

APRIL 2025

NEWSLETTER

REGULATORY

- RBI
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Lovi Mehrotra & Associates

Chartered Accountants

**21-22 IInd Floor Krishna Nagar Safdarjung Enclave
New Delhi 110029**

Website : www.lma.co.in • Email : d.khanna@lma.co.in

RBI
1. Amendments to Directions - Compounding of Contraventions under FEMA, 1999
Notification No.: RBI/FED/2025-26/29, A.P. (DIR Series) Circular. No 02/2025-26 Dated: April 22, 2025
<p>Vide this notification, RBI has amended the directions for compounding of contraventions under the Foreign Exchange Management Act (FEMA), 1999, originally issued vide A.P. (DIR Series) Circular No. 17/2024-25 dated October 1, 2024.</p> <p>As per the amendment, Paragraph 5.4.II.v of the aforementioned circular which linked the compounding amount payable to an earlier compounding order is now deleted. Thus, in case if an applicant against whom a compounding order had been passed earlier and such applicant did not pay the compounding amount as mentioned in such order and re-applies for compounding of contravention relating to the same transaction, then in such a case, the applicant shall be deemed to have made a fresh application, and the compounding amount payable shall not be linked to any previous compounding order.</p> <p>Further, in terms of Part B of Annexure I of the above circular, when making payment through electronic mode, applicants are required to send an email communication with prescribed details to the concerned office of the Reserve Bank to reconcile the application fee/compounding amount received against the compounding applications submitted.</p> <p>Notification</p>
2. Amendments to Directions - Compounding of Contraventions under FEMA, 1999
Notification No.: RBI/FED/2025-26/32 A.P. (DIR Series) Circular. No 04/2025-26 Dated: April 24, 2025
<p>Vide this notification, RBI has amended the directions for compounding of contraventions under the Foreign Exchange Management Act (FEMA), 1999, originally issued vide A.P. (DIR Series) Circular No. 17/2024-25 dated October 1, 2024.</p> <p>It has been decided to cap the maximum compounding amount at ₹2,00,000 per regulation/rule for specific contraventions, under certain conditions.</p> <p>As per the amendment, a new Paragraph 5.4.II.vi has been inserted as under:</p> <p><i>“vi. Subject to satisfaction of the compounding authority, based on the nature of contravention, exceptional circumstances/ facts involved in case, and in wider public interest, the maximum compounding amount imposed may be capped at INR 2,00,000/- for contravention of each regulation/ rule (applied in a compounding application) with respect to contraventions under row 5 of the above computation matrix.”</i></p> <p>With above insertion, RBI has decided to cap the maximum compounding amount at ₹2,00,000 per regulation/rule for specific contraventions, under certain conditions. Row 5 deals with ‘All other non-reporting contraventions’ not dealt with row 1-4 in the computation matrix.</p> <p>Notification</p>

