



REGSTREET
— Law Advisors —

JUNE 2026

REGPOST

REGSTREET LAW ADVISORS' MONTHLY NEWSLETTER



HIGHLIGHTS

Mr. Sumit Agrawal, Senior Partner at Regstreet Law Advisors and former SEBI officer and Mr. M.S. Sahoo, former Chairperson of the Insolvency and Bankruptcy Board of India (IBBI) and former Whole Time Member of SEBI, have authored an article titled “Unseen lawmakers of India’s markets”

The article examines the regulatory role of Market Infrastructure Institutions (MIIs), arguing that their rule-making powers increasingly resemble subordinate legislation but lack the parliamentary scrutiny and democratic oversight applicable to SEBI regulations. It contends that MII rules significantly affect market participants' rights and obligations and advocates for a more transparent framework that subjects significant MII rules to legislative oversight and aligns them with constitutional and accountability standards.

Unseen lawmakers of India's markets

Institutions exercising public regulatory power must not remain outside meaningful oversight

Imagine a commonly used algorithmic trading strategy suddenly being classified as manipulative. The consequences could be severe: Penalties, suspension, even criminal exposure. If Parliament or the Securities and Exchange Board of India (Sebi) were to create such a classification, it would ordinarily involve public consultation, legislative scrutiny, and a transparent law-making process. Yet market infrastructure institutions (MIIs) exercise comparable normative power through their rulebooks, without comparable democratic oversight.

India's securities market has historically operated through a layered regulatory architecture. Parliament enacts the statute; the government frames rules; Sebi issues regulations and subsidiary instructions; and MIIs operationalise the system through their rulebooks. This framework has largely balanced legislative intent, regulatory flexibility, and institutional execution. The proposed Securities Markets Code, 2025 (SMC), however, marks an important conceptual shift. It recognises MIIs as institutions performing public and regulatory functions that actively shape market behaviour through normative instruments.

MIIs are not ordinary private companies or mere transaction platforms. They perform public functions, derive authority from statutes, provide essential market infrastructure, and affect the rights of investors, intermediaries, and issuers. Their instruments determine market access, trade execution and settlement, risk management, surveillance, enforcement, and dispute resolution. They shape market conduct as much as Sebi regulations.

Consider the example of a stock exchange. It typically operates through a layered rulebook comprising rules, byelaws, regulations, and circulars. Together, they create a binding legal regime for market participants.

The rules form the constitutional backbone of the exchange, governing membership, disciplinary powers, and oversight of trading members. They empower the exchange to regulate members, impose penalties, and determine continued access to market infrastructure. Comparable matters, when exercised by Sebi, are governed by parliamentary statutes. If

such matters require legislative treatment when exercised by Sebi, it is difficult to justify leaving analogous powers of MIIs outside comparable scrutiny.

The byelaws constitute the operating code of the market. They define the rights and liabilities of members and constituents, regulate contracts and settlements, and provide for arbitration, defaults, margins, and investor protection. The SMC prescribes, for byelaws, substantially the same procedural safeguards that apply to Sebi regulations.

Regulations and circulars translate this framework into operational requirements. They prescribe compliance obligations, technical standards, codes of conduct, inspections, and consequences for

non-compliance. They function much like Sebi's subsidiary instructions. Yet, unlike Sebi's instruments, much of this normative framework remains outside equivalent procedural discipline and legislative scrutiny.

The importance of MII rulebooks has received judicial recognition. In *Rusoday Securities Ltd v. National Stock Exchange of India Ltd.* (2021), the Supreme Court acknowledged the enforceability of exchange actions, including suspension and

expulsion of members, when undertaken in accordance with its byelaws and rules. The decision reinforces that MII rulebooks are binding frameworks carrying public consequences.

Indeed, these instruments may even confer statutory sanctity on transactions notwithstanding inconsistencies with other laws. Clause 46 of the SMC provides that any contract traded on a stock exchange shall be legal and valid if entered into in accordance with the Code and the rules, regulations, or byelaws made thereunder, notwithstanding anything inconsistent contained in any other law. MII rulebooks, therefore, may effectively override conflicting legal restrictions through statutory recognition.

The constitutional dimension is equally significant. These instruments resemble subordinate legislation in both form and effect. Subordinate legislation falls within the discipline of Article 13 when it affects fundamental rights. MII instruments can restrict the right to carry on business under Article 19(1)(g), affect property

interests protected under Article 301, and cause serious civil consequences. Their can no longer be treated as incidental.

Clause 148 of the SMC provides that regulations, byelaws, and subsidiary instructions issued under the Code shall have the same force and effect as laws made by the government. However, “regulations” in the SMC refers only to instruments issued by the government, not rules of MIIs. “byelaws” refers only to instruments issued by the exchange, not rules of MIIs. “instructions” refers only to instruments issued by the exchange, not rules of MIIs. Consequently, only MII byelaws are subject to legislative scrutiny, while their rules remain outside. This possibility of regulatory arbitrage, where rules of MIIs achieve the same effect as laws, has an incentive to rely on rules of MIIs to achieve what the government can achieve through laws.

The principal actors in the securities market are the government, Sebi, and the exchanges. The government is accountable to Parliament and subject to statutory control. Sebi, in contrast, is a public corporation. Its actions are subject to public and regulatory control, but not to the same degree of democratic legitimacy as the government.

The SMC identifies three categories of instruments: rules, regulations, and byelaws. Rules are the most important. They are compulsory. Security transactions can only be carried out through depositories. When investors are compelled by law to trade through depositories, the case for legislative control becomes correspondingly more acute.

To be sure, MIIs require operational flexibility to respond to market developments. Legislative control could impair their goal, therefore, is not to restrict their operations, but to ensure minimum standards of transparency, accountability, and democratic oversight.

The SMC points to a more structured approach. Sebi issues binding regulations and subsidiary instructions. MIIs may issue byelaws and respond to Sebi regulatory instructions. Matters presently governed by regulations may then be governed by byelaws. This would make the law more transparent and enhance the ease of doing business.

Consequently, the same principles of transparency standards, and legal accountability should apply to Sebi's instruments and to their MII equivalents. The SMC norm-making structures to operationalise these principles and parliamentary discipline.

The authors are legal practitioners for Sebi. The views are personal.



M S SAHOO & SUMIT AGRAWAL

[Read More](#)

HIGHLIGHTS

Mr. Sumit Agrawal, Senior Partner at Regstreet Law Advisors and former SEBI Officer, has been quoted in the Financial Times article titled 'India plays 'whack-a-mole' with online financial influencers.

The article examines SEBI's efforts to regulate unregistered financial influencers allegedly providing stock recommendations and investment advice under the guise of financial education, while highlighting the challenge of distinguishing genuine investor education from activities requiring regulatory registration. Commenting on the issue, Sumit noted that while SEBI's concerns are justified, the enforcement framework should be carefully calibrated to avoid affecting genuine financial educators. He added that although regulatory action may not eliminate unauthorised advisory activity entirely, it can reduce its visibility and curb more blatant forms of market misconduct.

[Read More](#)

Indian business & finance

India plays 'whack-a-mole' with online financial influencers

Sumit Agrawal, a former Sebi officer and founder of Regstreet Law Advisors in Mumbai, said the economics of providing digital financial advice were "quite compelling" because of the "large retail audience willing to pay for tips".

While Sebi's core concern was valid, Agrawal said there was "a risk that some genuine educators and simulators may get caught in the crossfire, which makes calibration important".

"A crackdown of this nature cannot eliminate the problem," he said, "but it can reduce its visibility and curb the more blatant forms of misconduct".

HIGHLIGHTS

Mr. Sumit Agrawal, Senior Partner at Regstreet Law Advisors and former SEBI officer, has commented on the U.S. Securities and Exchange Commission's decision to rescind its long-standing "no admit, no deny" rule governing settlements.

The discussion contrasts the SEC's flexible settlement approach, which allows parties to publicly challenge or contextualise allegations post-settlement, with SEBI's structured framework. Sumit noted that while SEBI permits "neither admit nor deny" settlements, it factors this into the settlement amount, reserving confidentiality and leniency benefits for parties that admit wrongdoing and cooperate. The comparison highlights the U.S.'s emphasis on flexibility and free speech, while SEBI prioritises deterrence and market integrity.

[Read More](#)

MAJOR REGULATORY SHIFT

The US SEC Officially Removes the 50-Year-Old "Gag Order" on Settlements

EFFECTIVE MAY 21, 2026

Settlements are now civil contracts. Parties can publicly defend, explain, or even criticise the SEC.



REGSTREET
Law Advisors

 US SEC	VS.	 SEBI (INDIA)
FROM GAG ORDER TO FREE SPEECH		A STRUCTURED, SYSTEMIC EQUILIBRIUM
 The rule had limited practical utility  Social media blurred the line between public and private speech  Alignment with the DOJ and other federal agencies  Faster, more efficient settlement resolution  The SEC will not enforce existing no-deny provisions from prior settlements.		 1 "NEITHER ADMIT NOR DENY" PREMIUM SEBI allows settlement without admitting or denying guilt. But this comes at a cost—a "Reputation Risk" factor (0.25) is applied to the base settlement amount.  2 SETTLEMENT WITH CONFIDENTIALITY (THE LENIENCY TRACK) Confidentiality / leniency is available only with explicit admission and full cooperation.  SEBI retains strong revocation powers: breach of settlement conditions can revive enforcement proceedings and forfeit amounts already paid.

HIGHLIGHTS

Mr. Sumit Agrawal, Senior Partner at Regstreet Law Advisors and former SEBI officer, has been quoted in a Mint article titled “Disclosure gulf at heart of Rajesh Exports affair”.

The article examines the apparent inconsistencies between disclosures made by Rajesh Exports and its Singapore subsidiary regarding the preparation and availability of financial statements of overseas entities that contribute significantly to the group's revenues. Commenting on the matter, Sumit observed that while the public record indicates a prima facie inconsistency that warrants further explanation, it would be premature to infer misrepresentation or false statements solely on that basis without a deeper examination of the underlying facts, reporting frameworks, and disclosure obligations across jurisdictions. The discussion also highlights broader issues relating to transparency and governance challenges in multinational corporate structures.

[Read More](#)

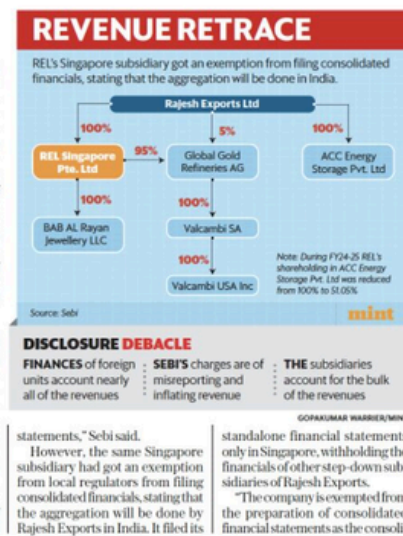
Disclosure gulf at heart of Rajesh Exports affair

Contradictory statements to regulators may have blurred finances of its units

Nehal Chakraborty & Varun Sood
MUMBAI/BENGALURU

Bengaluru-based Rajesh Exports Ltd (REL) and its crucial Singapore subsidiary gave contradictory statements to regulators in the two countries, a *Mint* review of documents showed, blurring the actual finances of overseas units that account for nearly all of its consolidated revenues. These statements are at the core of the charges of financial misreporting and revenue inflation that the Securities and Exchange Board of India (Sebi) has levelled against the company in its 3 June interim order.

