

JANUARY 2025

NEWSLETTER

REGULATORY

- RBI
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1. Master Direction – Reserve Bank of India (Credit Information Reporting) Directions, 2025

Notification No. RBI/DoR/2024-25/125 DoR.FIN.REC.No.55/20.16.056/2024-25

Dated: January 06, 2025

Vide this notification, RBI has issued the **Master Direction – Reserve Bank of India (Credit Information Reporting) Directions, 2025** consolidating the existing instructions / directives issued to Regulated Entities on credit information reporting.

These Directions have been issued under Section 11 of the Credit Information Companies (Regulation) Act, 2005.

[Notification](#)**2. Master Direction - Reserve Bank of India (Non-resident Investment in Debt Instruments) Directions, 2025**

RBI/2024-2025/126 FMRD.FMD.No.10/14.01.006/2024-25

Dated: January 07, 2025

RBI has earlier issued the following regulations to regulate non-resident investment in debt instruments in India:

- a. Foreign Exchange Management (Permissible Capital Accounts Transactions) Regulations, 2000
- b. Foreign Exchange Management (Borrowing and Lending) Regulations, 2018
- c. Foreign Exchange Management (Debt Instruments) Regulations, 2019

RBI has been issuing necessary directions in the form of A.P. (DIR Series) Circulars under the aforesaid regulations as also directions under Section 45W of the Reserve Bank of India Act, 1934, at various times relating to non-resident investment in debt instruments in India.

Vide this notification, RBI has consolidated all the directions issued through such circulars and issued a Master Direction named Master Direction - Reserve Bank of India (Non-resident Investment in Debt Instruments) Directions, 2025.

[Notification](#)**3. Foreign Exchange Management (Deposit) (Fifth Amendment) Regulations, 2025**

Notification No. FEMA 5(R)(5)/2025-RB

Dated: January 14, 2025

Vide this notification, RBI has amended the **Foreign Exchange Management (Deposit) Regulations, 2016**.

Following is a gist of major amendments:

1. A person resident outside India, having business interest in India, may open a Special Non-Resident Rupee Account (SNRR account), with an authorised dealer in India or its branch outside India for the purpose of putting through permissible current and capital account transactions with a person resident in India in accordance with the rules and regulations framed under the Act, and for putting through any transaction with a person resident outside India.
2. Regulation 9 has been inserted which provides for Transfer of funds between repatriable Rupee accounts for all legitimate transactions.
3. Significant changes have been made to Special Non-Resident Rupee (SNRR) accounts:
 - Units in International Financial Services Centres (IFSC) can open SNRR accounts with authorised dealers outside IFSCs for business-related transactions outside the IFSC.
 - The tenure of SNRR accounts is now linked to the duration of the underlying contract, operational period,

or business of the account holder, providing greater flexibility.

[Notification](#)

4. Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) (Fifth Amendment) Regulations, 2025

Notification No. FEMA 10(R)(5)/2025-RB

Dated: January 14, 2025

Vide this notification, RBI has amended the **Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) Regulations, 2015** namely: -

In the principal regulations, in regulation 5 pertaining to Opening, holding and maintaining a Foreign Currency Account outside India, after sub-regulation (C) pertaining to Exporters, the following sub-regulation (CA) has been inserted:

“CA. A person resident in India, being an exporter, may open, hold and maintain a Foreign Currency Account with a bank outside India, for realisation of full export value and advance remittance received by the exporter towards export of goods or services. Funds in this account may be utilised by the exporter for paying for its imports into India or repatriated into India within a period not exceeding the end of the next month from the date of receipt of the funds after adjusting for forward commitments, provided that the realisation and repatriation requirements as specified in Regulation 9 of Foreign Exchange Management (Export of Goods and Services) Regulations, 2015 are also met.

This new sub-regulation now permits Indian exporters to open, hold, and maintain Foreign Currency Accounts with banks outside India. This allows for greater control over their foreign exchange earnings and simplifies certain transactions.

