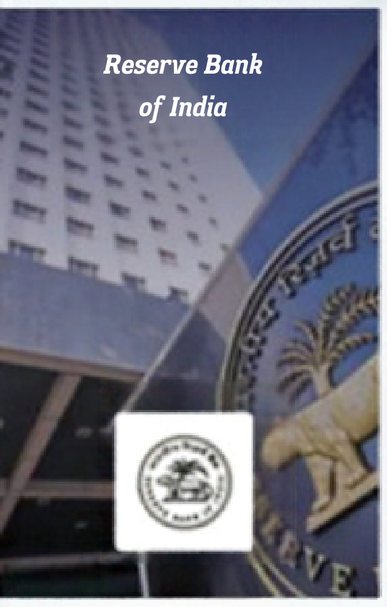
REGSTREET
Law Advisors

OCTOBER 2026

REGPOST

REGSTREET LAW ADVISORS' MONTHLY NEWSLETTER



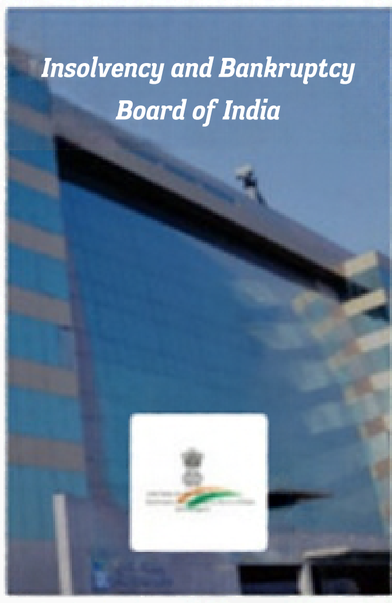












Regstreet Law Advisors | 507, Embassy Centre | Nariman Point | Mumbai 400 021
www.regstreetlaw.com | info@regstreetlaw.com

HIGHLIGHTS

Firm Highlights

1. **Regstreet Law Advisors Secures Relief for Ventura Securities Limited before SAT**

Regstreet Law Advisors successfully represented Ventura Securities Limited before the Securities Appellate Tribunal (SAT) in its appeal against an order of the Member Committee of the Multi Commodity Exchange of India Limited (MCX). The Member Committee, by its order dated September 28, 2026, had imposed a penalty of ₹1,49,63,325 on Ventura for the alleged breach of client-level open position limits in natural gas options.

SAT set the impugned order aside. It noted that one of the signatories to the order had ceased to be an Independent External Expert of the Committee on March 20, 2026, and therefore could not have signed an order passed after that date. This rendered the order unsustainable in law. The Tribunal also observed that, under the SEBI circular dated September 9, 2026, the maximum applicable penalty was ₹2 lakh, whereas MCX had debited ₹1,76,56,723.50, including GST, from Ventura's account.

The Tribunal declined MCX's request to remand the matter for reconsideration. It directed MCX to refund the amount debited from Ventura's account, including applicable GST, forthwith, and imposed costs of ₹1 lakh on the exchange.

Read more

2. **Mr. Sumit Agrawal participates as Panellist at WIRC of ICSI's 24th Foundation Day Celebrations.**

Mr. Sumit Agrawal, Managing Partner at Regstreet Law Advisors, participated as a panellist at the 24th Foundation Day Celebrations of the Thane Chapter of the Western India Regional Council (WIRC) of the Institute of Company Secretaries of India (ICSI), held on 10 October 2026. The event was themed "Governance in Transition: Evolving Roles, Emerging Regulatory Architecture" and brought together professionals to discuss developments in governance and India's securities market regulatory framework.

Mr. Agrawal participated in the panel discussion titled "Decoding the Proposed Securities Markets Code: What Changes and What Lies Ahead", alongside Dr. Narasimhan VR, former Chief Regulatory Officer of NSE India and former Dean of the National Institute of Securities Markets (NISM), and Mr. DV Sekhar, Chief General Manager (Legal), SEBI. The session was moderated by CS Jigar Shah, Partner at JMJA & Associates LLP. The inaugural session was attended by Shri Jeevan Sonparote, Executive Director, SEBI, Mumbai, and CS Monika Kalia, Deputy Managing Director and Chief Financial Officer of the National Bank for Financing Infrastructure and Development, Mumbai. The discussion focused on the evolving role of governance professionals and the emerging regulatory architecture shaping India's securities markets.

Read more

HIGHLIGHTS

News Articles

1. Sumit Agrawal Quoted in Mint on When a Closure Notice Must Be Disclosed under the Listing Regulations

Mr. Sumit Agrawal, Managing Partner, Regstreet Law Advisors and former SEBI officer, was quoted in Mint on when a listed entity must disclose a closure notice issued by an environmental regulator under the SEBI Listing Regulations.

SEBI requires listed companies to publicly disclose material events, such as a closure notice from an environmental regulator, within 24 hours.

In this context, Mr. Sumit Agrawal, Managing Partner, Regstreet Law Advisors and former SEBI Officer, was quoted by Mint. He observed that under SEBI's disclosure framework, the trigger is receipt of a closure direction, not whether that direction is final. A company may say it will contest the order or is already remediating, and it should say so, but an intention to contest is no reason to stay silent.

He further noted that relief which comes later, such as permission to run on a trial basis, is itself an update the market should receive. It does not, however, cure a delay in the original disclosure, because investors were entitled to price that risk in the interim.

Read more



HIGHLIGHTS

Articles

1. **IRDAI returns to its first duty**

Mr. Sumit Agrawal, Managing Partner, Regstreet Law Advisors, co-authored an article with Dr. M. S. Sahoo, published in Financial Express, examining IRDAI's consultation paper on "Recalibrating Economics of Insurance Distribution". The article emphasises that policyholder protection is IRDAI's primary statutory objective and analyses whether the proposed recalibration of insurance distribution costs can better align distributor remuneration with policyholder interests.

Drawing on IRDAI's data on policy surrenders, policy persistency and distributor remuneration, the authors highlight concerns over rising distribution costs and the limited effectiveness of the 2023 framework. They support IRDAI's proposed direction while recommending that savings be passed on to policyholders through lower premiums and improved surrender values, commissions be linked to policy persistency, caps serve as a transition towards greater disclosure, and reforms be coordinated with Bima Sugam and the Public Insurance Registry. The article underscores that insurance regulation should promote a market where insurance is bought for its value to policyholders, rather than merely sold through distribution channels.