According to the interim order, Rajesh Exports claimed it could not disclose the standalone financial statements of all its overseas subsidiaries, since the Singapore subsidiary—REL Singapore Pte Ltd—had consolidated and shared them. “REL further stated that the audited financial statements of the step-down subsidiaries were first consolidated at the level of REL Singapore and thereafter forwarded to REL for preparation of the final consolidated financial



dated financial statements are prepared by the company's ultimate holding company, Rajesh Exports Limited, where the consolidated financial statements are available for public use," the Singapore unit said in regulatory filings in fiscal year 2024 (FY24) and FY25, according to a *Mint* review of the financials. REL Singapore Pte, which does not have revenue from operations, has yet to file its financials for the year ended 31 March 2026.

"The corporate structure of REL makes it clear that the step-down units were insulated from oversight," said Anika Singh, managing partner at Sarvaank Associates, a boutique law firm. "When a listed entity relies on cross-border corporate exemptions to play hide-and-seek with primary financial trails, it transitions from a failure of disclosure to a deliberate distortion of market information," Singh said.

However, another lawyer cautioned against concluding that the company had lied, based solely on the inconsistency.

"What emerges from the public record is a prima facie inconsistency,"

TURN TO PAGE 6

Disclosure conflict lies at the heart of the Rajesh Exports affair

FROM PAGE 1

any standalone financial statements. This means nearly 100% of Rajesh Exports' consolidated revenue in FY25 came from step-down subsidiaries based in India and Dubai, whose standalone financial statements have not been disclosed to either Singapore or India.

"There is no document in existence," said Rajesh Mehta, the immediate chairman of Rajesh Exports. "I've told the Singapore authorities that my parent, Rajesh Exports, does all consolidations of the financials of the step-down subsidiaries, and we will only be filing the standalone financials," Mehta said in the phone.

"Now, if my Singapore subsidiary prepares the consolidated financials and shares it with the parent, Rajesh Exports, which will take it into consideration when preparing the consolidated financials, which is the predominant reality?"

"The REL Singapore Pte Ltd has the consolidated financial statements of its subsidiaries, who run the show with it, and who work as intermediaries in the only worldwide financials. Why should I ask Singapore to disclose its standalone financials and burden itself with more compliance?" Mehta opined.

Here, when Rajesh Exports, the global trading group, is concerned. At the top sits Rajesh Exports Ltd, the listed

company. Its wholly owned subsidiary in Singapore controls 100% of REL-based BAB AL Rayan Jewellery LLC, which keeps scrap gold and silver into a final product for sale.

The Singapore entity also controls 51% stake in Valcambi USA Inc, which is based in the US.

REL's Singapore subsidiary also controls the remaining 49% stake in ACC Energy Storage Pvt. Ltd., a battery company for Valcambi SA, also based in Switzerland, and engaged in engineering and technology challenges, as per Sebi's interim order.

Indian rules require listed companies to publish the audited financial statements of all subsidiaries in their annual general meeting, the order requires.

2025, although a market report of US\$364.1 crore. Since then, the share price has plummeted over 90%, ending at US\$4.1 a share in FY25.

Considering the public shareholding of REL, the other subsidiaries in market capitalisation resulted in substantial erosion of public investor wealth estimated at approximately US\$25.51 crore," said Sebi.

Rajesh Exports has denied any wrongdoing, attributing Sebi's charges to miscommunication. The company has said that it was in the process of addressing every concern raised by Sebi.

Nehal Chakraborty & Varun Sood

HIGHLIGHTS

Mr. Sumit Agrawal, Senior Partner at Regstreet Law Advisors and former SEBI Officer, has co-authored an article with Shri M. Damodaran in Mint on the proposed Securities Markets Code, 2025.

The article argues that replacing the word "or" with "and" in Clause 93(b) of the proposed Securities Market Code would align the provision with the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the internationally recognised Material Non-Public Information (MNPI) standard. It contends that the current drafting could unduly expand insider trading liability by criminalising trades made merely while in possession of unpublished information, whereas the proposed change would ensure the provision targets genuine insider trading without imposing unintended criminal liability on informed investors.

[Read More](#)

A single word could criminalize every informed investor in India

Trading on information that's simultaneously material and non-public is mischievous—but is routine on either of the two



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

The Securities Markets Code of 2025 contains a drafting error in Clause 93(b) so small that it is monosyllabic. The conjunction used is "or." It should be "and." In ordinary writing, this would be a copy-editor's note. In a provision that carries up to ten years of imprisonment, a fine of ₹25 crore and qualifies as a scheduled offence under India's Prevention of Money-Laundering Act (PMLA), the difference between these two words is the difference between a law that targets guilty traders and one that can ensnare every investor who reads the morning newspaper before placing a trade.

Clause 93(b) prohibits a person from dealing in securities "while in possession of material or non-public information that would affect the value of such securities." The target is obvious: front-running, or trading akin to insider dealing that exploits information asymmetry, corrupts price discovery and destroys investor confidence. The instinct is right. The drafting is not. As written, the clause creates two independent sufficient conditions, either of which by itself triggers the prohibition. A person who possesses information that is material but entirely public is caught. A person who possesses information that is non-public but wholly immaterial is caught too. On a literal reading, an institutional fund manager who trades after studying a company's publicly released quarterly results possesses information that is, beyond argument, material. If the market has not yet fully priced in those results, the information may also affect the value of the securities. Clause 93(b), read with "or," reaches that fund manager. Parliament surely does not intend this.

The real vice that securities law across every major jurisdiction has identified is the following combination: information that is simultaneously material and non-public. Trading mischief arises in this conjunction, not in either qualifier separately. An investor trading on public information, however significant, is doing precisely what efficient markets depend on. An investor trading on non-public information that is wholly immaterial gains no meaningful advantage and causes no market harm. The law is designed to catch only the person who trades while knowing something the market does not know and would care about if it did. That person can be identified only when both conditions are present together. "Or" captures too much; "and" captures exactly enough.

Every significant securities jurisdiction encodes this as a conjunctive standard. In the US, the concept is Material Non-Public Information (MNPI), a compound noun in which the conjunctive logic is embedded in the very terminology. The Securities and Exchange Commission's insider trading framework under Rule 10b-5 of the US Securities



Exchange Act of 1934 has never treated materiality and non-public character as alternatives. They are a single, inseparable test. The UK's Market Abuse Regulation requires inside information to be both precise and not generally available—both conditions together. This reflects a considered understanding, refined over decades, of where harm lies and where not.

An irony is that this is not a new error in Indian securities law. Section 12A of the Securities and Exchange Board of India (SEBI) Act of 1992 carried the same formulation and the Securities Markets Code (SMC) has simply reproduced it without correction. Indian securities regulation had arrived at the right answer through its own regulatory evolution. The SEBI (Prohibition of Insider Trading) Regulations of 2015 built their framework around Unpublished Price-Sensitive Information (UPSI), which captures information that is both price-sensitive and unpublished. The two qualities are not presented as alternatives anywhere in SEBI's prevention of insider trading (PIT) regulations. The Justice N.K. Sodhi Committee, constituted to review the PIT framework, recognized this alignment directly when it observed that MNPI in international usage and UPSI in Indian regulation are interchangeable concepts, both requiring materiality and non-public conditions to be met together. In other words, Indian regulation corrected through subordinate legislation what the parent statute got wrong. The SMC had an opportunity to codify that correction into the statute itself. It has instead carried forward the error of Section 12A, so the conjunctive understanding under PIT regulations survive only in subordinate legislation rather than in the Code that governs everything else. That is a significant step backward.

Clause 93(b) presents a second difficulty that compounds the first. The phrase "deal in securities" has been the subject of intense and unresolved judicial contest for years. Courts and the Securities Appellate Tribunal (SAT) have grappled repeatedly with whether "dealing" requires a completed transaction—an executed purchase or sale—or whether placing an order, instructing a broker or any preparatory step suffices. SEBI's whole-time members and adjudicating officers have on occasion held that dealing extends even to advising on

securities, a reading that stretches the phrase well beyond its natural meaning. In front-running, which is the primary mischief Clause 93(b) is designed to address, harm occurs before any transaction is completed. A dealer who receives advance knowledge of a large client order and places personal positions ahead of it has already exploited information asymmetry at the moment those positions are placed. Whether profits are later realized is secondary. In multiple enforcement orders, SEBI has held that "dealing" encompasses ordering and instructing. The SAT has not always agreed. These inconsistencies have generated contested enforcement that weakens deterrence while exposing intermediaries to unpredictable liability. The SMC could have resolved this by defining "deal in securities" for the purposes of Chapter XII, but has not. As ambiguity survives, litigation will continue.

Both difficulties are compounded by a third. Clause 93(b) is not a standalone provision. It sits within the market abuse chapter, whose violations, under Clause 96, attract criminal punishment and PMLA consequences. The interpretive latitude currently exercised by SEBI's enforcement officers and inconsistently reviewed by the SAT will now translate directly into criminal prosecutions and Enforcement Directorate attachment proceedings. The stakes of definitional imprecision are thus constitutional. A person imprisoned under Clause 93(b), or whose assets are attached under the PMLA, is entitled to know with certainty from the statute what conduct triggered this. The current text does not provide that certainty.

The fixes are not complex. Replace "or" with "and." This correction will align the SMC with the UPSI framework Indian regulation developed. For "deal in securities," Parliament's Standing Committee on Finance should insert a definition for Chapter XII that expressly includes placing orders and instructing intermediaries, so that front-running is captured where it actually occurs rather than made contingent on transaction completion. Since these are technical rather than political fixes, India's legislative process should welcome them.

A provision governing criminal liability and PMLA consequences must say exactly what it means. Revisions need to be made before the Code is enacted.

HIGHLIGHTS

Mr. Sumit Agrawal, Senior Partner at Regstreet Law Advisors and former SEBI Officer, has co-authored an article with Dr. M.S. Sahoo in The Financial Express on the proposed Securities Market Code (SMC).

The article argues that the proposed Securities Market Code should expressly adopt an effects-based territorial jurisdiction framework to address offshore conduct with a direct, substantial, or reasonably foreseeable impact on Indian securities markets. It contends that clearly defining the Code's territorial reach, rather than leaving it to judicial interpretation, would address a critical regulatory gap in an increasingly interconnected global securities market.

[Read More](#)

● **SECURITIES MARKET REACH**

SILENCE ON JURISDICTION IS NOT NEUTRALITY; THE LAW MUST TRAVEL AS FAR AS THE MARKET IT GOVERNS

The SMC's blind spot

THE PROPOSED SECURITIES MARKET CODE (SMC) is a once-in-a-generation consolidation of India's securities laws. By subsuming the Sebi Act, the Securities Contracts (Regulation) Act, 1956, and the Depositories Act, 1996, it promises much-needed coherence in an increasingly complex market. Yet, in seeking to modernise, the Code overlooks a foundational issue: it does not define its own territorial reach.

Countries have borders; markets do not. Securities markets are inherently global, with participants, securities, capital, and information moving seamlessly across jurisdictions. Trading strategies may be executed offshore, derivatives structured abroad, and market-loving inputs, whether research reports or algorithmic signals, can originate anywhere.

Conduct undertaken entirely outside India can, and often does, affect Indian securities markets. In such a setting, the absence of an express territorial provision is a silence of consequence.

