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NEWSLETTER

REGULATORY

- RBI
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- MCA



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

Notification No. FEMA 395(4)/2026-RB
Dated: 13th June, 2026

Pursuant to the Foreign Exchange Management (Non-Debt Instruments) (Third Amendment) Rules, 2026 notified by the Central Government on 12 June 2026, RBI has issued the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) (Amendment) Regulations, 2026 to align the payment, remittance and reporting framework with the revised investment regime for individual persons resident outside India.

Below are the key changes:

Reference	Existing Provision	Amended Provision
Schedule III – Title / Scope	<i>Investments by Non-Resident Indian (NRI) or Overseas Citizen of India (OCI) on repatriation basis</i>	<i>Investments by an individual person resident outside India including Non-Resident Indian (NRI) or Overseas Citizen of India (OCI) on repatriation basis</i>
Schedule III – Mode of Payment [Para A(1)]	Consideration to be paid through inward remittance from abroad through banking channels or out of funds held in an NRE account maintained under FEMA (Deposit) Regulations, 2016.	Consideration may be paid through inward remittance from abroad through banking channels or out of funds held in any repatriable deposit account maintained under FEMA (Deposit) Regulations, 2016.
Schedule III – Designated Account [Para A(2)]	The NRE account was required to be designated as an NRE (PIS) Account and used exclusively for transactions under Schedule III.	A repatriable rupee account maintained under FEMA (Deposit) Regulations, 2016 is required to be designated and used exclusively for investments under Schedule III.
Schedule III – Investment in Mutual Funds [Para A(3)]	Specific provision permitting investment in units of domestic mutual funds through inward remittance or funds held in NRE/FCNR(B) account .	Separate clause omitted. Mutual fund investments are now covered under the broader payment mechanism permitting use of any repatriable deposit account .
Schedule III – NPS Subscription [Para A(4)]	Subscription to NPS could be made through inward remittance or funds held in NRE/FCNR(B)/NRO account .	Subscription to NPS by NRIs/OCIs may be made through inward remittance or funds held in any repatriable foreign currency account, repatriable rupee account, or NRO account maintained under FEMA (Deposit) Regulations, 2016.
Schedule III – Remittance of Sale Proceeds of Equity Instruments	Sale proceeds (net of taxes) could be remitted outside India or credited to the investor's NRE (PIS) Account .	Sale proceeds (net of taxes) may be remitted outside India or credited to the investor's designated rupee account .
Schedule III – Remittance of Sale Proceeds of Mutual Funds / NPS	Sale proceeds (net of taxes) could be remitted outside India or credited to NRE (PIS)/FCNR(B)/NRO account at the option of the NRI/OCI investor.	Sale proceeds (net of taxes) may be remitted outside India or credited to any account maintained under FEMA (Deposit) Regulations, 2016 at the option of the NRI/OCI investor.
Schedule XI – Mode of Payment [Para A(1)(ii)]	Consideration could be paid through inward remittance from abroad through banking channels .	Consideration may be paid through inward remittance from abroad through banking channels or out of funds held in any repatriable foreign currency or rupee account maintained under FEMA (Deposit) Regulations, 2016 .
Regulation 4(9) – Reporting	Reporting was required in Form LEC (NRI) for transactions by NRIs/OCIs.	Reporting is now required in Form LEC (Individual Foreign Investor – IFI) for purchase/transfer of equity instruments by an individual person resident outside India, including NRI/OCI, on stock exchanges in India.

Amendment to Regulation 4(9): Consequent to the expansion of the investment framework under Schedule III to cover all individual persons resident outside India, the RBI has substituted **Form LEC (NRI)** with **Form LEC (Individual Foreign Investor – IFI)**. Accordingly, designated Authorised Dealer Category-I Banks are now required to report the purchase or transfer of equity instruments on Indian stock exchanges by all eligible individual foreign investors, including NRIs and OCIs, thereby aligning the reporting framework with the revised investment regime.