Read more

DISTRIBUTION RETHINK

MAKING INSURANCE AFFORDABLE IS THE FIRST STEP TOWARDS *SABKA BIMA, SABKI RAKSHA*

IRDAI returns to its first duty

SUMIT AGRAWAL
MS SAHOO

Respectively Managing Partner, Regstreet Law Advisors, and former Sebi officer; and former Chairperson/Member of IBBI, CCI, and Sebi



LIFE INSURERS PAID more to policyholders who surrendered than to those who held policies to maturity: ₹2.33 trillion in surrender payouts, against ₹2.23 trillion in maturity benefits. Only 48% of life policies survived five years, compared with 71% of policies bought online, without an intermediary. This suggests many policyholders are walking away from cover they no longer find worthwhile, forgoing often accrued benefits to cut future losses.

The long title of the Insurance Regulatory and Development Authority Act (IRDA), 1999, states its objectives: "to protect the interests of holders of insurance policies, to regulate, promote and ensure orderly growth of the insurance industry". The sequence is not accidental. The Sabka Bima Sabki Raksha Act, 2025, has reinforced this mandate. Section 40(2A) of the Insurance Act, 1938, empowers the regulator to specify limits on commission, remuneration, or reward in any form, and their disclosure, "in the interest of the policyholders". IRDAI's September 23 consultation paper, "Recalibrating Economics of Insurance Distribution", is the first major exercise of that responsibility.

What sets it apart is candour. In 2023, IRDAI removed the commission limits and allowed insurers flexibility within board-approved policies and overall expense ceilings. The paper concludes that the experiment has not delivered. The expense ratio of private general insurers increased from 29.6% in FY23 to 32.1% in FY26. For private life insurers, it has risen from 18.9% in FY23 to 20.2% in FY26. The paper notes that board approval of commission policies was often a formality. IRDAI has acknowledged the shortcomings, made the analysis public, and attached outcome parameters to its objectives. That is accountable regulation.

The numbers are stark. From FY23 to FY25, new business premium sourced through life insurance corporate agents grew 28%, while distributor remuneration grew 125%, absorbing 27% of first-year premium. Premium routed through general insurance brokers grew 37%, while their commission grew 173%. Commission on motor third-party insurance, a mandatory product, rose from 4.3% to 22%. Meanwhile, general insurance grievances rose 75% over the same period. Further, across general and life insurance, 63% of complaints disposed of through Bima Bharosa in 2025-26 were resolved in favour of policyholders, and of those who remained dissatisfied and approached the Ombudsman, 75% received relief.

Excess distribution cost is borne through higher premiums in general insurance and lower returns in life insurance. As the cost of insurance rises, demand falls; when distribution commissions grow faster than premiums, policyholders may reduce their cover or opt out altogether. This explains, in part, the fall in life insurance penetration from 3.2% in FY22 to 2.7% in FY25, even as commissions continued to grow. A distribution model that makes insurance increasingly expensive risks defeating the very objective it is meant to serve: "Sabka Bima, Sabki Raksha".

> **A policy surrendered early, a product sold because it pays more to the seller, or a mandatory cover carrying a distribution cost does little to advance the policyholder's interest**

The proposals follow from this diagnosis. Commission is redefined to cover every payment to a distributor, by whatever name, preventing rewards and foreign trips from escaping the cap. Mandatory and near-mandatory products, such as third-party motor cover and insurance bundled with loans, carry nil or nominal commission. Open-architecture distributors face lower caps than tied agents, so that customer choice is not converted into an auction for shelf space. Compulsory bundling with loans is prohibited, and volume-linked incentives for bank and non-banking financial company staff are banned. Every policy is tagged to the person who sold it, mis-selling incidents placed on public record, and commissions clawed back. Expense ceilings fall over five years to 12.5% of premium for life insurers and 20% for general insurers, with cost audits to verify the numbers.

Critics argue that caps regulate the quantum paid, not the conduct they reward, and that the pre-2023 regime merely drove payments into disguised expense heads. The objection is fair as history but misses what is different this time. An all-inclusive definition of commission, mandatory cost audits, board certification on both sides, and restrictions on outsourcing to related parties close many of the earlier escape routes. The test now is enforcement, not design.

The direction is right. Four refinements would make it stick. First, the savings must reach the policyholder. The paper caps what insurers pay, but does not require that savings be passed on. A nil commission on third-party motor cover lowers no premium unless the tariff is revised; otherwise, it widens insurers' margins. Lower acquisition costs in life insurance should show up in surrender values and returns. Insurers should disclose how reduced distribution costs have benefitted policyholders. Premia for direct buyers should be correspondingly lower, similar to the direct plan for mutual funds.

Second, reward persistence, not merely the sale. The proposed increase in renewal commission begins only from the sixth policy year, by which time more than half of policies have been discontinued. A part of first-year commission could instead be deferred and vested against persistency over a meaningful period, with claw-back on early lapse. This would align the distributor's interest with the policyholders'.

Third, move towards transparency. The paper acknowledges that specific caps would be less necessary if commission were disclosed in the policy document or paid by the customer as a fee. The National Pension System already works this way, with capped and disclosed charges, including a separate persistency charge. Caps should be a bridge to disclosure, not a destination.

Fourth, sequence and stabilise. The expense glide path begins in 2027-28, while the caps may arrive before Bima Sugam and the Public Insurance Registry are fully operational. The commission regime has moved from caps to discretion in 2023 and is now moving back. IRDAI should commit to a stable framework, reviewed against the outcome parameters it has set.

Comments close on October 25. Beneficiaries of the old order will press for softer caps and a longer glide path, and some calibration may be warranted. The IRDA Act now requires the regulator to publish its response to public comments; that discipline should explain what is accepted and why.

A policy surrendered early, a product sold because it pays more to the seller, or a mandatory cover carrying a distribution cost does little to advance the policyholder's interest. IRDAI's proposed recalibration puts the policyholder back at the centre. It is the condition for the next phase of growth: a market where insurance is bought, not merely sold.