Indian constitutional doctrine already accommodates this reality. Article 245(2) makes clear that no law is invalid merely because it has extraterritorial operation. The judicial interpretation has refined this principle. In *GVK Industries Ltd* (2011), the Supreme Court held that Parliament may legislate on extraterritorial aspects that have, or are expected to have, an impact on or nexus with India, or its interests. This position was echoed in *Pan Asia Advisors Ltd* (2015), which upheld Sebi's action against overseas conduct affecting Indian securities markets. The Competition Act, 2002, adopts the same approach, expressly extending jurisdiction to conduct outside India that affects competition within the country.

Against this backdrop, the SMC's silence on territorial jurisdiction creates avoidable uncertainty. Market participants, domestic and foreign alike, rely on the assurance that misconduct affecting Indian markets will attract consequences, regardless of where it originates. When that assurance is unclear, deterrence weakens.

SUMIT AGRAWAL
MS SAHOO

The writers are legal practitioners and former officials of Sebi



The resulting uncertainty can unsettle investors, complicate compliance for intermediaries, and, over time, divert capital towards jurisdictions with clearer and more predictable regulatory frameworks.

This uncertainty is particularly acute in cross-border markets, where misconduct is often structured to exploit jurisdictional gaps. In the absence of statutory clarity, enforcement may appear inconsistent or ad hoc, especially when directed at foreign entities. This can undermine regulatory legitimacy and invite legal challenge.

Recognising these concerns, modern securities law frameworks increasingly adopt an effects-based approach, ensuring jurisdiction attaches not to location but market impact.

This approach is also reflected in academic writing, which has long recognised this approach as both legitimate and necessary in an interconnected economy.

The effects doctrine provides a pragmatic basis for jurisdiction where conduct produces substantial consequences within a state, reflecting the simple but central idea that jurisdiction should follow impact rather than formal territorial boundaries.

This principle is well established in practice. In the US, following *Morrison v. National Australia Bank* (2010), the Dodd-Frank Act reaffirmed enforcement jurisdiction on conduct-and-effects grounds. Statutory provisions in the Securities Exchange Act, 1934, and the Securities Act, 1933 explicitly cover (i) significant conduct within the country even where transactions occur abroad or involve only foreign parties, and (ii) foreign conduct that has

a foreseeable and substantial domestic effect. The EU adopts a similarly clear position: the Market Abuse Regulation extends to acts and omissions both within the Union and in third countries where EU-traded instruments are concerned.

To be sure, such jurisdiction is not without limits. Its principal constraint lies in enforcement. Regulators do not exercise direct coercive authority over foreign entities or offshore assets; effective action depends on cooperation frameworks and calibrated domestic measures. International cooperation is facilitated through frameworks such as the International Organization of Securities Commissions' Multilateral Memorandum of Understanding (MMoU), introduced in 2002, which enables cross-border information-sharing and coordinated securities enforcement. The enhanced MMoU, adopted in 2016, strengthens this architecture by allowing access to and exchange of a wider range of investigative assistance, including audit papers, compelled testimony, freezing assets, and telecom or internet service data. Sebi is a signatory to these frameworks.

In addition, Sebi has entered into bilateral MoUs with foreign securities regulators across jurisdictions to deepen cooperation and the exchange of information for regulatory and enforcement purposes. India has bilateral civil mutual assistance arrangements, commonly referred to as Mutual Legal Assistance Treaties, to support cross-border cooperation in civil and commercial matters, including service of process, collection of evidence, and en-

forcement of foreign judgments.

Beyond formal arrangements, regulators rely on a range of practical enforcement levers. These include restricting or conditioning access to Indian markets, directing domestic intermediaries to disengage from identified foreign entities, and issuing public disclosures that affect reputation and market access. Regulators often seek comfort or no objection from the home jurisdiction regulator when processing applications involving foreign entities. Market participation, thus, carries an implicit expectation of adherence to its regulatory standards. Even so, constraints persist. Cooperation from foreign regulators is not always timely or assured. Investigations can be hampered by data access limitations, evidentiary barriers, and differing privacy regimes. Jurisdictional assertions may also create overlaps, raising concerns of duplication, inconsistency, and regulatory comity. The effectiveness of domestic levers ultimately depends on the economic significance of Indian markets to the entity in question.

The limitations, however, do not diminish the case for clarity. An effects-based framework remains the most practical response to cross-border market misconduct. Properly designed, it is not an over-reach of sovereign power, but a calibrated, cooperation-driven mechanism. The SMC should, therefore, explicitly define its territorial scope by adopting an effects-based principle, bringing within its ambit conduct outside India that has a direct, substantial, or reasonably foreseeable impact on its securities markets. Anchoring this framework in proportionality, transparency, and due process will strengthen domestic credibility and international acceptance.

This also reflects settled international practice. In a globalised market, silence on jurisdiction is not neutrality: it is a regulatory blind spot. If India aspires to be a leading capital market, it cannot rely on implied powers or judicial reconstruction to define the reach of its securities law. It must say so clearly: a modern market requires certainty of reach, which must extend as far as the market it seeks to govern.

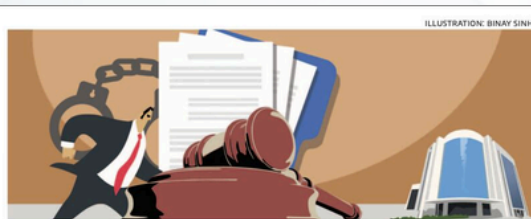
An effects-based framework remains the most practical response to cross-border market misconduct

HIGHLIGHTS

Mr. Sumit Agrawal, Senior Partner at Regstreet Law Advisors and former SEBI Officer, has co-authored an article with Dr. M.S. Sahoo in Business Standard titled 'When Regulators Write Criminal Laws'.

The article argues that Clause 93(g) of the proposed Securities Markets Code Bill, 2025 raises constitutional concerns by permitting SEBI to expand the scope of "market abuse" through regulations, thereby enabling delegated criminalisation. The authors contend that allowing subordinate legislation to define conduct attracting criminal sanctions is inconsistent with the principle that the creation of criminal offences and punishments is an essential legislative function that must remain with Parliament, relying on the Supreme Court's decisions in *Vasu Dev Singh v. Union of India* and *Ashwini Kumar Upadhyay v. Union of India*.

[Read More](#)



When regulators write criminal laws

The Securities Markets Code Bill assures delegation of procedure and detail, but also permits delegation of criminalisation

The Securities Markets Code Bill, 2025 (Code), currently under examination by the Standing Committee, promises a modern and streamlined framework for securities regulation. Among its most welcome features is decriminalising securities market misconduct. Yet the promise is undermined by a provision that allows the Securities and Exchange Board of India (Sebi) to expand the category of criminal conduct through regulation. The result is a striking paradox: Parliament reduces the scope of criminal law while empowering the regulator to enlarge it.

Clause 93 of the Code prohibits "market abuse". Clauses 93(a) to 93(f) identify six categories of conduct as market abuse: insider trading, fraudulent schemes to deceive investors, trading on material non-public information, disseminating false or misleading information to influence markets, market manipulation through abuse of position, and front-running ahead of substantial impending transactions. These are indeed serious forms of misconduct. Whether one agrees with every aspect of their formulation, they share an important characteristic: Parliament itself has chosen to define them. The difficulty lies in Clause 93(g), which extends market abuse to "such other activities as may be specified by regulations which adversely affect the integrity of the securities markets". This is not merely a power to fill in details. It authorises Sebi to determine what additional conduct shall constitute market abuse. Since market abuse is the sole category of securities-market misconduct that remains criminal under the Code, the practical effect is that Sebi may expand the scope of criminal liability through subordinate legislation.

The phrase "adversely affects the integrity of the securities markets" provides little guidance. Market integrity is an important regulatory objective, but it is an inherently broad and flexible concept. Depending on future regulatory choices, a wide range of conduct

could potentially be brought within its scope. Aggressive short-selling strategies, certain forms of algorithmic trading, activist investor campaigns, or research reports that significantly influence prices could all be characterised as affecting market integrity if regulations are framed broadly enough. Whether Sebi would do so is beside the point. The question is whether Parliament should confer such powers in the first place.

The consequences are significant. Under Clause 96, market abuse attracts imprisonment of up to 10 years, a fine of up to ₹25 crore, or both. A person may, therefore, face imprisonment not for conduct identified by Parliament as criminal but for conduct subsequently designated as market abuse by a regulatory notification.

The implications extend beyond the Code. Market abuse under the Code constitutes a scheduled offence under the Prevention of Money-Laundering Act, 2002. Consequently, conduct brought within Clause 93(g) by regulation may trigger the full machinery of money-laundering enforcement, including attachment

of property, arrest, and stringent bail conditions. This is not delegated legislation in any constitutionally recognisable sense. It is delegated criminalisation.

The provision sits uneasily with the government's broader decriminalisation agenda. Through successive legislative reforms, including the Jan Vishwas Acts, Parliament has sought to reduce the role of criminal sanctions in economic regulation and replace them with civil penalties. Clause 93(g) moves in the opposite direction.

There is a constitutional concern. The creation of criminal offences has traditionally been regarded as an essential legislative function. In *Vasu Dev Singh v. Union of India* (2006), the Supreme Court held that delegating an essential legislative function is impermissible. More recently, in its judgment dated April 29, 2026, in *Ashwini Kumar Upadhyay v. Union of India*,

the court reiterated that the creation of criminal offences and prescription of punishments lie squarely within the legislative domain. The principle is rooted in a constitutional premise: Deprivation of liberty must be authorised through a law enacted by Parliament, not through executive rule-making.

Democracies routinely permit regulators to prescribe standards, procedures and compliance requirements. They are considerably more cautious when it comes to permitting regulators to define conduct that may result in imprisonment. Criminal law occupies a unique position in the legal system because it authorises the state to deprive individuals of liberty. Decisions about what conduct warrants that consequence demand the highest degree of democratic accountability.

None of this is to question Sebi's competence. It is a sophisticated regulator staffed by individuals possessing expertise that few regulators can match. But expertise is not a substitute for legislative authority. Regulators are expected to administer and enforce the law; they are not ordinarily authorised to determine what conduct shall expose citizens to imprisonment.

Nor is regulatory agility a convincing justification. It is often argued that rapidly evolving markets require flexible powers and that waiting for Parliament to amend legislation may be impractical. Experience suggests otherwise. Securities laws have been amended frequently whenever new regulatory challenges have emerged. In any event, Sebi is not powerless in the interim. The Code already equips it with extensive civil enforcement powers, including the ability to ostracise someone from the market and impose substantial monetary penalties. Civil proceedings are often faster and more effective than criminal prosecutions. If a genuinely new form of market abuse emerges that warrants criminal sanction, Parliament can amend the statute to include it expressly.

The concern is reinforced by the Bill's own "Memorandum Regarding Delegated Legislation", which assures Parliament that the regulation-making powers relate to matters of procedure and administrative detail. A power to define additional forms of market abuse cannot plausibly be characterised as procedural or administrative. It goes to the heart of what conduct is criminal.

If such delegation is accepted here, it may become a template for other regulatory statutes, enabling regulators to define additional categories of criminal conduct through subordinate legislation. What appears today as an exception could become a precedent for the gradual transfer of criminal law-making from Parliament to regulators.

The issue is not whether market abuse should be punished severely. It should. Nor is the issue whether Sebi should possess strong enforcement powers. It must. The issue is who should decide what conduct constitutes a criminal offence. In a constitutional democracy, that responsibility belongs to Parliament.

The foundational elements of criminally actionable market abuse must, therefore, be set out in the principal legislation itself. Otherwise, courts may one day be asked to uphold convictions based not on offences enacted by Parliament but on offences created through regulatory notification. That would represent an unwarranted shift in the constitutional allocation of legislative powers.