SEBI	
1. Extension of timeline for formulation of implementation standards pertaining to SEBI Circular on “Safer participation of retail investors in Algorithmic trading”	
Circular No. SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/46 Dated 01 st April, 2025	
<p>SEBI had issued a circular on “Safer participation of retail investors in Algorithmic trading” on February 04, 2025. This circular provided a regulatory framework to enable safer participation of retail investors in Algorithmic Trading (Algo trading ¹). The provisions of the circular are effective from August 1, 2025.</p> <p>In terms of the provisions of the above circular, implementation standards were to be issued by the Brokers’ Industry Standards Forum (ISF), under the aegis of the Stock Exchanges and in consultation with SEBI, by April 01, 2025.</p> <p>SEBI vide this circular has extended the timeline for issuance of implementation standards to May 1, 2025.</p> <p>(¹ Algo trading (short for algorithmic trading) is the use of computer programs and algorithms to automatically place, modify, and execute trading orders in financial markets.)</p> <p>Circular</p>	
2. Clarification on the position of Compliance Officer in terms of regulation 6 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015	
Circular No. SEBI/HO/CFD/PoD2/CIR/P/2025/47 Dated 1 st April, 2025	
<p>Regulation 6(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR Regulations”) requires the Compliance Officer of a listed entity to be in whole-time employment of the listed entity, not more than one level below the board of directors, and designated as a Key Managerial Personnel.</p> <p>Vide this circular, SEBI has clarified that the term ‘level’ used in regulation 6(1) refers to the position of the Compliance Officer in the organization structure of the listed entity. Therefore, ‘one-level below the board of directors’ means one-level below the Managing Director or Whole-time Director(s) who are part of the Board of Directors of the listed entity.</p> <p>In case a listed entity does not have a Managing Director or a Whole-Time Director, then the Compliance Officer shall not be more than one-level below the Chief Executive Officer or Manager or any other person heading the day-to-day affairs of the listed entity.</p> <p>Circular</p>	
3. Standardized format for System and Network audit report of Market Infrastructure Institutions(MIIs)	
Circular No. SEBI/HO/MRD/TPD/P/CIR/2025/50 Dated 4 th April, 2025	
<p>All Market Infrastructure Institutions (MIIs) which includes Stock Exchanges, Clearing Corporations, and Depositories are required to conduct System and Network audit as per their respective framework as specified by SEBI. Each MII has adopted different template for System and Network audit report.</p> <p>SEBI vide this circular has prepared a standardized format (Annexure A to the circular) for the System and Network Audit Report for MIIs for ensuring uniformity, consistency, and completeness in the audit process across all MIIs.</p> <p>The new format has been designed to cover critical aspects of technology infrastructure including cybersecurity controls, system architecture, change management, incident management, disaster recovery, and business continuity planning, in line with SEBI’s guidelines on cyber security and cyber resilience framework for MIIs.</p> <p>MIIs are advised to adopt the standardized format with immediate effect and coordinate with their audit teams to ensure</p>	

adherence to the revised requirements.

[Circular](#)

4. Amendment to Circular for mandating additional disclosures by FPIs that fulfil certain objective criteria

Circular No. SEBI/HO/AFD/AFD-POD-3/P/CIR/2025/52

Dated 9th April, 2025

SEBI vide “Master Circular for Foreign Portfolio Investors, Designated Depository Participants and Eligible Foreign Investors” dated May 30, 2024 had mandated additional disclosures, for FPIs that individually, or along with their investor group, hold more than INR 25,000 crore of equity Assets Under Management (AUM) in the Indian markets (“size criteria”). Similar requirements were also specified for subscribers of Offshore Derivative Instruments (ODIs) through SEBI circular dated December 17, 2024.

Vide this circular, SEBI has now decided to increase the threshold under size criteria from INR 25,000 crore to INR 50,000 crore. In view of the above, relevant paragraphs of the above master circular stand modified accordingly.

[Circular](#)

5. Trading Window closure period under Clause 4 of Schedule B read with Regulation 9 of SEBI (Prohibition of Insider Trading) Regulations, 2015 (“PIT Regulations”) – Extension of automated implementation of trading window closure to Immediate Relatives of Designated Persons, on account of declaration of financial results

Circular No. SEBI/HO/ISD/ISD-PoD-2/P/CIR/2025/55

Dated 21st April, 2025

In terms of the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 (“PIT Regulations”), the trading window is required to be closed when the Compliance officer determines that a designated person (DP) or class of designated persons can reasonably be expected to have possession of UPSI. Such closure is imposed in relation to such securities to which such UPSI relates. Designated persons and their immediate relatives cannot trade in securities when the trading window is closed.

Further, Master Circular on Surveillance of Securities Market dated September 23, 2024 requires the Stock Exchanges and Depositories to develop a system to restrict trading by DPs of listed companies during trading window closure period by freezing of PAN of DPs at security level. The Circular provides the procedure for implementation of the system and flow chart depicting the process to be followed by the listed companies, Depositories and the Stock Exchanges.

Vide this circular, SEBI has now extended the above framework to the immediate relatives of DPs. The procedure/flow chart for implementation of the system is enclosed in Annexure-A to the circular.

To ensure ease of implementation of the framework, phase wise implementation is being prescribed as under.

Timelines for phase wise implementation of the framework:

Phase	Companies to be covered	PAN-ISIN freeze start date
Phase-1	Top 500 companies based on BSE market capitalization as of March 31, 2025, listed on BSE, NSE and MSEI	July 01, 2025
Phase-2	All the remaining companies listed on BSE, NSE, and MSEI, as well as companies that get listed on stock exchanges after the issuance of this circular.	October 01, 2025

Further, the Depositories are required to submit quarterly report to SEBI in the format placed at Annexure-C to this circular.