HIGHLIGHTS

Articles

2. **Recusal's Double Standard: Too Easy for Judges, Too Soft for Regulators**

In their latest article for Bar and Bench, Mr. Sumit Agrawal and Mr. M. Damodaran examine the contrasting recusal standards applicable to India's judiciary and regulatory institutions, highlighting the lack of binding judicial guidelines and the earlier voluntary code governing SEBI's Chairperson and Whole-time Members.

The article discusses the Code of Conduct for Members of SEBI, 2026, as a step forward through measures such as an Office of Ethics and Compliance, digital recusal logs and published annual recusal counts. However, it raises concerns regarding voluntary adoption, internal decision- making and the one-year cooling-off period, compared with the two-year period at IFSCA and PFRDA.

The authors argue that the Securities Markets Code, 2025, presents an opportunity to establish a stronger and more consistent recusal framework. They recommend that every decision to recuse, or to refuse recusal when sought, should be accompanied by a brief reason placed on the public record, with recusal decisions independently assessed to address apprehensions of bias.

Read more


Bar and Bench

Latest Legal News | News | Law Firms | Columns | Interviews | Law School

Columns

Recusal's Double Standard: Too easy for Judges, too soft for Regulators

The piece argues that India runs two recusal regimes that have failed in opposite directions.

M Damodaran and Sumit Agrawal

INDEX

Orders / Judgements

Sr No.	Particulars
	Supreme Court of India (SC)
1.	Yes Bank Ltd. v. Axis Trustee Services Ltd. & Ors., 2026 INSC 1132 – 15.10.2026
	SEBI
1.	Adjudication Order in the matter of Taurian MPS Ltd. – 27.10.2026
2.	Adjudication Order in the matter of inspection of IIFL Capital Services Limited – 13.10.2026
3.	Adjudication Order in the matter of suspected insider trading in the scrip of Wipro Ltd – 13.10.2026
4.	Final Order in the matter of Avadhut Sathe Trading Academy Private Limited – 23.10.2026
	Securities Appellate Tribunal (SAT)
1.	Ventura Securities Limited v. Multi Commodity Exchange of India Limited – Appeal No. 363 of 2026 – 26.10.2026
2.	ICICI Bank Ltd. v. SEBI & Anr. - Review Application No. 21 of 2025 in Appeal No. 147 of 2025 - 06.10.2026
3.	Mr. Hassan Ali & Ors. v. SEBI - Appeal No. 447 of 2022 - 06.10.2026
4.	Dollar Advisory and Financial Services v. SEBI - Appeal Nos. 239 and 240 of 2023 – 06.10.2026
5.	Arun Panchariya v. SEBI - Appeal Nos. 542, 543 and 544 of 2022, Appeal No. 22 of 2023 and Review Application No. 3 of 2025 in Appeal No. 16 of 2023 - 07.10.2026

ORDERS / JUDGEMENTS

Supreme Court

1. Yes Bank Ltd. v. Axis Trustee Services Ltd. & Ors., 2026 INSC 1132 – 15.10.2026

The Supreme Court dismissed appeals challenging the Bombay High Court's decision to set aside the write-down of Yes Bank's Additional Tier-I (AT-1) bonds worth approximately ₹8,415 crore, issued in two tranches of ₹3,000 crore and ₹5,415 crore in 2016 and 2017. Following Yes Bank's financial crisis in March 2020, the Central Government's draft reconstruction scheme provided for the permanent write-down of the bonds; however, this provision was omitted from the final Yes Bank Limited Reconstruction Scheme, 2020 after objections from investors and the bond trustee. Despite this omission, the RBI-appointed Administrator wrote down the bonds on 14 March 2020. The Court held that, under the RBI's Basel III Capital Regulations and the bond terms, the point of non-viability had been triggered, but the power to write down the bonds at that stage rested with the RBI, not the Administrator, who could not assume the regulator's authority. It also held that the write-down had to occur before the reconstruction scheme came into force, rather than at any point during the subsequent reconstruction process. Emphasising that regulatory action must comply with the prescribed legal framework even where it serves a legitimate financial-stability objective, the Court upheld the High Court's decision, directed that annual coupon payments remain unaffected by the appeals, and criticised Yes Bank's offering of these high-risk instruments to individual investors contrary to RBI guidelines restricting their offer to specified investor classes.

Read more

SEBI

1. Adjudication Order in the matter of Taurian MPS Ltd. – 27.10.2026

SEBI received a complaint about the offer document of Taurian MPS Limited's IPO and initiated adjudication proceedings under Section 15HB of the SEBI Act against Taurian, its directors Mr. Yashvardhan Sumit Bajla and Ms. Puja Sumit Bajla, and Gretex Corporate Services Limited as merchant banker. The Adjudicating Officer, Mr. Jai Sebastian, passed the order on October 27, 2026. SEBI alleged non-disclosure in relation to three entities, TISPL, TIPL and TEPL, in breach of Regulation 245(1) of the ICDR Regulations.

- **Allegation 1 (liquidation of TISPL) not established:** Regulation 245(1) requires disclosure of material facts, not every fact about an entity with a past association with the promoters. The show cause notice did not show how TISPL's liquidation affected Taurian's business, financial position, management, control or risk profile (paras 32–33).
- **Allegation 2 (past default of TIPL) not established:** The Adjudicating Officer held that a historically settled default of a separate entity had not been shown to carry any material present or future risk. The expected disclosure was described as one of "abundant precaution", and the benefit of doubt was extended (paras 39–42).

- **Gretex and the directors exonerated on both:** Once the underlying allegations on TISPL and TIPL failed, no separate liability survived against the directors (para 72) or against Gretex as merchant banker (para 87).
- **Allegation 3 (TEPL), established:** TEPL fell within the promoter group because Ms. Puja Sumit Bajla's shareholding in it crossed the 20% threshold, and its liquidation was a material fact. The Adjudicating Officer held that the directors were responsible and that Gretex failed to exercise due diligence.

Penalty: Under Section 15HB, Taurian is penalised ₹5 lakh, the two directors ₹5 lakh jointly and severally, and Gretex ₹8 lakh, for the TEPL violation only.