[Notification](#)

2. Liberalisation of Foreign Portfolio Investment under Schedule III of the Foreign Exchange Management (Non-debt Instruments) Rules, 2019

RBI/2026-27/114 A.P. (DIR Series) Circular No. 14
Dated: June 15, 2026

The Central Government, vide Foreign Exchange Management (Non-Debt Instruments) (Third Amendment) Rules, 2026, liberalised Schedule III of the FEMA (Non-Debt Instruments) Rules, 2019 by permitting **all individual persons resident outside India** to invest in equity instruments of listed Indian companies on recognised stock exchanges in India, a facility previously available only to NRIs and OCIs. Consequential amendments were also notified under the FEMA (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 as above.

To operationalise the revised framework, RBI, vide this Circular, has permitted AD Category-I Banks to open **repatriable INR accounts** for such investors and clarified that reporting, monitoring of investment limits and reclassification of investments shall continue in line with the existing regulatory framework applicable to NRI/OCI investments and FPIs.

[Notification](#)

3. Foreign Exchange Management (Deposit) (Sixth Amendment) Regulations, 2026

Notification No. FEMA 5(R)(6)/2026-RB
Dated: June 18, 2026

RBI vide this notification has amended the Foreign Exchange Management (Deposit) Regulations, 2016 to expand the scope of deposit accounts available to non-residents and align the deposit framework with the evolving foreign exchange regime, particularly in relation to International Financial Services Centres (IFSCs).

The amendment complements the Foreign Exchange Management (Non-Debt Instruments) (Third Amendment) Rules, 2026 and the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) (Amendment) Regulations, 2026 by providing the necessary deposit account framework for implementing the revised foreign investment and payment mechanisms as discussed above.

Following are the key amendments:

Reference	Before Amendment	After Amendment (Foreign Exchange Management (Deposit) (Sixth Amendment) Regulations, 2026)
Definition of IFSC	The Deposit Regulations, 2016 did not define the term International Financial Services Centre (IFSC) .	A definition of IFSC has been inserted by adopting the meaning assigned under the International Financial Services Centres Authority Act, 2019 .
Regulation 5 – Opening of SNRR Account	A non-resident could open and maintain a Special Non-Resident Rupee (SNRR) Account only with an Authorised Dealer (AD) Bank in India .	Non-residents are now permitted to open and maintain SNRR Accounts with AD Banks in India, their overseas branches and branches located in IFSCs .
Regulation 5 – Permissible Credits from NRO Account	Funds from an NRO Account could be transferred only to an NRE Account , subject to FEMA provisions.	Transfer of funds from an NRO Account is now also permitted to an SNRR Account , subject to the limits prescribed under the FEMA (Remittance of Assets) Regulations, 2016 .
Regulation 5 – Permissible Transactions in SNRR Account	SNRR Accounts could be used only for specified transactions permitted by the Reserve Bank.	The scope of SNRR Accounts has been expanded to permit all permissible current account and capital account transactions with residents in India , as well as bona fide transactions with other non-residents , in accordance with FEMA.

[Notification](#)

4. Modification of Returns / Reporting Requirements under FEMA, 1999

RBI/2026-27/174 A.P. (DIR Series) Circular No. 17
Dated: 24th June, 2026

Vide this notification, RBI has rationalised certain reporting requirements and prescribed/modified reporting formats applicable to Authorised Persons (including FFMCs and non-bank AD Category-II entities, pursuant to the Foreign Exchange Management (Authorised Persons) Regulations, 2026.

Below is the summary of the amendments:

