliance Petroleum merged with RIL in 2009. The Securities Appellate Tribunal (SAT) upheld the Sebi order in 2020.

On Friday, a Supreme Court bench of Justices JB Pardiwala and R Mahadevan said it had no other option but to set aside SAT's 2:1 majority order under the Prohibition of Fraudulent and Unfair Trade Practices (PFUTP) regulations.

In its 136-page judgment, the top court said agreements entered between RIL and the 12 entities for trading in the futures and options (F&O) segment of Reliance Petroleum securities were not a device used for fraud and manipulation. It said RIL was liable to pay only a penalty for violation of disclosure requirements, and ordered Sebi to refund ₹250 crore that the company deposited in the Investors' Protection Fund for staying the regulator's order.



The company at the tribunal had argued that disgorgement was a punishment/penalty, while powers granted to the regulator were remedial in nature, thus no order for disgorgement could have been passed.

While agreeing with RIL's argument against the disgorgement order, the apex court concurred with SAT's observations on violation of disclosure requirements under a 2001 Sebi circular on position limits, and upheld a ₹25 crore penalty imposed on the company.

The court held that the 12 entities used by RIL validly took open interest positions within the permissible limits while trading in the F&O segment of Reliance Petroleum and, since no disclosure was required, validly executed the transactions without disclosing that they were acting in concert. The breach of the position limits, being technical, only invites a penalty, the court said.

Sebi's 2001 circular did not place a ban on the breach of position limits, rather it only required disclosure when positions were taken in excess, it said.

Sumit Agrawal, senior partner at Regstreet Law Advisors and a former Sebi official, said the court has drawn a clear distinction between position-limit or disclosure violations on the one hand and manipulative or fraudulent conduct under the PFUTP regulations on the other. "The decision strengthens the requirement that Sebi establish actual market manipulation through evidence rather than infer it solely from concentration of positions, trading strategy, or hindsight analysis," he said.

RIL in March 2007 sold a 4.1% stake in Reliance Petroleum. Sebi in its order said RIL's front entities triggered a sharp fall in Reliance Petroleum shares and profited from short positions. The market regulator alleged that the firm made illegal gains of ₹60.28 per share on 74.2 million shares.

Sebi then banned RIL from equity derivatives trading for a year and also directed it to disgorge ₹447 crore, along with interest of 12% per annum.

HIGHLIGHTS

Securities Market Code: end the current ambiguity over penalties

The Mint published an article wherein Mr. M Damodaran and Mr. Sumit Agrawal examined the continuing ambiguity surrounding minimum penalties and adjudicatory discretion under the SEBI Act, 1992.

Despite several judicial pronouncements over the years, conflicting approaches across Securities and Exchange Board of India, Securities Appellate Tribunal and even the Hon'ble Supreme Court of India have left the position far from settled, creating uncertainty in enforcement outcomes and raising larger questions around proportionality and fairness. The authors argue that the proposed Securities Market Code presents a timely opportunity to address this long-standing inconsistency through legislative clarity.

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VIEWS

| GUEST VIEW

Securities market code: end the current ambiguity over penalties

The code's proposed revision is a chance to close space for adjudicatory interpretation and offer market participants certainty

M. DAMODARAN & SUMIT AGRAWAL
are, respectively, chairperson, Excellence Enablers, and former chairman, Sebi, UTI and IDBI; and managing partner, Regstreet Law Advisors and a former Sebi officer.

India's securities enforcement framework has long faced a contradiction. Parliament has progressively introduced minimum penalties to strengthen deterrence. At the same time, it has retained broad adjudicatory discretion through mitigating factors. The coexistence of these two approaches has not produced balance; it has created uncertainty.

This fault line resurfaced in the split decision of the Securities Appellate Tribunal (SAT) in *Sukhraj Kaur Raghuvu vs. Sebi* (January 2026). The issue is: where a statute prescribes a minimum penalty, can an adjudicator reduce it below that threshold, or impose none, based on mitigating circumstances?

The statutory framework appears, at first glance, to admit little ambiguity. Several provisions of the Securities and Exchange Board of India (Sebi) Act follow this familiar formulation: "not less than X, but which may extend to Y." This suggests: fix a minimum floor to ensure deterrence, while allowing discretion within a defined band. Yet, this structure sits alongside Section 15J of the Sebi Act, which requires adjudicating authorities to consider factors such as disproportionate gain, investor loss and the repetitive nature of a default. This is replicated in the Securities Contracts Regulation Act and Depositories Act.

The tension lies in reconciling these provisions. Are mitigating factors relevant only within the statutory range, or do they permit departure from the minimum?

The SAT's split verdict offers two competing answers. The majority adopts a purposive approach, treating Section 15J as a substantive safeguard against disproportionate punishment. It recognizes that rigid application of minimum penalties may produce unjust outcomes, particularly in cases involving technical violations, negligible impact, subsequent compliance or *bona fide* conduct, and therefore allows flexibility to reduce penalties below the statutory floor.

The dissent of the presiding officer takes a stricter view of legislative intent. Once Parliament has prescribed a minimum penalty, that threshold is binding. Section 15J mandates the determination of a quantum within the statutory band but does not authorize deviation below it. To hold otherwise would dilute the statute through interpretation.

Both approaches are defensible—and that is precisely the problem. The law permits two internally consistent but mutually incompatible readings.

In *Sebi vs. Bhuvesh Pathari* (2019), the court held that once a violation is established, the imposition of a penalty is mandatory, though its quantum must reflect statutory factors. In *Sebi vs. Bharti Goyal* (2023), it cautioned against substituting statutory penalties with warnings or other measures. Yet, these decisions stop short of addressing whether mitigating circumstances can justify deviation from the statutory minimum.

Indian jurisprudence is clear that the power to impose a penalty is not an obligation to penalize in every case. Unless expressly barred by law, adjudicatory discretion extends to imposing a lesser penalty—or none at all—where circumstances justify it. Courts have repeatedly rejected mechanical enforcement, particularly where violations are technical, *bona fide*, non-repetitive, harmless, arise from regulatory ambiguity or evolving compliance frameworks, involve *de minimis* impact, reflect procedural lapses with substantive compliance but without market impact, or are promptly rectified.

This principle is not merely theoretical. In a diverse market, violations vary widely. In such situations, rigid application of minimum penalties may be disproportionate to both the conduct and its consequences.

It is precisely in these cases that Sebi officers have, in practice, stretched interpretive tools to avoid unjust outcomes. Some have imposed penalties below the statutory minimum; others have adhered strictly to the minimum despite recognizing mitigating circumstances. The result is a regime that is formally rigid but functionally inconsistent.

This inconsistency undermines predictability—the cornerstone of regulation. Market participants cannot assess enforcement risk with confidence when similar violations attract materially different outcomes depending on the adjudicator's interpretive approach.

The proposed Securities Market Code, 2025, before Parliament's Standing Committee of Finance, is an opportunity to resolve this ambiguity.

The Code retains the same structure. Its penalty provisions (Clauses 97 to 109) continue to prescribe minimum penalties, often linked to fixed amounts or multiples of unlawful gain. Clause 111 mirrors Section 15J, requiring consideration of gain, loss and nature of the default. Yet, the Code remains silent on the central question: are minimum penalties absolute, or can they yield to proportionality in exceptional cases?

This silence is not neutral. By carrying forward both rigid minimums and broad mitigating factors without clarifying their interaction, the Code ensures that these conflicts will persist. The question that divided the SAT in this case will continue to divide Sebi adjudicators.

The problem, therefore, is not one of interpretation but of legislative design.

Effective enforcement requires both deterrence and proportionality. But these objectives cannot be reconciled through *ex post* adjudication alone. They must be embedded in the law. The repeated reliance on adjudicatory discretion to correct disproportionate outcomes suggests that penalty provisions are not adequately calibrated.

A more coherent approach would involve clear legislative guidance. Parliament must decide whether minimum penalties are intended to operate as absolute floors or if limited departures (including no penalty) should be permitted based on clearly articulated factors such as absence of gain, harm or prompt rectification. This is significant, given the ₹10 lakh minimum in several provisions. Equally, penalty frameworks must evolve to reflect the diversity of market participants. Retail investors, intermediaries and systemic actors do not present identical risks and enforcement should not treat them as such. Uniform minimum penalties, applied without differentiation, risk being both over-inclusive and under-effective and may raise concerns under Article 14 of the Constitution.

The Securities Market Code must also move beyond *ex post* review mechanisms and incorporate structured, *ex ante* assessments of penalty design. Without such discipline, enforcement will continue to oscillate between rigidity and discretion, neither of which will operate with sufficient predictability.

The SAT's split decision is not an aberration. It reflects a deeper failure to reconcile certainty with fairness in the design of Indian securities law. If the Code does not address this ambiguity, it risks perpetuating a system where outcomes depend less on statutory clarity and more on interpretive preference. A market of India's scale and ambition should not have to live with this ambiguity.

HIGHLIGHTS

The Legal Price of State Failure

Mr Sumit Aggarwal, Founder and Managing Partner at Regstreet Law Advisors and former SEBI Officer, along with Mr M. S. Sahoo, an acclaimed thought leader in financial markets and the first Chairperson of the IBBI, authored an article in Business Standard titled “The legal price of State failure.”

The piece argues that when the State or regulators fail in delegated statutory functions, that failure must carry a clear legal cost, just as private market participants do.



Using the NSE–SEBI settlement and the proposed Securities Markets Code as context, the authors point to the asymmetry in securities law where private contraventions are tightly coded and penalised, while lapses by public authorities are still handled through indirect, case-specific, and often inconsistent routes. The article then concludes that transparency, accessible remedies, and symmetry between authority and accountability are essential to make the rule of law meaningful in practice.

