भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

प्रेस विज्ञप्ति
PRESS RELEASE

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**PR No.33/2025**

**SEBI Board Meeting**

The 210th meeting of the SEBI Board was held in Mumbai today.

The SEBI Board, inter-alia, approved the following:

1. **Amendments to SEBI (ICDR) Regulations, 2018 and SEBI (SBEB) Regulations, 2021 relaxing certain requirements related to public issue, with the objective of Ease of Doing Business**

1.1 The existing regulations exempt the requirement of minimum holding period of one year only for equity shares acquired pursuant to an approved scheme to be eligible for Offer for Sale in public issue. This exemption is not available for equity shares arising out of conversion of fully paid-up Compulsorily Convertible Securities ('CCS') received under such approved scheme. This has resulted in certain investors not being able to participate in the Offer for Sale in public issue. Extending the exemption to equity shares arising from conversion of fully paid-up CCS received pursuant to approved scheme will facilitate such participation. This will assist the companies contemplating reverse flipping.

1.2 In terms of existing regulations, certain relevant persons are permitted to contribute their equity shares towards the minimum promoter contribution ('MPC') requirement (apart from the promoter). While promoters are allowed to contribute equity shares arising from conversion of fully paid-up

CCS for MPC, such provision is absent for such relevant persons. This amendment approved by the Board will allow contributions by such relevant persons as well.

Such relevant persons are: alternative investment funds, foreign venture capital investors, scheduled commercial banks, public financial institutions, insurance companies registered with Insurance Regulatory and Development Authority of India, any non-individual public shareholder holding at least five per cent. of the post-issue capital or any entity (individual or non-individual) forming part of promoter group other than the promoter(s).

1.3 Under the existing regulations, promoters are ineligible to hold or be granted share based benefits, including ESOPs. If they hold such share based benefits at the time of filing of draft red herring prospectus ('DRHP'), they have been required to liquidate such benefits prior to the IPO. This provision has been found to be impacting founders classified as promoters at the time of filing of DRHP. The proposal approved by the Board shall facilitate founders who received such benefits at least one year prior to the filing of DRHP with the Board, to continue holding, and / or exercising such benefits even after being specified as the promoter/s and the company becoming a listed entity.

1.4 These proposals as approved by the Board are expected to (i) assist public companies who are intending to list after undertaking reverse flipping (i.e. shifting the country of incorporation from a foreign jurisdiction to India) and (ii) relax certain requirements relating to share based benefits granted to founders prior to the company undertaking the IPO.

1.5 The aforementioned proposals were prepared pursuant to public consultation undertaken in March 2025, followed by deliberation by the Primary Markets Advisory Committee and factoring in the feedback received on the public consultation.

**2. Board approved the amendment to SEBI (ICDR) Regulations, 2018 to mandate dematerialization of existing securities of select shareholders prior to filing of DRHP in order to promote dematerialisation of securities in the listed domain.**

2.1 With the objective of achieving dematerialisation of securities at the time of listing, the SEBI Board, in addition to the existing provision of compulsory dematerialization of holding of promoter, has now mandated dematerialisation of securities held by the following category of shareholders, before filing of the DRHP by the issuer:

| | |
|---|---|
| 1. | Promoter Group |
| 2. | Selling Shareholders |
| 3. | Key Managerial Personnel (KMPs) |
| 4. | Senior Management |
| 5. | Qualified Institutional Buyers (QIBs) |
| 6. | Directors |
| 7. | Employees |
| 8. | Shareholders with special rights |
| 9. | All entities regulated by Financial Sector Regulators |
| 10. | Any other category of shareholders as maybe specified by Board from time to time |

2.2 Dematerialisation of securities has several benefits, which include reduction of frauds and forgery, elimination of loss and damage of securities, faster and more efficient transfers, improved transparency and regulatory oversight, mitigation of legal disputes etc. The above decision will bring more class of shareholders under the dematerialisation mode and reduce the volume of physical shares.

2.3 The aforementioned proposals were prepared pursuant to public consultation undertaken in April 2025, followed by deliberation by the Primary Markets Advisory Committee and factoring in the feedback received through the public consultation.

## 3. Simplification and streamlining of Placement Document for Qualified Institutions Placement

3.1 The Board approved amendments to SEBI (ICDR) Regulations, 2018 for simplifying and streamlining the placement document for qualified institutional placement by listed entities. This builds on the simplification and streamlining undertaken for Rights Issue by listed entities. The proposal factors in the availability of information for listed entities in the public domain, and reduces or eliminates duplication of such information in the placement document. Making of disclosures has also been enabled in a summarized and concise form.

3.2 Such areas of disclosure being simplified include:

- Risk factors being specified in relation to the issue, the objects of the issue and the material risks (dispensing with generic risk factors being disclosed);
- Providing summary of financial position (dispensing provision of complete financial statements);
- Providing a summary of issuer's business and the industry in which it operates;

3.3 The aforementioned proposals were prepared pursuant to public consultation undertaken in May 2025, followed by deliberation by the Primary Markets Advisory Committee and factoring in the feedback received on the public consultation.

## 4. Introduction of special measures to facilitate Voluntary Delisting of certain Public Sector Undertakings (PSUs)

4.1 The Board approved amendment to SEBI (Delisting of Equity Shares) Regulations, 2021 for introduction of a special measures for PSUs [other than Banks, Non-banking Financial Companies (NBFCs) and Insurance Companies] those which are under the ambit of any financial sector regulator) to undertake voluntary delisting through fixed price delisting process when the shareholding of Government of India as a promoter and/or other PSUs equals or exceeds 90%.