[Notification](#)

5. Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) (Third Amendment) Regulations, 2025

Notification No. FEMA 395(3)/2025-RB

Dated: January 14, 2025

Vide this notification, RBI has amended the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019) namely: -

The existing provision at Sl. No. I, II, VI, VII, VIII and IX in Regulation 3.1 pertaining to mode of payment and remittance of sale proceeds are substituted as under:

Schedule of the Rules	Instructions on Mode of payment and Remittance of sale proceeds	
I. Schedule I (Purchase or sale of equity instruments of an Indian company by a person resident outside India)	Mode of Payment:	<ul style="list-style-type: none">Consideration must be paid as an inward remittance from abroad through banking channels or from a repatriable foreign currency or Rupee account under FEMA (Deposit) Regulations, 2016.Consideration includes:<ul style="list-style-type: none">Issue of equity shares against any funds payable by the Indian company.Swap of equity instruments or equity capital.
	Remittance of sale proceeds:	<ul style="list-style-type: none">Proceeds (net of taxes) can be remitted abroad or credited to the investor's repatriable foreign currency or Rupee account.
II. Schedule II (Investments by Foreign Portfolio Investors)	Mode of Payment:	<ul style="list-style-type: none">Investment to be made through an inward remittance from abroad through banking channels or from a foreign currency account or Special Non-Resident Rupee (SNRR) account.Foreign currency account shall be used only and exclusively for transactions under this Schedule
	Remittance of sale proceeds:	<ul style="list-style-type: none">Sale proceeds (net of taxes) of equity instruments and units of REITs, InViTs and domestic mutual fund can be remitted abroad or credited to the

		FPI's foreign currency or SNRR account.
VI. Schedule VI (Investment in a Limited Liability Partnership)	Mode of Payment:	<ul style="list-style-type: none"> Capital contribution must be made through an inward remittance or from a repatriable foreign currency or Rupee account.
	Remittance of sale proceeds:	<ul style="list-style-type: none"> Proceeds from disinvestment can be remitted abroad or credited to the investor's repatriable foreign currency or Rupee account.
VII. Schedule VII (Investment by a Foreign Venture Capital Investor)	Mode of Payment:	<ul style="list-style-type: none"> Investment to be made via inward remittance, foreign currency account, or SNRR account. Foreign currency account shall be used only and exclusively for transactions under this Schedule
	Remittance of sale proceeds:	<ul style="list-style-type: none"> Sale/maturity proceeds (net of taxes) can be remitted abroad or credited to the investor's foreign currency or SNRR account of the FVCI.
VIII. Schedule VIII (Investment by a person resident outside India in an Investment Vehicle)	Mode of Payment:	<ul style="list-style-type: none"> Investment can be made via inward remittance, swap of shares of a Special Purpose Vehicle (SPV), or repatriable foreign currency/Rupee account.
	Remittance of sale proceeds:	<ul style="list-style-type: none"> Proceeds (net of taxes) can be remitted abroad or credited to the investor's repatriable foreign currency or Rupee account.
IX. Schedule X (Issue of Indian Depository Receipts)	Mode of Payment:	<ul style="list-style-type: none"> NRIs/OCIs: Can invest through their NRE/FCNR(B) account. FPIs: Can invest through their foreign currency or SNRR account.
	Remittance of sale proceeds:	<ul style="list-style-type: none"> Redemption/conversion of IDRs into underlying equity shares must comply with FEMA (Overseas Investment) Rules, 2022

Regulation 3.2 pertaining to “**Issue of Convertible Notes by an Indian start-up company**” is substituted to include debit to any repatriable foreign currency or Rupee account as mode of payment.

Further explanation is provided for “banking channels” to include any rupee vostro accounts, including Special Rupee Vostro Accounts, permitted to be held by a person resident outside India, in terms of Regulation 7(1) of FEMA (Deposit) Regulations, 2016.

[Notification](#)