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HIGHLIGHTS

One Code to Discipline Them All

Dr. M. S. Sahoo and Mr. Sumit Agrawal in an article titled "One Code to Discipline Them All" published in The New Indian Express have analysed the proposed Securities Markets Code (SMC) and the significant shift it seeks to introduce in the securities enforcement architecture. The proposed SMC seeks to consolidate the existing parallel enforcement mechanisms under securities laws into a unified adjudicatory framework. However, the article also flags important institutional and jurisprudential concerns.

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THE proposed Securities Markets Code consolidates the three existing laws into a single legislative framework. There are good reasons for such a rationalisation.

Consider this. The Securities and Exchange Board can initiate three types of proceedings—under Section 11B of the Sebi Act, resulting in preventive and remedial directions; enquiry proceedings, which could lead to suspension or cancellation of registration; and adjudication proceedings, which could culminate in the imposition of monetary penalties. Comparable provisions exist under the other two securities enactments as well.

In practice, the same case often triggers parallel proceedings before different authorities within Sebi. Although these proceedings are legally independent, authorities lower in the institutional hierarchy generally tend to arrive at findings similar to those reached at higher levels. Conflicting findings remain possible, too. More fundamentally, the nature of the sanction is determined at the stage of initiating proceedings, before the gravity of the contravention is fully established.

The SMC seeks to address these concerns by consolidating the multiple enforcement tracks into a single adjudicatory proceeding. An adjudicating officer, who may be anyone from a division chief or the chairperson, may determine the contravention first and then impose appropriate outcomes. The framework embeds proportionality and deterrence by requiring consideration of factors such as intent, duration and frequency of the contravention, unlawful gains, investor harm, impact on market integrity, con-



M S SAHOO
Former Chairperson,
Insolvency and Bankruptcy Board



SUMIT AGRAWAL
Former legal officer,
Securities and Exchange Board of India

The SMC may enable subordinate legislation to prescribe the level of officer who may act as AO, depending on the case's gravity. Such calibration would strengthen institutional credibility and reinforce confidence in the outcomes.

The SMC also departs from the earlier model under which adjudication procedures were prescribed through rules framed by the government. It instead proposes that procedures be specified through Sebi regulations. This risks collapsing the distinction between rule-making and enforcement, since



The draft Securities Markets Code proposes a much-needed rationalisation of laws. But it leaves adjudication outcomes dangerously open to discretion. By proposing that procedures be decided according to Sebi norms, not government ones, it risks

directions. The code does not indicate when one remedy should be preferred over another, or when multiple remedies should be imposed.

The discretion widens further once the AO enters a particular category. "Appropriate directions" alone contain a menu of 11 measures, including restraining a person from dealing in securities, suspending trading, annulling trades, and directing divestment of holdings. Each of these then requires further calibration.

These remedies are not interchangeable. Disgorgement is restorative, aimed at stripping away unlawful gains made or losses avoided. Monetary penalties are punitive and deterrent. Market-access restraints are preventive and protective. Suspension or cancellation of registration addresses institutional fitness. Corrective directions seek to restore market integrity or undo the effects of wrongful transactions. A serious contravention may, therefore, justify one remedy or several in combination.

This creates what may be called the code's cascading discretion problem. Even on a conservative estimate, the framework generates a very large matrix of possible enforcement outcomes. The AO must choose not only among sanctions, but also among their combinations, scope, duration and intensity. Without a structured framework, similar cases may attract materially different

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Supreme Court of India

1.Reliance Industries Limited & Ors. v. SEBI – Supreme Court Civil Appeal No. 4015 of 2020 - 29.05.2026

Hon'ble Supreme Court of India partly allowed Reliance Industries Limited's appeal and set aside SEBI's disgorgement order of INR 447.27 crore, while upholding the finding that RIL had breached the derivatives position-limit framework by using 12 agent entities. The Court, however, held that SEBI failed to establish the far more serious charge of fraud and market manipulation under the PFUTP Regulations.

The dispute arose from RIL's decision in November 2007 to divest approximately 22.5 crore shares of Reliance Petroleum Ltd. (RPL). Simultaneously, RIL entered into short futures positions through 12 entities acting as its agents. SEBI alleged that RIL had effectively cornered the futures market, breached position limits, and then depressed the settlement price by selling 1.95 crore RPL shares in the last few minutes of trading on the expiry day, thereby earning unlawful profits in the futures segment.

The Court first held that the 12 entities were indeed agents of RIL and not independent traders. The agency agreements gave RIL complete control over trading decisions, while profits and losses flowed back to RIL and the entities merely earned commissions. Consequently, RIL could not escape responsibility for trades executed through those entities. The Court agreed that the structure defeated the purpose of client-level position limits and resulted in excessive concentration of open interest.

However, the Court drew a crucial distinction between a regulatory breach and fraud. It held that merely exceeding position limits or concentrating open interest does not automatically amount to a fraudulent or manipulative practice under the PFUTP Regulations. The Court observed that concentration may create the ability to manipulate, but it is not manipulation by itself. A separate and cogent act of market manipulation must be established.

On the question of hedging, the Court accepted RIL's contention that the futures positions were taken to hedge the risks arising from the proposed sale of 22.5 crore RPL shares in the cash market. The Court rejected SEBI's argument that the hedge became illegitimate because it was not perfectly matched with the remaining stock position. It recognised that hedging can include anticipatory hedging and that there is no legal requirement of a perfect 1:1 hedge ratio.

The Court also rejected the view that absence of a formal hedging policy or a specific board resolution could invalidate the hedge. It noted that no such legal requirement existed in 2007. The Court found it plausible that RIL retained its futures positions as protection against further declines in RPL's share price and that such conduct was commercially rational rather than inherently manipulative.

ORDERS / JUDGEMENTS

A major part of the judgment deals with the meaning of "fraud" under the PFUTP Regulations. The Court held that where inducement of investors is not directly proved, SEBI bears a higher burden to establish manipulation through convincing circumstantial evidence. While fraud can be proved on a standard of preponderance of probabilities, the evidence must point clearly towards manipulation and not merely raise suspicion.

Applying this standard, the Court found that SEBI had failed to prove that RIL's sale of 1.95 crore shares during the final minutes of trading was intended to artificially depress the settlement price. The Court was not persuaded that the trading data established manipulation and noted that concentration of positions alone could not substitute for proof of actual price manipulation. Since the foundational allegation of fraud failed, the disgorgement order could not survive.

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ORDERS / JUDGEMENTS

Securities & Exchange Board of India

2.Mahesh Somabhai Desai & Ors. v. SEBI – SAT Appeal No.711 of 2022 - 08.05.2026

Hon'ble Securities Appellate Tribunal (SAT), in appeals filed by several noticees including Mahesh Somabhai Desai and others, set aside SEBI's adjudication order dated 31 May 2022 concerning alleged price manipulation in the scrip of Shree Global Tradefin Limited (SGTL). The case related to allegations that the appellants had artificially inflated the scrip price by placing synchronized and higher-priced buy and sell orders between August 2011 and March 2012, causing the stock price to rise sharply by around 66% before subsequently crashing.

The core issue before SAT was not the merits of manipulation, but the extraordinary delay in SEBI's enforcement action. SAT noted that although the investigation period ended in March 2012, the show cause notice for the third set of proceedings was issued only on 12 February 2021, nearly a decade later. Hon'ble Tribunal observed that the first adjudicating officer appointed in 2015 "slept over the matter till his retirement," after which another officer eventually passed the impugned order in 2022.

An important aspect of the ruling was SAT's criticism of SEBI for conducting three separate investigations in a piecemeal manner for different periods involving the same scrip between 2009 and 2012.

SEBI argued that securities law violations affect innocent investors and that some latitude should be granted to the regulator, especially since the appellants had failed to demonstrate specific prejudice caused by delay. SEBI relied on decisions including. However, SAT was not persuaded and held that the delay itself was sufficient to vitiate the proceedings. Accordingly, the appeals were allowed solely on the ground of delay, and the impugned SEBI order was quashed.

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ORDERS / JUDGEMENTS

3.Jetking Infotrain Ltd. v. BSE Limited – SAT Appeal No.474 of 2025 - 08.05.2026

Hon'ble SAT dismissed the appeal filed by Jetking Infotrain Limited challenging BSE's refusal to process the listing of shares issued pursuant to a preferential allotment used for investment in Virtual Digital Assets (VDAs). The dispute arose after Jetking amended its Memorandum of Association (MoA) in November 2024 to permit investment and dealing in VDAs under its ancillary objects clause and subsequently raised funds through a preferential issue, which were utilised to purchase VDAs through the CoinDCX platform before obtaining a further amendment to its main objects clause.

Jetking argued that the first amendment to its MoA, approved by shareholders and certified by the Registrar of Companies (RoC) on 4 November 2024, already empowered it to "invest, acquire, hold, sell, trade and deal" in digital assets, and therefore all subsequent investments in VDAs were lawful. The company contended that the later amendment approved on 7 July 2025 merely expanded the scope of VDA-related activities to include blockchain advisory services, staking, DeFi platforms and related business operations.

BSE, however, argued that the first amendment related only to ancillary matters under Clause III(B) of the MoA and did not authorise Jetking to undertake VDA business activities as part of its principal corporate objects. According to BSE, the company acquired substantive authority to engage in VDA-related business only after the second amendment inserted a specific clause into the main objects clause under Clause III(A), which was approved by the RoC only on 7 July 2025. Since Jetking had already raised funds and invested in VDAs before that date, BSE contended that the transactions were ultra vires the company's MoA.