Para / Item	Amendment	Change	Impact on AD / FFMC / Non-bank AD Cat-II
Para 3(i)	Revised format of FLM-8 to additionally capture write-off of foreign currency notes.	Prior RBI approval for write-off of foreign currency notes exceeding USD 2,000 is discontinued. Entities reporting through FETERS (Nostro account holders) need not submit FLM-8.	Faster internal write-off process; no need to seek RBI approval. FETERS-reporting entities get one less return to file.
Para 3(ii)	New quarterly filing requirement for franchisee arrangements.	Authorised Persons with franchisee arrangements must submit a list of such arrangements within 15 days from the end of each calendar quarter.	AD Cat-II entities with franchisee tie-ups must build a recurring quarterly compliance task and maintain an updated franchisee register.
Para 3(iii)	New quarterly filing requirement for MTSS Sub-Agents.	Indian Agents under Money Transfer Service Scheme (MTSS) must submit the list of Sub-Agents quarterly, within 15 days from quarter-end.	MTSS Indian Agents must track and report Sub-Agent appointments/changes every quarter.
Para 4(i)	FLM-1 to FLM-7 prescribed formats discontinued under the Master Direction – Reporting under FEMA.	These registers stand withdrawn. However, FFMCs and non-bank AD Category-II entities must continue to maintain complete and accurate records of all forex transactions and make them available to RBI for inspection/supervision as required.	Reduction in periodic return-filing burden, but record-keeping (audit trail, supporting documents) obligations remain undiminished.
Para 4(ii)	Discontinuation of the “Quarterly Statement showing summation of Foreign Currency Account opened in India out of export proceeds of Foreign Currency Notes / encashed Travellers’ Cheques” return.	This specific quarterly return is withdrawn.	One fewer quarterly return to track for entities maintaining such Foreign Currency Accounts.
Para 4(iii)	Discontinuation of the separate List of Additional Locations under MTSS and the related quarterly veracity confirmation.	Both the separate list submission and the quarterly confirmation on the RBI website-published list stand withdrawn.	Simplification for MTSS Indian Agents .
Para 4(iv)	Discontinuation of the Statement of Collateral return under MTSS.	The standalone collateral statement is withdrawn, but Indian Agents must continue to ensure adequacy of collateral as per extant instructions.	Reporting is reduced, but the underlying substantive obligation (maintaining adequate collateral) is unchanged and remains auditable.

Below is the summary of amendments to FEMA Returns / Forms:

S. No.	Return / Form (Nature)	Status / Amendment Introduced
1	FLM-8 (Statement of purchases and sales of foreign currency notes)	Continues, in revised format. Now also captures details of write-off of foreign currency notes. Prior RBI approval for write-off above USD 2,000 discontinued. Not required to be filed by entities maintaining Nostro accounts and reporting through FETERS.

2	FLM-1 to FLM-7 (Various FEMA reporting registers)	Discontinued. Prescribed formats withdrawn under the Master Direction – Reporting under FEMA. Underlying record-keeping obligation continues for FFCs/non-bank AD Cat-II entities; records must be made available to RBI on inspection/supervision.
3	List of Forex Correspondents (FxCs) (appointed by Principal ADs)	Format prescribed in Regulation 14(b) of the Foreign Exchange Management (Authorised Persons) Regulations, 2026). Captures FxC name, outlet address, city, state, PIN, date of appointment and facilities offered.
4	List of Franchisees (New – quarterly submission)	New quarterly requirement. Authorised Persons with franchisee arrangements must submit details (name, address, city, state, PIN, date of appointment) within 15 days of each quarter-end.
5	List of MTSS Sub-Agents (New – quarterly submission)	New quarterly requirement for Indian Agents under MTSS to submit the list of Sub-Agents within 15 days of each quarter-end.
6	Quarterly Statement – FC Account from export proceeds / encashed TCs	Discontinued.
7	List of Additional Locations under MTSS + quarterly veracity confirmation	Discontinued (both the list and the confirmation requirement).
8	Statement of Collateral under MTSS	Discontinued as a return; substantive obligation to maintain adequate collateral continues.
9	Fit and Proper Criteria Declaration (See Regulation 8(6)(c) of the Foreign Exchange Management (Authorised Persons) Regulations, 2026)	New Format prescribed in the circular. Captures personal details, DIN/PAN/passport, work experience, litigation/regulatory history, insolvency history, association with other Authorised Persons, and relevant relationships of Promoters/Directors/KMPs, with a self-declaration and an entity-level verification certificate.

[Notification](#)

5. Foreign Exchange Management (Deposit) (Sixth Amendment) Regulations, 2026

Notification No. FEMA 5(R)(6)/2026-RB
Dated: June 18, 2026

RBI vide this notification has amended the Foreign Exchange Management (Deposit) Regulations, 2016 to expand the scope of deposit accounts available to non-residents and align the deposit framework with the evolving foreign exchange regime, particularly in relation to International Financial Services Centres (IFSCs).

The amendment complements the Foreign Exchange Management (Non-Debt Instruments) (Third Amendment) Rules, 2026 and the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) (Amendment) Regulations, 2026 by providing the necessary deposit account framework for implementing the revised foreign investment and payment mechanisms as discussed above.

