

JANUARY 2026

NEWSLETTER

REGULATORY

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1. Foreign Exchange Management (Export and Import of Goods and Services) Regulations, 2026

Notification No. FEMA 23(R)/2026-RB

Dated: January 13, 2026

Effective Date: October 1, 2026

Vide this notification RBI has superseded the erstwhile Foreign Exchange Management (Export of Goods and Services) Regulations, 2015.

The **2026 Regulations** consolidate the rules for **both exports and imports of goods and services** under a single FEMA framework, replacing the fragmented regime that earlier governed goods separately (2015 export regulations) and services largely through RBI directions and banking practices. This consolidation brings **uniformity, clarity and simplified compliance** across all trade transactions under FEMA.

Following is the summary of the 2015 regulations read with amendments & RBI circulars vis a vis the 2026 regulations:

Particulars	Earlier Position (FEMA Export Regulations, 2015 read with amendments & RBI circulars)	Position under FEMA (Export and Import of Goods and Services) Regulations, 2026
Scope of Regulations	Primarily governed export of goods and services; imports were regulated mainly through RBI directions and banking practice	Unified statutory framework covering export and import of goods and services under a single set of FEMA regulations
Regulation of Services	Services trade regulated indirectly through RBI circulars and AD bank guidelines	Services (including software) explicitly regulated with statutory recognition, declarations and timelines
Legal Structure	Fragmented framework with reliance on multiple circulars, FAQs and directions	Consolidated, regulation-based framework with clear legal backing under FEMA
Export Declaration	Export Declaration Form (EDF) mainly linked to goods; service reporting evolved through circulars	Mandatory EDF prescribed for both goods and services, with specific timelines and procedures
Import Regulation	No comprehensive import-specific FEMA regulations; handled operationally by AD banks	Import of goods and services expressly regulated, including payments, advances and timelines
Export Realisation Timeline	15 months / 18 months allowed, introduced via RBI amendments and relaxations	Same timelines retained, but now formally codified in principal regulations (no new relaxation)
Advance Payments	Permitted based on RBI instructions; conditions varied	Advance receipts and payments expressly regulated, with routing, monitoring and interest caps clearly prescribed
Set-off of Export & Import Dues	Allowed through RBI circulars on a case-by-case basis	Statutory recognition of set-off, subject to AD bank satisfaction
Third-Party Payments	Permitted under RBI guidelines with conditions	Explicitly regulated, bringing clarity and uniform application
Merchanting Trade Transactions (MTT)¹	Governed through RBI circulars and FAQs	MTT comprehensively regulated with timelines, reporting and monitoring obligations
Role of AD Banks	Monitoring role existed but largely operational	Enhanced and statutorily defined responsibilities for verification, reporting, monitoring and closure
Compliance Consequences	Discretionary supervisory measures for delays	Clear regulatory consequences for unrealised exports (advance/LC requirement for future exports)

¹ A Merchanting Trade Transaction (MTT) is a foreign trade transaction where an Indian entity purchases goods from a foreign supplier and sells them to a foreign buyer without the goods entering the territory of India.

[Notification](#)**2. Export and Import of Goods and Services**

RBI/2025-26/194 A.P. (DIR Series) Circular No. 20

Dated: January 16, 2026

RBI has comprehensively reviewed the regulations and directions governing export and import of goods and services, under FEMA, 1999 with the objective of simplifying compliance and aligning regulations with current trade practices.

Pursuant to this review, vide notification dated January 13, 2026, RBI has superseded erstwhile Foreign Exchange Management (Export of Goods and Services) Regulations, 2015 and issued Foreign Exchange Management (Export and Import of Goods and Services) Regulations, 2026 which shall come into force from October 1, 2026.

Further vide this circular, RBI has issued the Master Direction – Export of Goods and Services and Master Direction – Import of Goods and Services which shall also be effective from October 1, 2026. With effect from this date, the erstwhile Master Direction – Export of Goods and Services, the Master Direction – Import of Goods and Services, and the circulars specified in the Annex to the said circular shall stand superseded.

These Master Directions have been issued in conformity with and to operationalise the 2026 Regulations, thereby providing a consolidated, streamlined and principle-based framework for governing foreign trade transactions.

[Circular](#)

SEBI

1. Specification of the consequential requirements with respect to Amendment of Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992

HO/49/11/11(106)2025-CFD-RAC-DIL3/I/1796/2026

Dated 2nd January, 2026

Vide this circular, SEBI has specified the consequential requirements arising out of the SEBI (Merchant Bankers) Amendment Regulations, 2025, notified on December 05, 2025. The amended regulatory framework shall be effective from January 03, 2026.

The circular lays down detailed compliance timelines, phased implementation requirements and operational conditions applicable to existing and new Merchant Bankers (MBs).

Following are the key highlights of the circular:

1. Revised Capital Adequacy and Liquid Net Worth Requirements

- SEBI has introduced revised net worth and new liquid net worth requirements under Regulations 7 and 7A of the Merchant Bankers Regulations.
- New applicants applying on or after January 03, 2026 must comply with the revised requirements at the time of application.
- Existing Merchant Bankers, including those whose applications were filed prior to January 03, 2026 but granted registration thereafter, shall comply on a phased basis.