Such measures include relaxations from requirement of two-third threshold for approving delisting by public shareholders and in the mode of computation of floor price.

In certain Public Sector Undertakings (PSUs) with minimal public float, the shares are traded frequently at prices which are not commensurate with operations, net worth, profitability and other financial parameters of the company.

If such PSUs are to undertake delisting, the current norm of 60 days' volume weighted average market price makes it financially burdensome to delist such companies.

4.2 In order to facilitate delisting of such PSUs, the Board has approved amendment to SEBI (Delisting of Equity Shares) Regulations, 2021 for introduction of special measures as follows:

4.2.1 PSUs [other than Banks, Non-banking Financial Companies (NBFCs) and Insurance Companies] in which aggregate shareholding of Government of India and/or any PSUs equals or exceeds 90% of total issued shares of the PSU, would be eligible for delisting under the relaxed route (Eligible PSUs).

4.2.2 Accordingly, the requirement of the threshold of approval by public shareholders in favour of the delisting set at two third majority is dispensed with.

4.2.3 Delisting of such eligible PSU would be only through a fixed price delisting process which shall be atleast 15% premium over the floor price.

4.2.4 Floor price under this relaxed route shall be atleast the highest of the following -

- volume weighted average price paid or payable for acquisitions by the acquirer, during the 52 weeks immediately preceding the reference date;
- the highest price paid or payable for any acquisition by the acquirer during the 26 weeks immediately preceding the reference date;
- the price determined by joint valuation report obtained by two independent registered valuers taking into account various valuation parameters as on reference date.

4.2.5 Eligible PSUs, delisted under this special provisions, undertaking voluntary strike-off which if, effected after the date of delisting but not later than thirty days from the expiry of the one-year period subsequent to delisting, then –

- the amount which is due to the public shareholders who have not tendered their shares during the period of one year from the date of delisting shall be transferred to an appropriate account of designated stock exchange. This would be held for a period of 7 years during which time the investors can claim such amount from the stock exchange.

- On completion of such 7 years' period, the remaining amount, if any, shall be transferred to Investor Education and Protection Fund (IEPF) for entities established under Companies Act or to SEBI's Investor Protection and Education Fund (IPEF). For any claims to be made subsequent to such transfer, the investors can approach the designated stock exchange, which will be reimbursed by IEPF or IPEF as applicable.

4.3 The aforementioned proposals were prepared pursuant to public consultation undertaken in May 2025, followed by feedback from members of the Primary Markets Advisory Committee and factoring in the feedback received on the public consultation.

## 5. Amendments to regulatory framework for Social Stock Exchange for Ease of Doing Business

5.1 In order to facilitate Social Enterprises [including For-profit organizations and Not-For Profit Organizations (NPOs)] accessing the Social Stock Exchange mechanism, the Board has approved amendments to the regulatory framework for Social Stock Exchange

5.2 The key amendments approved are:

5.2.1 Inclusion of legal structures such as trusts registered under Indian Registration Act, 1908, charitable society registered under the society registration statue of the relevant state and companies registered under section 25 of the erstwhile Companies Act, 1956, within the definition of NPOs.

5.2.2 Introduction of the term “Social Impact Assessment Organization (SIAO)” (instead of ‘social impact assessment firm’) to signal profession-agnostic approach for such organisations and requiring such organizations to be empanelled with specified SROs (i.e., ICAI, ICSI and ICMAI). Such organizations are required to have at least two Social Impact Assessors in full-time employment for conducting social impact assessment. Such impact assessors should have experience of atleast 3 years of conducting social impact assessment. These social impact assessors shall be mandated to sign the impact assessment report, if the SIAO does not have 3 years track record for conducting social impact assessment.

5.2.3 Requiring social enterprises to raise funds through the Social Stock Exchange mechanism within a period of two years from its registration on such exchange, failing which its registration will lapse.

5.2.4 Expansion of eligible activities for social enterprises to mobilize funds by aligning activities with activities listed in Schedule VII of Companies Act (as governs CSR activities of companies).

5.2.5 SEBI can specify more target segments for inclusion under the eligibility criteria for being identified as a social enterprise. The existing target segments are underserved or less privileged population segments or regions recording lower performance in the development priorities of central or state governments.

5.2.6 Easing eligibility criteria for NPOs by limiting the criteria of certain percentage of activities compulsorily to be in eligible activities only to for profit social enterprises (from an earlier requirement covering both NPOs and for-profit social enterprises).

5.2.7 Bifurcation of the annual disclosure requirements into financial and non-financial matters, and prescribing different timelines for disclosures for these matters.

5.2.8 NPOs being permitted to self-report the annual impact report for its projects even when funds have not been raised through Social Stock Exchange.

5.3 The aforementioned proposals were prepared pursuant to public consultation undertaken in January 2025, followed by deliberation by the Social Stock Exchange Advisory Committee and factoring in the feedback received on the public consultation.

## 6. Amendments to Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992 for rationalisation and Ease of Doing Business

6.1 SEBI (Merchant Bankers) Regulations, 1992 (MB Regulations) have been notified by SEBI in order to regulate merchant banking activities being carried out by Merchant Bankers (MB). It has been observed that the MBs also undertake significant amount of activities that are not with in the purview of SEBI.