Following are the key amendments:

Reference	Before Amendment	After Amendment (Foreign Exchange Management (Deposit) (Sixth Amendment) Regulations, 2026)
Definition of IFSC	The Deposit Regulations, 2016 did not define the term International Financial Services Centre (IFSC) .	A definition of IFSC has been inserted by adopting the meaning assigned under the International Financial Services Centres Authority Act, 2019 .
Regulation 5 – Opening of SNRR Account	A non-resident could open and maintain a Special Non-Resident Rupee (SNRR) Account only with an Authorised Dealer (AD) Bank in India .	Non-residents are now permitted to open and maintain SNRR Accounts with AD Banks in India, their overseas branches and branches located in IFSCs .
Regulation 5 –	Funds from an NRO Account could be	Transfer of funds from an NRO Account is now also

Permissible Credits from NRO Account	transferred only to an NRE Account , subject to FEMA provisions.	permitted to an SNRR Account , subject to the limits prescribed under the FEMA (Remittance of Assets) Regulations, 2016 .
Regulation 5 – Permissible Transactions in SNRR Account	SNRR Accounts could be used only for specified transactions permitted by the Reserve Bank.	The scope of SNRR Accounts has been expanded to permit all permissible current account and capital account transactions with residents in India , as well as bona fide transactions with other non-residents , in accordance with FEMA.

[Notification](#)

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SEBI

1. Master Circular for Alternative Investment Funds (AIFs)

Circular No. HO/19/34/11(6)2025-AFD-POD1/I/12928/2026

Dated 3rd June, 2026

Last updated on 16th June 2026

SEBI has been issuing various circulars from time to time for the effective regulation of Alternative Investment Funds (AIFs). In order to enable AIFs and other market participants to have access to all applicable circulars at one place, SEBI has issued this Master Circular consolidating the provisions of all relevant circulars issued under the SEBI (Alternative Investment Funds) Regulations, 2012 up to May 31, 2026.

This Master Circular supersedes the earlier Master Circular for AIFs dated May 07, 2024 and has been updated to incorporate the provisions of the following circular:

a. “**Guidelines for winding up of AIFs with respect to retention of proceeds and ‘Inoperative Fund’ status**” dated June 16, 2026.

With the issuance of this Master Circular, all directions/instructions contained in the circulars listed in **Annexure 24** to the Master Circular shall stand rescinded to the extent they relate to Alternative Investment Funds.

Notwithstanding such rescission:

- anything done or any action taken or purported to have been done or taken under the rescinded circulars shall be deemed to have been done or taken under the corresponding provisions of this Master Circular.
- any application made to SEBI under the rescinded circulars, prior to such rescission, and pending before it shall be deemed to have been made under the corresponding provisions of this Master Circular.
- the previous operation of the rescinded circulars, or anything duly done or suffered thereunder, and any right, privilege, obligation, liability, penalty, investigation, legal proceeding or remedy arising therefrom, shall remain unaffected and continue to be enforceable as if the rescinded circulars had continued to remain in force.

[Master Circular](#)

2. Extension of timelines for compliance with certain provisions of Circular dated January 02, 2026

Circular No. HO/49/14/15(2)2026-CFD-POD1/I/13567/2026

Dated 11th June, 2026

Pursuant to the notification pertaining to SEBI (Merchant Bankers) (Amendment) Regulations, 2025 issued on December 05, 2025, SEBI had introduced revised net worth and liquid net worth requirements for Merchant Bankers and inserted Regulation 13A relating to the segregation of specified activities through **Separate Business Units (SBUs)**. To operationalise these amendments, SEBI had issued a circular dated January 02, 2026 prescribing the implementation framework, compliance requirements and timelines for Merchant Bankers.

Based on representations received from the industry regarding practical difficulties in establishing the necessary systems and processes for implementation of the SBU framework, and requests to align the compliance timelines for net worth and liquid net worth requirements with the end of the financial year, SEBI vide this circular has decided to extend certain compliance timelines.