A particularly interesting aspect of the judgment is SAT's detailed analysis of the distinction between "main objects" and "ancillary objects" under the Companies Act, 2013 and Schedule I thereto. Jetking argued that the 2013 Act no longer recognises a rigid distinction between main and ancillary objects SAT accepted BSE's submissions and held that matters stated under Clause III(B) merely facilitate the company's principal objects and cannot independently authorise an entirely new line of business.

The Tribunal ultimately held that Jetking's use of preferential issue proceeds for VDA investments prior to approval of the second amendment was ultra vires the MoA and therefore BSE was justified in refusing to process the listing application. SAT specifically upheld BSE's first ground for rejection, namely that the company had invested in VDAs before obtaining RoC approval for amendment of the main objects clause, while expressly declining to examine BSE's other concerns regarding speculative nature of VDAs and the evolving regulatory framework governing digital assets. Accordingly, the appeal was dismissed without costs.

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ORDERS / JUDGEMENTS

4.Settlement Order in the matter of Unicorn India Ventures Fund III – SEBI - 04.05.2026

SEBI has passed a settlement order dated May 04, 2026 in the matter of Unicorn India Ventures Debt Fund-I, its Manager and KMPs involving a settlement amount of INR 25.50 lakhs for non-compliance relating to temporary deployment of unutilised funds by a Category II AIF.

SEBI observed that during May 15, 2023 to May 24, 2023, un-invested funds were temporarily deployed into a savings mutual fund scheme instead of a "liquid mutual fund" as contemplated under Regulation 15(1)(f) of the SEBI (Alternative Investment Funds) Regulations, 2012.

Further, SEBI also noted that the deviation was not reported in the Compliance Test Report (CTR), although the deployment was subsequently rectified.

KEY Observation

1. **Narrow Reading of "Temporory Deployment"**: The order reflects SEBI's strict interpretation of permissible treasury deployment avenues under Regulation 15(1)(f), particularly with respect to the nature of liquid instruments which may be used for parking surplus capital.

2. **Governance of Reportinh Are Central:** The enforcement action was not limited to the treasury deployment itself. SEBI also proceeded on the basis of:

a) failure to report the deviation in the CTR;
b) consequential violations relating to governance and compliance obligations; and
c) code of conduct obligations applicable to the AIF, Manager and KMPs.

3. **Operational Treasury Practices Now Face Higher Scrutiny**: The order is likely to have broader implications for AIF treasury operations involving:

a) sweep/flexi deposit structures;
b) pooled treasury management;
c) allocation methodology for temporary income; and
d) deployment of pending drawdowns and distribution amounts.

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ORDERS / JUDGEMENTS

5.Settlement Order in the matter of Indiabulls Real Estate Limited – 07.05.2026

SEBI has passed a settlement order disposing of proceedings in the Indiabulls Real Estate Limited (IBREL) fund-diversion case after four conduit entities collectively paid about INR 10.49 crore, without admitting or denying the findings. The applicants, Agnes Developers Pvt Ltd (now merged into Ignacio Developers Pvt Ltd), Everlast Projects Pvt Ltd, Lincoln Developers Pvt Ltd and Deneb Developers Pvt Ltd were investigated in relation to alleged diversion, siphoning and misappropriation of funds from Albasta Infrastructure Ltd, a wholly owned subsidiary of the erstwhile IBREL, through these and other entities over FY 2010–2017, in potential violation of the SEBI Act and PFUTP Regulations.

Following examination of IBREL's consolidated financials and a detailed probe, SEBI issued a common show-cause notice in November 2023; the four entities then filed settlement applications in January 2024 under the SEBI (Settlement Proceedings) Regulations, 2018. After discussions before SEBI's Internal Committee and approval of terms by the High Powered Advisory Committee and a panel of Whole Time Members, the entities remitted the agreed settlement amounts – INR 2.6 crore each by Agnes, Everlast and Deneb, and INR 2.69 crore (including Rs.9.12 lakh as legal costs) by Lincoln.

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6.Order in the matter of Future Retail Limited – SEBI QJA – 12.05.2026

The SEBI order in the matter of Future Retail Limited (FRL) concerns allegations of fraudulent disclosures, non-disclosure of related party transactions (RPTs), understatement of liabilities, misleading disclosures surrounding the Reliance transaction, and diversion of company funds by promoters. SEBI investigated the matter for FY 2019-20 to FY 2021-22 following concerns regarding manipulation of FRL's books of accounts and possible siphoning/diversion of funds. A forensic audit conducted by Chokshi & Chokshi LLP formed the basis of the investigation. The proceedings were initiated against promoters, directors, KMPs, audit committee members and statutory auditors of FRL.

SEBI alleged violations of multiple provisions of the SEBI Act, PFUTP Regulations and LODR Regulations. The key provisions invoked included Sections 12A(a), 12A(b) and 12A(c) of the SEBI Act and Regulations 3 and 4 of the PFUTP Regulations relating to fraudulent and unfair trade practices. Alleged disclosure-related violations included Regulations 4, 17, 18, 23, 30, 34 and 48 of the LODR Regulations, including obligations relating to accurate financial disclosures, disclosure of related party transactions, audit committee oversight and dissemination of material information to investors. The proceedings also invoked provisions relating to manipulation of financial statements and misleading disclosures affecting investors and the securities market.

ORDERS / JUDGEMENTS

The order records SEBI's findings that FRL had engaged in misleading disclosure and non-disclosure of related party transactions, understated liabilities and debt positions, and made selective and misleading disclosures concerning the proposed Scheme of Arrangement with the Reliance Group. SEBI also examined allegations that promoters diverted FRL funds to indirectly increase promoter shareholding in the company. The authority observed that the disclosures made by FRL failed to comply with the principles of transparency, completeness and accuracy mandated under the LODR framework and that such conduct had the potential to mislead investors regarding the true financial position and governance standards of FRL. SEBI further held that directors and KMPs could be held personally liable where the violations involved consent, connivance, negligence or breach of fiduciary obligations.

A substantial portion of the order also dealt with preliminary objections raised by the noticees, particularly arguments that proceedings against promoter Kishore Biyani were barred by the moratorium under the Insolvency and Bankruptcy Code, 2016. SEBI rejected these contentions and held that the interim moratorium under Section 96 of the IBC is "debt-centric" and does not prohibit regulatory proceedings or imposition of penalties under securities laws. SEBI relied on judicial precedents including Dilip B. Jiwrajka v. Union of India and G. Bala Reddy v. SEBI (2023 INSC 1018) to hold that insolvency proceedings do not extinguish liability for securities law violations or prevent continuation of regulatory action.

By way of directions, SEBI proceeded against the concerned noticees under Sections 11(1), 11(4), 11(4A), 11B and penalty provisions including Sections 15A(a), 15HA and 15HB of the SEBI Act. Mr. Kishore Biyani and Mr. Rakesh Biyani have been imposed a penalty of iNR 20 Lakhs each. Further, 10 Lakhs have been imposed on Mr. C.P. Toshniwal. The order ultimately held various noticees liable for securities law violations arising from misleading disclosures, governance failures and fraudulent conduct impacting investors and market integrity. The order forms part of SEBI's broader enforcement action concerning governance failures and financial irregularities within the Future Group entities during the period preceding FRL's insolvency and liquidation proceedings.

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ORDERS / JUDGEMENTS

7.Final order in the matter of Religare Enterprises Ltd- 13.05.2026

SEBI has passed a final order against Dr Rashmi Saluja in the Religare Enterprises matter, arising from alleged insider trading around the Burman Group's open offer for REL. The regulator examined trading between June 7, 2023 and December 25, 2023 and alleged that, as Executive Chairperson and KMP of REL, she had access to unpublished price-sensitive information about the impending open offer, with the critical meeting said to have taken place on September 20, 2023, just before the public announcement on September 25, 2023. SEBI's case was that she sold 12,93,107 shares on September 21 and 22, 2023, thereby avoiding a loss of about Rs. 1.99 crore.

In response, the Noticee denied receiving any UPSI, saying the September 20 meeting was about board composition and future business, and that her sales were pre-cleared and meant to provide liquidity for exercising vested ESOPs in Care Health Insurance Ltd. SEBI recorded these submissions but ultimately relied on the surrounding WhatsApp chats, call records, site/location corroboration, and the statements of Dr. A.C. Burman and Mr. Arjun Lamba to conclude that the open offer information had been communicated to her before it became public. SEBI also held that, even though the UPSI originated from the Burman Group rather than REL, the evidence showed she possessed the information before trading.

On that basis, SEBI found the allegations proved on a preponderance of probabilities and ordered disgorgement of the wrongful gain in the form of losses avoided, quantified at Rs. 1,99,08,933.85, along with 12% simple interest from the dates of sale until deposit. In addition, it imposed a monetary penalty of Rs. 40 Lakhs under Section 15G of the SEBI Act.

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8.Interim order in the matter of trading in certain scrips through stock recommendations given on social media platforms – SEBI WTM – 22.05.2026

SEBI through an interim ex-parte order dated 22 May 2026, restrained seven individuals and entities from accessing the securities market for allegedly operating a coordinated "pump-and-dump" scheme using social media platforms such as X (formerly Twitter), Telegram, and WhatsApp. SEBI alleged that the entities accumulated shares in small-cap and SME-listed companies, disseminated bullish recommendations and misleading narratives to retail investors through social media channels with significant follower bases, and subsequently sold their holdings after price increases generated by public participation.

SEBI's investigation covered trading activity between December 2023 and January 2026 across approximately 82 scrips. The regulator observed that the noticees strategically avoided explicit "buy/sell" calls while circulating highly promotional content designed to influence investor sentiment. The order records extensive use of coordinated messaging, investor presentations, conference call summaries, earnings expectations, and "guaranteed returns"-type statements disseminated across public Telegram channels and WhatsApp groups with thousands of subscribers.