In view of the possible risks associated with unregulated activities being carried out by SEBI registered entity, the Board in its meeting held in December 2024 had approved that the non-regulated activities be hived off to a separate legal entity. However, post internal review and feedback obtained from market participants, the Board has now relaxed the requirement of hiving off and has approved the following amendments to the MB Regulations:

6.2 MBs shall be permitted to carry out activities that are not regulated by SEBI in the following respects:

a. MB may undertake activities, which are within the purview of any other Financial Sector Regulator (FSR), provided it shall comply with the regulatory framework, if any, as may be specified by the respective FSR;
b. MB may also undertake activities, which are not within the purview of SEBI or any other FSR, provided they are fee-based, non-fund based activities and pertain to financial services sector,

These activities shall be subject to the conditions that shall be specified by SEBI.

6.3 Further, the amendments approved in the Board meeting dated December 18, 2024 broadly lay down the regulatory framework for Merchant Bankers ('MB')

including their categorization, eligibility, activities and responsibilities in securities market such as:

(i) Specification of Permitted activities under the purview of SEBI. List of permitted activities is as under:

| **List of Permitted activities** | |
|---|---|
| Managing of public issues, qualified institutions placements, rights issues of securities and advisory or consulting services incidental to such issues; | Managing of international offering of securities and advisory or consulting services incidental to such offering; |
| Managing of:<br>• acquisitions and takeovers under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;<br>• buy-back under the Securities and Exchange Board of India (Buy-Back of Securities) Regulations**,** 2018;<br>• delisting under the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; | Managing of:<br>• compliances as may be required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of any scheme of arrangement;<br>• implementation of a scheme under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; and |

| | |
|---|---|
| | • advisory or consulting services incidental to such activities specified above |
| Private placement, secondary transactions of listed or proposed to be listed securities on a stock exchange recognized by the Board and activities incidental thereto; | Filing of placement memorandum of an alternative investment fund;<br>Issuance of fairness opinion; |
| Underwriting activities as specified by the Board from time to time; | Any other activity as may be specified by the Board from time to time |

(ii) Categorization of MBs based on net worth and activities:

a. Category 1 - Net worth not less than Rs. 50 crore and allowed to undertake all permitted activities.

b. Category 2 - Net worth not less than Rs. 10 crore and allowed to undertake all permitted activities except managing equity issues on the Main Board.

(iii) Requirement to maintain liquid net worth of at least 25% of minimum net worth requirement, at all times. Further, underwriting obligations of MB is capped at 20 times of its liquid net worth.

(iv) Minimum revenue from permitted activities is required by MBs, as given below:

a. Category 1: at least Rs. 25 crores, on a cumulative basis, in three immediately preceding financial years.

b. Category 2: at least Rs. 5 crores, on a cumulative basis, in three immediately preceding financial years.

MB managing only the issue of listed / to be listed Debt Securities and Hybrid Securities shall be exempted from complying with the aforementioned requirement.

(v) MB may be involved only in the marketing of the issue, when its directors, other key managerial personnel, compliance officer, employees or relative(s) of the said persons, individually or in aggregate hold more than 0.1% of paid up share capital or shares whose nominal value is 10,00,000 rupees, whichever is lower, in the issuer.

(vi) Compliance officer of MB shall have educational qualification of Company Secretary or graduate degree in law and post qualification work experience of two years.

Existing Compliance Officers may continue without aforementioned educational qualification, if they have five years of work experience and have obtained prescribed NISM Certifications.

6.4 It may be recalled that a consultation paper was circulated on August 28, 2024 on the proposals, which were subsequently approved in the Board Meeting dated December 18, 2024. Further, for the revised proposal on the activities to be undertaken, inputs from certain stakeholders including Association of Investment Bankers of India (AIBI) and US-India Strategic Partnership Forum (USISPF), Federation of Indian Chambers of Commerce and Industry (FICCI) and Bharat Chamber of Commerce (BCC).

## 7. Measures for regulation of activities of Debenture Trustee ("DT") including measures for Ease of Doing Business

7.1 SEBI (Debenture Trustee) Regulations, 1993 (DT Regulations) have been notified by SEBI in order to regulate trusteeship activities being carried out by DTs. However, it is observed that the DTs are also undertaking significant amount of other activities that do not fall under the purview of SEBI.

In view of the possible risks associated with unregulated activities being carried out by a SEBI registered entity, the Board in its meeting held in December 2024 had approved that the non-regulated activities be hived off to a separate legal entity. However, post internal review and feedback obtained from the market participants, the Board has now relaxed the requirement of hiving off and has approved the following amendments to the DT Regulations:

7.2 DTs shall be permitted to carry out activities that are not regulated by SEBI, subject to certain specified conditions, such as:

7.2.1 DT may undertake activities, which are within the purview of any other Financial Sector Regulator (FSR), provided it shall comply with the regulatory framework, if any, as may be specified by the respective FSR;

7.2.2 DT may also undertake activities, which are not within the purview of SEBI or any other FSR, provided they are fee-based, non-fund based activities and pertain to financial services sector;

7.2.3 These activities shall be subject to the conditions that shall be specified by SEBI.

7.3 Further, the Board approved the following proposals:

7.3.1 Insertion of provisions in the DT Regulations, specifying the rights of the DTs and the corresponding obligations on the issuer under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;

Currently, there are no distinct provisions specifying the rights of the DTs which could aid them in performing their obligations, roles and responsibilities. Further, there is absence of corresponding responsibilities on the issuer to facilitate the DT in carrying out its fiduciary duties.

