

**AUGUST 2025**

# NEWSLETTER

## REGULATORY

- RBI
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- MCA



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**1. Investment in Government Securities by Persons Resident Outside India through Special Rupee Vostro account**

Notification No.: RBI/2025-26/72 A.P. (DIR Series) Circular No. 09  
Dated: August 12, 2025

Reference is drawn to Schedule 1 to the Foreign Exchange Management (Debt Instruments) Regulations, 2019; Foreign Exchange Management (Deposit) Regulations, 2016 and Master Direction – RBI (Non-resident Investment in Debt Instruments) Directions, 2025.

Vide this notification, RBI has permitted persons resident outside India maintaining a Special Rupee Vostro Account (SRVA) for international trade settlement in Indian Rupees to invest their rupee surplus balance in the aforesaid account in Central Government Securities (including Treasury Bills).

Thus, SRVA account holders can now invest in government debt **without registering as Foreign Portfolio Investors (FPIs)**, which was previously mandatory for other overseas investors.

RBI (Non-resident Investment in Debt Instruments) Directions, 2025 are accordingly modified to incorporate the necessary operational instructions in this regard. Part -5A has been inserted in the Master Direction regarding '*Special Rupee Vostro Account Route*'.

[Notification](#)

**2. Reserve Bank of India (Know Your Customer (KYC)) (2nd Amendment) Directions, 2025**

Notification No.: RBI/2025-26/75 DOR.AML.REC.46/14.01.001/2025-26  
Dated: August 14, 2025

Vide this notification, RBI has amended the Reserve Bank of India (Know Your Customer (KYC) Directions, 2016 (hereinafter referred to as Master Direction). Following are the key amendments in the Master Circular:

- 1. Direct Access to RBI KYC FAQs:** RBI has now included a direct link to its “Frequently Asked Questions (FAQs)” on KYC within the Master Directions.
- 2. Enhanced Inclusivity for Persons with Disabilities (PwDs):** The term “disadvantaged” has been explicitly expanded to include **Persons with Disabilities (PwDs)**. RBI has mandated that any **onboarding or periodic KYC application** must **not be rejected without thoughtful consideration**. If an application is rejected, the **reason(s) must be documented** by the responsible officer.
- 3. Broader Scope of KYC:** KYC requirements now explicitly cover Occasional transactions of ₹50,000 or more, whether done as a single transaction or multiple connected transactions; and international money transfer operations.
- 4. Recognition of Aadhaar Face Authentication:** RBI has now formally recognized **Aadhaar Face Authentication** as a valid mode of digital authentication under KYC norms.
- 5. Inclusive Liveness Checks:** During digital KYC processes that involve **liveness detection**, the system design must ensure that **persons with special needs are not excluded** based on those checks.

[Notification](#)

## SEBI

### 1. Securities and Exchange Board of India (Investment Advisers) (Amendment) Regulations, 2025

F. No. SEBI/LAD-NRO/GN/2025/253

Dated 4<sup>th</sup> August, 2025

Vide this notification, SEBI has amended the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013. Amendment is made in Regulation 8 pertaining to Deposit as under:

1. Sub-regulation 2 is substituted as under:  
(2) The deposit shall be maintained in such a form or manner as may be specified by the Board
2. After sub-regulation (2), following new sub-regulation has been inserted,  
(3) Such deposit shall be marked as lien in favour of a body or body corporate recognised by the Board for the purpose of administration and supervision of investment advisers in accordance with regulation 14 of these regulations:  
Provided that the deposit shall be available for utilization in case the investment adviser fails to pay the dues emanating out of arbitration and conciliation proceedings, if any, under the Online Dispute Resolution Mechanism or such other mechanism as may be specified by the Board

[Circular](#)

### 2. Review of Framework for conversion of Private Listed InvIT into Public InvIT

Circular No. SEBI/HO/DDHS/DDHS-PoD-2/P/CIR/2025/114

Dated 8<sup>th</sup> August, 2025

SEBI vide Master Circular dated May 15, 2024 issued for Infrastructure Investment Trusts (InvITs) had prescribed the framework for conversion of private listed InvIT into public InvIT.