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ORDERS / JUDGEMENTS

9.AdjudicationOrder in respectof Catalyst Trusteeship Limited inthe matter ofthematic inspection of debenture trustees with respect to action taken in the event of default by issuers – SEBI AO – 25.05.2026

SEBI imposed a monetary penalty of INR 2 lakh on Catalyst Trusteeship Limited for violations relating to its conduct as a debenture trustee in handling a default by Srivatsa Encivil Pvt. Ltd. The proceedings arose from SEBI's thematic inspection of debenture trustees covering the period from July 2022 to July 2024.

SEBI found that Catalyst had incorrectly informed the Credit Rating Agency (CRA) on 1 July 2024 that payment obligations had been met on time, despite the issuer's disclosure indicating that part redemption remained pending. SEBI also observed that Catalyst delayed informing the CRA about the default by 11 days. Accordingly, SEBI held that Catalyst violated Clause 2.2 and Clause 3.1.2 of Chapter VIII of the Master Circular for Debenture Trustees dated 16 May 2024, which mandate timely and accurate sharing of payment/default information with CRAs.

SEBI further held that Catalyst failed to issue a press release regarding the default within one day of occurrence, as required under Clause 4 of Chapter VIII of the Master Circular for Debenture Trustees. Although the issuer had already made stock exchange disclosures, SEBI clarified that the debenture trustee's obligation to independently issue a press release is mandatory and cannot be substituted by issuer disclosures. The press release was eventually issued only on 12 July 2024, around 11 days after the default.

Additionally, SEBI found that Catalyst delayed updating the India BondInfo database regarding the issuer's default history beyond the prescribed seven-day timeline, thereby violating Chapter XII of the Master Circular for Debenture Trustees dated 16 May 2024. However, SEBI did not uphold the allegation relating to delayed notice to debenture holders under Regulation 15(1)(d) of the SEBI (Debenture Trustees) Regulations, 1993, noting that the debenture holders were sophisticated institutional investors already fully aware of the default and actively directing the trustee's actions.

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10.Order in the matter of inspection of First Global Finance Private Limited (Portfolio Manager) – SEBI CGM – 26.05.2026

In a significant enforcement action, SEBI passed an order against First Global Finance Private Limited (FGF), its Chairperson Devina Mehra, and Director Neeraj Khanna in connection with inspection findings relating to the firm's portfolio management services (PMS) operations. SEBI found that FGF had violated Regulation 24(10) of the SEBI (Portfolio Managers) Regulations, 2020 by investing client funds based on the advice and participation of an external entity, Algo One AI Private Limited and its representative Mr. Achin Agarwal. SEBI also held that FGF had outsourced core investment-related activities in violation of the SEBI outsourcing circular dated 15 December 2011 and had breached the Code of Conduct under Schedule III of the PMS Regulations.

ORDERS / JUDGEMENTS

A central issue in the proceedings was the role of Mr. Achin Agarwal in FGF's Investment Committee. Although FGF argued that Algo One merely provided technology infrastructure, quantitative systems and AI-based analytical support, SEBI noted that Mr. Agarwal had been formally inducted as a full member of the Investment Committee through a board resolution authorising him to participate in "all investments related decisions" for PMS clients. FGF contended that all final investment decisions were independently taken by its own experienced internal personnel and that modern portfolio management necessarily involves interaction with quantitative analysts and technology vendors. However, SEBI rejected this defence and held that participation of an external entity in the final deliberative process relating to model portfolios and client allocations itself amounted to prohibited participation in investment decision-making under Regulation 24(10).

SEBI also scrutinised the "basket file" mechanism through which trades were executed. SEBI observed that the basket files generated by Algo One contained detailed client-specific trade instructions including securities, quantities, timing, brokers and execution details, and were implemented with minimal modification. FGF argued that these files merely operationalised investment decisions already approved by the Investment Committee and therefore involved no further investment discretion. SEBI partly accepted that some functions were computational, but held that client-level modifications, restrictions, allocation adjustments and implementation sequencing involved investment-related determinations that could not be outsourced to an external entity. The order therefore draws an important distinction between permissible technological assistance and impermissible delegation of investment discretion.

Apart from outsourcing-related violations, SEBI also found that FGF disseminated exaggerated and misleading advertisements and performance claims regarding its AI-driven investment systems and PMS performance. The regulator held that FGF violated provisions of the PMS advertisement code and Regulations 4(2)(k) and 4(2)(s) of the PFUTP Regulations by making misleading technological representations, unfair comparisons with competitors, and inconsistent disclosures relating to CAGR and TWRR performance metrics. FGF defended itself by arguing that the representations reflected genuine quantitative systems used in its operations and that use of open-source tools such as Python or MySQL did not reduce sophistication.

As regards penalties, SEBI imposed monetary penalties on all three noticees i.e., FGF, Devina Mehra and Neeraj Khanna were each penalised INR 5 lakh under Section 15HA of the SEBI Act and INR 9 lakh under Section 15HB of the SEBI Act. In addition to monetary penalties, SEBI issued regulatory directions restraining FGF from onboarding new PMS clients and from accepting additional funds from existing clients for the specified period and directed removal or modification of misleading advertisements and disclosures.

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ORDERS / JUDGEMENTS

11.Adjudication Order in the matter of thematic inspection of Rajiv Sharma (Proprietor: M/s. Capital Life Market Research) – SEBI AO – 27.05.2026

SEBI) imposed penalty of INR 5 Lakh on Rajiv Sharma, proprietor of Capital Life Market Research and a registered Investment Adviser (IA), pursuant to a thematic inspection covering the period from April 2023 to January 2025.

SEBI found that the Noticee continued providing investment advisory services and earned approximately INR 1.20 crore in advisory fees during FY 2024–25 despite his mandatory NISM Series X-A and X-B certifications having expired in April 2024. SEBI rejected the defence of personal hardship and held that subsequent renewal of certifications in 2026 could not cure the prior non-compliance. Accordingly, SEBI held the Noticee guilty of violating Regulations 7(2) and 15(13) read with Regulation 13(a) of the SEBI (Investment Advisers) Regulations, 2013.

SEBI also identified significant deficiencies in record maintenance and compliance systems. This included failure to submit annual compliance audit reports and half-yearly periodic reports, incomplete client records, absence of properly signed investment rationales, and failure to update KYC details of certain clients on the CVL-KRA portal. SEBI held that reliance on a crashed external hard drive and alleged technical issues with the KRA system did not absolve the IA of statutory obligations. Consequently, violations were established under Regulations 19(1)(a)-(h), 19(2), 19(3), 15(8), and 15(12) of the IA Regulations, read with relevant provisions of SEBI Master Circulars dated 27 June 2025 and 12 October 2023.

However, SEBI did not uphold the allegation relating to failure to maintain an arm's-length relationship between advisory and personal financial activities under Regulation 15(3), noting the absence of evidence showing conflict of interest, unfair fees, or compromised advice arising from personal borrowings routed through the same bank account.

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12.Final Order in the matter of inspection of Mr. Amit Guruh Sachdeva –Research Analyst – SEBI QJA – 27.05.2026

SEBI issued a regulatory censure against Amit Guruh Sachdeva, a registered Research Analyst, following an inspection. SEBI found that the Noticee and his relationship managers had repeatedly assured prospective clients of fixed returns such as "18-20% profit," thereby misleading investors and engaging in mis-selling practices in violation of Regulations 3 and 4 of the PFUTP Regulations, Section 12A of the SEBI Act, and the Code of Conduct under the Research Analyst Regulations.

SEBI rejected the Noticee's defence that the assurances were made by overzealous relationship managers without authorization. The regulator held that the relationship managers acted within the scope of their employment and that the Noticee, as principal, remained responsible for their conduct. SEBI relied upon the definition of "research analyst" under the RA Regulations and principles of agency under Section 237 of the Indian Contract Act to hold that the Noticee could not escape liability merely by blaming employees.

SEBI further held that the Noticee had failed to cooperate with the inspection by causing delays during the inspection process and by deletion of data from the email account "stockbenefits80@gmail.com". The Noticee attempted to explain the delay by claiming that he had been subjected to a "digital arrest" scam involving impersonators posing as TRAI and Mumbai Police officials. SEBI found this explanation unconvincing because no FIR or formal complaint had been lodged and the supporting materials lacked credibility. The regulator also rejected the explanation that deletion of emails resulted from a "technical glitch," observing that no supporting technical evidence had been produced. Although the Designated Authority had recommended both regulatory censure and a two-month prohibition on onboarding new clients, Ld. QJA ultimately imposed only a regulatory censure, taking into account mitigating factors including the Noticee's payment of an earlier INR 2 lakh adjudication penalty for the same inspection period, the non-repetitive nature of violations, and absence of investor complaints.

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13.Final Order in respect of Rajendra Pathak in the matter of K - Lifestyle & Industries Limited – QJA – 27.05.2026

In a remanded proceeding arising out of the forensic audit of K-Lifestyle & Industries Limited (KLIL), SEBI ultimately dropped all charges against Rajendra Pathak and disposed of the SCN without imposing any penalty or directions. The matter had originally involved allegations that KLIL had misrepresented its financial statements and violated accounting standards, and that the Noticee, allegedly acting as CFO, had certified misleading financial results in violation of Regulation 33(2)(a) of the LODR Regulations.