7.3.2 Enabling provisions in the DT Regulations and the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (NCS Regulations), to provide the formats for model Debenture Trust Deeds (DTDs);

Currently, the NCS Regulations and the DT Regulations specify the broader principles of DTD but there is lack of uniformity in the DTDs being executed, in the absence of any standardized formats.

7.3.3 Modifications in the manner of utilization of Recovery Expense Fund (REF).

The extant regulatory framework specifies the broader purpose of REF but it does not elaborate on the list of expenses for which REF can be utilized, hence, the DTs face difficulties in obtaining consent and reimbursements thereof.

7.4 The aforementioned proposals were prepared pursuant to public consultation undertaken in November 2024, followed by deliberation by the Corporate Bonds and Securitization Advisory Committee and subsequent discussions with market participants and the two industry associations of

Debenture Trustees. It is envisaged that the above proposals will promote ease of doing business for the DTs while addressing the concerns/ possible risks associated with unregulated activities being carried out by a SEBI registered entity.

## 8. Measures to enhance Ease of Doing Business for the activities of Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs)

8.1 The Board approved following matters that will result in amendments to SEBI (Real Estate Investment Trusts) Regulations, 2014 and to SEBI (Infrastructure Investment Trusts) Regulations, 2014. The proposals for the Board were after due public consultations undertaken vide consultation paper issued on May 02, 2025, and based on the recommendations of the Hybrid Securities Advisory Committee of SEBI and public feedback.

8.2 The matters are:

8.2.1 The related parties of the REIT/InvIT and the related parties of the Sponsor, Investment Manager/Manager and project manager shall not be considered as "public" unless such related parties are Qualified Institutional Buyers (QIBs).

The sponsor, sponsor group, Investment Manager/Manager and Project Manager shall always be excluded from "public" irrespective of being QIBs or not.

Prior to this amendment, any units held by the related parties of the Sponsor, Investment Manager/Manager and project manager were <u>not</u> counted towards units held by "public". The amendment aims to facilitate classification of units held by the related parties of the Sponsor, Investment Manager/Manager and project manager <u>who are QIBs as public</u>.

8.2.2 The negative net distributable cash flows generated by a Holdco on its own can be adjusted against the cash received from SPV to arrive at the cash

flows for distribution by such Holdco to the REIT/InvIT, subject to appropriate disclosures to the unitholders.

Prior to this amendment, a HoldCo was required to distribute 100% of the cash flows received from the underlying SPV(s) to the REIT/InvIT. The above amendment aims to facilitate HoldCo to adjust its own negative cash flows against the cash flows received from the underlying SPVs before distributing such cash flows to REIT/InvIT.

8.2.3 Alignment of timelines for submission of various reports (including quarterly reports, to be submitted to stock exchanges, trustee and board of investment manager, and valuation reports) with the timelines for submission of financial results.

Prior to this amendment, different timelines were prescribed for submissions of aforementioned reports.

Quarterly reports included disclosures of certain financial information of the REIT/InvIT. Certain statements forming part of financial results are derived from valuation reports. In view of the above, it was represented that the timelines for submission of the above reports may be aligned with the timelines for submission of financial results, which has been facilitated by this amendment.

8.2.4 Reduction of minimum allotment lot in the primary market for privately placed InvITs to Rs. 25 lacs in alignment with the trading lot size in the secondary market.

Prior to this amendment, the minimum allotment lot in the primary market for privately placed InvIT was Rs. 1 crore / Rs. 25 crores, depending upon the asset mix of the InvIT.

In an earlier round of reforms, the lot size for trading in the units of a privately placed InvIT in the secondary had been lowered to Rs. 25 lakhs, irrespective of the asset mix.

Hence, a uniform minimum allotment of Rs. 25 lakhs in the primary market for all privately placed InvITs, in alignment with the secondary market trading lot has been undertaken.

## 9. Amendments to the SEBI (Certification of Associated Persons in the Securities Markets) Regulations, 2007 ("CAPS Regulations") to specify certification requirements and associated timelines

9.1 Presently, under the CAPS Regulations, the certification requirements for "Associated Persons" are required to be specified through a Notification in the Official Gazette. The timelines for obtaining the specified certification are stipulated in the Regulations. In order to simplify and expedite the process undertaken by the Board for specifying the certification requirements and associated timelines, the CAPS Regulations are proposed to be amended to provide for specifying the said requirements through a Circular.

9.2 Accordingly, the Board has approved that the requirement of issuance of Gazette Notification for the certification requirement of "Associated Persons" (along with the timeline for obtaining such certificates) shall be replaced with issuance of Circular.

## 10. Board allows Custodians to provide other financial services under same legal entity for ease of doing business

10.1 In order to simplify, ease and reduce the compliance requirements for Custodians and updating the regulatory framework such that it is commensurate with the continually evolving nature of their business, the Board in its meeting dated December 18, 2024 approved certain proposals for reviewing the Securities and Exchange Board of India (Custodian) Regulations, 1996. One of the proposals that SEBI Board had earlier approved was that a separate legal entity would be required to be set up by custodian for undertaking financial services activities not regulated by SEBI or any financial sector regulator. In the previous Board meeting, the implementation of proposals including the proposal to hive off unregulated activities as a separate legal entity was deferred. With the objective of ease of doing business, SEBI Board has now approved revised proposals on custodians undertaking financial services activities.