Read More

2. Adjudication Order in the matter of inspection of IIFL Capital Services Limited – 13.10.2026

SEBI penalized IIFL Capital Services Limited Rs. 2,00,000 following an inspection of its operations as an Online Bond Platform Provider. The inspection revealed that between July 2024 and March 2025, the firm executed 280 bond trades worth Rs. 9.59 crores through an off-market mechanism rather than routing them through a stock exchange's mandatory Request for Quote (RFQ) platform. Additionally, the firm failed to sign mandatory written agreements with five third-party vendors who were offering debt inventory to retail clients on its platform. While IIFL argued the lapse was due to limitations in its vendor-developed platform and the then-evolving regulatory regime, and has since temporarily halted these bond offerings, SEBI maintained that the compliance rules were clear from inception.

Read more

3. Adjudication Order in the matter of suspected insider trading in the scrip of Wipro Ltd – 13.10.2026

SEBI Adjudicating Officer Amit Kapoor fined Supriya Kothari Rs. 10,00,000 for failing to cooperate with an investigation into suspected insider trading in the scrip of Wipro Limited. The regulatory probe focused on a major $500 million contract won by Wipro in June 2024. Kothari bought 1,15,500 Wipro call options just before the public announcement and sold them the next day, locking in a quick profit of Rs. 15,59,250. Despite three official summonses and repeated email reminders from SEBI to explain the timing of these trades, Kothari failed to provide documents or participate in hearings, leading the officer to issue an ex-parte penalty.

Read more

4. Final Order in the matter of Avadhut Sathe Trading Academy Private Limited – 23.10.2026

SEBI's Quasi-Judicial Authority, N. Murugan, held that Avadhut Sathe Trading Academy Private Limited (ASTA) and its founder Avadhut Dinkar Sathe carried on unregistered investment advisory and research analyst activities in violation of Section 12(1) of the SEBI Act read with Regulation 3(1) of the SEBI (Investment Advisers) Regulations, 2013 and the SEBI (Research Analysts) Regulations, 2014, and also contravened Section 12A of the SEBI Act and the PFUTP Regulations. Gouri Avadhut Sathe was held liable as a director under Section 27(1) of the SEBI Act. ASTA and Avadhut Sathe were directed to disgorge and refund ₹546.17 crore to investors within five months, jointly and

severally, and to deposit interest of ₹67.87 crore (simple interest at 12% per annum) in the Investor Protection and Education Fund.

ASTA and Avadhut Sathe are debarred from the securities market for two years or until compliance with the refund direction, whichever is later, while Gouri Sathe is debarred for six months. Penalties of ₹6 crore on ASTA, ₹4 crore on Avadhut Sathe and ₹1.5 crore on Gouri Sathe were also imposed.

Read more

SAT Orders

1. Ventura Securities Limited v. Multi Commodity Exchange Board of India Limited – Appeal No. 363 of 2026 – 26.10.2026

Ventura Securities Limited appealed under Section 23L of the Securities Contracts (Regulation) Act, 1956 against the Member Committee of the Multi Commodity Exchange of India Limited (MCX). By its order dated September 28, 2026, the Committee had imposed a penalty of ₹1,49,63,325 for violating client-level open position limits. The charge was that Ventura's client had exceeded the 2% open position limit in natural gas options and reached 27%.

The appeal was heard by a Bench of Justice P.S. Dinesh Kumar, Presiding Officer, Ms. Meera Swarup and Dr. Dheeraj Bhatnagar.

- **Order signed by a former member:** One of the signatories, Mr. S.V. Krishnamohan, had ceased to be an Independent External Expert on the Committee with effect from March 20, 2026, and so could not have signed an order dated September 28, 2026. MCX conceded this, but described it as a bona fide error and asked for the matter to be remitted. The Tribunal held that the impugned order is "unsustainable in law".
- **Penalty far above the cap:** Ventura also submitted that no alert had been given, and that even if the violation were proved, the maximum penalty under the SEBI circular dated September 9, 2026 was ₹2 lakh. MCX did not refute this. MCX had debited ₹1,76,56,723.50 (the penalty plus GST) from Ventura's account on October 14, 2026. The Tribunal said that such an act by a first-line regulator "cannot be countenanced".

Relief: The Tribunal refused MCX's prayer for remand and allowed the appeal. It set aside the impugned order, directed MCX to refund the debited amount forthwith, and ordered MCX to pay costs of ₹1 lakh to Ventura.

Read More

2. ICICI Bank Ltd. v. SEBI & Anr. - Review Application No. 21 of 2025 in Appeal No. 147 of 2025 - 06.10.2026

The Securities Appellate Tribunal (SAT) partly allowed a review application filed by ICICI Bank Limited seeking review of its order dated 2 May 2025, which directed SEBI to provide Ms. Chanda Kochhar, former MD and CEO of ICICI Bank, with copies of show cause notices issued to the Bank, its replies and other documents, along with access to the Bank's Secretarial Portal and electronic data stored on its servers and devices relating to the ICICI Bank–Videocon Group matter. The Bank contended that the direction to provide access to its internal systems was excessive, as the

material was neither in SEBI's possession nor part of the regulatory record, and that blanket access could compromise confidential third-party data and privileged communications.

SAT held that the Secretarial Portal and electronic data were not in SEBI's possession or on record and had not been relied upon in the proceedings. It further observed that Ms. Kochhar had not specifically sought access to the Secretarial Portal during the earlier rounds of litigation, despite being directed to identify the documents required with clarity and precision. The Tribunal also held that granting blanket access to the portal could compromise the confidentiality of third-party information. Accordingly, SAT set aside the directions permitting inspection and access to ICICI Bank's Secretarial Portal and data stored on its servers and devices, while leaving the remaining directions in the order dated 2 May 2025 undisturbed.

Read more

3. Mr. Hassan Ali & Ors. v. SEBI - Appeal No. 447 of 2022 - 06.10.2026

The Securities Appellate Tribunal (SAT) partly allowed an appeal filed by Mr. Hassan Ali and other appellants against an order dated 15 March 2022 passed by SEBI's Adjudicating Officer imposing penalties for violations of the SEBI (Share Based Employee Benefits) Regulations, 2014 and the SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003 (PFUTP Regulations). The proceedings arose from the allotment of 1,00,000 shares of Bodhtree Consulting Limited (BCL) to Mr. Hassan Ali by BCL Employees Benefits Trust, followed by the sale of 94,000 shares for approximately ₹88.67 lakh and the transfer of part of the sale proceeds through loans to persons related to BCL's Managing Director. SEBI alleged that these transactions formed part of a scheme to divert funds to related entities.