A major issue before SEBI was whether the Noticee was in fact the CFO of KLIL during the relevant period. The Noticee strongly denied ever functioning as CFO and argued that his name and signatures had been misused by the company. He contended that he was merely a plant-level commercial employee earning approximately INR 3 lakh annually and lacked the qualifications, remuneration and authority ordinarily associated with a CFO role. He also pointed out inconsistencies in KLIL's annual reports, including references showing him as CFO even after he had resigned from the company.

An interesting legal aspect of the case involved the Noticee's repeated request to cross-examine the forensic auditor, relying on the Supreme Court's decision in T. Takano v. SEBI and SAT's ruling in Urrshila Kerkar v. SEBI. However, SEBI rejected the request, holding that the forensic audit report merely relied on MCA records and did not contain any independent factual assertion by the auditor regarding the Noticee's role as CFO. SEBI observed that cross-examination is relevant only where a witness makes a factual assertion from personal knowledge incriminating the noticee.

SEBI ultimately found significant evidentiary gaps in the proceedings. Apart from MCA records and disputed annual reports, there was no appointment letter, board resolution, ROC filing or other documentary proof showing that the Noticee had ever been formally appointed as CFO.SEBI also noted that the annual reports did not bear the Noticee's actual signatures and

that he had not attended audit committee meetings during the investigation period, which cast doubt on whether he was genuinely in charge of the company's financials. Further, the compliance certificates under Regulation 33(2)(a) were signed only by the Managing Director and not by the Noticee.

In light of these deficiencies, SEBI held that the allegations against the Noticee remained unsubstantiated and granted him the benefit of doubt. Accordingly, the SCN dated 18 August 2020 was disposed of without any monetary penalty or regulatory directions.

Read More

14.Order in the matter of Suzlon Energy Limited – SEBI WTM – 29.05.2026

This order is noteworthy less for the underlying accounting issues and more for SEBI's aggressive use of its revisionary powers under Section 15-I(3) of the SEBI Act and Section 23-I(3) of the SCRA. The AO had earlier exonerated Suzlon Energy Ltd. and its officials in its order dated June 27, 2025, accepting their explanation that the impugned transactions were commercially justified, independently valued, duly approved and adequately disclosed. However, SEBI revisited the matter on the ground that the AO's order was "erroneous and not in the interests of the securities market", effectively converting a complete exoneration into a finding of serious fraud and disclosure violations.

A central defence of the noticees was jurisdictional. They argued that revisionary powers could not be invoked where the AO had imposed "no penalty at all", because the statute speaks of "enhancement" of penalty. According to them, enhancement presupposes an existing penalty and cannot be used to overturn a clean acquittal. They also relied on tax jurisprudence and contended that SEBI was effectively conducting a second adjudication merely because it disagreed with the AO's conclusions.

The Ld. WTM rejected this challenge in emphatic terms. The order holds that an adjudication order finding "no violation" can itself be an erroneous order capable of revision. The WTM reasoned that accepting the noticees' interpretation would create an absurd situation where an order imposing a nominal penalty could be revised, but a completely erroneous exoneration would become immune from scrutiny.

On merits, the noticees repeatedly stressed that every transaction had been backed by valuations, board approvals, lender consent and stock exchange disclosures. The AO had substantially accepted this position and had held that a regulator should not substitute its own commercial wisdom for that of management where adequate disclosures had been made.

The WTM, however, shifted the focus from form to substance. According to the order, the real issue was not whether approvals existed, but whether the transaction chain generated genuine economic value or merely accounting profits. The WTM found that the OMS transfer, followed by subsequent intra-group transfers, enabled recognition of successive layers of profit on the same underlying asset base, thereby materially improving Suzlon's reported profitability and net worth. In Ld. WTM's view, the AO examined each transaction in isolation and failed to assess their cumulative effect on the company's financial presentation.

The order ultimately concludes that the OMS transaction chain, the SBLC/AERH reclassification, the SEFL transactions and the SGWPL/SPIL transactions resulted in financial statements that did not fairly present Suzlon's profitability, leverage, financial exposure and risk profile. Consequently, violations of Sections 12A(a), (b) and (c) of the SEBI Act, PFUTP Regulations, LODR Regulations and provisions of the erstwhile Listing Agreement were held established.

Having overturned the AO's exoneration order, the WTM imposed substantial penalties – INR 15.95 crore on Suzlon Energy Ltd., INR 5.75 crore on Vinod R. Tanti, INR 5.45 crore on Girish R. Tanti, INR 1.50 crore on Kirti J. Vagadia and INR 30 lakh on Amit Agarwal. The order expressly notes that even if investor loss is not quantified, misleading financial reporting by a listed company is by itself a serious market integrity concern warranting enforcement action.

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15.Adjudication Order in the matter of New Delhi Television Limited – AO – 29.05.2026

The adjudication proceedings arose from SEBI's 2018 order against Vishvapradhan Commercial Pvt. Ltd. (VCPL), wherein SEBI had held that VCPL acquired indirect control over NDTV through the 2009 loan agreement and related call-option arrangements with NDTV promoters (Prannoy Roy, Radhika Roy and RRPR Holding Pvt. Ltd.). Based on a shareholder complaint, SEBI investigated whether NDTV had failed to disclose this alleged change in control and the 2018 SEBI order to the stock exchanges.

The allegation against NDTV was that it violated Regulations 30(1), 30(3), 30(4) and 30(6) of the LODR Regulations by not disclosing a material regulatory action. SEBI's case was that once the 2018 SEBI order concluded that VCPL had acquired indirect control of NDTV, NDTV ought to have disclosed that fact as a material event/regulatory action affecting control of the company.

NDTV's principal defence was that it was not a party either to the 2009 loan agreement or to the proceedings against VCPL. It argued that the disclosure framework under Regulation 30 of LODR Regulations applies only to litigation or regulatory actions involving the listed entity, its promoters, KMPs or the ultimate person in control. According to NDTV, VCPL did not fall within those categories and therefore no disclosure obligation arose. NDTV further contended that it had nevertheless issued clarificatory disclosures on 27 June 2018 and thereafter, stating that the promoters continued to hold 61.45% of NDTV and retained control.

A major defence relied upon by NDTV was the subsequent SAT order dated 21 July 2022, which set aside the core finding of the 2018 SEBI order. SAT held that the 2009 loan and option arrangements gave VCPL commercial rights and protective covenants but did not amount to acquisition of direct or indirect control over NDTV. According to SAT, the agreements neither enabled VCPL to manage NDTV nor dictate its policy decisions.

Thus, the AO treated the Hon'ble SAT order as highly significant because it remained operative and had not been stayed by the Supreme Court, notwithstanding SEBI's appeal. Relying on settled principles that an unstayed SAT order continues to bind parties and authorities, the AO held that the finding of SAT i.e., that no change of control occurred, had to guide the adjudication proceedings.

The AO found that the disclosure obligation alleged in the SCN was fundamentally premised on VCPL having become the 'ultimate person in control' of NDTV. Once SAT held that VCPL never acquired control, the very basis of the disclosure requirement disappeared. Therefore, VCPL could not be retrospectively treated as a person in control for purposes of Regulation 30 and the SEBI Circular relating to litigation/regulatory actions requiring disclosure.

The AO also noted subsequent developments i.e., VCPL ultimately exercised its warrants only in 2022, leading to a prospective open offer rather than the retrospective control acquisition theory advanced in the 2018 SEBI order. The open offer and later acquisition events reinforced the conclusion that no change of control had occurred pursuant to the 2009 loan agreement itself. Consequently, the foundation of the disclosure allegation stood substantially undermined. Since the alleged violation itself was not established, the AO disposed of the proceedings without imposing any monetary penalty.

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16.RBI imposes monetary penalty on Yes Bank Limited – 08.05.2026

RBI has by an order dated April 27, 2026 imposed a monetary penalty of Rs. 31.80 Lakh on Yes Bank ltd. for the non-compliance with certain provision of directions issued by RBI on 'Know Your Customer' identified during its supervisory inspection as on March 31, 2025. It was found that Yes Bank had not put in place a system to use the KYC Identifier assigned by the Central KYC Records Registry (CKYCR) while establishing account-based relationships with customers, in violation of RBI's KYC directions. The penalty was imposed under Section 47A(1)(c) read with Section 46(4)(i) of the Banking Regulation Act, 1949, after consideration of the bank's written and oral submissions. The RBI further clarified that this action is limited to regulatory non-compliance and does not affect the validity of customer transactions or agreements, nor does it preclude further supervisory action.

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REGULATORY UPDATES

IBBI

1.IBBI (Model Bye-laws and Governing Board of Insolvency Professional Agencies) (Amendment) Regulations, 2026 - 13.05.2026

The Insolvency and Bankruptcy Board of India has amended the Model Bye-Laws and Governing Board of Insolvency Professional Agencies Regulations, 2016 to strengthen governance and board composition of insolvency professional agencies. The amendment introduces a nominee director to be nominated by the Board on the governing board of an IPA, clarifies that the minimum seven-director requirement is to be counted excluding such nominee director, and expands the eligibility restrictions for independent directors by disqualifying persons who are members of sponsoring/promoting statutory regulators or who serve as independent directors of any other IPA. It also makes the renewal of a director's second term subject to a satisfactory performance review by the governing board and to the Board's prior approval. In addition, for the appointment or renewal of a managing director, an IPA must now send at least two names to the Board at least one month before the existing MD's tenure expires.

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2.The Insolvency Professionals to act as Interim Resolution Professionals, Liquidators, Resolution Professionals and Bankruptcy Trustees (Recommendation) Guidelines, 2026 – 18.05.2026

The Insolvency and Bankruptcy Board of India has issued the Insolvency Professionals to act as Interim Resolution Professionals, Liquidators, Resolution Professionals and Bankruptcy Trustees (Recommendation) Guidelines, 2026 to streamline and expedite appointments under the Insolvency and Bankruptcy Code, 2016. These guidelines provide the procedure for preparing panel of Insolvency Professionals to act as Interim Resolution Professionals, Liquidators, Resolution Professionals and Bankruptcy Trustees.