10.2 In this regard, to bring ease of doing business without compromising on the regulatory objective of clear regulatory oversight over activities undertaken by registered custodians, the Board approved a revised proposal that custodians shall not be required to set up a separate legal entity, subject to certain conditions as enumerated below.

10.3 In consultation with the Custodian and DDP Standards Setting Forum (CDSSF), SEBI shall draw a list of all activities of Custodians (relating to Custodial services, including fund accounting) that are regulated by SEBI. Custodians can undertake other financial services that are under the regulatory oversight of other financial sector regulators or unregulated activities within the same legal entity. Custodians may share manpower

and infrastructure to provide other financial services as part of same legal entity, subject to having adequate mechanisms to address issues of conflicts of interest.

10.4 If any non-Bank/ non-Bank associated Custodian offers services that are not directly overseen by any financial sector regulator, they must ensure adequate mechanisms to ensure adequate disclosures, transparency, and management of any conflict of interest. They must disclose clearly to all relevant stakeholders that such activities are outside the purview of, and without recourse to SEBI. They must also set up distinct and separate Strategic Business Units for undertaking activities outside the purview of SEBI, and adequate mechanisms to address issues of conflicts of interest.

## 11. Board approves Category I & II AIFs to offer co-investment opportunities within the AIF structure, to enhance ease of doing business for AIFs

11.1 With an objective to enhance ease of doing business for Alternative Investment Funds ("AIFs"), the Board approved the proposal to permit Category I & II AIFs to offer Co-investment scheme ('CIV scheme') under SEBI (Alternative Investment Funds) Regulations, 2012. This will further facilitate AIFs and investors to co-invest and will support capital formation in unlisted companies through AIFs.

11.2 'Co-investment' means investment made by a manager or sponsor of the AIF or by investor of Category I and II AIFs in unlisted investee companies where such a Category I or Category II AIF(s) makes investment. To illustrate, if a scheme of an AIF is making an investment in a company for, say ₹100 crore, as part of the scheme's portfolio, on behalf of investors in the pool. If the need of the company is ₹300 crore, the manager of the AIF, may offer this additional investment opportunity to any investor of the scheme of AIF who may want to invest in addition to their investment through the AIF.

11.3 Presently, co-investment for AIF investors is facilitated through Co-investment Portfolio Managers under PMS Regulations ("PMS route"). A Working Group set up to review compliance requirements under the AIF Regulations highlighted certain operational issues with respect to co-investment through the extant PMS route, such as Investment Managers requiring both AIF and PMS registrations, and unlisted investee companies having to deal with a large number of shareholders. To address these issues, the Working Group recommended providing a route for co-investment within the AIF structure.

11.4 Co-investment Scheme introduced under AIF Regulations, as approved by the Board, will have the following key features:

11.4.1 “Co-investment scheme” shall means a scheme of a Category I or Category II AIFs, which facilitates co-investment to accredited investors of a particular scheme of an AIF, in unlisted securities of an investee company where the scheme of the AIF is making investment or has invested

11.4.2 A separate CIV scheme shall be launched for each co-investment in an investee company subject to safeguards to ensure that the scheme is used only for bona fide purposes.

11.4.3 Certain regulatory requirements applicable to other AIF schemes shall be relaxed for CIV schemes.

11.5 It may be recalled that a consultation paper was issued on May 09, 2025, inviting public comments on allowing co-investment through Co-investment scheme structure. Public comments substantially supported the proposals, and some suggestions have been taken on board. SEBI also incorporated the recommendations of the Alternative Investment Policy Advisory Committee.

11.6 This policy initiative will allow Category I & II AIFs to facilitate co-investment to accredited investors through Co-investment scheme (‘CIV scheme’) within AIF Regulations, in addition to the existing option for co-investment available through the PMS route.

## 12. Board approves proposal to review regulatory framework for Angel Funds under AIF Regulations to rationalise their fund raising and enhance ease of doing business

12.1 In the context of abolishment of the Angel Tax, SEBI reviewed the need for regulating Angel Funds under the AIF framework. Based on overwhelming feedback received from stakeholders, the Board approved the decision to continue to regulate Angel Funds under the said framework while also rationalising the same.

Proposals to address risk and compliance issues:

12.2 One of the core principles of SEBI is to ensure sustainable capital formation across securities market and facilitate investments into start-ups. At the same time, there is also a need to ensure that only those investors with risk capability are shown offers to invest in unlisted start-ups through Angel Funds. Unlike other AIFs where investment decision is taken by the Manager, Angel investments are made after explicit investor consent for each investment. Hence, existing regulations require that only Angel Investors that meet certain conditions can invest in Angel Funds. Currently, there is no verification (other than by the fund manager) as to whether an investor qualifies as an Angel Investor or not. In addition, Angel Investor criteria was defined in 2013, and economic thresholds (such as INR 2 cr. net worth for individuals and INR 10 cr. for body corporates, etc.) need to be updated to reflect the changed market indicators since then.

12.3 In addition, as a part of market practice, some Angel Funds do offer opportunities in unlisted securities to a large number of investors, beyond the thresholds specified under Companies Act.