SAT upheld the findings concerning violations of the employee benefit regulations, including the failure to obtain appropriate shareholder approval and non-compliance with requirements governing trustee appointments. However, it held that the allotment of shares and subsequent market sales did not establish fraud under the PFUTP Regulations. The Tribunal observed that the shares had been sold at prevailing market prices, the allotment was also made to other eligible employees, and the subsequent loans constituted independent private financial transactions supported by promissory notes. Accordingly, SAT set aside the penalties imposed under Section 15HA of the SEBI Act, 1992, while upholding the penalties under Section 15HB against certain appellants for violations of the employee benefit regulations.

Read more

4. Dollar Advisory and Financial Services v. SEBI - Appeal Nos. 239 and 240 of 2023 – 06.10.2026

The Securities Appellate Tribunal (SAT) allowed Appeal No. 239 of 2023 and partly allowed Appeal No. 240 of 2023 filed by Dollar Advisory and Financial Services, a registered Investment Adviser, challenging SEBI's orders cancelling its registration, directing redressal of investor complaints and refunds, and imposing monetary penalties. The proceedings arose from an inspection conducted by SEBI for the period from 1 April 2018 to 2 March 2020, which identified alleged violations of the SEBI (Investment Advisers) Regulations, 2013, including failure to maintain complete records, deficiencies in risk profiling, charging fees without considering clients' financial capacity, and trading on behalf of clients.

SAT held that several findings recorded by SEBI were unsustainable, including those concerning mandatory NISM certification during the relevant period, risk profiling through a questionnaire

approved by SEBI, maintenance of income-proof documents, offering different advisory packages, and advance collection of fees. However, it upheld the findings relating to failure to furnish complete information and records sought during the inspection, charging fees without regard to clients' financial capacity, non-registration with the Financial Intelligence Unit, and trading on behalf of clients. The Tribunal further held that mere violations of the Investment Advisers Regulations do not automatically establish a violation of the PFUTP Regulations. Considering the nature of the established violations and the principle of proportionality, SAT set aside the cancellation of registration as unduly harsh and reduced the penalty under Section 15EB of the SEBI Act, 1992, to ₹1 lakh. It also set aside the investor-refund and debarment directions, along with the penalties imposed under Sections 15HA and 15HB of the SEBI Act.

Read more

5. Arun Panchariya v. SEBI - Appeal Nos. 542, 543 and 544 of 2022, Appeal No. 22 of 2023 and Review Application No. 3 of 2025 in Appeal No. 16 of 2023 - 07.10.2026

The Securities Appellate Tribunal (SAT) disposed of four appeals filed by Arun Panchariya challenging orders passed by SEBI's Whole Time Member restraining him from accessing the Indian securities market and holding positions as a Key Managerial Personnel (KMP) or Director in listed companies, public companies intending to raise money from the public, or SEBI-registered intermediaries in India. The appeals were confined to the period of debarment imposed under the respective orders. During the proceedings, Mr. Panchariya submitted an undertaking by way of an affidavit dated 19 March 2025, voluntarily agreeing not to access or deal in securities in the Indian securities market or hold the specified positions during the period of the restraint orders.

SAT accepted the undertaking and disposed of the appeals by placing the undertaking on record, while reserving liberty to SEBI to approach the Tribunal in the event of any breach. The Tribunal further held that SEBI's Review Application No. 3 of 2025, seeking to extend the restraint on Mr. Panchariya from holding KMP or Director positions until 21 October 2031, had become unnecessary, as the restraint periods under the connected appeals extended beyond that date. The undertaking was expressly limited to the Indian securities market and did not affect his activities in overseas securities markets.

Read more

REGULATORY UPDATES

IBBI

1. Union of India through SFIO v. Bhushan Airways Services Pvt. Ltd. & Ors.: NCLT Holds ₹5,431 Crore Recovery Petition Maintainable – 30.10.2026

The Government, through the SFIO, filed C.P. No. 105 of 2023 before the NCLT Principal Bench, New Delhi, under Sections 241(2), 242, 246 and 339 of the Companies Act, 2013. It seeks recovery of at least ₹5,431 crore allegedly diverted from Bhushan Power and Steel Limited (BPSL). Former promoters and others challenged whether the petition could be entertained.

- **Decision:** By its order dated October 30, 2026, the Bench of Justice Anupinder Singh Grewal and Mr. Ravindra Chaturvedi dismissed the applications and held the petition maintainable.
- **Main reasoning:** The Tribunal held that the real question under Section 241(2) is not how BPSL's present management is running the company, but whether the conduct complained of, which began under the erstwhile management, continues to prejudice public interest through retention of its fruits. The replacement of management, it said, "does not, by itself, undo the alleged diversion."
- **IBC protection:** Section 32A of the IBC shields BPSL and its property, but the petition seeks no relief against BPSL. It is brought for the benefit of the company and its stakeholders against those who allegedly diverted its assets, so the resolution plan does not bar it.
- **Caution:** The Government must still plead and prove that the prejudice to public interest subsists, for example that the diverted value remains with identifiable persons and has not been restored. If it does not, the Tribunal may decline relief.
- **Merits open:** The ruling is confined to maintainability. The fraud allegations remain to be adjudicated and must be proved. The matter is next listed on November 26, 2026.

Read More

IFSCA

1. IFSCA constitutes Technical Working Group on Credit Information Companies – 12.10.2026

IFSCA announced the formation of a Technical Working Group ("TWG") on Credit Information Companies ("CICs") in the IFSC. The TWG will act as a standing expert body to assess the technical, operational, legal, and regulatory requirements for setting up CICs. The working group would provide a mechanism to examine issues associated with the operation of CICs in the IFSC and to develop recommendations for the Authority's consideration. It has representatives of the CICs, IFSC banks and IFSCA-registered finance companies, with an IFSCA officer as observer. Its terms of reference include recommending standardised formats for reporting credit information, procedures for rejection, correction and resubmission of erroneous data, and identifying implementation challenges faced by regulated entities and CICs.

Read more

2. IFSCA issues Guidelines for Algorithmic Trading on the Stock Exchanges- 16.10.2026

The International Financial Services Centres Authority (IFSCA) has issued a Circular dated October 16, 2026, laying down a comprehensive framework for algorithmic trading on the stock exchanges in the IFSC. The Circular comes into force with immediate effect.