The guidelines introduce a six-month, zone-wise and bench-wise panel of eligible insolvency professionals to be shared in advance with the NCLT and DRT, with eligibility restricted to professionals holding a valid Authorisation for Assignment and having no pending disciplinary proceedings or recent convictions. The panel will be prepared based on expressions of interest submitted to the Board and sorted according to the volume of ongoing assignments, with seniority of registration acting as a tie-breaker. The guidelines also treat inclusion in the panel as deemed consent to accept appointments as IRP, RP, Liquidator or Bankruptcy Trustee, and provide that unjustified refusal to accept such appointments may result in removal from the panel for six months.

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REGULATORY UPDATES

IFSCA

1.IFSCA clarifications and proposed regulatory framework for Reinsurance and Managing General Agents in IFSCs – 18.05.2026

The recent informal guidance issued by the IFSCA clarifies the regulatory position on reinsurance business and the proposed Managing General Agent ("MGA") framework within GIFT IFSC. In one interpretative letter published on May 18, 2026, IFSCA clarified that a reinsurance company established in IFSC and exclusively undertaking reinsurance of general insurance business would fall within the ambit of "general insurance business" under the Insurance Act, 1938 and the IFSCA insurance regulatory framework. The guidance also reiterates that reinsurance business may be carried on for life, general or health insurance segments, and that the proposed entity would still require separate registration from IFSCA as an insurer before commencing operations.

In another interpretative letter published on May 18, 2026, IFSCA provided detailed clarifications on the functioning of MGAs in IFSCs. It clarified that MGAs operating as IFSC Insurance Offices ("IIOs") are not merely intermediaries but are jointly registered with the foreign reinsurer under the IIO framework. Accordingly, compliance obligations relating to retrocession, investment norms, reporting and retention requirements apply jointly to the MGA and the foreign reinsurer. The Authority also clarified that retrocession restrictions under the IIO Guidelines apply to the entire gross reinsurance premium booked by the IIO, irrespective of whether the business originates from India or foreign jurisdictions. Further, investment norms may either follow IFSCA regulations or the foreign reinsurer's home-country regulatory regime, depending on the option exercised at the time of registration.

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2. International Financial Services Centres Authority (TechFin and Ancillary Services) (Amendment) Regulations, 2026- 12.05.2026

The IFSCA has introduced a new Chapter VA on Trust and Company Services Providers (TCSPs) under the TechFin and Ancillary Services Regulations, 2015, creating a dedicated framework for entities carrying on TCSP activities for permitted leasing business in the IFSC. The amendment requires prior registration before operations commence, limits applicants to eligible entities and promoters/partners from non-high-risk FATF jurisdictions, and imposes ongoing fit-and-proper, governance, audit, recordkeeping, segregation-of-duties, reporting, insurance, and conflict-management obligations. It also requires a full-time principal officer and compliance officer based in the IFSC, restricts service recipients to non-residents from non-high-risk FATF jurisdictions (subject to a special SPV carve-out), and lists permitted TCSP services in the new Fifth Schedule, including formation of trusts/companies/LLPs, acting as trustee/director/partner/nominee shareholder, and providing registered office or administrative address services.

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REGULATORY UPDATES

3.Circular on Implementation Services by Investment Advisers in the IFSC- 12.05.2026

The International Financial Services Centres Authority has issued a clarification regarding the provision of "implementation services" by Investment Advisers registered in the IFSC under the Capital Market Intermediaries Regulations, 2025. The circular clarifies that implementation services refer to services for executing or giving effect to investment advice rendered to clients and prescribes the permissible channels through which such services may be offered, depending on the nature of the financial product involved. For products listed on foreign stock exchanges, implementation services must be provided through a Global Access Provider or an Introducing Broker in the IFSC; for products listed on recognised stock exchanges in the IFSC, through a member of such exchange; and for unlisted financial products, through formal arrangements with platforms or asset management companies regulated by a financial sector regulator in a foreign jurisdiction. The circular has come into effect immediately.

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RBI

1.Issuance of Foreign Exchange Management (Authorised Persons) Regulations, 2026 – 06.05.2026

RBI has notified the Foreign Exchange Management (Authorised Persons) Regulations, 2026 (FEMA 401/2026-RB), overhauling the framework for authorising entities as Authorised Persons under FEMA with the twin objectives of rationalising compliance and improving delivery of forex services. All existing APs must align with the new regulations, which also trigger amendments to the Master Direction – Money Changing Activities and the Master Direction – Other Remittance Facilities, and formally supersede several old A.P. (DIR Series) circulars issued between 2000 and 2015.

For money changers and non-bank AD Category II entities, RBI has (i) deleted multiple legacy provisions on authorisation and procedures; (ii) clarified that the Master Direction now focuses on money changing activities and conduct of forex transactions; (iii) effectively sunset the franchisee model by prohibiting any fresh franchise arrangements and requiring existing franchises to be wound down within two years from May 6, 2026; (iv) tightened reporting by requiring submission to the Regional Office of an annual audited balance sheet with a statutory auditor's certificate on net worth by October 31 and a separate auditor's certificate on annual forex turnover by April 30 each year. Paragraph 2 of the Master Direction – Other Remittance Facilities has been omitted, and a consolidated list of legacy A.P. (DIR Series) circulars has been expressly superseded, signalling RBI's move towards a cleaner, more unified and supervision-friendly regulatory architecture for money changers, non-bank ADs and other Authorised Persons, without affecting obligations under other applicable laws.

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REGULATORY UPDATES

IRDAI

1.Minutes of IRDAI 133rd Authority Meeting held on December 23, 2025 – Published on 15.05.2026

a) The Chairman noted that the insurance industry's premium growth moderated to single digits post the COVID surge, with total premium collections reaching approximately INR 8.02 lakh crore up to November 2025, reflecting 9.86% growth. Life insurance continued to dominate with ~80% share of total premiums.

b) Health insurance emerged as the largest segment within general insurance, accounting for nearly 41% of general insurance premiums and overtaking motor insurance. Stand-alone health insurers recorded ~13% growth year-on-year.

c) Industry assets under management (AUM) increased to INR 78.48 lakh crore as on 30 September 2025, with investments remaining largely conservative and concentrated in government securities and approved investments.

d) The Authority highlighted rising claims inflation, particularly in health and motor insurance, with non-life incurred claims increasing by over 70% since FY2021. Health and motor lines together constituted nearly 85% of total claims.

e) The meeting acknowledged major sectoral reforms, including GST exemption for individual life and health insurance policies and enactment of the Sabka Bima Sabki Raksha (Amendments to Insurance Laws), Act, 2025, aimed at enhancing insurance penetration, ease of doing business, governance and regulatory oversight.

f) The Authority approved creation of a new post of Chief Vigilance Officer (CVO) at the Executive Director level and proposed continuation of the arrangement of appointing a CVO from another financial/regulatory institution on additional charge basis.

g) IRDAI approved drafting and publication of draft regulations for implementation of a Risk Based Capital (RBC) Framework in India following recommendations made under the IMF-World Bank FSAP review. The Authority noted completion of QIS-1 and QIS-2 studies and further consultative work on the framework.

h) On Ind AS implementation for insurers, the Authority discussed the global rollout of IFRS 17 and India's Ind AS 117 framework. The Chairperson was authorised to determine the implementation timeline and issuance of consultation papers/draft regulations after further stakeholder consultations.

i) The Authority also deliberated on the SEBI High-Level Committee Report on conflict of interest and disclosures and approved a review of applicability of similar governance standards to IRDAI Members and officials, including issuance of an exposure draft for stakeholder consultation.

j) In concluding observations, the Chairman flagged concerns around weak underwriting profitability in non-life insurance, increasing policy surrenders in life insurance, high commission-driven distribution costs, growing policyholder complaints in health and motor insurance, and rising dependence on cross-border reinsurance. He emphasised the need for stronger domestic reinsurance capacity, including through IFSC Insurance Offices (IIOs).

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2.IRDAI Circular on Remuneration of Key Management Persons (KMPs) – 25.05.2026

Circular dated 25 May 2026 has amended the Master Circular dated May 22, 2024 on Corporate Governance for Insurers to strengthen transparency and accountability in the remuneration framework for Key Management Persons (KMPs). Key highlights of the circular are summarised below:

a) Mandatory Disclosure of KMP Performance Metrics: Insurers must publicly disclose performance parameters used for KMP remuneration on their websites in an "easy to access" and "easy to understand" manner. Comparative data for the preceding 3 years must also be disclosed.

b) Frequency of Disclosures
Financial soundness metrics: Quarterly
Product performance, claims responsiveness, and grievance redressal metrics: Monthly

c) Core Parameters for KMP Variable Pay (FY 2026–27 onwards): The following parameters are mandatory for assessing KMP performance are given below -

- Overall financial soundness and improvement
- Product performance
- Claims responsiveness
- Grievance redressal
- Implementation of Indian Accounting Standards (Ind AS)
- Elimination of "dark patterns" in insurer and distributor interactions with customers

Weightage Structure: Above six parameters collectively carry 50% weightage. IndAS implementation and removal of dark patterns each carry 10% weightage. Remaining weightage may be determined by the Board/NRC.

d) Remuneration Governance Principles: The Nomination & Remuneration Committee (NRC), in consultation with the Risk Management Committee, must ensure the following -

- remuneration aligns with policyholder outcomes,
- risk-adjusted compensation,
- alignment between remuneration and risk outcomes,
- sensitivity to risk time horizons,
- appropriate cash-equity mix.