12.4 Given the above background, the Board approved that Angel Investors will now need to be Accredited Investors (AI). Note that in AI, there is independent verification of investor status, with thresholds that update to the current market levels. In addition, the Board approved a proposal to amend ICDR so that AIs will be included as Qualified Institutional Buyers (QIBs) for the limited purpose of investments into Angel Funds only. This would allow Angel Funds to show opportunities to a wider pool of eligible investors, while staying in conformity with Companies Act.

12.5 AI adoption has been minimal till now, given that it is not a regulatory mandate for any product. In this context, the accreditation process has already been eased (such as reduced documentation for the AI process), and further steps have now been proposed. We have issued a consultation paper on this issue yesterday.

12.6 Earlier investments by non-AIs are being grandfathered, and there is a glide path of one year for full implementation of these measures.

12.7 With a more widespread adoption of AIs, the larger AIF ecosystem itself can benefit. SEBI is in discussions with the industry on how 'AI only' pools can lead to lighter regulation, to ensure improved ease of doing business for all stakeholders. This is, therefore, a start to more optimum regulation all around.

<u>Proposals to provide operational ease, clarifications, and ease of doing business:</u>

12.8 With the above background, some of the key features of the revised regulatory framework are as under –

12.8.1 Ease of doing business measures for Angel Funds include: (i) relaxation of floor and cap for investment in an investee company

from INR 25 lakh–10 crore to INR 10 lakh-25 crore respectively (ii) removal of concentration limit of 25% of total investments of Angel funds in an investee company (iii) allowing contributions from more than 200 AI investors in an investment (iv) enabling follow on investment in an investee company which is no longer a start-up.

12.8.2 For fairness: Angel Fund shall offer each investment opportunity to all its investors and allocate investment among consenting investors in the manner as explicitly disclosed in its PPM.

12.8.3 For skin in the game: Sponsor/ manager shall maintain a minimum continuing interest in each investment of the Angel Fund, at higher of 0.5% of investment amount or INR 50,000.

12.9 These proposals have been formulated after following due consultation process, taking into account the inputs/recommendations of Alternative Investment Policy Advisory Committee and that of the stakeholders on the consultation papers dated November 13, 2024 and February 21, 2025.

## 13. Board approves a proposal to relax regulatory compliances for FPIs investing only in Government Securities (G-Secs) to facilitate ease of doing business

13.1 With an objective to enhance ease of doing business through a risk-based approach and optimum regulation, the Board approved the proposal to relax certain regulatory requirements for all existing and prospective FPIs that exclusively invest in G-Secs (hereinafter referred to as “GS-FPI”). These measures are expected to further help in facilitating investments by FPIs in G-Secs.

13.2 Several global index providers have announced inclusion of G-Secs in their respective bond indices, viz., J P Morgan Global EM Bond Index (starting June, 2024), Bloomberg EM Local Currency Government Index (starting January, 2025) and FTSE Russell Emerging Markets Government Bond Index (starting September, 2025). FPI investment in FAR eligible securities has seen a significant increase and has crossed ₹3 lakh crore mark in March 2025.

13.3 Certain regulatory requirements specified for FPIs under the FPI Regulations, 2019 and circulars issued thereunder are applicable to FPI investments into equity and corporate bonds, and not relevant for investments in G-Secs. In this context, the below mentioned relaxations are expected to give a fillip to FPIs’ investment in government securities. These proposals have been formulated after following due consultation process, taking into account the inputs/recommendations of stakeholders through consultation paper dated May 13, 2025 and that of the FPI Advisory Committee.

13.4 The Board has approved the following relaxations for GS-FPIs:

13.4.1 The periodicity of mandatory KYC review for GS-FPIs shall be harmonized with RBI's requirements. GS-FPIs will therefore have less frequent mandatory KYC reviews.

13.4.2 Existing and prospective FPIs that exclusively invest in G-Secs under the Fully Accessible Route (FAR) shall not be required to furnish investor group details. Such details are largely relevant for monitoring FPI exposures into equity and corporate debt only.

13.4.3 Non-resident Indians, Overseas Citizens of India and Resident Indians individuals shall be permitted to be constituents of GS-FPIs without any restrictions applicable to other FPIs, including being in control of GS-FPI. The conditions regarding participation of RIs, viz. contribution through the Liberalised Remittance Scheme and in global funds whose Indian exposure is less than fifty percent, shall continue to apply.

13.4.4 GS-FPIs shall be permitted to intimate all material changes within 30 days (instead of 7 days).

13.4.5 Identification as GS-FPI at the time of onboarding, and transition of existing as well as prospective FPIs to GS-FPIs and vice-versa, shall be subject to conditions as may be specified by SEBI from time to time.

## 14. Facilitating ease of doing business for Portfolio Managers by simplifying the format for Disclosure Document

14.1 The Board approved an amendment to the SEBI (Portfolio Managers) Regulations, 2020 to delete Schedule V from the Regulations, containing the format of 'Model Disclosure Document' along with restructuring of disclosures and issuing the same, in a simplified manner, through a circular.

14.2 The disclosure document is issued by every Portfolio Manager as a compendium of essential information, which enables investors to take better and well informed investment decisions.

14.3 It may be recalled that SEBI has taken various policy initiatives to facilitate ease of doing business for Portfolio Managers as well as investors such as streamlining digital onboarding process for investors of Portfolio Managers, collective oversight of distributors of Portfolio Managers through Association of Portfolio Managers in India ('APMI') etc.