SEBI	
1. Measure for ease of doing business - Settlement of Account of Clients who have not traded in the last 30 days	
Circular No. SEBI/HO/MIRSD/MIRSD-PoD1/P/CIR/2025/1 Dated 06 th January, 2025	
<p>SEBI, vide Circular for Settlement of Running Account of Client's Funds lying with Trading Member (TM) dated June 16, 2021 and Master Circular for Stock Brokers dated August 09, 2024 had issued guidelines regarding settlement of running account of client's funds by stock brokers.</p> <p>In terms of the provisions of above circulars, the account of clients who have not done any transaction in the last 30 days are required to be settled by the Trading Member (TM) within next three working days.</p> <p>SEBI vide this this circular has decided to revise the requirement of mandatory settlement of such clients' funds. The funds of such clients who have not traded in last 30 calendar days shall be settled on the upcoming settlement dates of monthly running account settlement cycle as notified by Exchanges in the annual calendar issued by them from time to time. However, if the client trades after 30 calendar days and before aforesaid upcoming settlement dates of monthly running account settlement cycle the settlement of account of client shall continue to be done by the Trading member as per the preference of quarterly/monthly as indicated by the client for running account settlement.</p> <p>The relevant clauses of the above circular and master circular have been modified accordingly.</p> <p>Circular</p>	
2. Measures for Ease of Doing Business for Credit Rating Agencies (CRAs) –Timelines	
Circular No. SEBI/HO/DDHS/DDHS-PoD-3/P/CIR/2025/002 Dated 07 th January, 2025	
<p>SEBI vide Master circular for CRAs dated May 16, 2024 had prescribed certain timelines to be followed by CRAs for review of ratings and publication of press release.</p> <p>Vide this circular, SEBI has amended the above Master Circular to bring about uniformity in dealing with rating reviews and publication of Press Release by CRAs. The following paras of the Master Circular have been modified:</p> <ol style="list-style-type: none"> 1. Clause 9.2.2 which requires CRAs to publish press release regarding the rating action (including reiteration of existing rating) on their website, if warranted, immediately, but not later than 7 days of occurrence of the said event. Such 7 days timeline is now modified to <u>7 working days</u>. 2. Clause 9.3.3 which provides that in case there have been delays in the payment of interest/ principal by the Issuer, the Issuers shall state the same in this statement and the CRA shall promptly conduct a rating review and disseminate the rating action through Press Release within 2 days of receipt of such statement. Such 2 days timeline is now modified to <u>2 working days</u>. 3. Clause 11.3 which requires CRAs to follow a uniform practice of three consecutive months of non-submission of No-default Statement (NDS) as a ground for considering migrating the ratings to INC and to tag such ratings as INC within a period of 7 days of three consecutive months of non-submission of NDS. Such 7 days timeline is now modified to <u>7 working days</u>. 4. Clause 28.2.1 which provides that in case no confirmation of servicing of debt obligation by the Issuer is received by the CRA from the Debenture Trustee within 1 day post the due date, the CRA shall immediately follow up with the Issuer for confirmation of payment. In case no response is received from the Issuer within 2 days of such communication. Such 1 day and 2 days timeline are now modified to <u>1 working day and 2 working days</u>. <p>Circular</p>	
3. Guidelines for Investment Advisers	
Circular No. SEBI/HO/MIRSD/ MIRSD-PoD-1/P/CIR/2025/003 Dated 08 th January, 2025	

SEBI, vide Securities and Exchange Board of India (Investment Advisers) (Second Amendment) Regulations, 2024 dated 16th December 2024 had amended the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013.

In order to ensure compliance with the aforesaid amendments to IA Regulations, SEBI vide this circular has specified certain guidelines under the amended SEBI (Investment Advisers) Regulations, 2013.

[Circular](#)

4. Guidelines for Research Analysts

Circular No. SEBI/HO/MIRSD/ MIRSD-PoD-1/P/CIR/2025/004
Dated 08th January, 2025

SEBI, vide Securities and Exchange Board of India (Research Analysts) (Third Amendment) Regulations, 2024 dated 16th December 2024 had amended the Securities and Exchange Board of India (Research Analysts) Regulations, 2014.

In order to ensure compliance with the aforesaid amendments to RA Regulations, SEBI vide this circular has specified certain guidelines under the amended SEBI (Research Analysts) Regulations, 2014.

[Circular](#)

5. Circular on Revise and Revamp Nomination Facilities in the Indian Securities Market

Circular No. SEBI/HO/OIAE/OIAE_IAD-3/P/ON/2025/01650
Dated 10th January, 2025

Effective Date: March 1, 2025

SEBI vide this circular has revised and revamped the existing nomination facilities in the Indian securities market to prevent the generation of unclaimed assets.

This circular covers various aspects of nomination, grouped under two sections – i.e. Section A and B, to be complied by the entities addressed in this circular, hereinafter collectively referred to as Regulated entities.

Section A pertains to Reiteration of existing norms to ensure a uniform approach across Securities Market and Section B pertains to Revamped Norms.

The detailed provisions in respect of above sections forms part of the circular.

[Circular](#)

6. Disclosure of Risk adjusted Return-Information Ratio (IR) for Mutual Fund Schemes

Circular No. SEBI/HO/IMD/IMD-PoD-2/P/CIR/2025/6
Dated 17th January, 2025

Effective Date: 3 months from the date of the Circular

SEBI (Mutual Funds) Regulations, 1996 (hereinafter referred to as “MF Regulations”) and Master Circular specified thereunder inter alia mandate filing of periodic information regarding schemes’ performance by Asset Management Companies (AMCs).

Considering the significance of volatility of performance in determining the suitability of MF schemes, Information Ratio (IR) is an established financial ratio to measure the Risk Adjusted Return (RAR) of any scheme portfolio. It is often used as a measure of a portfolio manager's level of skill and ability to generate excess returns, relative to a benchmark and also attempts to identify the consistency of the performance by incorporating standard deviation/risk factor into the calculation.