The revised timelines are as follows:

S. No.	Requirement	Brief Description	Existing Timeline	Revised Timeline
a.	Transfer of activities to Separate Business Unit(s) in terms of Regulation 13A(2) of the Merchant Bankers Regulations and Clause 11.2.1 of the MB Circular	Segregation of permitted regulated activities into separate business unit(s) with dedicated governance, personnel and operational arrangements.	July 03, 2026	December 31, 2026
b.	Compliance with Clause 11.2.10 of the MB Circular	Implementation of operational and governance requirements applicable to	July 03, 2026	December 31, 2026

		Separate Business Unit(s), including arm's length functioning and conflict management.		
c.	Compliance with net worth requirements under Regulation 7 of the Merchant Bankers Regulations – Phase I	Achievement of the revised minimum net worth requirement applicable under Phase I of the revised merchant banker framework.	January 02, 2027	March 31, 2027
d.	Compliance with net worth requirements under Regulation 7 of the Merchant Bankers Regulations – Phase II	Compliance with the enhanced net worth requirement prescribed under Phase II.	January 02, 2028	March 31, 2028
e.	Compliance with liquid net worth requirements under Regulation 7A of the Merchant Bankers Regulations – Phase I	Maintenance of the prescribed minimum liquid net worth under the first phase of implementation.	January 02, 2027	March 31, 2027
f.	Compliance with liquid net worth requirements under Regulation 7A of the Merchant Bankers Regulations – Phase II	Compliance with the enhanced liquid net worth requirement under the second phase.	January 02, 2028	March 31, 2028
g.	Intimation to SEBI regarding categorisation as Category I or Category II Merchant Banker	Submission of intimation to SEBI regarding the merchant banker's proposed categorisation under the revised regulatory framework.	January 02, 2027	March 31, 2027

All other provisions of the Circular dated January 02, 2026 shall remain unchanged and continue to be complied with by Merchant Bankers.

[Circular](#)

3. Guidelines for Winding Up of AIFs with Respect to Retention of Proceeds and ‘Inoperative Fund’ Status

Circular No.: HO/19/34/11(2)2026-AFD-POD1/I/13764/2026
Dated 16th June, 2026

SEBI has issued guidelines pursuant to the amendments made to the SEBI (Alternative Investment Funds) Regulations, 2012 on April 18, 2026, introducing greater flexibility in the winding-up process of Alternative Investment Funds (AIFs).

The current circular provides a framework for retention of liquidation proceeds beyond the permissible fund life in specified circumstances, introduces the concept of an “**Inoperative Fund**” for AIFs with pending liabilities or litigation-related matters, and prescribes the conditions, reporting requirements and regulatory framework applicable to such funds until final winding up and surrender of registration.

The key provisions of the circular are summarised below:

Particulars	Key Requirements
Retention of Proceeds Beyond Permissible Fund Life	AIFs may retain liquidation proceeds beyond the liquidation/dissolution period where: (i) a litigation notice, tax demand or regulatory communication indicating a potential liability has been received; (ii) consent of at least 75% of investors by value has been obtained for retention against anticipated liabilities; or (iii) amounts are retained towards residual winding-up related operational expenses supported by appropriate documentation.
Disclosure Requirements	Where monies are retained against anticipated liabilities, the Manager shall disclose the amount proposed to be retained and the estimated retention period to investors while seeking their consent.
Retention for Operational Expenses	Amounts retained for winding-up related operational expenses may be retained for a maximum period of three years from the end of the permissible fund life.
Investment of Retained Monies	All retained monies shall be invested in accordance with Regulation 15(1)(f) of the AIF Regulations.
Inoperative Fund Status	An AIF having one or more schemes with retained monies and intending to surrender its registration may apply to SEBI for obtaining “Inoperative Fund” status. Such status may also be sought where the AIF intends to maintain registration solely due to a pending litigation.
Conditions Applicable to Inoperative Funds	An Inoperative Fund shall not launch any new scheme and shall not charge management fees in respect of any of its schemes.
Annual Reporting Requirement	AIFs retaining monies and AIFs tagged as Inoperative Funds shall submit an annual status report on retained monies and outstanding liabilities to SEBI and investors within 30 calendar days from the end of each financial year.
Applicability to Venture Capital Funds	The facility for retention of proceeds and obtaining Inoperative Fund status shall also be available to Venture Capital Funds registered under the erstwhile SEBI (Venture Capital Funds) Regulations,

The circular seeks to facilitate an orderly winding-up process for AIFs by allowing retention of funds for genuine pending liabilities while providing a structured regulatory framework for AIFs that have ceased active operations but continue to exist solely for resolution of outstanding matters.