The writers are, respectively, former chairperson/member of IBBI, CCI and Sebi; and managing partner at Regstreet Advisors



INDEX

Orders / Judgements

Sr. No.	Particulars
High Court	
1.	Dhanera Diamonds v. Securities and Exchange Board of India - W.P 4930 of 2024
Securities Appellate Tribunal (SAT)	
2.	Sanjay Chandra v. SEBI & Ajay Chandra v. SEBI (SAT Appeal Nos. 83 & 84 of 2026)
3.	Jagdish Prakash & Anr. v. SEBI (SAT Appeal No. 684 of 2023)
4.	Sanjay & Anr. v. SEBI (SAT Appeal Nos. 711 & 84 of 2024)
5.	Chenthil R. Iyer v. SEBI (SAT Appeal No. 136 of 2026)
6.	M. Prasad & Co. Ltd. v. National Stock Exchange of India Ltd. (SAT Appeal Nos. 128 of 2026)
7.	Chennai Financial Markets & Accountability v. SEBI & Ors. (SAT Appeal No 703 of 2024)
National Company Law Appellate Tribunal (NCLAT)	
8.	Value Wise Consultancy Pvt. Ltd. v. Deputy Director, Directorate of Enforcement & Ors. (Company Appeal (AT) (Ins.) Nos. 1226 and 1227 of 2022)

INDEX

Orders / Judgements

Sr. No.	Particulars
Securities and Exchange Board of India (SEBI)	
9.	Interim Order in the matter of Rajesh Exports Limited-03.06.2026
10.	Settlement Order in the matter of Kotak India Growth Fund II- 05.06.2026
11.	Settlement Order in the matter of Angel One Limited (Adjudication and Enquiry Proceedings)-15.06.2026
12.	Adjudication Order in the matter of Prime Focus Limited – 16.06.2026
13.	Adjudication Order in the matter of OnePaper Research Analysts Private Limited –16.06.2026
14.	SEBI Settlement Order – HDFC Property Fund & HDFC Capital Advisors Limited- 17.06.2026

INDEX

Regulatory Updates

Sr. No.	Particulars
International Financial Services Centres Authority (IFSCA)	
1.	Amendment to the IFSCA Consolidated Circular on Import of Gold or Silver through IIBX
Reserve Bank of India (RBI)	
2.	Investments by Foreign Portfolio Investors in Government Securities – Amendments to the Regulatory Framework
3.	Submission of Statements/Returns on the Centralized Information Management System (CIMS)
4.	Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) (Amendment) Regulations, 2026
5.	Master Direction – Reserve Bank of India (Credit Derivatives) Directions, 2026
Pension Fund Regulatory and Development Authority of India (PFRDA)	
6.	PFRDA issues Framework for Regulatory Sandbox for Facilitating Responsible Innovation in the Pension Sector
7.	PFRDA introduces ‘StAR NPS’ platform developed by BSE Technologies Pvt. Ltd. (BTPL) for onboarding of subscribers under NPS
8.	PFRDA Launches AI-Powered “PFRDA Pension Sahayak” Portal to Transform Pension Grievance Redressal

INDEX

Regulatory Updates

Sr. No.	Particulars
Securities and Exchange Board of India (SEBI)	
9.	Circular on Extension of Timelines for Compliance
10.	SEBI revises trading framework for Exchange Traded Funds (ETFs)
11.	SEBI has introduced a structured framework for AIFs that are unable to complete winding up within their permissible fund life
12.	SEBI Board approves wide-ranging reforms across transmission of securities, buy-backs, mutual funds, AIFs and securitisation
13.	SEBI proposes to rationalize investor consent requirements and conflicted transactions for AIFs
14.	SEBI constitutes Expert Working Group to review regulatory framework for Debenture Trustees
United States Securities and Exchange Commission (US SEC)	
15.	The U.S. SEC Removes the 50-Year-Old “No Admit, No Deny” Rule on Settlement
United Kingdom Financial Conduct Authority (UK FCA)	
16.	Financial Conduct Authority issues Handbook Notice No. 142 on transaction reporting and fund reporting amendments

ORDERS / JUDGEMENTS

Bombay High Court of India

1. **Dhanera Diamonds v. Securities and Exchange Board of India - Writ Petition 4930 of 2024 - 24.06.2026**

The Hon'ble Bombay High Court dismissed the batch of writ petitions challenging MCX's Circular dated 21 April 2020, which revised the final settlement price of crude oil futures contracts expiring on 20 April 2020 to ₹ 2,884 per barrel following the unprecedented collapse in global crude oil prices during the COVID-19 pandemic. The petitioners contended that MCX had introduced negative settlement pricing without prior approval of the SEBI, retrospectively altered the contract specifications, and deprived them of an opportunity to exit their positions owing to the reduction of trading hours during the lockdown. They further argued that SEBI and MCX had failed to protect investors during an extraordinary market event.

Rejecting these contentions, the Court held that the petitioners were experienced participants in the derivatives market who had voluntarily elected to retain their net long positions until the expiry of the contracts, despite being at liberty to square off or roll over their positions. The Court observed that having consciously assumed the attendant market risk, the petitioners could not subsequently challenge the settlement merely because the underlying benchmark price turned negative. It held that derivative trading is inherently speculative and risk-based, and the contractual allocation of risk between counterparties cannot be rewritten in exercise of the Court's jurisdiction under Article 226 of the Constitution.

The Court further held that every futures contract necessarily results in one party making a gain and the other suffering a corresponding loss, and that accepting the petitioners' plea to cap the settlement price at ₹1 per barrel would fundamentally distort the contractual framework and unjustly prejudice the counterparty. It also noted that the petitioners had been adequately informed of the risks associated with commodity derivatives through the prescribed disclosure documents and had continued trading even after the revised trading hours were implemented, without raising any contemporaneous objection.

On the role of the regulator, the Court held that although SEBI is entrusted with regulating the securities market and protecting investors as a class, it is not required to shield individual traders from adverse commercial consequences arising from their own trading decisions. Justice R.I. Chagla observed that SEBI is "not expected to act as a nursemaid to traders in respect of individual trading decisions." Concurring with the majority, Justice Advait M. Sethna held that the petitioners, being sophisticated traders, had accepted the inherent volatility of crude oil futures and failed to establish any legal basis for assuming that commodity prices could never become negative. Accordingly, the High Court upheld the validity of the impugned MCX circular and dismissed the petitions.

[Read more](#)

ORDERS / JUDGEMENTS

Securities Appellate Tribunal

2. Sanjay Chandra v. SEBI & Ajay Chandra v. SEBI – SAT Appeal Nos. 83 & 84 of 2026 – 11.06.2026

Hon'ble Securities Appellate Tribunal (SAT), in appeals filed by Sanjay Chandra and Ajay Chandra, set aside SEBI's order dated 29 December 2023 imposing a joint and several penalty of ₹1.20 crore, debarring the appellants from accessing the securities market, and directing them to wind up the Venture Capital Fund and refund investors. The proceedings arose from allegations concerning the affairs of Unitech Advisors (India) Private Limited (subsequently renamed Auram Asset Management Private Limited), of which the appellants were directors.

A preliminary issue before SAT was whether the extraordinary delay of 740 days in filing the appeals ought to be condoned.

The appellants contended that they were incarcerated throughout the pendency of the SEBI proceedings and had no effective knowledge of the show cause notice, hearing notice, or the impugned order. They argued that SEBI had failed to properly serve the notices, resulting in a violation of the principles of natural justice. According to the appellants, they became aware of the impugned order only after their release from prison and thereafter promptly initiated appellate proceedings.

SEBI opposed the condonation of delay, submitting that it had taken all reasonable steps to effect service, including serving the show cause notice through the prison authorities after ascertaining the appellants' place of incarceration and serving the hearing notice on the father of one of the appellants. SEBI argued that, as directors of the company, the appellants had failed to participate in the adjudication proceedings despite these efforts.

SAT observed that it was undisputed that the appellants remained in custody during the pendency of the adjudication proceedings and noted that the show cause notice had been served on the prison authorities only after the hearing notice had already been issued and that both notices related only to Ajay Chandra. Importantly, there was no material on record demonstrating that either appellant had been served with the impugned order. In view of the severe consequences of the order, including the substantial monetary penalty, market debarment, and directions affecting investor funds, SAT held that the appellants ought to have been afforded a meaningful opportunity to present their defence before the regulator.

Accordingly, SAT condoned the delay, allowed the appeals, and set aside the impugned order and directed the appellants to appear before SEBI on 29 June 2026 for fresh proceedings.

[Read more](#)

ORDERS / JUDGEMENTS

3. Jagdish Prakash & Anr. v. SEBI – SAT Appeal No. 684 of 2023 – 11.06.2026

Hon'ble Securities Appellate Tribunal (SAT), in an appeal filed by Jagdish Prakash and Shantanu Prakash, set aside SEBI's Whole Time Member (WTM) order dated 30 May 2023, which had issued directions against the appellants in connection with alleged financial misstatements by Educomp Solutions Limited. The proceedings arose from SEBI's investigation into allegations that Educomp had inflated its revenues by treating Edu Smart Services Private Limited (ESSPL) as an independent third party rather than its subsidiary, thereby failing to consolidate its financial statements and disclose related-party transactions.

The central issue before SAT was whether ESSPL qualified as a subsidiary of Educomp under Section 4 of the Companies Act, 1956. SEBI alleged that Educomp exercised effective control over ESSPL by funding its operations, providing business and corporate guarantees, and exercising overwhelming influence over its affairs. On this basis, SEBI concluded that ESSPL ought to have been treated as Educomp's subsidiary and that the failure to disclose the relationship had misled investors regarding Educomp's financial position. The appellants challenged the WTM's interpretation of the statutory provisions governing subsidiary relationships, contending that the order impermissibly expanded the concept of "control" beyond the exhaustive requirements prescribed under Section 4 of the Companies Act, 1956. They argued that Educomp neither held any shares in ESSPL nor possessed the legal power to appoint or remove a majority of its directors, which were essential statutory conditions for establishing a holding–subsidiary relationship during the relevant period.

SAT rejected SEBI's approach and held that Section 4 of the Companies Act, 1956 prescribes an exhaustive statutory test for determining whether one company is a subsidiary of another. The Tribunal observed that Educomp admittedly held no equity shares in ESSPL and that there was no evidence demonstrating that Educomp possessed the legal authority to appoint or remove the majority of ESSPL's directors. It held that statutory conditions cannot be supplemented by relying upon surrounding commercial circumstances or notions of de facto control.

The Tribunal further observed that the broader definition of "control" introduced under the Companies Act, 2013 could not be retrospectively applied to transactions governed by the 1956 Act. Having concluded that ESSPL was not a subsidiary of Educomp under the applicable statutory framework, SAT held that the foundation of SEBI's findings regarding non-disclosure of subsidiary status and related-party transactions necessarily failed. Accordingly, the Tribunal allowed the appeal and set aside the WTM's order insofar as it related to the appellants.

[Read More](#)

ORDERS / JUDGEMENTS

4. Sanjay & Anr. v. SEBI – SAT Appeal No. 711 of 2024 – 15.06.2026

SAT partly allowed the challenge to SEBI's adjudication order dated 10 January 2023, which had imposed penalties of ₹15 lakh each under Sections 15A(a), 15C, 15EB and 15HA of the SEBI Act, 1992 for violations committed by D.S. Capital Venture Pvt. Ltd., a SEBI-registered investment adviser. The proceedings arose from SEBI's finding that the company had failed to redress seventeen investor complaints received through the SCORES platform, had made false assurances of assured returns, failed to furnish information during inspection, and violated the Investment Advisers Regulations.