Key developments:

- **Prior approval**: No market participant may deploy, offer or facilitate algorithmic trading without the prior express approval of the stock exchange, which is to subject the system to initial conformance testing.
- **Risk controls**: Order-level price and quantity checks at the exchange, and minimum controls at the participant level, including price, quantity and order value checks and automated execution safeguards.
- **Kill switch**: Every market participant undertaking algorithmic trading must implement a kill switch capable of immediately halting all outgoing algorithmic trading orders and cancelling live orders, triggered manually by designated personnel or automatically upon breach of prescribed risk thresholds. It must be tested periodically, with records of testing made available to the stock exchange on request.
- **Use of AI**: Where AI, machine learning or other advanced computational methods are used in connection with algorithmic trading, the market participant remains responsible for adequately explaining the impact of AI on the decision-making of the trading algorithm.
- **System audits**: Annual system audit of algorithmic trading systems, with prescribed auditor eligibility, auditor rotation, and time-bound reporting and closure of audit findings.
- **Surveillance**: Stock exchanges must ensure effective monitoring of all orders and trades resulting from algorithmic trading systems, supported by unique order identifiers for a verifiable audit trail.

The Circular also supersedes earlier SEBI circulars and guidelines on algorithmic trading on stock exchanges that were applicable in the IFSC.

Read more

RBI

1. RBI (Commercial Banks – Acquisition and Holding of Shares or Voting Rights) Amendment Directions, 2026 and corresponding Directions- 01.10.2026

- **Earlier position:** Under the Master Direction of November 28, 2025, prior RBI approval is required for the initial acquisition of a major shareholding in a banking company. Where a person's holding later falls below 5%, prior approval is required again before any subsequent acquisition of major shareholding.
- **What the RBI has changed:** By the Amendment Directions of October 1, 2026, the RBI may grant a one-time approval to mutual funds, pension funds and insurance companies for subsequent acquisitions of major shareholding in the same bank, up to 10% of paid-up share capital or voting rights, computed on an aggregate basis.

- **Who is eligible:** The entity must be registered with SEBI (mutual funds), PFRDA (pension funds) or IRDAI (insurers). It must not belong to the bank's promoter group or group.
- **What stays the same:** Prior RBI approval remains mandatory for the initial acquisition of a major shareholding.
- **Safeguards:** The RBI may revoke the approval for non-compliance with its conditions, or if the entity or any associated person is later found not "fit and proper". Any rise above or fall below 5% must be reported to the RBI and the bank within three working days.

Read more

2. RBI Introduces Foreign Exchange Risk Reserve (FERR) for INR Forex Derivative Contracts – Circular No. 26 – 10.10.2026

- **What the RBI requires:** Authorised Dealers (ADs) must maintain a Foreign Exchange Risk Reserve (FERR) for foreign exchange derivative contracts involving INR that they undertake with users.
- **Applicability:** The reserve applies to contracts with a notional value above USD 2 million equivalent. These must be undertaken to hedge current account transactions, where the user is purchasing foreign currency against INR.
- **Size of the reserve:** The reserve equals 20% of the INR equivalent of the notional amount of each contract. It is deposited in cash in India with the RBI on a daily basis and maintained until the contract terminates.
- **Anti-circumvention:** Any attempt by users to avoid the USD 2 million threshold through multiple transactions with one or more ADs is treated as a violation of the Directions.
- **Reporting and effect:** ADs must report the FERR maintained on a daily basis through the RBI's Centralised Information Management System (CIMS). The Directions apply to contracts undertaken after the circular was issued.

Read more

PFRDA

1. PFRDA Extends ₹100 Enrolment Incentive to NPS Sanchay Enrolments Facilitated Through FPOs - 08.10.2026

The Pension Fund Regulatory and Development Authority (PFRDA), vide circular dated October 8, 2026, clarified the applicability of the ₹100 per subscriber incentive payable to Points of Presence (PoPs) for NPS enrolments facilitated through Farmer Producer Organisations (FPOs). The incentive was originally introduced under the circular dated December 15, 2025, for enrolments facilitated through FPOs engaged as Pension Agents for distribution of the pension scheme, and is applicable until March 31, 2027. Subsequently, the incentive was extended to NPS Sanchay enrolments facilitated through eligible grassroots Pension Agents, including CSC Village Level Entrepreneurs, Business Correspondents, Pension Sakhis and Primary Agricultural Credit Societies.

The October 2026 circular clarifies the applicability of the incentive framework following the launch of NPS Sanchay and the subsequent extension of the incentive to eligible agents.

Read more

2. PFRDA Chairperson Urges Distributors to Use StAR NPS Platform to Expand NPS Coverage - 24.10.2026

The Pension Fund Regulatory and Development Authority (PFRDA), in a press release dated October 24, 2026, stated that its Chairperson, addressing the StAR NPS event in Bengaluru, called upon mutual fund distributors and other distribution partners to use StAR NPS, its digital distribution platform developed with the support of BSE Technologies Private Limited, to take the National Pension System (NPS) to every segment of society, particularly smaller cities, underserved communities and the informal sector. Mutual fund distributors, Primary Agricultural Credit Societies, banking correspondents, NBFCs and other eligible entities and individuals can distribute NPS through the platform.

PFRDA has envisaged a higher incentive for distributors using StAR NPS than for channels involving comparatively lower effort, and the Chairperson cautioned against mis-selling. The Chairperson also noted that NPS membership is now allowed up to 85 years of age.

Read more

3. PFRDA Operationalises UPS Jeevan Setu – Digital Life Certificate Facility for UPS Pensioners - 30.10.2026

The Pension Fund Regulatory and Development Authority (PFRDA), vide circular no. PFRDA/2026/54/SUP-CG-SG/02 dated October 30, 2026, announced the operationalisation of the "UPS Jeevan Setu – Digital Life Certificate (DLC)" facility, a mobile application-based facility enabling pensioners under the Unified Pension Scheme (UPS) to generate and submit Digital Life Certificates through Aadhaar-based authentication. The facility is available through the NPS by Protean eGov mobile application.

All UPS pensioners are required to submit their DLCs annually by November 30 to ensure uninterrupted continuation of their monthly assured payouts. Nodal Offices have been advised to disseminate the information widely among eligible pensioners.