[Circular](#)

4. Ease of Doing Business – Relaxation in certification requirement for Persons Associated with Investment Advice (PAIA) – Sales and other non-core services

Circular No. HO/38/12/11(5)2026-MIRSD-POD/I/14660/2026
Dated 24th June, 2026

SEBI, vide circular dated June 24, 2026, has introduced a relaxation in certification requirements for **Persons Associated with Investment Advice (PAIA)**, particularly those engaged in sales and other non-core activities.

Under the existing regulatory framework for investment advisers, individuals classified as PAIA were required to obtain mandatory certification from the National Institute of Securities Markets (NISM) by passing the “**NISM Series-X-A: Investment Adviser (Level 1) Certification Examination**” and the “**NISM Series-X-B: Investment Adviser (Level 2) Certification Examination**”, irrespective of whether they were involved in core investment advisory functions or ancillary roles. This resulted in increased compliance burden and operational challenges, particularly for personnel engaged solely in sales, relationship management, client servicing, marketing or other non-core functions, without being directly involved in rendering investment advice.

Accordingly, SEBI vide this circular has specified the following:

- PAIA who perform only sales and other non-core services shall obtain certification from NISM by passing the “NISM Series-XXV-B: Persons Associated with Investment Advice (Sales and Other Non-Core Services) Certification Examination.”
- PAIA, other than those performing only sales and other non-core services, shall continue to obtain certification from NISM by passing both the “NISM Series-X-A: Investment Adviser (Level 1) Certification Examination” and the “NISM Series-X-B: Investment Adviser (Level 2) Certification Examination.”
- PAIA who have already obtained the NISM Series-X-A and Series-X-B certifications as on the date of the circular shall not be required to obtain the NISM Series-XXV-B certification immediately. Such PAIA shall obtain the NISM Series-XXV-B certification only upon expiry of the validity of their existing Series-X-A and Series-X-B certifications, as applicable.

[Circular](#)

MCA

1. The Companies (Corporate Social Responsibility Policy) Amendment Rules, 2026

Notification No. G.S.R. 415(E)

Dated 27th May 2026

Vide this notification, the MCA has amended the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The key amendments introduced through this notification are summarised below:

1. Insertion of New Definitions

The amendment inserts the following definitions under Rule 2(1):

a. “Not for Profit Organisation” [Clause (ha)]

A “Not for Profit Organisation” (NPO) shall have the same meaning as assigned to it under clause (e) of Regulation 292A of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

b. “Zero Coupon Zero Principal Instrument” [Clause (I)]

A “Zero Coupon Zero Principal Instrument” means an instrument declared as a security that is issued by a Not-for-Profit Organization registered with the Social Stock Exchange segment of a recognised Stock Exchange in accordance with the regulations made by the Securities and Exchange Board of India.

2. Insertion of New Rule 4A – CSR Implementation through Zero Coupon Zero Principal Instruments (ZCZP)

A new Rule 4A has been inserted to enable companies to undertake Corporate Social Responsibility (CSR) activities through subscription to ZCZP Instruments issued by eligible NPOs registered with the Social Stock Exchange.

The key provisions of the newly inserted rule are as follows:

- A Company may undertake CSR activities through investment in ZCZP Instruments, subject to the condition that the expenditure incurred through such instruments shall not exceed **10% of the total CSR expenditure** of the Company for the relevant financial year.
- A Company subscribing to a ZCZP Instrument shall be **exempt from conducting impact assessment** of projects funded through such instrument.
- The NPO issuing the ZCZP Instrument must undertake projects having a duration of **not more than three succeeding financial years** from the date of issuance of the instrument.
- Upon termination of the listing of the instrument, any **unspent amount** shall be transferred to a fund specified under **Schedule VII of the Companies Act, 2013**, and the NPO shall submit a compliance report to SEBI.

This amendment introduces a new framework for CSR implementation through Social Stock Exchange-listed instruments, thereby expanding the avenues available to Companies for discharging their CSR obligations. The framework is expected to facilitate greater participation in social impact projects through regulated market-based instruments while ensuring enhanced transparency, accountability, and regulatory oversight.