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REGULATORY UPDATES

PFRDA

1.PFRDA issues circular on applicability of SEBI Regulations relating to Insider Trading, Self-Dealing and Front-Running to NPS Investments – Supersession of PFRDA Circular dated July 25, 2019 – 05.05.2026

PFRDA has issued a circular clarifying that all issues of insider trading, self-dealing and front-running in relation to NPS investments will be governed entirely by SEBI's securities-market framework, including the SEBI (Prohibition of Insider Trading) Regulations, 2015, and related SEBI circulars and guidelines since all investments made under the NPS are undertaken in the securities market and form part of the SEBI-regulated market ecosystem.. The circular expressly superseded PFRDA's earlier July 25, 2019 circular and its clarifications on self-dealing, insider trading and front-running, and directs pension funds to treat any references to that regime in their internal policies or codes as referring instead to the applicable SEBI framework. Pension Funds must now adopt a SEBI-compliant code of conduct for personal / insider trading, strengthen internal governance, training, monitoring and reporting systems around NPS investment conduct, while PFRDA will focus its supervisory oversight on assessing whether these SEBI-aligned controls and compliance mechanisms are adequate.

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2.PFRDA issues Circular on introduction of 'NPS Sanchay' (Simplified NPS Variant) under All Citizen Model and MSF Framework for informal sector– 06.05.2026

PFRDA has issued Circular dated May 06, 2026 introducing "NPS Sanchay", a simplified NPS variant under the All-Citizen Model and Multi Scheme Framework (MSF), aimed at India's largely uncovered informal workforce that constitutes nearly 90% of total employment.

Any Indian citizen aged 18–85 can open an NPS account and opt for NPS Sanchay through PoPs or online, subject to standard KYC, with the scheme's default design aligning its investment pattern to the existing government-sector investment guidelines (as per the 10 December 2025 Master Circular) and being offered across all registered Pension Funds. Exit and partial withdrawal rules mirror the existing NPS Exit Regulations, and the charge structure, minimum and subsequent contribution norms are tied mutatis mutandis to those applicable to common NPS schemes (All Citizen, NPS Vatsalya, NPS Lite), while subscribers retain the ability to change pension fund and asset allocation as per All Citizen Model rules. Under the MSF, Pension Funds may also launch additional schemes so long as terms are identical to the existing framework except for the investment pattern, which must follow this circular; the directions take immediate effect and all intermediaries are required to undertake necessary preparatory steps.

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REGULATORY UPDATES

3. 132nd Board Meeting of PFRDA held on March 09, 2026 – Published on May 06, 2025

a) The PFRDA Board approved the selection of KFin Technologies Limited as a Central Recordkeeping Agency (CRA) under the NPS architecture.

b) Approval was granted to permit specified categories of "other persons" falling within the term "any person" under Regulation 2(1)(j)(iv) of the PoP Regulations to act as Pension Agents.

c) The proposal for selection of PPFAS Asset Management Company as sponsor for setting up a pension fund under NPS Pension Fund Registration Guidelines was approved.

d) Amendments to the existing delegation of administrative powers framework dated July 29, 2024 were approved by the Board.

e) The Board approved revised charge structures for common schemes under NPS (All Citizen), including NPS Vatsalya and NPS Lite. The Board also approved revised charge structures for common schemes under NPS applicable to legal entities (other than Government entities).

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4.Introduction of Retirement Income Schemes and Drawdown Options Under the National Pension System – 15.05.2026

PFRDA has issued a circular introducing Retirement Income Schemes (RIS) alongside flexible, phased drawdown channels under the National Pension System (NPS). The regulatory initiative, built upon the PFRDA (Exits and Withdrawals under the NPS) Amendment Regulations, 2025, addresses long-standing subscriber frictions regarding post-retirement decumulation choices. Currently, retiring subscribers can withdraw a portion of their accumulated corpus as a tax-free lump sum, while a mandatory minimum, 20% or 40% depending on the subscriber category, must be used to purchase a lifelong annuity product. To optimize capital longevity and offer a middle path between a large, unmanaged cash lump sum and low-yielding rigid annuities, the proposed RIS framework allows subscribers to keep their withdrawable corpus inside the tax-exempt NPS ecosystem to generate market-linked compounding throughout their retirement phase.

The operational core of the circular introduces a dedicated lifecycle fund titled "RIS Steady," which relies on a systematic, age-based equity allocation glide path. At age 60, the asset allocation initiates at 35% Equity, 10% Corporate Bonds, and 55% Government Bonds, with equity exposure reducing by 2 percentage points annually until it floors at 10% by age 75. To access this capital, the regulator has engineered two flexible drawdown mechanisms available to both government and non-government subscribers up to the age of 85: a Systematic Payout Rate (SPR), which determines periodic payouts based on the subscriber's current age and selected drawdown end age, and a Systematic Unit Redemption (SUR) model that redeems a fixed number of units periodically.PFRDA has explicitly clarified that this drawdown infrastructure will have no impact on the mandatory annuitisation requirement, leaving that boundary entirely untouched. Fresh contributions will cease once the drawdown option is exercised, and any residual corpus will transfer to nominees upon the subscriber's demise. The facility will become operational only after PFRDA completes the required system readiness checks and officially notifies the implementation date.

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REGULATORY UPDATES

SEBI

1.SEBI's advisory on emerging advances Artificial Intelligence (AI) tools for vulnerability detection – 05.05.2026

SEBI circular on AI-driven vulnerability tools was almost inevitable. Over the past few weeks, global media (including BBC and The Guardian) and industry bodies have been ringing alarm bells.
In fact, American Securities Association in the U.S. went a step further, warning U.S. Securities and Exchange Commission that such AI could turn centralized financial data infrastructures into "*single-point-of-failure*" systemic risks, capable of triggering market-wide disruption.

Against this backdrop, SEBI's intervention looks less reactive and more strategically timed.

Why this is introduced

This circular has been introduced in response to the rapidly evolving threat landscape driven by advanced AI tools capable of identifying and exploiting vulnerabilities at scale. SEBI aims to strengthen cyber resilience, enhance preparedness of regulated entities, and ensure that existing frameworks remain robust in an AI-driven environment.

To address this, SEBI has set up a dedicated task force i.e., cyber-suraksha.ai which has advised certain things which are issued in the form of advisory under this circular including:
Immediate patching (or virtual patching) to address known vulnerabilities

(b) Continuous vulnerability assessments, including AI-based tools
(c) Deep third-party/vendor risk audits (no more blind outsourcing comfort)
(d) Strict change management with documented impact analysis
(e) Real-time SOC monitoring and mandatory onboarding with Market-SOC infrastructure
(f) Continuous asset inventory and software bill of materials tracking

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2. SEBI **Consultation Paper on OBPPs: A calibrated Expansion - 05.05.2026**

The regulatory evolution of Online Bond Platform Providers (OBPPs) over the last 2–3 years is instructive. SEBI first formalised the ecosystem in 2022 by bringing such platforms within the stock broker framework and restricting their activities to listed (and proposed-to-be-listed) debt securities. This was followed by the 2023 clarifications, which tightened the product perimeter and reinforced that OBPPs are not to function as open-ended digital marketplaces for debt-like instruments. Subsequently, in 2024 and 2025, SEBI's approach shifted toward active supervision and enforcement, particularly against unregistered platforms facilitating distribution of unlisted NCDs, and through scrutiny of operational and execution practices within registered OBPPs.

REGULATORY UPDATES

Against this backdrop of formalisation followed by tightening of the regulatory framework and simultaneously undertaking enforcement actions, SEBI on May 05, 2026 has issued a Consultation Paper on Modification in the regulatory framework for OBPPs including measures for promoting ease of doing business.

Key Proposals

a) **AccesstoIFSC-RegulatedProducts**: SEBI proposes to permit OBPPs to offer products regulated by the International Financial Services Centres Authority (IFSCA), subject to FEMA, overseas investment rules, and LRS limits. The model mirrors that for stock brokers in GIFT-IFSC, enabling cross-border access while maintaining safeguards.

b)**Inclusionof54ECTax-SavingBonds**: Allowing distribution of 54EC bonds (and similar instruments under the Income-tax Act, 2025) addresses ambiguity due to their non-listing under LODR. SEBI mandates granular disclosures (lock-in, limits, transferability, tax features) and clarifies that investor grievances lie with the issuer.

c)**AlignmentofComplianceOfficerRequirement**: Alignment with the stock broker framework replaces the mandatory Company Secretary requirement with a principle-based standard.

In effect, SEBI is not recharacterizing OBPPs as open architecture marketplaces. Rather, it is incrementally positioning them as a broader fixed-income distribution interface, while preserving the integrity of the regulatory perimeter.

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3. SEBI's Circular on Norms for sharing and usage of price data for educational purposes – 08.05.2026

SEBI has, vide Circular dated May 88, 2026, harmonised its earlier rules on market data by introducing a uniform 30-day time lag for both sharing and usage of stock price data for educational and investor-awareness purposes, replacing the earlier regime of a one-day lag for sharing (May 2024 circular) and a three-month lag on usage for entities solely engaged in education (January 2025 circular). MIIs and intermediaries may now share price data for education, without any monetary incentive to participants, only after 30 days, while persons "solely engaged in education" are barred from using price data from the preceding 30 days in any content that might shade into advice; a narrow carve-out allows NISM, as SEBI's capacity-building arm, to access price data with a one-day lag exclusively for its simulation lab.