The principal issue before SAT was whether the appellants, as former directors of the company, could be held personally liable for the company's regulatory defaults. Sanjay Dwivedi contended that he had served as an Additional Director for only eleven days during the relevant period and that the company's affairs were in fact managed by another director, Piyush Sharma. Deepali Dwivedi argued that she had resigned as a director on 10 October 2018, well before any of the investor complaints were received, and therefore could not be held responsible for subsequent violations.

SAT held that Sanjay Dwivedi could not escape liability merely by asserting that another director was managing the company's affairs. Relying on Section 166 of the Companies Act, 2013 and Section 27 of the SEBI Act, the Tribunal observed that every director is under a statutory obligation to exercise due care and diligence and cannot delegate his responsibilities. Since several SCORES complaints remained pending during the period when Sanjay Dwivedi served as an Additional Director, the Tribunal held him liable for the failure to redress investor grievances and for violations of the Investment Advisers Regulations. However, following its earlier decision in the appeal filed by co-director Piyush Sharma, SAT held that the findings relating to failure to furnish information under Section 15A(a) and fraudulent and unfair trade practices under Section 15HA were unsustainable. Consequently, the Tribunal reduced Sanjay Dwivedi's penalty from ₹15 lakh to ₹8 lakh, comprising ₹5 lakh under Section 15C and ₹3 lakh under Section 15EB.

In contrast, SAT accepted Deepali Dwivedi's defence after examining Form DIR-12 filed with the Ministry of Corporate Affairs, which established that she had ceased to be a director with effect from 10 October 2018. Since all seventeen investor complaints were lodged only after her resignation, and SEBI had failed to specifically rebut the documentary evidence of her resignation, the Tribunal held that no liability could be fastened upon her for the subsequent regulatory violations. Accordingly, the appeal was partly allowed, with the penalty against Sanjay Dwivedi reduced to ₹8 lakh and the adjudication order against Deepali Dwivedi set aside in its entirety.

[Read More](#)

ORDERS / JUDGEMENTS

5. Chenthil R. Iyer v. SEBI – SAT Appeal No. 136 of 2026 – 15.06.2026

SAT upheld SEBI's adjudication order dated 20 February 2026 imposing a penalty of ₹5 lakh under Section 15EB of the SEBI Act, 1992 for violation of Regulations 7(1)(a) and 7(2) of the SEBI (Investment Advisers) Regulations, 2013. The proceedings arose from the appellant's continuation of investment advisory services after the expiry of both his SEBI Investment Adviser registration and his mandatory NISM certification.

SEBI's examination revealed that the appellant's NISM certification had expired on 1 April 2022 and that his Investment Adviser registration had lapsed in November 2022 due to non-payment of renewal fees. Despite the expiry of both regulatory requirements, the appellant continued to provide investment advisory services and collect advisory fees, prompting SEBI to initiate summary proceedings and issue a show cause notice.

Before SAT, the appellant contended that the failure to renew the NISM certification and Investment Adviser registration was neither deliberate nor fraudulent but occurred due to inadvertence and personal circumstances. He submitted that during the COVID-19 pandemic he had relocated to Chennai to care for his ailing father, who subsequently passed away in 2023, causing him to miss the certification examination. He argued that the violations were purely procedural and technical in nature, without any intent to deceive investors, and sought a lenient view by relying on earlier SAT decisions and SEBI adjudication orders where mitigating circumstances had been considered.

SAT held that the regulatory framework unequivocally requires every registered investment adviser to maintain a valid NISM certification and registration "at all times." The Tribunal observed that the appellant admittedly did not possess either during the relevant period and had nevertheless continued providing investment advisory services while collecting fees amounting to approximately ₹46.86 lakh. In these circumstances, SAT found no merit in the appellant's plea that the violations were merely technical or deserving of leniency.

Accordingly, SAT upheld the adjudication order and dismissed the appeal, holding that SEBI had rightly imposed the penalty of ₹5 lakh for non-compliance with the mandatory qualification and registration requirements under the Investment Advisers Regulations.

[Read More](#)

ORDERS / JUDGEMENTS

6. M. Prasad & Co. Ltd. v. National Stock Exchange of India Ltd. – SAT Appeal No. 128 of 2026 (Misc. Application No. 418 of 2026) – 17.06.2026

Hon'ble SAT granted interim relief by staying the recovery of the penalty imposed by the National Stock Exchange (NSE), subject to the appellant depositing 25% of the penalty amount within four weeks. The miscellaneous application arose from an appeal challenging the orders dated 4 June 2025 and 12 February 2026, whereby the NSE Member Committee imposed a penalty of approximately ₹5.69 crore on the appellant for alleged reversal trades executed in NIFTY call option contracts between the appellant and its sister concern, Monet Securities Private Limited.

The appellant contended that the trades were executed without realising that they would trigger an additional margin requirement exceeding ₹69 crore, compelling it to square off its positions due to urgent liquidity requirements. It was argued that the reversal trades were purely inadvertent, arising from the illiquid nature of the option contracts, and were not intended to manipulate the market. The appellant further submitted that the impugned order imposed a 100% penalty on both the profit and loss legs of the transactions, resulting in an impermissible double penalty on the gross value of the trades instead of the net economic gain. It was also emphasised that no investor or third party had suffered any loss, NIFTY was not impacted, and the appellant remained financially capable of satisfying the penalty if the appeal ultimately failed. Reliance was placed on MVM Securities Pvt. Ltd. v. NSE and Marwadi Shares and Finance Ltd. v. NSE, where SAT had granted interim protection upon deposit of only 25% of the penalty amount.

NSE opposed the application and submitted that SAT had consistently directed appellants to deposit 50% of the penalty amount while granting interim relief and that no exceptional circumstances had been demonstrated to justify any departure from the settled practice.

The Tribunal observed that the appellant's principal contention that the penalty had been imposed on both sides of the trades, thereby amounting to a double penalty raised an issue that merited consideration in the appeal. SAT also noted the appellant's submission that the impugned trades had not resulted in any loss to investors or adversely affected the market. Without expressing any opinion on the merits of the dispute, the Tribunal held that the appellant had made out a case for interim protection. Accordingly, SAT stayed the recovery of the impugned penalty subject to the appellant depositing 25% of the penalty amount in a bank with a lien marked in favour of NSE within four weeks, and disposed of the miscellaneous application.

[Read More](#)

ORDERS / JUDGEMENTS

7. Chennai Financial Markets & Accountability v. SEBI & Ors. – SAT Appeal No. 703 of 2024 – 18.06.2026

Hon'ble SAT dismissed the appeal filed by Chennai Financial Markets & Accountability, a society registered under the Tamil Nadu Societies Registration Act, challenging SEBI's order arising out of the NSE co-location matter. The appeal sought, inter alia, to set aside the impugned order, direct reconsideration of the alleged connivance of NSE and its officials with OPG Securities, appoint an independent committee to investigate the matter, and call for information from the CBI regarding the ongoing co-location investigation.

The appellant contended that although SAT had earlier remanded the co-location matter to SEBI in January 2023 for fresh consideration of multiple issues, the impugned order dealt only with the allegation of connivance and collusion involving OPG Securities and ignored the remaining issues specifically directed to be examined by the Tribunal. The appellant further argued that it qualified as an "aggrieved person" under Section 15T of the SEBI Act and that SAT ought to exercise its inherent powers under Rule 21 of the Securities Appellate Tribunal (Procedure) Rules, 2000 to secure the ends of justice by directing further investigation into the NSE co-location scam.

SEBI raised a preliminary objection to the maintainability of the appeal, contending that the appellant had suffered no legal injury and therefore lacked locus standi to challenge the impugned order. It was submitted that the appeal was in the nature of a public interest litigation, which SAT has no jurisdiction to entertain under Section 15T of the SEBI Act. SEBI further relied upon SAT's earlier decision in *NSE v. SEBI* (co-location appeals), wherein the Tribunal had held that only a person whose legal rights are directly affected by an order qualifies as an "aggrieved person" entitled to maintain an appeal.

A significant aspect of the judgment is SAT's reiteration of the limited appellate jurisdiction conferred under Section 15T of the SEBI Act. The Tribunal emphasised that the expression "person aggrieved" requires a direct legal injury resulting from the impugned order and cannot be expanded to include public-spirited organisations seeking to pursue matters in the larger public interest. SAT noted that the appellant was neither an investor nor had it suffered any loss arising from the impugned order, and that its objectives of promoting transparency and accountability in financial markets did not confer the statutory right to maintain an appeal before the Tribunal. The Tribunal also held that its powers under Rule 21 could not be invoked to circumvent the statutory requirement of locus standi or to issue investigative directions once SEBI had already passed a fresh order pursuant to SAT's earlier remand.

The Tribunal ultimately held that the appellant was not an "aggrieved person" within the meaning of Section 15T of the SEBI Act, that the appeal was effectively a public interest litigation outside the jurisdiction of SAT, and that there existed no basis for invoking its inherent powers under Rule 21. Accordingly, the appeal was dismissed as not maintainable, with no order as to costs

[Read More](#)

ORDERS / JUDGEMENTS

National Company Law Appellate Tribunal

8. NCLAT - Value Wise Consultancy Pvt. Ltd. v. Deputy Director, Directorate of Enforcement & Ors. (Company Appeal (AT) (Ins.) Nos. 1226 and 1227 of 2022- 30.06.2026

The NCLAT, Principal Bench, considered the interplay between the Insolvency and Bankruptcy Code, 2016 (IBC) and the Prevention of Money Laundering Act, 2002 (PMLA). The principal issues before the Tribunal were whether the Enforcement Directorate (ED) could retain assets and monies of the Corporate Debtor attached under the PMLA during the moratorium and liquidation process under the IBC, and whether the NCLT/NCLAT possessed jurisdiction under Section 60(5) of the IBC to interfere with attachment proceedings and notices issued under the PMLA.

The Tribunal held that the PMLA and the IBC operate in distinct domains and pursue different legislative objectives. It observed that the PMLA serves a larger public purpose of combating money laundering, protecting the integrity of the financial system, and ensuring confiscation of proceeds of crime, whereas the IBC is intended only to resolve corporate insolvency and maximise value from legitimately acquired assets. The Tribunal emphasised that the IBC cannot be used as a mechanism to legitimise or shield ill-gotten wealth, and that the moratorium under Sections 14 and 33(5) extends only to legitimate assets of the Corporate Debtor and not to assets tainted as proceeds of crime under the PMLA.

Relying on Embassy Property Developments Pvt. Ltd. v. State of Karnataka, Directorate of Enforcement v. Axis Bank, and earlier NCLAT precedents, the Tribunal held that the adjudicatory authorities constituted under the IBC lack jurisdiction to examine or interfere with attachment proceedings initiated by the ED under the PMLA. Any challenge to attachment orders, withdrawal of monies, or notices issued under Section 50 of the PMLA must be pursued before the forums created under the PMLA or the competent High Court. The Tribunal further noted that although the PMLA Appellate Authority had earlier set aside certain attachment orders and no stay had been granted by the Bombay High Court, the issue remained within the exclusive adjudicatory framework of the PMLA.

Accordingly, the NCLAT dismissed the appeals and affirmed the NCLT's decision rejecting the Liquidator's applications seeking withdrawal of attachment orders, refund of ₹2.29 crore withdrawn by the ED, and release of receivables blocked through Section 50 notices. The Tribunal concluded that decisions regarding attachment or release of assets under the PMLA fall exclusively within the jurisdiction of the Enforcement Directorate and the authorities established under that statute, and that no relief could be granted under the IBC framework. No costs were imposed, and all pending applications were disposed of.