14.4 As an ongoing effort to further enable ease of doing business for the Portfolio Managers and enhanced information dissemination to investors, it has been decided, in consultation with APMI, to restructure the Disclosure Document for Portfolio Managers. Presently the disclosure document contains sixteen aspects, which shall be divided, into two separate parts viz. Dynamic and Static. The Dynamic section would include the content that undergoes frequent changes whereas, the Static section would include disclosures that do not change frequently.

14.5 The disclosure document format is presently specified in the Regulations, and any change in the format is only possible through amending the Regulations. Thus, the Board approved the deletion of the format of the

model disclosure document from the Regulations, restructuring of disclosures and issuance of the same through a Circular.

14.6 While this policy change will not result in any change in the content of the disclosure document, it will provide operational convenience to the Portfolio Managers, as only the updated section of the disclosure document will need to be circulated to the clients. It will also provide ease of understanding for investors to identify any material changes clearly highlighted in the communication.

## 15. Settlement Scheme for certain Stock Brokers who traded on NSEL Platform

15.1 The Securities and Exchange Board of India (SEBI) has decided to introduce a Settlement Scheme (hereinafter referred to as “the Scheme”) under Regulation 26 of Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 for certain Stock Brokers who traded on the National Spot Exchange Ltd (NSEL) platform and had applied/ were registered with SEBI as Trading Member / Clearing Member under SEBI (Stock Brokers) Regulations, 1992.

15.2 The settlement scheme was approved by the Competent Authority at SEBI, following the recommendations made by High Power Advisory Committee (HPAC) under Regulation 26 of Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 and was placed before the Board for information.

15.3 The Scheme shall provide an opportunity to such stock brokers against whom enforcement actions have been taken by SEBI. By availing the benefit of the scheme, the stock brokers may settle such proceedings and seek expeditious conclusion of the said proceedings.

15.3.1 The salient features of the Scheme are as under:

15.3.1.1 Monetary terms of settlement:

The proposed slab structures for arriving at the Indicative Settlement amount would be sum of the amount arrived for each brokers by two criteria, namely quantity involved in paired contract & trading value of paired contracts:

I Based on Quantity involved in paired contracts

| | Quantity involved in paired contracts (units) | Settlement amount (Rs.) |
|---|---|---|
| | =< 25,000 | 1,00,000 |
| | >25,000 and =<1,00,000 | Rs. 1,00,000 + 1 Re for each unit in paired contract above 25,000 units |
| | >1,00,000 | Rs. 1,75,000 + 0.50 Rs. for each unit in paired contracts above 1,75,000 units subject to maximum Rs. 5,00,000/- |

II Based on traded value available in paired contracts: 1 basis point (0.01%) of traded value in paired contracts, subject to a minimum of Rs. 5 Lakh.

Hence the total settlement amount would be a sum of I and II above.

15.3.1.2 Non-Monetary terms of settlement

The non-monetary terms of settlement range from a voluntary debarment ranging from 1 to 6 months and are based upon the directions of suspension/cancellation given in orders by the Competent Authority. The period for which the broker has already undergone debarment in terms of suspension/ making a fresh application seeking registration as directed in SEBI enquiry orders to be deducted.

15.3.1.3 Further, settlement scheme would not be applicable for those brokers whose names are appearing in the charge sheet filed by Economic Offences Wing/Enforcement Directorate or any other law enforcement agency in NSEL matter and brokers who are defaulter at Stock Exchanges.

15.3.1.4 Further, if any charge sheet is filed against any such broker in future by any law enforcement agency, then the settlement with respect to broker shall be rendered void.

15.3.1.5 This scheme is only for settling the violations relating to securities laws and will not have any bearing on the matters, which are being investigated by other law enforcement agencies falling under their jurisdiction.

15.3.1.6 The Scheme would greatly benefit the ecosystem as it would reduce the regulatory costs, save time and effort of SEBI and also act as an appropriate sanction and deterrence without resorting to a long-drawn litigation/enforcement process.

15.4 The actions initiated against the stock brokers who are not eligible for scheme or who do not avail this opportunity for settlement shall be continued against them in accordance with the law.

**16. SEBI Board takes note of Settlement Scheme to aid settlement of violations of winding up provisions by migrated Venture Capital Funds**

16.1 The Board noted the decision to introduce a one-time Settlement Scheme for Venture Capital Funds (VCFs) for not winding up their schemes within the prescribed timeframes. The Scheme provides a settlement opportunity to VCFs who have completed the migration to SEBI (Alternative Investment Funds) Regulations, 2012 (AIF Regulations).

16.2 The Settlement amount consists of two parts:

16.2.1 ₹1,00,000 for delay of up to 1 year in winding up the scheme and ₹50,000 for every subsequent year of delay or part thereof; and

16.2.2 An amount (based on a slab-wise structure) ranging from ₹1lakh to ₹6lakhs depending on the cost of unliquidated investments as on the date of application for migration.

16.3 Other salient features of the settlement scheme are:

16.3.1 Prior to applying under the Settlement Scheme, VCFs should have completed the migration to AIF Regulations.

16.3.2 The Settlement amount and all expenses related to settlement shall be borne by the Investment Manager / Sponsor.

16.3.3 The last date for applying under this settlement scheme will be January 19, 2025. (i.e. 6 months from last date to apply for migration).

Modalities for making the application for settlement will be informed in due course.