[Circular](#)

6. Change in cut-off timings to determine applicable NAV with respect to repurchase/ redemption of units in

overnight schemes of Mutual Funds

Circular No. SEBI/HO/IMD/PoD2/P/CIR/2025/56

Dated 22nd April, 2025*Effective Date: June 1, 2025*

SEBI vide circular on Upstreaming of clients' funds by Stock Brokers (SBs)/ Clearing Members (CMs) to Clearing Corporations (CCs)" dated December 12, 2023 had specified the framework requiring SB/CMs to upstream (i.e. place with) all the clients' clear credit balances to CCs on End of Day basis. The clients' funds are required to be upstreamed by SB/ CMs to CCs only in the form of either

- cash,
- lien on Fixed Deposit Receipts created out of clients' funds, or
- pledge of units of Mutual Fund Overnight Schemes (MFOS) created out of clients' funds.

Vide this circular, SEBI has now modified the cut-off timings for determining the applicable Net Asset Value (NAV) for repurchase/redemption of units in Overnight Schemes of Mutual Funds.

The following Cut-off Timings shall be observed by AMCs with respect to repurchase of units in liquid fund & overnight fund schemes and plans and the following NAVs shall be applied for such repurchase:

a. Where the application is received up to 3.00 pm – the closing NAV of day immediately preceding the next business day; and

b. Where the application is received after 3.00 pm –the closing NAV of the next business day.

Provided that in case application is received through online mode, the cut-off timing of 7 PM shall be applicable for overnight fund schemes.

[Circular](#)**7. Securities and Exchange Board of India (Credit Rating Agencies) (Second Amendment) Regulations, 2025**

No. SEBI/LAD-NRO/GN/2025/242

Dated 22nd April, 2025

Vide this notification, SEBI has amended the SEBI (Credit Rating Agencies) Regulations, 1999.

Following is the gist of important amendments:

1. In regulation 28B (1), clause (g) has been inserted:
subscriber-pays business model" means a business model where the ESG rating provider derives its revenues from ESG ratings from subscribers including banks, insurance companies, pension funds, or the rated entity itself.
2. In regulation 28H (g) proviso has been inserted stating that the ESG Rating Providers shall be permitted to carry out ESG ratings under respective financial sector regulators' guidelines.
3. In regulation 28K, clause (s) has been inserted stating that ESG rating providers must disclose on their website the financial sector regulator or authority under which they conduct ESG ratings and must comply with applicable laws of that regulator.
4. A new regulation 28KA has been inserted to include that an ESG rating provider following a subscriber-pays model must ensure:
 - Ratings to be based only on publicly available information
 - If the rated entity/group company is a subscriber, their fee must be the lowest among all subscribers
 - Only regulated group companies/ associates, whose core business requires ESG ratings, may subscribe, without conflict of interest or misuse
5. In Regulation 28L(1)(j) second proviso has been inserted stating that an ESG Rating Provider following subscriber-pays model must ensure the following:

- share the ESG rating report simultaneously with subscribers and the rated entity; provide 2 (two) working days for comments.
- include all comments in an addendum, and if differing viewpoints exist, either revise the report or issue an addendum with clarifications.
- disclose its policy on sharing rating reports and timelines on its website.
- provide a clarification facility for rated entities on methodology or assumptions.

[Regulation](#)

8. Timelines for collection of Margins other than Upfront Margins – Alignment to settlement cycle

Circular No.: SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/57

Dated 28th April, 2025

Master Circular for Stock Brokers dated August 09, 2024 (“Master Circular”), requires the Trading Members (TMs) / Clearing Members (CMs) to collect margins from their clients in cash segment (Para 39.1).

In terms of the provisions of above Master Circular, TMs / CMs are required to mandatorily collect upfront VaR (Value at Risk) margins and ELM from their clients. TMs/CMs have time till ‘T+2’ working days to collect margins (except VaR margins and ELM) from their clients. With effect from January 27, 2023, settlement cycle was reduced from T+2 to T+1 across all scrips in cash market (Para 39.1.2).

SEBI vide this circular, has decided that keeping in view the change in the settlement cycles, the TMs/ CMs shall be required to collect margins (except VaR margins and ELM) from their clients by the settlement day.

The above paras of the master circular are accordingly modified.

[Circular](#)

MCA
No Circular / Notification

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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