[Notification](#)

2. Amendments in the Schedule VII of the Companies Act, 2013

Notification No. G.S.R. 416(E)

Dated 27th May 2026

Vide this notification, MCA has amended Schedule VII of the Companies Act, 2013, which specifies the activities that may be undertaken by companies as part of their Corporate Social Responsibility (CSR) obligations.

A new item (xiii) has been inserted in Schedule VII to include the following as an eligible CSR activity:

“Subscription to zero coupon zero principal instruments on Social Stock Exchange.”

[Notification](#)

3. The Companies (Registered Valuers and Valuation) Amendment Rules, 2026

Notification No. G.S.R. 432(E)
Dated 1st June 2026

Vide this notification, the MCA has amended the Companies (Registered Valuers and Valuation) Rules, 2017.

The amendment revises Rule 12(1), which prescribes the eligibility conditions for recognition of a Registered Valuers Organisation (RVO).

Under the amended provisions, an organisation seeking recognition as an RVO for a specific asset class must, inter alia, be registered under Section 25 of the Companies Act, 1956 or Section 8 of the Companies Act, 2013 and have a **minimum paid-up share capital of ₹25 lakh**.

Further, a transitional provision has been inserted whereby existing Registered Valuers Organisations that do not meet the prescribed minimum paid-up capital requirement as on the date of commencement of the amendment shall be required to comply with the same on or before **31st March, 2028**.

[Notification](#)

4. Relaxation in paying additional fees in case of delay in filing DPT-3 for Financial Year ended on 31 March 2026 up to 31st July 2026

General Circular No. 2/2026
Dated 19th June 2026

Vide this circular, MCA has extended the timeline for filing Form DPT-3 (Return of Deposits) for FY 2025-26 without payment of additional fees from the original due date of June 30, 2026 to July 31, 2026, in view of data centre restoration activities following the fire incident on June 5, 2026.

[Circular](#)

FCRA

1. Foreign Contribution (Regulation) Amendment Rules, 2026

Notification No.: S.O. 3272(E).
Dated 22nd June 2026

Ministry of Home Affairs (MHA) has vide Notification No.: S.O. 3272(E). dated 22nd June 2026 amended the Foreign Contribution (Regulation) Rules, 2011.

Below is the summary of the amendments:

Rule No.	Amendment	Change	Practical Impact on NGO/FCRA Entity
Rule 2(1) – New clause (ca)	Definition of "Key Functionary" inserted. Includes directors, trustees, partners, governing body members and persons controlling affairs.	Government has clearly identified who is considered responsible for an organisation.	Compliance responsibility shifts to identified controlling persons. Background verification and disclosures will focus on key functionaries.
Rule 5	References to Executive Committee/Governing Council replaced with "Key Functionaries".	Compliance now linked to key decision-makers instead of broader governing bodies.	Reduced ambiguity regarding whose details must be provided.
Rule 9(1)	Requirement changed from office bearers/members to key functionaries.	Only key functionaries become primary disclosure persons.	NGO must identify and maintain updated records of all key functionaries.
Rule 9(1B)(a) – New	Registration certificate will specify approved purpose(s) and State(s)/UT(s).	FCRA registration becomes purpose-specific and geography-specific.	NGO can utilize foreign contribution only within approved purposes and approved states.
Rule 9(1B)(b) – New	Registration application must select purposes from Schedule and specify States/UTs.	Applicants cannot describe activities broadly anymore.	Future registrations and renewals require precise classification.
Rule 9(1B)(c) – New	Existing associations must intimate purposes and States/UTs within one year.	Existing FCRA holders must re-map their registrations.	Immediate compliance requirement for all existing FCRA entities.
Rule 9(2)(f)	References changed from office bearers/members to key functionaries.	Consistency in reporting obligations.	Internal records need alignment.
Rule 9(4)(b) Proviso – New	Additional fee of ₹300 per extra State/UT and ₹300 per additional purpose.	Registration cost linked to scope of operations.	Multi-state and multi-sector NGOs will incur additional fees.
Rule 9(5) Explanation 1 – New	Foreign nationals (other than persons of Indian origin) as key functionaries ordinarily not eligible.	Restriction on foreign nationals in management positions.	NGOs with foreign directors/trustees may face scrutiny or registration difficulties.
Rule 9(5) Explanation 2 – New	Foreign contribution must be used only for declared purposes.	Purpose diversion expressly prohibited.	Stronger monitoring of project-wise fund utilisation.
Rule 9A	Subsequent instalments released only after utilisation of 75% of previous instalment and field verification.	Milestone-based release of foreign contribution under prior permission cases.	Cash-flow planning becomes critical.
Rule 12(2)	Reporting changed to key functionaries.	Standardisation of reporting.	Update compliance records accordingly.
Rule 14A – New	Defines "Proper Activity"; minimum utilisation of ₹10 lakh FC in previous two FYs in chosen field.	Government wants active utilisation of registration.	Dormant entities may face renewal risks.
Rule 17(1)	Detailed Activity Report added to annual return requirement.	Financial reporting alone is no longer sufficient.	Project-wise narrative reporting becomes mandatory.