Read more

SEBI

1. SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2026 - 06.10.2026

SEBI notifies the new Settlement Regulations which repeal the SEBI (Settlement Proceedings) Regulations, 2018, and take effect on the day after the 30th day from publication in the Official Gazette. Here are the major changes:

- **A new formula for the settlement amount** : Settlement Amount = Base Amount × (S + R + G + A – M) wherein, S is the stage of the proceeding, R is the regulatory action factor, G is gravity, A is aggravating factors and M is mitigating factors.

- **Disgorgement is calculated separately** : Wrongful gains, losses avoided and losses caused to investors are no longer built into the Base Amount. Where they can be quantified, they are disgorged separately, which ends the earlier double counting. Interest is 9% p.a., rising to 12% p.a. after a final order, and there is no interest on interest.
- **A settlement notice before the SCN** : **SEBI** will now send a settlement notice before issuing a show cause notice. The entity then has 60 days to apply. No notice is sent where interim directions or prosecution are contemplated.
- **More time to apply after an SCN** : The window to file after an SCN goes up from 60 days to 90 days.
- **Fast-track** : Cases with a settlement amount up to ₹10 lakh, and no disgorgement or remedial terms, go straight from the IC to the Panel of WTM. They skip the HPAC.
- **A one-time window** : For 90 days from commencement, entities can apply to settle pending proceedings if they never applied, or if their earlier applications were rejected, returned or withdrawn under the 2018 Regulations. These settlements carry an extra 20%.
- **Serious cases can now be settled** : This covers misrepresentation of financial statements and diversion or siphoning of funds. Settlement is subject to "Remedial and Regulatory Terms", the new name for non-monetary terms. These terms include disclosures and bringing back diverted funds with interest. Market-wide impact and investor loss are no longer absolute bars if they can be adequately remedied.
- **Transition for pending applications**

1. Terms already approved by the Panel of WTM continue under the 2018 Regulations.
2. Where the HPAC has made its recommendation, the applicant has 30 days to choose between the old and new regimes.
3. All other applications go to a fresh IC meeting under the 2026 Regulations.
4. Anyone facing pending SEBI proceedings, including those whose earlier settlement applications failed, should take a fresh look at settlement under the new regime.

Read More

2. SEBI Notifies New Portfolio Managers Regulations, 2026 - 07.10.2026

SEBI notified the SEBI (Portfolio Managers) Regulations, 2026 on October 7, 2026. They come into effect from April 1, 2027 and replace the 2020 Regulations, which stand repealed from that date.

Key Features

- **New route for mutual fund investments (PRIM):** The Regulations create a Portfolio Management Service Route for Investment in Mutual Fund units. It requires a net worth of ₹2 crore and a minimum of ₹25 lakh per client. Investment is allowed only in direct plans of mutual funds, including index funds, ETFs and specialised investment funds.
- **Liquid asset requirement:** At least 10% of the minimum net worth must be held in unencumbered liquid assets, such as cash, bank deposits, government securities and liquid mutual fund units. Existing portfolio managers have twelve months to comply.

- **Net worth and minimum investment:** Portfolio managers must maintain a net worth of at least ₹5 crore. They cannot accept less than ₹50 lakh per client, but accredited investors are exempt, subject to disclosures and agreed terms.
- **Fee structure:** Portfolio managers may charge a fixed fee, a return-based fee or a combination, without guaranteeing returns. Upfront fees are prohibited.
- **Existing categories continued:** The Regulations retain separate frameworks for eligible fund managers and for co-investment portfolio managers.

Read more

3. SEBI Increases Permissible ISIN Limits for Private Placement Debt Securities - 07.10.2026

The Securities and Exchange Board of India (SEBI), through its circular dated October 7, 2026, has revised the limits on International Securities Identification Numbers (ISINs) for debt securities issued through private placement to facilitate fundraising and asset-liability management. Issuers may now have up to 17 ISINs maturing in a financial year, in addition to six ISINs for capital gains tax bonds issued under Section 54EC of the Income-tax Act, 1961. Of the 17 ISINs, up to 12 may be used for plain vanilla debt securities, with additional ISINs permitted for every incremental ₹3,000 crore of outstanding amounts beyond ₹15,000 crore. A maximum of five ISINs is permitted for structured debt securities, market-linked debt securities, floating-rate bonds, zero-coupon bonds and Tier II bonds. Issuers dealing exclusively in these categories may have up to 12 ISINs maturing in a financial year.

ISINs relating to Government of India-serviced or Extra Budgetary Resources bonds and Environment, Social and Governance (ESG) debt securities are excluded when calculating these limits. Existing eligible ISINs for certain legacy instruments are grandfathered, subject to the conditions specified in the circular. The revised provisions take immediate effect and amend Chapter VIII of SEBI's Master Circular for Issue and Listing of Non-Convertible Securities dated October 15, 2025.

Read more

4. SEBI Revises Closing Auction Session and Derivatives Settlement Framework - 15.10.2026

By its circular dated October 15, 2026, SEBI modified the Closing Auction Session (CAS) framework introduced on January 16, 2026, after a consultation paper dated September 12, 2026.

Key Features

- **CAS timings:** CAS will run as a separate 10-minute session from 3:30 p.m. to 3:40 p.m., with a random close between 3:38 p.m. and 3:40 p.m.
- **Derivatives settlement price:** On expiry day, expiring index and stock derivatives will be settled on the VWAP of the last 30 minutes of the Continuous Trading Session. Earlier, settlement used the closing prices determined under CAS.
- **Trading hours:** Index and stock derivatives will trade until 3:45 p.m. On expiry days, expiring index derivatives stop at 3:30 p.m.
- **Iceberg orders:** Unexecuted iceberg orders from the Continuous Trading Session carry forward to CAS as fully disclosed limit orders, with lower time priority. New iceberg and stop-

loss orders cannot be placed during CAS.

- **Effective dates:** The changes take effect from December 7, 2026. The rules on carrying forward unexecuted orders take effect from February 8, 2027.

Read more

5. SEBI Introduces Margin Waiver on Subsequent Trades After Early Pay-In - 22.10.2026

The Securities and Exchange Board of India (SEBI), vide circular dated October 22, 2026, has introduced a framework permitting margin waiver on subsequent buy / sell transactions in the cash segment where securities have been successfully delivered through Early Pay-In (EPI). The circular follows proposals from the Broker ISF and recommendations of SEBIs Risk Management Review Committee (RMRC).