Vide this circular, SEBI has made changes in Chapter 14 of above Master Circular.

Following is a gist of important amendments:

3. Sponsors and sponsor groups are required to adhere to perpetual minimum unitholding requirements under Regulations 12(3) and 12(3A) of the InvIT Regulations—without a separate conversion-specific minimum contribution
4. The lock-in on units held by the sponsor(s) and sponsor group(s) to comply with the minimum unitholding requirement mentioned above shall be as specified in Regulation 12(5) of the InvIT Regulations.
5. SEBI has removed the requirement for Non-sponsor unitholders for a one-year lock-in post-conversion.
6. For public issue, the InvIT are required to comply with the requirements for follow-on offer prescribed under InvIT Regulations and the circulars issued thereunder including any amendments thereto

[Circular](#)

### 3. Transaction charges paid to Mutual Fund Distributors

Circular No. SEBI/HO/IMD/PoD1/CIR/P/2025/115

Dated 08<sup>th</sup> August, 2025

Vide this circular SEBI has amended Paragraph 10.5 read with paragraph 10.4.1.b of SEBI Master Circular for Mutual Funds dated June 27, 2024 (Master Circular) which allows AMCs to pay transaction charges to the distributor, subject to a minimum subscription amount of INR 10,000/-brought in by such distributors. As per the provisions stipulated in para 10.5 read with para 10.4.1.b, AMCs could deduct transaction charges of ₹100 for existing investors and ₹150 for first-time investors—for each ₹10,000 or more subscription—and pay these to the distributor.

Based on feedback received from the industry and considering that distributors as agents of AMCs are entitled to be

remunerated by the AMCs, SEBI vide this circular has decided to waive off the charges or commission, as prescribed above under paragraph 10.4.1.b and paragraph 10.5 of Master Circular.

Accordingly, paragraphs 10.4.1.b and 10.5 of Master Circular stands deleted.

[Circular](#)

#### 4. Securities and Exchange Board of India (Foreign Portfolio Investors) (Amendment) Regulations, 2025

F. No. SEBI/LAD-NRO/GN/2025/254

Dated 11<sup>th</sup> August, 2025

Vide this notification, SEBI has amended the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019. Following are the key amendments in the regulation:

1. Regulation 4 pertaining to **Eligibility criteria of foreign portfolio investor**, in clause (c) which provides for eligibility criteria for non-resident Indians or overseas citizens of India or resident Indian individuals - FPIs investing **exclusively in Government Securities** are now **exempt** from several eligibility-related restrictions under **Regulation 4(c)**. Specifically, sub-clauses (i), (ii), and (iv)—which address ownership caps and control—will **not apply** to these FPIs, subject to SEBI-specified conditions.  
Previously, these sub-clauses imposed limits such as: Maximum individual contribution (e.g., a single NRI/OCI/Indian resident); aggregate contribution limits by such persons; and restrictions on control over the FPI structure
2. In regulation 22 pertaining to **General obligations and responsibilities of foreign portfolio investors** – FPIs dealing in Government Securities are also exempt from select compliance obligations under Regulation 22 of the 2019 Rules as under:
  - i. *Regulation 22(1)(l)* – Routine obligations such as notifying SEBI/DDP about changes in ownership or structure.
  - ii. *Regulation 22(3)* – “Investor group” definitions and related divestment norms.
  - iii. *Regulation 22(5)* – Reporting requirements concerning changes in direct/indirect structure or control

[Regulation](#)

#### 5. Master Circular for Debenture Trustees (DTs)

Circular No. SEBI/HO/DDHS-PoD-1/P/CIR/2025/117

Dated 13<sup>th</sup> August, 2025

Debenture Trustees are regulated under the provisions of Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993 ('DT Regulations'). While the broad framework for Debenture Trustees has been laid down in the DT Regulations, over the years, procedural/ disclosure requirements and obligations have been specified by SEBI through circulars.