Rule 17(3), (4), (5)	Omitted.	Reporting framework reorganised.	Review annual filing process.
Rule 17A	References aligned to key functionaries.	Terminology updated.	Administrative change.
Rule 17B – New	Procedure for addition/deletion of purposes and States/UTs.	Expansion of operations requires Government approval.	Future expansion cannot be done automatically. Prior application required.
Schedule – New	Detailed classification of Religious, Cultural, Economic, Educational and Social purposes.	Standard purpose classification introduced.	NGO must classify all projects under approved categories.

Below is the summary of amendments in FCRA Forms:

S. No.	Form No. (Nature of Form)	Amendments Introduced
1	FC-2 (Application for Acceptance of Foreign Hospitality by persons covered under Section 3 of FCRA)	Additional disclosures inserted regarding public office/government service positions such as electoral office, political office, judicial office, government employment, employment in statutory bodies, government companies and similar positions.
2	FC-3A (Application for FCRA Registration)	(i) Disclosure of social media accounts made mandatory; (ii) Applicant must specify proposed purpose(s) from the prescribed Schedule and proposed State(s)/UT(s) of operation; (iii) Activity/project-wise utilisation details for preceding three financial years introduced; (iv) Additional disclosure of designated FCRA account and utilisation account(s); (v) New disclosures regarding statutory creation, government ownership and applicability of CAG audit.
3	FC-3B (Application for Prior Permission)	Additional disclosures inserted requiring applicant to state whether it is constituted under a Central/State Act or Government Order, whether it is wholly government-owned, and whether its accounts are subject to mandatory CAG audit.
4	FC-3BB (New Form – Application for Release of Second and Subsequent Instalments under Prior Permission)	New form inserted. Requires disclosure of approved foreign contribution, amount received, amount utilised, balance available, project-wise utilisation, assets created from foreign contribution, details of any violation, diversion, change in key personnel or disposal of assets. Applicant must certify that at least 75% of the previous instalment has been utilised. Mandatory CA-certified utilisation certificate, bank statements, photographs/activity reports and supporting documents are required.
5	FC-3C (Application for Renewal of FCRA Registration)	(i) New disclosures regarding statutory creation, government ownership and CAG audit applicability; (ii) Detailed activity reports for the previous three financial years made mandatory.
6	FC-4 (Annual Return for Foreign Contribution Received and Utilised)	(i) Mandatory disclosure of official website and social media accounts; (ii) Expanded donor reporting to include donor-advised funds and intermediary remittance vehicles; (iii) Mandatory disclosure of ultimate donor where funds are routed through intermediaries; (iv) Project/activity-wise and location-wise utilisation reporting introduced; (v) Detailed activity report required as attachment; (vi) Publication disclosure requirement inserted covering books, reports, articles, magazines, website publications and similar outputs; (vii) UDIN made mandatory for CA certification and audited FCRA financial statements.
7	FC-6F (New Form – Application for Addition/Deletion of Purpose(s) and State(s)/UT(s) in FCRA Registration Certificate)	New form introduced to allow modification of approved purpose(s) and State(s)/UT(s) specified in the registration certificate. Applicant must provide details of additions/deletions and attach governing body resolution.

Disclaimer:

This is not a complete listing of all circulars/notifications issued during the month. Instead, it is only a listing of some of the circulars/notifications that we considered important.



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