[Read more](#)

ORDERS / JUDGEMENTS

Securities & Exchange Board of India

9. Interim Order in the matter of Rajesh Exports Limited-03.06.2026

SEBI issued an ex-parte interim order against Rajesh Exports Limited (REL) and its Promoter, Executive Chairman and Director, Rajesh Mehta, after finding prima facie evidence of large-scale financial misrepresentation and disclosure failures. SEBI observed that REL had allegedly misrepresented approximately ₹15.15 lakh crore (99.80%) of its consolidated revenue during FY 2020-21 to FY 2024-25 by reporting commercially implausible revenues from overseas subsidiaries, particularly Valcambi SA, whose audited standalone revenues bore no correlation with the consolidated figures. SEBI also found that REL had recorded fictitious sales and purchases exceeding ₹11,480 crore, improperly classified foreign exchange fluctuations and interest income as operating revenue, failed to eliminate intra-group balances, artificially reduced receivables through unsupported netting arrangements, and routed over ₹926 crore of corporate funds to Rajesh Mehta, his son, and a promoter-linked entity without requisite approvals or disclosures. Rejecting REL's explanations, SEBI held that the company had prima facie violated Section 12A of the SEBI Act, the PFUTP Regulations, the LODR Regulations, and applicable Indian Accounting Standards, while holding Rajesh Mehta liable under Section 27 of the SEBI Act. Pending investigation, SEBI restrained Rajesh Mehta from dealing in REL's securities, directed REL to cooperate with the investigation and make true and fair disclosures, ordered the appointment of a new forensic auditor, referred the conduct of REL's statutory auditors to the National Financial Reporting Authority (NFRA), and granted the noticees 21 days to file objections and seek a personal hearing.

[Read more](#)

10. Settlement Order in the matter of Kotak India Growth Fund II- 05.06.2026

SEBI issued a settlement order in respect of a suo-motu application filed by Kotak India Growth Fund II, a SEBI-registered venture capital fund trust, to settle potential enforcement proceedings for violation of Regulation 23(1)(a) read with Regulations 23(3) and 24(2) of the SEBI (Venture Capital Funds) Regulations, 1996. The violation arose because the fund's scheme, which commenced in March 2008 with a nine-year tenure (extendable by up to 36 months) that ended on March 27, 2020, was not actually wound up and its liquidation proceeds distributed to investors until October 16, 2025, a delay of more than five years beyond the permissible winding-up timeline.

Following the application, SEBI's Internal Committee met with the fund's authorized representatives and deliberated on settlement terms, after which the applicant offered ₹10,87,500 as the settlement amount via revised settlement terms. The High Powered Advisory Committee recommended acceptance of this amount, and the Panel of Whole Time Members approved the recommendation.

ORDERS / JUDGEMENTS

After the applicant remitted the settlement amount and SEBI confirmed receipt, SEBI settled the matter under Section 15JB of the SEBI Act read with Regulation 23 of the Settlement Regulations, agreeing not to initiate enforcement action for the identified violation. As with standard settlement orders, this disposal is without prejudice to SEBI's right under Regulations 28 and 31 of the Settlement Regulations to initiate appropriate action if any representation made by the applicant is later found untrue, if the applicant breaches undertakings/waivers filed during the proceedings, or if there is a discrepancy in the settlement amount that remains unpaid.

[Read more](#)

11. Settlement Order in the matter of Angel One Limited (Adjudication and Enquiry Proceedings)-15.06.2026

SEBI issued a settlement order disposing of combined Adjudication and Enquiry Proceedings against stock broker Angel One Limited, arising from alleged violations relating to two of its Authorised Persons. In respect of AP Deepankar Barman, SEBI alleged that Angel One had failed to detect unauthorized fund collection, closed an inspection observation on fund movement without proper due diligence, did not act on disproportionate trading, failed to scrutinize the AP's unauthorized social media activity (including promising assured returns and misusing the broker's brand and logo), and failed to identify that the AP was also trading through other brokers. In respect of AP Nadella Srinivas Rao, SEBI alleged that Angel One failed to inspect the AP despite disproportionate trading and large fund collections in a specified bank account, failed to act on order placements by multiple clients mapped to the AP through common IP/MAC addresses, and similarly failed to detect that the AP traded through another broker. These allegations were framed as violations of SEBI circulars and Master Circular provisions governing broker-AP relationships read with Regulation 30, and of NSE circulars read with Regulations 9(b) and 9(f) of the SEBI (Stock Brokers) Regulations, 1992.

While the Adjudication and Enquiry Proceedings were pending, Angel One filed settlement applications without admission of liability or guilt under the SEBI (Settlement Proceedings) Regulations, 2018. Following meetings between the applicant's representatives and SEBI's Internal Committee (IC), the IC proposed a settlement amount of ₹4,28,01,600, which the applicant accepted via Revised Settlement Terms. The High Powered Advisory Committee recommended acceptance of this amount, and the Panel of Whole Time Members approved the recommendation. After Angel One remitted the settlement amount, SEBI disposed of both the Adjudication and Enquiry Proceedings under Section 15JB of the SEBI Act read with Regulation 23(1) of the Settlement Regulations, expressly reserving SEBI's right under Regulations 28 and 31 to revive or initiate fresh proceedings if the disclosures made by the applicant are later found untrue, if undertakings/waivers are violated, or if a discrepancy is found in how the settlement terms were arrived at.

[Read more](#)

ORDERS / JUDGEMENTS

12. Adjudication Order in the matter of Prime Focus Limited – SEBI AO – 16.06.2026

SEBI investigated Prime Focus Limited for its accounting treatment of the transfer of its VFX business division and post-production services business to its indirect subsidiaries during FY 2019-20 and FY 2021-22. It was alleged that the company had incorrectly accounted for these intra-group slump sale transactions under Ind AS 103, thereby inflating its profits and net worth by recording gains from transactions within the group. SEBI further alleged that the inflated financial statements created a false picture of the company's financial health, helped maintain its share price, and enabled the promoters to avoid additional collateral obligations on their pledged shareholding, amounting to violations of the PFUTP Regulations and LODR Regulations. No monetary penalty was imposed on Prime Focus Limited or its directors and officers. The Adjudicating Officer held that the allegations were not established, observing that Ind AS 103 was applicable to the transferee and not the transferor in the impugned transactions. It was further held that the accounting treatment adopted by the company in its standalone financial statements was in accordance with the applicable accounting standards, while the gains arising from intra-group transactions had been appropriately eliminated in the consolidated financial statements. Consequently, the alleged violations of the PFUTP Regulations and LODR Regulations were not made out, and the proceedings were disposed of without any penalty.

[Read more](#)

13. Adjudication Order in the matter of OnePaper Research Analysts Private Limited – SEBI AO – 16.06.2026

The proceedings arose from a surprise inspection conducted between 1 April 2022 and 13 March 2024 to examine the noticee's compliance with the Research Analyst Regulations and applicable SEBI circulars.

SEBI found that employees of the noticee routinely communicated with clients through WhatsApp and telephonic conversations, assuring profits, recovery of losses and guaranteed returns, despite the noticee's internal policy requiring research recommendations to be disseminated only through SMS. The Adjudicating Officer rejected the noticee's defence that such communications were unauthorised acts of individual employees and held that the entity had failed to establish adequate supervisory controls over its sales personnel. SEBI observed that merely having internal policies and issuing warning letters could not absolve a registered intermediary from its regulatory obligations where effective compliance mechanisms were absent. SEBI further held that the misleading assurances amounted to fraudulent inducement and mis-selling of securities-related services in violation of the PFUTP Regulations and also breached the Code of Conduct prescribed for Research Analysts. The Adjudicating Officer rejected the contention that communications made only to existing clients could not constitute prohibited advertisements, holding that the assurances of guaranteed returns and risk-free investments were squarely prohibited under the SEBI Advertisement Code irrespective of the medium through which they were communicated. SEBI also noted that the noticee had failed to maintain adequate communication records and internal controls, making it impossible to ascertain the full extent of the misleading practices.

ORDERS / JUDGEMENTS

The noticee had previously been penalised for violations of the Research Analyst Regulations and that it operated on a significant scale with approximately 100 sales executives serving around 6,730 clients. The Adjudicating Officer observed that deceptive assurances given to investors seriously undermined investor confidence and the integrity of the securities market. Accordingly, it was held that the violations of the PFUTP Regulations, the Research Analyst Regulations and the Advertisement Code stood established and imposed a total monetary penalty of ₹30 lakh on the noticee.

[Read more](#)

14. SEBI Settlement Order – HDFC Property Fund & HDFC Capital Advisors Limited-17.06.2026

SEBI settled proceedings against HDFC Property Fund and HDFC Capital Advisors Limited for the alleged violation of Regulation 24(2) of the SEBI (Venture Capital Funds) Regulations, 1996, relating to delays in winding up two venture capital fund schemes. The applicants settled the matter without admitting or denying the findings of fact or conclusions of law, in accordance with the SEBI (Settlement Proceedings) Regulations, 2018.

The matter concerned HDFC India Real Estate Fund (HIREF) and HDFC IT Corridor Fund (HITCF), whose extended tenures ended in June 2014. SEBI observed that HIREF completed liquidation and distribution only on 31 March 2021, with a further ₹5.33 crore retained for contingent liabilities being distributed on 25 March 2025, while HITCF distributed a residual contingent liability amount of ₹0.89 crore on the same date. HDFC Capital Advisors Limited submitted that it became the investment manager only on 2 May 2023 pursuant to an internal restructuring within the HDFC Group and had no role in the earlier management of the schemes. The applicants jointly paid a settlement amount of ₹26.01 lakh, following approval by the Internal Committee, the High Powered Advisory Committee, and the Panel of Whole Time Members, upon which SEBI settled the matter under Section 15JB of the SEBI Act, while reserving its right to reopen the proceedings in specified circumstances.

[Read more](#)

REGULATORY UPDATES

IFSCA

1. Amendment to the IFSCA Consolidated Circular on Import of Gold or Silver through IIBX – 15.06.2026

The IFSCA has amended the Consolidated Circular on “Import of gold or silver by Qualified Jewellers and valid India-UAE CEPA TRQ holders through IIBX” to facilitate easier and more transparent access to bullion for the purpose of jewellery exports. The Circular relaxes the eligibility criteria for notification of a Special Economic Zone (SEZ) unit as a Qualified Jeweller by removing the minimum net worth requirement for an SEZ unit holding a valid Letter of Approval and having export of jewellery as one of its authorised operations. It also broadens the eligibility criteria by permitting entities holding a valid Registration-cum-Membership Certificate issued by the Gem & Jewellery Export Promotion Council to apply for notification as Qualified Jewellers through the India International Bullion Exchange. The Circular further provides that SEZ units holding a valid Letter of Approval and having export of jewellery as one of their authorised operations may import silver bars under ITC(HS) Code 71069221 through IIBX without being notified as Qualified Jewellers. It also amends the documentation requirements applicable to SEZ units, and provides that import of silver under ITC(HS) Codes 71069110 and 71069120 shall be permitted only against a valid Import Authorisation issued by the Directorate General of Foreign Trade (DGFT).