For effective regulation of the corporate bond market and to enable the Debenture Trustees and other market stakeholders to get access to all the applicable circulars at one place, this Master Circular has been prepared. This Master Circular is a compilation of the existing circulars as on August 13, 2025, with consequent changes. The stipulations contained in these circulars have been detailed chapter-wise in this Master Circular. Accordingly, the list of existing circulars for Debenture Trustees which have been superseded by this Master Circular is placed at Annex-1.

Notwithstanding such rescission,

- a. anything done or any action taken or purported to have been done or taken under the rescinded circulars, prior to such rescission, shall be deemed to have been done or taken under the corresponding provisions of this Master Circular; and
- b. any application made to the Board under the rescinded circulars, prior to such rescission, and pending before it shall be deemed to have been made under the corresponding provisions of these regulations.

[Circular](#)

<b>6. Extension of timeline for implementation of SEBI Circular ‘Margin obligations to be given by way of pledge/Re-pledge in the Depository System’ dated June 03, 2025</b>
Circular No. SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/118 Dated 18 <sup>th</sup> August, 2025
<p>SEBI vide earlier notification dated June 03, 2025 issued a circular on ‘Margin obligations to be given by way of pledge/Re-pledge in the Depository System’, the provisions of which were to come into effect from September 01, 2025.</p> <p>SEBI vide this circular has decided to extend the timeline for implementation to October 10, 2025. The extension is provided to ensure smooth implementation without any disruption to the market players and investors.</p> <p><a href="#">Circular</a></p>



**1. Companies (Indian Accounting Standards) Second Amendment Rules 2025**

Notification No. G.S.R. 549(E).

Dated 13<sup>th</sup> August, 2025

Vide this amendment, MCA has introduced Amendments to Indian Accounting Standards (IND AS). Detailed as follows:

**1. Ind AS 101 – First-time Adoption of Ind AS**

- Transitional relief introduced for **leases (Ind AS 116)**.
- A first-time adopter may use the **facts and circumstances existing on the transition date** to decide whether a contract contains a lease, instead of reassessing all old contracts.
- **Impact:** Makes adoption of Ind AS simpler for new companies by avoiding retrospective evaluations of past contracts.

**2. Ind AS 107 – Financial Instruments: Disclosures**

- Linked with recent amendment in **Ind AS 7 (Cash Flow Statements)** on **supplier finance arrangements (reverse factoring)**.
- Companies applying the Ind AS 7 amendment must also apply this Ind AS 107 amendment at the same time.
- Requires additional disclosures around supplier finance under financial instruments, so that cash flow reporting and financial instrument reporting remain consistent.
- **Impact:** Ensures complete transparency of supplier financing arrangements and avoids partial or inconsistent disclosure.

**3. Ind AS 1 – Presentation of Financial Statements**

- Clarifications issued on **classification of liabilities**:
  - A liability is non-current only if the company has a **substantive right** at the balance sheet date to defer settlement for at least 12 months.
  - **Loan covenants** are relevant: if a loan agreement includes conditions, their existence at the reporting date matters (even if tested later).
- **Impact:** Reduces inconsistent practices in classifying borrowings as current or non-current; improves comparability.

**4. Other Ind AS amendments (cosmetic/alignments)**

- **Ind AS 115 – Revenue from Contracts with Customers:** References updated (old standards like Ind AS 17/18 removed, aligned with Ind AS 116/115).
- **Ind AS 108 – Operating Segments:** Corrected a wrong reference (IFRS 108 → IFRS 8).
- **Ind AS 109 – Financial Instruments:** Technical alignment of paragraph numbering with IFRS.
- **Impact:** Purely language and reference alignment, no material change.

[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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