The revised norms, which take effect from July 01, 2026, require exchanges, clearing corporations, and depositories to amend bye-laws, put in place systems and audit trails, and ensure robust contractual safeguards against misuse when sharing data, reinforcing SEBI's efforts to clearly separate genuine education from quasi-advisory activity.

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REGULATORY UPDATES

4.Consultation Paper proposing the "Green-Channel: AIF Rollout Upon Document Acknowledgement" (GARUDA) Mechanism to streamline and expedite the launch process for Alternative Investment Fund (AIF) Schemes – 11.05.2026

SEBI has proposed the "Green-Channel: AIF Rollout Upon Document Acknowledgement" (GARUDA) mechanism to significantly reduce timelines for launch of AIF schemes and facilitate faster capital deployment. Important changes proposed under SEBI's GARUDA Mechanism for AIFs in the consultation paper dated May 11, 2026 are given below:

a)For Regular AIF schemes, the existing requirement of filing the Placement Memorandum (PPM) at least 30 days prior to launch is proposed to be reduced to 10 working days from the date of filing with SEBI through a Merchant Banker, unless otherwise advised by SEBI.

b)For first schemes of AIFs, SEBI proposes permitting launch from the date of grant of registration or after 10 working days from filing of the application with SEBI, whichever is later.

c)SEBI proposes a lighter-touch regulatory framework for Accredited Investor (AI)-only schemes and Angel Funds, recognising the sophistication and risk appetite of accredited investors.

d)AI-only schemes and Angel Funds would be allowed to file PPMs directly with SEBI instead of routing filings through Merchant Bankers.

e)The requirement for a Merchant Banker Due Diligence Certificate is proposed to be replaced with an undertaking by the CEO (or equivalent) and Compliance Officer of the AIF Manager.

f)The consultation paper also proposes amendments to Regulations 12 and 19D of the SEBI (AIF) Regulations, 2012 to formally incorporate the revised filing timelines and exemption framework for AI-only schemes and Angel Funds.

SEBI has clarified that it will continue post-facto scrutiny of scheme documents on a sample basis using risk-based criteria, and any irregularities in PPM disclosures may attract regulatory action. The proposals are intended as an ease of doing business measure for the rapidly expanding AIF industry, which has witnessed substantial growth in registrations, commitments and accredited investor participation in recent years.

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5.Consultation paper on review of position limits for clients and penalty provision for violation/ breach of position limits for the Commodity Derivatives Segment- 12.05.2026

SEBI has issued a consultation paper proposing significant revisions to position limit norms and penalty provisions applicable to the commodity derivatives segment, particularly for agricultural commodities, with the objective of improving market liquidity, enhancing participation, and facilitating ease of doing business. The proposal recommends doubling the existing client-level position limits across agricultural commodity categories, increasing limits

for broad commodities from 1% to 2% of deliverable supply, for narrow commodities from 0.5% to 1%, and for sensitive commodities from 0.25% to 0.5%. In addition, SEBI has proposed revising the definition of "broad commodity" by replacing the existing requirement that a commodity satisfy both quantitative and monetary deliverable supply thresholds with a more liberal condition, thereby enabling more commodities to qualify as broad commodities and potentially benefit from higher position limits. To ensure a calibrated transition, commodities shifting from the narrow to the broad category pursuant to the revised definition would continue to be subject to a 1% position limit for one year, after which exchanges may increase the limit to 2% upon review.

The consultation paper also proposes rationalisation of the penalty framework for breaches of position limits. While the existing methodology for computing penalties based on excess positions and duration of violation would continue, SEBI has proposed introducing a cap of INR 2 lakh for violations exceeding 2% of prescribed limits, thereby addressing concerns regarding disproportionately high penalties. Public comments on the proposals have been invited until June 02, 2026.

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6.Consultation Paper on utilisation of intraday borrowing lines by Mutual Funds- 13.05.2026

SEBI has issued a consultation paper proposing a formal framework for recognition and regulation of intraday borrowing facilities utilised by mutual funds as a cash flow and liquidity management tool. The proposal follows representations from AMFI highlighting operational challenges faced by mutual funds due to timing mismatches between scheme outflows, such as redemption payouts, trade settlement obligations, forex settlements, and derivative margin obligations, and inflows from receivables including maturity proceeds, secondary market settlements, and clearing corporation payouts. While SEBI had earlier permitted a limited carve-out for intraday borrowings under the SEBI (Mutual Funds) Regulations, 2026 specifically for meeting redemption and unitholder payout obligations backed by guaranteed receivables, the present consultation paper seeks to broaden the scope of permitted intraday borrowing arrangements in light of prevailing market practices and operational requirements.

Under the proposed framework, mutual funds may be permitted to utilise intraday borrowing lines not only for redemption and unitholder payouts, but also for other operational purposes such as trade pay-in obligations, forex settlements, derivative obligations, and repayment of existing borrowings. Further, the proposal contemplates allowing intraday borrowings even where the quantum exceeds receivables, whether guaranteed or otherwise, provided that such borrowings are extinguished by the end of the day or, if converted into overnight borrowings, remain within the statutory borrowing limits and permissible purposes prescribed under Regulation 42(1) of the SEBI (Mutual Funds) Regulations, 2026.

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REGULATORY UPDATES

1.Circular on status of SPVs post conclusion or termination of Concession Agreement- 15.05.2026

SEBI has issued a circular clarifying the regulatory treatment of Special Purpose Vehicles (SPVs) held by Infrastructure Investment Trusts (InvITs) after the conclusion or termination of concession agreements or similar arrangements. Pursuant to the recent amendment to the InvIT Regulations, 2014, such SPVs will continue to retain their status as SPVs even after expiry or termination of the concession agreement, subject to specified conditions. The circular requires the Investment Manager to either exit the investment in the SPV through sale, liquidation, winding-up, or merger, or acquire a new infrastructure project in the SPV within one year from the later of completion or termination of the concession agreement, conclusion of pending claims or litigations, or completion of the defect liability period. The timeline excludes time required to obtain statutory or regulatory approvals for exit transactions. SEBI has also mandated detailed disclosures in the InvIT's annual report regarding such SPVs, including project details, status of handover, assets and liabilities, contingent liabilities, outstanding debt and repayment schedules, sufficiency of assets to meet liabilities, exit strategy and timelines, and details of pending litigations, claims, assessments, and statutory obligations, thereby enhancing transparency and investor visibility in respect of post-concession SPV structures.

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8.Draft Circular for Enabling third party payments in Mutual Funds in certain scenarios – 20.05.2026

India's mutual fund industry has crossed INR 80 lakh crore in AUM, driven by a massive retail participation wave and record SIP inflows. But as participation scales, operational friction points become harder to ignore. SEBI's latest consultation paper dated May 20, 2026 on enabling third-party payments in mutual funds reflects precisely that shift in regulatory thinking.

Until now, the framework largely required investments to originate strictly from the investor's own bank account, primarily to mitigate money laundering and fraud risks. But SEBI now appears willing to permit limited and structured exceptions where the economic beneficiary remains identifiable and the audit trail remains intact.

The proposals include the following voluntary options:
(a) Scenario 1- employers facilitating MF investments through payroll deductions
(b) Scenario 2-AMCs paying distributor commissions in MF units, for MFDs registered with AMFI, and
(c) Scenario 3-enabling donations toward social causes through mutual fund structures linked with Social Stock Exchange (SSE)-registered Not for Profit Organisations.

For payroll deductions, SEBI is effectively recognizing investors are far more likely to stay invested when contributions become automated salary-linked allocations. Further, the proposal allowing MFD commissions in MF units is proposed for the MFDs to save and invest in long term.

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APPOINTMENT AND VACANCIES

1.RBI appointed Shri Rohit Jain as RBI Deputy Governor – 04.05.2025

The Government of India, vide notification dated May 02, 2026, has appointed Shri Rohit Jain, currently Executive Director at the Reserve Bank of India (RBI), as Deputy Governor for a period of three years. The appointment has been made under Section 8(1)(a) read with Section 8(4) of the Reserve Bank of India Act, 1934, and will be effective from the date of assumption of charge on or after May 03, 2026, or until further orders.

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2.RBI appoints Shri Gunveer Singh as Executive Director – 18.05.2026

The RBI has appointed Shri Gunveer Singh as Executive Director with effect from May 18, 2026. Prior to his elevation, he served as Chief General Manager-in-Charge of the Department of Payment and Settlement Systems and brings over three decades of experience across payment systems, banking supervision and risk monitoring. He has also served as a payment systems expert at the Central Bank of Oman. As Executive Director, he will now oversee the Department of Payment and Settlement Systems.

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3.IBBI invites Applications for Research Associates and Consultants

The Insolvency and Bankruptcy Board of India (IBBI) has issued a notice inviting online applications for engagement of Research Associates and Consultants on a contractual basis in the fields of Law and Business Management. The vacancies include 3 positions for Research Associate II/III (Law) and 2 positions for Consultant IV/V (Law/Business Management), with contracts initially valid for one year and extendable based on performance and organisational requirements. Applications must be submitted online by 15 June 2026, along with supporting documents, and shortlisted candidates may be called for interviews after scrutiny.

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4.PFRDA Advertisement for Appointment of Ombudsman on Contract Basis – 20.05.2026

The Pension Fund Regulatory and Development Authority (PFRDA) has invited applications for the appointment of an Ombudsman on a contractual basis to handle and facilitate resolution of subscriber grievances under the pension regulatory framework. The position is open to Indian citizens aged 45 years or above and substantial experience in law, finance, regulation, corporate affairs, management, or administration, including retired District Judges or persons qualified to be appointed as District Judges. The appointment will be purely contractual, and the selected Ombudsman will not be treated as an employee of PFRDA. Applications must be submitted by June 10, 2026.

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