Key Highlights:

- **Margin Waiver on Subsequent Trades**: Where a client has a net sell obligation and the Clearing Corporation (CC) has accepted the EPI request, the CC shall not collect margins from the Trading Member/Clearing Member on subsequent buy/ sell positions, up to the accepted EPI value.
- **Real-Time Margin Benefit**: The available EPI value, computed as the lower of the EPI value or the value of securities sold, can be utilised for subsequent transactions in the cash segment on the same trading day.
- **Squaring Off Positions**: If the client squares off the sale position against which the EPI benefit was availed, the benefit shall be withdrawn. Any resulting margin shortfall shall be blocked from the proprietary collateral of the Trading Member/Clearing Member. This condition does not apply to Trade-for-Trade (TFT) securities.
- **Risk Management Safeguards**: Trading Members must ensure that clients are permitted to square off such positions or take fresh positions only when the requisite client margins are available.
- **Implementation Timeline**: The framework will come into effect four months from October 22, 2026.

The framework seeks to improve capital efficiency by allowing investors to utilise securities already delivered through EPI for subsequent trading without duplicative margin collection at the clearing corporation level. At the same time, the circular places emphasis on the risk management systems of Trading Members, particularly where an EPI-backed sale position is subsequently squared off.

Read More

Foreign Regulations

1. SEC Proposes Dedicated Custody Framework for Crypto Assets - 01.10.2026

The US Securities and Exchange Commission (SEC) has proposed a crypto-specific framework for the custody of crypto assets under the Investment Advisers Act of 1940 and the Investment Company Act of 1940. The proposal seeks to address uncertainty arising from existing custody

rules, which were primarily designed for traditional assets, by providing investment advisers and regulated funds with a compliant pathway for safeguarding crypto assets, including where suitable custodial services may not yet be available. It also proposes broader modernisations to existing custody requirements to reflect current industry practices. The proposal forms part of the SEC's wider efforts to develop a regulatory framework for crypto assets and tokenised securities, following initiatives concerning tokenisation, broker-dealer registration, crypto asset offerings and trading of tokenised securities. The proposed framework aims to facilitate crypto asset innovation while maintaining investor protection and modernising regulatory oversight.

Read More

APPOINTMENTS

1. IRDAI Appoints Shri Dinesh Pant as Whole-time Member (Actuary) - 12.10.2026

The Insurance Regulatory and Development Authority of India (IRDAI), through a press release dated October 12, 2026, announced that Shri Dinesh Pant has joined the Authority as its Whole-time Member (Actuary) on the same date.

Read more

2. RBI Appoints Shri Sudhakar Malli as Executive Director - 02.10.2026

RBI announced the appointment of Shri Sudhakar Malli as Executive Director with effect from 1 October 2026. Prior to his promotion as ED, Shri Sudhakar was serving as Chief General Manager in the Department of Supervision in the Reserve Bank. Spanning more than 25 years, his professional background encompasses expertise in banking, non-banking financial entities, and cooperative banks. He also has around five years supervisory experience in overseas jurisdictions and in the area of Currency Management.

Read more

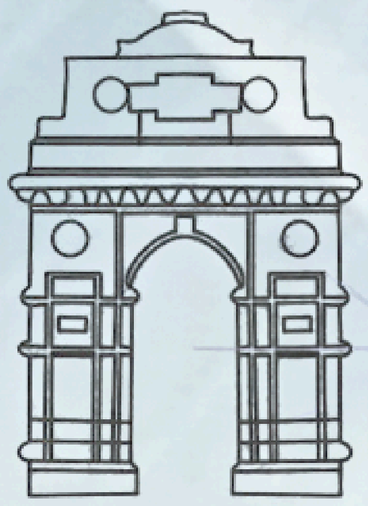
REGSTREET
Law Advisors

THANK YOU

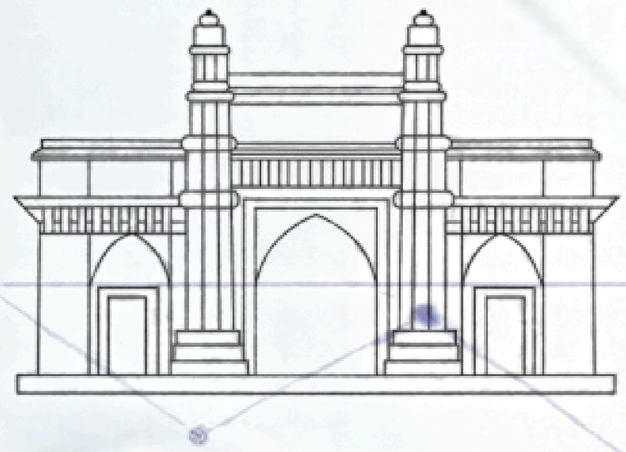
for reading the October 2026 edition of RegPost

We look forward to bringing you more insights on securities markets, financial regulation and regulatory developments.

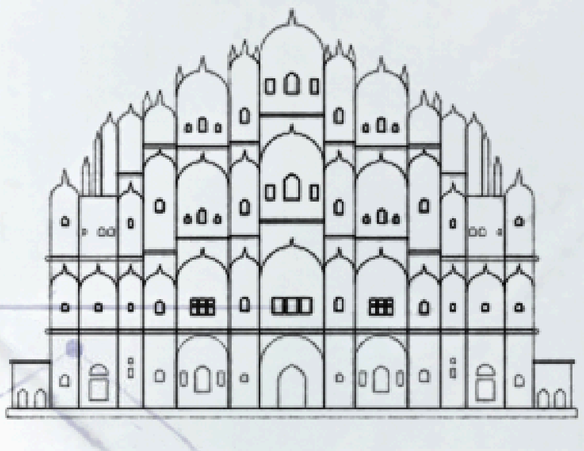
Contact Us



Delhi



Mumbai



Jaipur

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

PHONE

+91 22 49283700
+91 809 7246255

WEBSITE

www.regstreetlaw.com

Regstreet Law Advisors | 507, Embassy Centre | Nariman Point | Mumbai 400 021
www.regstreetlaw.com | info@regstreetlaw.com