[Read More](#)

RBI

2. Investments by Foreign Portfolio Investors in Government Securities – Amendments to the Regulatory Framework – 05.06.2026

RBI has, through A.P. (DIR Series) Circular No. 11, amended the regulatory framework governing Foreign Portfolio Investors' (FPIs) investments in Government Securities under the Foreign Exchange Management (Debt Instruments) Regulations, 2019 and the Master Direction – Reserve Bank of India (Non-resident Investment in Debt Instruments) Directions, 2025, with the objective of providing greater ease of investment for FPIs. The circular withdraws the requirement for FPIs investing in Government Securities under the General Route to comply with the short-term investment limit, security-wise limit and concentration limit, and revises the investment framework accordingly.

REGULATORY UPDATES

For FPIs investing in Government Securities, RBI has

- i. merged the existing 'general' and 'long-term' sub-categories of investment limits into a single investment limit each for Central Government Securities and State Government Securities (SGSs) for FY 2026-27;
- ii. revised the half-yearly investment limits for Central Government Securities and SGSs for FY 2026-27;
- iii. expanded the scope of the Fully Accessible Route (FAR) by designating as 'specified securities' all new issuances of 15-year, 30-year and 40-year Government Securities, all new issuances of 5-year, 7-year, 10-year, 15-year, 30-year and 40-year Sovereign Green Bonds, and three existing Government Securities (ISINs IN0020250042, IN0020250075 and IN0020260033); and
- iv. amended the Master Direction – Reserve Bank of India (Non-resident Investment in Debt Instruments) Directions, 2025 by deleting provisions relating to the withdrawn investment limits, revising the FAR framework, and making consequential amendments to monitoring and investment provisions. The directions came into immediate effect from June 5, 2026.

[Read More](#)

3. Submission of Statements/Returns on the Centralized Information Management System (CIMS) – 05.06.2026

RBI has, through A.P. (DIR Series) Circular No. 12 dated June 5, 2026, revised the reporting mechanism for certain returns required to be submitted by Authorised Dealer Category-I banks under the Foreign Exchange Management Act, 1999 by mandating their submission through the Centralized Information Management System (CIMS) portal. The circular updates the reporting framework by replacing the earlier manual submission process and provides for corresponding amendments to the Master Direction on Reporting under Foreign Exchange Management Act, 1999.

For AD Category-I banks, RBI has

- i. mandated that, with effect from June 30, 2026, the monthly statement relating to Branch Offices (BOs), Liaison Offices (LOs) and Project Offices (POs) opened and closed during a month shall be submitted through the CIMS portal under Return Code R343, including submission of a 'NIL' report where no data is to be furnished;
- ii. shifted the monthly reporting of the number of applicants and total amount remitted from Non-Resident (Ordinary) [NRO] Accounts to the CIMS portal under Return Code R006; and
- iii. updated the Master Direction on Reporting under Foreign Exchange Management Act, 1999 to reflect these reporting changes.

[Read More](#)

REGULATORY UPDATES

4. Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) (Amendment) Regulations, 2026 – 13.06.2026

RBI has notified the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) (Amendment) Regulations, 2026 (Notification No. FEMA 395(4)/2026-RB dated June 13, 2026), amending the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019. The amendments revise the mode of payment and remittance provisions under Schedule III and Schedule XI and modify the reporting requirements relating to investments by individual persons resident outside India. The regulations shall come into force from the date of their publication in the Official Gazette. Under Schedule III, RBI has provided that (i) consideration for investments by an individual person resident outside India, including NRIs and OCIs, shall be paid through inward remittance from abroad or out of funds held in any repatriable deposit account maintained under the Foreign Exchange Management (Deposit) Regulations, 2016; (ii) such investors shall designate a repatriable rupee account to be used exclusively for investments under the Schedule; and (iii) sale proceeds of equity instruments may be remitted outside India or credited to the designated rupee account, while sale proceeds of mutual fund units and National Pension System subscriptions by NRIs/OCIs may be remitted abroad or credited to any account maintained in accordance with the Deposit Regulations, 2016.

Further, under Schedule XI, RBI has prescribed that consideration for purchase or subscription of equity shares of Indian companies listed on International Exchanges may be paid either through banking channels to the foreign currency account of the Indian company or through inward remittance or funds held in repatriable foreign currency or rupee accounts maintained under the Deposit Regulations, 2016.

[Read more](#)

5. Master Direction – Reserve Bank of India (Credit Derivatives) Directions, 2026 – 25.06.2026

RBI has issued these Master Directions replacing the 2022 framework and significantly expanding India's credit derivatives market. The Directions introduce a comprehensive regulatory framework for credit default swaps (CDS), total return swaps (TRS), and exchange-traded credit derivatives, including futures on credit indices, with immediate effect.

The Directions broaden market participation by permitting Scheduled Commercial Banks, Standalone Primary Dealers, eligible NBFCs and All India Financial Institutions to act as market-makers, while allowing mutual funds, insurance companies, pension funds, alternative investment funds and Foreign Portfolio Investors (FPIs) to participate as eligible users and, in specified cases, as protection sellers. FPIs are now permitted to sell CDS protection subject to an aggregate cap of 5% of the outstanding stock of corporate bonds, along with other investment and maturity-related restrictions.

‘Credit derivative’ means a derivative contract whose value is derived from the credit risk of an underlying debt instrument or from an index of underlying debt instruments.

REGULATORY UPDATES

The framework also introduces Total Return Swaps (TRS) on corporate debt instruments, including access for non-resident participants under specified hedging and fully funded structures, while permitting both OTC and exchange-traded CDS on single-name reference entities and credit indices. Exchanges may additionally launch futures on credit indices, subject to RBI approval and SEBI operational guidelines. It establishes a Credit Derivatives Determinations Committee to determine credit, succession and substitution events, oversee auction settlement of CDS contracts and develop standard settlement procedures. Market-makers are also subject to enhanced reporting obligations through CCIL's trade repository, customer protection requirements, valuation standards, prudential norms and disclosure obligations.

[Read more](#)

PFRDA

6. PFRDA issues Framework for Regulatory Sandbox for Facilitating Responsible Innovation in the Pension Sector – 02.06.2026

PFRDA has issued a Framework for Regulatory Sandbox for Facilitating Responsible Innovation in the Pension Sector to provide a controlled and time-bound environment for testing innovative products, services, business models and technology-driven solutions in the pension ecosystem while ensuring adequate subscriber protection. The framework permits participation by PFRDA-registered intermediaries, either independently or in collaboration with FinTech entities, as well as eligible non-registered entities meeting prescribed eligibility criteria. It also permits non-registered entity to independently apply for the Regulatory Sandbox as an independent Applicant in case it has minimum audited net worth of ₹10 lakh.

It prescribes detailed conditions relating to eligibility, application and evaluation, testing parameters, subscriber safeguards, risk management, monitoring and reporting, exit mechanisms and revocation of approvals. The circular further provides that PFRDA may grant limited and temporary regulatory relaxations from specified PFRDA regulations on a case-by-case basis solely for sandbox testing, while expressly prohibiting any relaxation from statutory requirements relating to the PFRDA Act, 2013, KYC, AML, FATF standards, the Digital Personal Data Protection Act, cybersecurity and fraud prevention.

[Read more](#)

REGULATORY UPDATES

7. PFRDA introduces 'StAR NPS' platform developed by BSE Technologies Pvt. Ltd. (BTPL) for onboarding of subscribers under NPS – 03.06.2026

PFRDA has issued a circular introducing the 'StAR NPS' platform developed by BSE Technologies Pvt. Ltd. to facilitate a technology-enabled and assisted digital onboarding process for subscribers under the National Pension System (NPS) through Points of Presence (PoPs) and their network of Pension Agents. The circular clarifies that while BTPL will function solely as a Technology Service Provider, the PoPs will continue to remain the Reporting Entity under the Prevention of Money Laundering Act (PMLA) and retain full responsibility for KYC verification, subscriber onboarding, due diligence, grievance redressal, record maintenance and compliance with all applicable regulatory requirements, including CKYC and FIU-IND obligations. The framework provides for a fully digital onboarding process through CKYC and DigiLocker-based verification, direct remittance of subscriber contributions to the Trustee Bank without routing funds through PoP accounts, generation of PRAN upon confirmation of funds, a T+1 settlement timeline, auto-allocation of Central Recordkeeping Agencies through a round-robin mechanism, and subscriber-driven selection of pension funds and investment choices. The circular further provides that the onboarding charge shall remain ₹200 plus applicable taxes, prohibits any additional charges to subscribers, requires PoPs to execute an End User Agreement with BTPL, and clarifies that the introduction of the platform does not dilute the regulatory responsibilities of PoPs. The circular has been issued under Section 14(1) of the PFRDA Act, 2013 and is presently applicable to Resident Indian individuals aged 18 to 85 years.

[Read more](#)

8. PFRDA Launches AI-Powered "PFRDA Pension Sahayak" Portal to Transform Pension Grievance Redressal – 22.06.2026

PFRDA has launched PFRDA Pension Sahayak, an AI-powered grievance redressal platform replacing the existing Central Grievance Management System to provide a unified, multilingual and technology-enabled mechanism for resolving grievances of subscribers under PFRDA-regulated pension schemes. The platform introduces a single omnichannel interface accessible through web, mobile and WhatsApp, enables login through mobile number and OTP (eliminating the need for PRAN credentials), supports voice-based grievance filing and responses in 22 Indian languages through Bhashini integration, and uses AI to automatically categorise, route and monitor grievances while providing real-time status tracking, one-click escalation to NPS Trust, digital appeals to the Ombudsman and subscriber feedback mechanisms. For PFRDA and regulated entities, the platform incorporates AI-driven dashboards, automated escalation, grievance analytics, intermediary performance monitoring and supervisory tools to strengthen governance, transparency and regulatory oversight, while aligning the pension grievance ecosystem with the Government's NextGen CPGRAMS initiative and advancing citizen-centric digital service delivery.

[Read more](#)

REGULATORY UPDATES

SEBI

9. Circular on Extension of Timelines for Compliance with Certain Provisions of Circular dated January 02, 2026 – 11.06.2026

SEBI has issued a circular extending the timelines for compliance with certain provisions of its Circular dated 2 January 2026 issued pursuant to the SEBI (Merchant Bankers) (Amendment) Regulations, 2025, in response to industry representations highlighting operational challenges in implementing the Separate Business Unit (SBU) framework and seeking alignment of the revised net worth requirements with the financial year-end. The circular extends the deadline for transfer of activities to Separate Business Units (SBUs) and compliance with the related operational requirements from 3 July 2026 to 31 December 2026. It also revises the timelines for compliance with the enhanced net worth and liquid net worth requirements under Regulations 7 and 7A of the SEBI (Merchant Bankers) Regulations, 1992, as well as the requirement to intimate SEBI regarding categorisation as a Category I or Category II Merchant Banker, by extending the Phase I and Phase II deadlines to 31 March 2027 and 31 March 2028, respectively. The circular clarifies that all other provisions of the Circular dated 2 January 2026 shall remain unchanged, and Merchant Bankers are required to continue complying with those requirements within the prescribed timelines.