SEBI vide this circular has decided the following in respect of Disclosure of Information Ratio:

- Mutual Funds/ AMCs shall disclose IR of a scheme portfolio on their website along with performance disclosure,

on a daily basis

- AMFI shall ensure that such disclosure shall be available on its website in a comparable, downloadable (spreadsheet) and machine-readable format
- IR disclosure shall be applicable only for equity-oriented schemes.

Apart from the above disclosure requirements, detailed provisions in respect of methodology for calculation of IR for each category of Mutual Fund schemes, awareness amongst Investors and format for disclosure forms part of the circular.

[Circular](#)

7. Timeline for Review of ESG Rating pursuant to occurrence of 'Material Events'

Circular No. SEBI/HO/DDHS/DDHS-PoD-3/P/CIR/2025/007

Dated 17th January, 2025

SEBI, vide this circular has amended para 10.1.3 of the Master Circular for ESG Rating Providers (ERPs) dated May 16, 2024 which prescribes the material events requiring a review of the ESG rating.

The amendment as made in Para 10.1.3. of the Master Circular is as under:

ERPs shall carry out a review of the ESG ratings upon the occurrence of or announcement/ news of such material developments immediately, but not later than 10 days of occurrence of the said event. ***However, review of the ESG rating pursuant to publication of Business Responsibility and Sustainability Reporting (BRSR) by the rated entity shall be carried out immediately, but not later than 45 days of the publication of the BRSR.***

[Circular](#)

8. Format of Due Diligence Certificate to be given by the Debenture Trustees (DTs)

Circular No. SEBI/HO/DDHS/DDHS-PoD-3/P/CIR/2025/009

Dated 28th January, 2025

SEBI vide notification dated July 10, 2024 had amended the **SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 ('NCS Regulations')** inter-alia specifying the format of Due diligence certificate to be submitted by DTs in case of secured and unsecured debt securities.

Chapter II of Master Circular for DTs specifies the format for due diligence certificate in case of secured debt securities (which is in line with that specified under NCS Regulations) but it does not specify the same in case of unsecured debt securities.

SEBI vide this circular has specified the following in case of unsecured debt securities:

1. At the time of filing the draft offer document with the stock exchanges, Issuer shall submit to the Stock Exchange, a due diligence certificate obtained from the Debenture Trustee as per the format specified in Annex-A to the Circular.
2. At the time of filing of listing application, Issuer shall submit to the Stock Exchange, a due diligence certificate obtained from the Debenture Trustee as per format specified in Annex-B to the Circular.

Relevant paras of Chapter II of Master Circular for DTs accordingly stand modified pursuant to above amendment.

[Circular](#)

MCA

1. The Companies (Accounts) Second Amendment Rules, 2024.

G.S.R. 794(E)

Dated 31st December 2024

Vide this notification, MCA has modified the Companies (Accounts) Rules, 2014.

The amendments to the rules extend the deadline for filing the Corporate Social Responsibility (“CSR”) report under Form CSR-2 for the financial year 2023-24.

Initially, the deadline for filing Form No. CSR-2 for the financial year 2023-24 under the rules was **December 31, 2024**. However, the amendment now extends the deadline and allows companies to submit their CSR reports under Form No. CSR-2 on or before **March 31, 2025**, after filing of Form No. AOC-4 or AOC-4 NBFC (Ind-AS) or AOC-4 XBRL, as the case may be.

[Notification](#)

OTHERS

1. The Foreign Contribution (Regulation) Amendment Rules, 2024

G.S.R. 790(E)

Dated 31st December 2024

Effective date: 01st January, 2025

Vide this notification, MHA has amended the Foreign Contribution (Regulation) Rules, 2011. The amendment majorly involves modifications in Form FC-4 pertaining to Annual Return. Following is the gist of amendments:

- NGOs are now permitted to carry forward the unspent portion of allowable administrative expenses to the next financial year. The reasons thereof are required to be mentioned in Form FC-4. Accordingly, a new section under Form FC-4 requires organizations to provide the details in a tabular format to justify the carry forward of unspent administrative expenses.
- A new field under Form FC-4 mandates disclosure of any income-tax refund transferred from non-FCRA bank accounts.
- Form FC-4 now requires additional details about the CA issuing the compliance certificate along with a mandatory declaration in respect of compliance with the provisions of Foreign Contribution (Regulation) Act, 2010 or rules made thereunder or notifications issued thereunder by the person / association. **This emphasizes the need for thorough scrutiny of financial records by auditors.**

These changes aim to increase transparency and offer greater operational flexibility for organizations receiving foreign contributions (FC).

[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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