16.4 In light of the difficulties faced by the VCF industry to fully liquidate their investments within the tenure of their schemes, SEBI vide Circular dated August 19, 2024 prescribed the modalities for VCFs to migrate to AIF Regulations.

16.5 Migration to AIF Regulations would help the VCFs to secure an additional liquidation period to liquidate the assets and wind up the schemes. However, such migration would not absolve the VCFs from their past delays for winding up such schemes. The Scheme is intended to provide expeditious settlement of the past non-compliance related to tenure of scheme only, without any additional burden to investors.

16.6 The Settlement Scheme will be introduced under Regulation 26 of the SEBI (Settlement Proceedings) Regulations, 2018. The Settlement Scheme was recommended by the High Powered Advisory Committee of SEBI.

**17. Amendments to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations") as a measure to encourage dematerialization of securities as well as to streamline certain processes in view of current regulatory landscape.**

The amendments have been done with the objective of investor protection and ease of doing business through dematerialisation of securities in case of corporate actions. The Board has approved following proposals:

17.1 Mandating of issuance of securities by listed entities only in dematerialised form in case of the corporate actions, viz. consolidation/split of face value of securities and scheme of arrangements to encourage dematerialised holding of securities.

17.2 Over a period of time, SEBI and MCA have taken a series of measures to promote the dematerialisation of securities in view of its various benefits such as reduction of frauds and forgery, elimination of loss and damage of securities, faster and more efficient transfers, improved transparency and regulatory oversight, mitigation of legal disputes, cost reduction of investors and companies etc. In last few years, special efforts have been made in collaboration with listed companies having a large number of physical security holders. These efforts have resulted in significant progress. Through policy as well dematerialisation has been encouraged as rights issues, bonus issues, fresh issues by listed companies can only be made in demat mode. Further, transfer of securities can only be in demat mode.

17.3 In accordance with SEBI's objective to encourage greater dematerialisation, the Board has approved the proposal to prevent fresh

creation of physical securities by listed companies for Corporate Actions such as consolidation / sub-division or split of face value of securities / scheme of arrangements.

**18. Modification of certain provisions in view of current regulatory landscape, viz. deletion of requirement of maintaining proof of delivery by the listed entity under Para B(1) and B(2) of Schedule VII.**

18.1 Provisions under Para B(1) and B(2) of Schedule VII of LODR Regulations mandate maintenance of proof of delivery of speed post in case of intimation to (i) transferor for minor difference in signature; and (ii) both transferor and transferee in case of major differences in signature. The requirement of maintaining proof of delivery have become redundant in view of the fact that listed entities already maintain the record of proof of dispatch and the dispatches are done through speed post/courier wherein the record of proof of delivery is maintained upto six months for reference.

18.2 It may be recalled that a consultation paper was issued in this regard on January 14, 2025. The proposals have taken into consideration public feedback on the same.

**19. The Board approved the use of liquid mutual funds and overnight funds for compliance with deposit requirement mandated for Investment Advisers (IAs) and Research Analysts (RAs) in their regulations, as a measure of ease of doing business.**

19.1 This proposal will allow IAs and RAs to use liquid mutual funds and overnight funds as an additional option to the bank fixed deposit (FD) for the purpose of compliance with deposit requirements under their respective Regulations.

19.2 In terms of the provisions under SEBI (Investment Advisers) Regulations, 2013 ('IA Regulations') and SEBI (Research Analysts) Regulations, 2014 ('RA Regulations') respectively, IAs and RAs are required to maintain a deposit with a scheduled bank. Such a deposit is required to be lien marked to the Administration and Supervisory Body (ASB) for IAs and RAs. IAs and RAs through their associations have represented that they are facing certain operational difficulties in opening the FD accounts such as non-uniform interpretation of third-party FD procedures across different bank branches and lien marking of the same in favour of ASB. IAs and RAs have suggested that as an alternative to FD, units of liquid mutual fund lien marked in favour of ASB may also be permitted.

19.3 While approving the proposal, the Board noted that-

19.3.1 The liquid mutual funds are by nature liquid and may be considered low-risk and less volatile instruments. Further, lien can be marked on liquid mutual fund.

19.3.2 The operation of lien and invocation of lien on units of liquid mutual fund remains within the securities market ecosystem bringing in more efficiency.

19.3.3 Mutual fund folios can be opened and operated digitally as well as in demat mode. Asset Management Companies provide such facilities on their websites and apps that can be accessed through internet on mobile phones/computers.

19.3.4 Board also noted that similar to liquid mutual funds, overnight funds could also be a good alternative.

19.4 It may be recalled that the consultation paper on allowing the ‘use of liquid mutual funds for compliance of the deposit requirements’ was issued on May 09, 2025. The board has approved the decision after taking due consideration of the public comments received on the consultation paper.

19.5 It may also be recalled that SEBI in December 2024 had introduced various measures for ease of doing business for IAs and RAs. These measures include easing the eligibility criteria of qualification from post-graduation to graduation, allowing certification through continuing professional education model, removing the experience requirements. The net-worth requirement for IAs and RAs was also discontinued and was replaced with requirement of deposit. Further, in March 2025 Board meeting, fee related restrictions on IAs and RAs were relaxed to allow IAs and RAs to charge fees in advance upto a period of one year.

19.6 This decision has further provided ease of doing business for IAs/RAs as part of the continuous efforts of SEBI to address genuine concerns of IAs and RAs.

**Mumbai**
**June 18, 2025**