[Read more](#)

10. SEBI revises trading framework for Exchange Traded Funds (ETFs) – 15.06.2026

SEBI has issued a circular revising the regulatory framework governing the base price, price bands, call auction in the pre-open session and close-out procedure for Exchange Traded Funds (ETFs) to improve price discovery and align trading limits with the movement in the underlying assets. The circular provides that, with effect from 1 September 2026, the base price for ETFs shall be the T-1 day closing price (last 30 minutes' Volume Weighted Average Price) instead of the T-2 day NAV, with the T-1 Last Traded Price or the latest available closing NAV to be used where trading data is unavailable, while also requiring Stock Exchanges and Asset Management Companies to transition to the use of T-1 closing NAV as the base price from 1 April 2027. SEBI has introduced dynamic price bands for Equity ETFs, Debt ETFs and Commodity ETFs, replacing the earlier fixed price band regime, with prescribed initial limits, cooling-off periods and staged flexing of price bands, while retaining a fixed $\pm 5\%$ price band for Overnight ETFs and Liquid ETFs. The circular also introduces a pre-open call auction mechanism for Commodity ETFs (Gold and Silver) to facilitate efficient price discovery, revises the close-out procedure for Overnight and Liquid ETFs, and requires Stock Exchanges, Clearing Corporations and other Market Infrastructure Institutions to implement the necessary systems, amend their bye-laws and disseminate the revised framework to market participants before its effective date.

[Read more](#)

REGULATORY UPDATES

11. SEBI has introduced a structured framework for AIFs that are unable to complete winding up within their permissible fund life - 16.06.2026

SEBI has issued a circular prescribing the framework for retention of liquidation proceeds beyond the permissible fund life of Alternative Investment Funds (AIFs) and for obtaining 'Inoperative Fund' status, pursuant to amendments made to the SEBI (Alternative Investment Funds) Regulations, 2012 notified on 18 April 2026. The circular permits AIFs and their schemes to retain liquidation proceeds beyond the liquidation or dissolution period in cases involving demonstrable litigation, tax, regulatory or legal liabilities, anticipated liabilities with the consent of at least seventy-five per cent of investors by value, or substantiated residual winding-up related operational expenses, subject to specified conditions, disclosures and investment requirements under Regulation 15(1)(f) of the AIF Regulations. The facility has also been extended to Venture Capital Funds registered under the erstwhile SEBI (Venture Capital Funds) Regulations, 1996.

The circular further provides that eligible AIFs may apply for 'Inoperative Fund' status before surrendering their registration, under which no new schemes may be launched and no management fees may be charged. SEBI has exempted such Inoperative Funds from certain regulatory requirements, including activity reports, Compliance Test Reports, PPM-related requirements, performance benchmarking, NISM certification, custodianship, periodic investor disclosures and regular valuation requirements, while mandating the submission of an annual retention status report to SEBI and investors. The circular came into force with immediate effect and the SEBI Master Circular for AIFs dated 3 June 2026 has been updated accordingly.

[Read more](#) [**[Also see](#)**]

12. SEBI Board approves wide-ranging reforms across transmission of securities, buy-backs, mutual funds, AIFs and securitisation - 19.06.2026

SEBI's Board Meeting of 19 June 2026 reflects a continuing regulatory trend that market participants and advisors have been observing over the past few years with respect to simplification of processes, reduction of friction points, and a stronger focus on efficiency without compromising investor protection.

From a legal and regulatory advisory perspective, a few developments merit particular attention:

1. GARUDA (Green-Channel: AIF Rollout Upon Document Acknowledgement) marks a significant step towards reducing time-to-market for Alternative Investment Funds. By enabling faster launch of schemes and easing requirements for Accredited Investor-only schemes and Angel Funds, SEBI has sought to improve capital deployment efficiency while retaining appropriate regulatory safeguards.

REGULATORY UPDATES

2. The reintroduction of open market buybacks through stock exchanges provides companies with an additional route for capital management. Equally notable is the decision to make the appointment of a Merchant Banker optional in certain cases, reflecting a calibrated move towards ease of doing business and greater issuer accountability.

3. The overhaul of the transmission framework addresses a long-standing practical challenge faced by investors and their families. Higher thresholds for simplified documentation, removal of mandatory probate requirements, and the introduction of Quick Transmission Processing (QTP) should significantly reduce procedural burdens in succession-related transfers.

4. Mutual funds have been permitted to utilise intraday borrowings for managing settlement and liquidity mismatches, recognising operational realities while ensuring that such facilities are not used as a source of leverage.

5. Amendments relating to securitised debt instruments and municipal debt securities indicate SEBI's continued focus on strengthening India's debt capital markets through regulatory alignment, improved disclosures, and broader investor participation.

6. Another development that deserves attention is SEBI's approval of a new Code of Conduct for its Members and amendments to the SEBI (Employees' Service) Regulations, 2001, based on the recommendations of the High-Level Committee on conflict of interest and disclosure norms. The final framework will be published after completion of the prescribed process.

[Read more](#) **[Also see](#)**

REGULATORY UPDATES

13. SEBI proposes to rationalize investor consent requirements and conflicted transactions for AIFs – 30.06.2026

SEBI has issued a consultation paper proposing a standardized framework for obtaining investor consent under the SEBI (Alternative Investment Funds) Regulations, 2012, with the objective of reducing ambiguity and improving operational efficiency. The proposals include permitting AIFs to adopt one of three consent methodologies—deemed consent, present and voting, or express voting for approval—subject to appropriate disclosures, uniform application at the scheme level, and a written policy in the PPM. SEBI has also proposed to streamline approval thresholds by prescribing a uniform requirement of 75% investor consent by value wherever applicable under the AIF regulatory framework.

The consultation paper further proposes to rationalize the ambit of conflicted transactions by replacing the reference to “associate” with “related party” for conflict-related provisions, adopting a definition based on Section 2(76) of the Companies Act, 2013 with suitable modifications for the AIF framework. The proposal seeks to ensure that transactions involving material conflicts of interest, including those involving relatives and controlled entities of managers or sponsors, are subject to investor approval, while retaining the existing concept of “associate” for other provisions where broader coverage is not considered necessary. Public comments on the proposals have been invited until 21 July 2026.

[Read More](#)

14. SEBI constitutes Expert Working Group to review regulatory framework for Debenture Trustees – 30.06.2026

SEBI has constituted an Expert Working Group under the chairmanship of former Whole Time Member Ananta Barua and co-chairmanship of former SBI Chairman Rajnish Kumar to undertake a comprehensive review of the regulatory framework governing Debenture Trustees in light of evolving debt market dynamics and the increasing role of trustees in protecting debenture holders. The Working Group has been tasked with reviewing the SEBI (Debenture Trustees) Regulations, 1993, examining stakeholder representations, recommending measures to strengthen the role and responsibilities of Debenture Trustees, reviewing existing net worth requirements, and suggesting any other regulatory changes necessary to align the framework with developments such as the Insolvency and Bankruptcy Code, 2016 and the growth of India's corporate bond market. SEBI has also invited comments from market participants and the public on measures to simplify, rationalise and strengthen the existing regulatory regime, with suggestions to be submitted by 15 July 2026.

[Read More](#)

REGULATORY UPDATES

U.S. SEC

15. The U.S. SEC Removes the 50-Year-Old “No Admit, No Deny” Rule on Settlements

The U.S. Securities and Exchange Commission (SEC) has rescinded Rule 202.5(e), thereby eliminating its longstanding policy that required defendants settling SEC enforcement actions to agree not to publicly deny the allegations made against them. The SEC stated that the change aligns its settlement framework with that of most federal agencies, provides greater flexibility in resolving enforcement proceedings, conserves regulatory resources and may facilitate quicker compensation to harmed investors. The Commission also acknowledged that the policy may have created the impression that it sought to shield itself from public criticism, while noting that the public interest impact of such denials is generally minimal. Accordingly, the SEC will no longer enforce existing "no-deny" provisions in past settlements. However, the rescission does not affect the SEC's existing practice regarding admissions in settlements, and the Commission retains the discretion to negotiate admissions or settle matters without requiring defendants to admit liability.

[Read More](#)

UK FCA

16. Financial Conduct Authority issues Handbook Notice No. 142 on transaction reporting and fund reporting amendments

The Financial Conduct Authority (FCA) has issued Handbook Notice No. 142 (June 2026) setting out the latest amendments to the FCA Handbook. The Notice finalises amendments enabling the separate encoding of Classification of Financial Instruments (CFI) codes for Open-Ended Investment Companies (OEICs) in transaction reporting during the transition period, makes consequential corrections to transparency and reporting rule cross-references following PS25/17 without substantively altering the transparency regime, and incorporates minor drafting and readability corrections that the FCA has determined do not constitute significant rule changes requiring a cost-benefit analysis under Section 138I(5) of the Financial Services and Markets Act, 2000 (FSMA). The Notice also refers to the Statement of Recommended Practice (SORP) for authorised funds and provides transitional arrangements under COLL 8.3.5R and FUND 3.3.3R to afford firms reasonable time to publish annual accounts following stakeholder feedback.

[Read More](#)

APPOINTMENT AND VACANCIES

1. RBI invites applications for Young Professionals across policy, technology and financial sector domains – 30.06.2026

The Reserve Bank of India has invited online applications for the engagement of 12 Young Professionals (YPs) across its Central Office departments in Mumbai to provide early-career professionals with hands-on experience in the functioning of the central bank and an opportunity to contribute to short- and medium-term policy assignments. The positions span diverse domains including cyber security, climate risk and sustainable finance, credit risk analytics, payment systems, financial markets, data analytics, artificial intelligence, quantum technology and policy research. The last date for submitting applications is 6 July 2026.

[Read More](#)

2. PFRDA invites applications for appointment of Legal Adviser on contract basis – 25.06.2026

PFRDA has invited applications for the engagement of one Legal Adviser on a contractual basis to advise the Authority on administrative, service, disciplinary, vigilance and pension-related matters under the National Pension System (NPS) and Unified Pension Scheme (UPS). The position is open to retired senior government officers, preferably of the rank of Additional Secretary to the Government of India or equivalent, below 65 years of age, possessing a law degree and at least 25 years of relevant experience in government, statutory or regulatory bodies. The selected candidate will receive a consolidated remuneration of ₹3,00,000 per month for an initial tenure of two years, extendable based on performance. Applications must be submitted by 23 July 2026.

[Read more](#)

3. Government invites applications for Chairperson of Insolvency and Bankruptcy Board of India (IBBI) – June 2026

The Ministry of Corporate Affairs has invited applications for the post of Chairperson of the Insolvency and Bankruptcy Board of India (IBBI). Eligible candidates should possess significant experience in insolvency, bankruptcy, law, finance, economics, accountancy, or administration. The appointment will be made by the Central Government on the recommendation of the Selection Committee under the Insolvency and Bankruptcy Code, 2016. The Chairperson will serve a term of up to five years or until attaining the age of 65 years, whichever is earlier, with the option to receive the salary of a Secretary to the Government of India or a consolidated monthly remuneration of ₹5.625 lakh. Applications are to be submitted within six weeks from the publication of the advertisement in the Employment News.

[Read more](#)

Contact Us



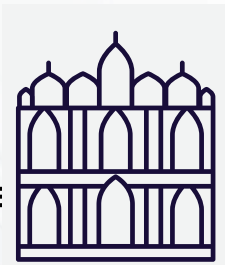
REGSTREET
— Law Advisors —



Delhi



Mumbai



Jaipur



PHONE

+91 22 49283700
+91 809 7246255

WEBSITE

www.regstreetlaw.com

EMAIL

info@regstreetlaw.com

ADDRESS

**507, Embassy Centre, Nariman
Point, Mumbai – 400021**

Our Mumbai office serves as the central hub for all applications and inquiries.

CONTRIBUTING TEAM



SUMIT AGRAWAL

(Senior Partner, Regstreet Law Advisors; Former SEBI Officer)



KAVISH GARACH
Senior Associate



ADITI SAHU
Associate



ROSHNI ANAND
Associate (Trainee)