Phased implementation for existing Merchant Bankers:

Category	Phase(I)-on or before January 02, 2027		Phase (II)-on or before January 02, 2028	
	Capital adequacy being net worth	Liquid net worth requirement	Capital adequacy being net worth	Liquid net worth requirement
Category I	Rs. 25 cr	Rs. 6.25 cr	Rs. 50 cr	Rs. 12.5 cr
Category II	Rs. 7.5 cr	Rs. 1.875 cr	Rs. 10 cr	Rs. 2.5 cr

Existing MBs must intimate SEBI of the category they intend to continue from January 03, 2027 along with a CA-certified net worth certificate.

2. Categorization of Merchant Bankers

- Existing MBs shall continue in their current category until January 02, 2027.
- Failure to meet Category I requirements shall result in automatic reclassification as Category II.
- Failure to meet Category II requirements will restrict the MB from undertaking any fresh permitted activities.

3. Cap on Underwriting Obligations

- Total underwriting obligations of a Merchant Banker shall not exceed 20 times its liquid net worth.
- Existing MBs are required to comply with this requirement by January 02, 2028.
- A CA certificate confirming compliance is required to be submitted as part of the half-yearly report.

4. Mandatory Certifications for Employees and Compliance Officers

SEBI has mandated professional certification requirements:

- Employees referred under Regulation 6(b) must possess NISM Series IX – Merchant Banking Certification.
- Compliance Officers must possess NISM Series IX Merchant Banking Certification and NISM Series III-A Securities Intermediaries Compliance (Non-Fund) Certification

Timelines:

- Existing employees and compliance officers shall obtain requisite certifications within one year i.e., on or before January 02, 2027

- Employees and compliance officer, appointed on or after January 3, 2026, shall be required to obtain requisite certifications within ninety days from the date of his/ her appointment.

5. Independence of Compliance Officer

- The compliance officer must be independent of the principal officer and key employees. Existing MBs are required to comply with this requirement by April 03, 2026.

6. Principal Officer Experience Requirement

- The principal officer must have at least five years' experience in financial markets and is responsible for merchant banking decisions. Existing MBs must ensure compliance by January 02, 2027.

7. Outsourcing of Core Merchant Banking Activities

- Merchant Bankers are prohibited from outsourcing core merchant banking activities. Existing outsourcing arrangements must be discontinued by April 03, 2026.

8. Minimum Revenue Requirement from Permitted Activities

- Merchant Bankers are required to generate minimum cumulative revenue over the preceding three financial years as below:

Category I – ₹25 crore

Category II – ₹5 crore

- Failure to meet the minimum revenue threshold may result in cancellation of registration, subject to specified relaxations for extraordinary circumstances. The first assessment shall commence from April 01, 2029.

[Circular](#)

2. Securities and Exchange Board of India (Stock Brokers) Regulations, 2026

F. No. SEBI/LAD-NRO/GN/2026/291

Dated 8th January, 2026

Vide this notification, SEBI has repealed the **SEBI (Stock Brokers) Regulations, 1992** and introduced a revised regulatory framework titled the **Securities and Exchange Board of India (Stock Brokers) Regulations, 2026**.

The erstwhile 1992 Regulations had governed stock brokers and clearing members for more than three decades. The new framework represents a comprehensive restructuring aimed at simplifying regulatory provisions, consolidating obligations applicable to stock brokers and clearing members, strengthening governance and compliance standards, enhancing investor protection, and facilitating ease of doing business.

Following are the key changes introduced under the new regulations:

1. Consolidated Regulatory Framework for Stock Brokers and Clearing Members

The new Regulations consolidate the regulatory provisions applicable to stock brokers and clearing members into a single, unified framework. Separate registration requirements for stock brokers and clearing members have been rationalized, subject to approvals from recognized stock exchanges or clearing corporations, as applicable.

Impact: This reduces duplication of regulatory processes and simplifies compliance for intermediaries operating across multiple market segments.

2. Revised Eligibility and Registration Requirements

SEBI has strengthened eligibility norms for registration as a stock broker. Applicants are now required to demonstrate a minimum of **two years' experience** in trading or dealing in securities, in addition to meeting infrastructure, net worth, and competence requirements.

Further, every stock broker is required to have at least one designated director who is resident in India for a minimum period of one hundred and eighty-two days during a financial year.

Impact: These measures enhance professional standards and accountability within the broking industry.

3. Enhanced Governance and Oversight Mechanisms

The Regulations place greater emphasis on governance by strengthening the role and responsibility of designated directors, senior management personnel, and compliance officers. Stock brokers are required to promptly report material changes, including changes in control, key managerial personnel, compliance officers, and registered office details, through the recognized stock exchange.

Impact: Improved regulatory visibility and stronger oversight of broker operations.

4. Removal of Additional Expense Allowance Linked to Exit Load

The new Regulations have removed the provision that permitted mutual funds to charge an additional expense margin linked to exit load collections.

Impact: This results in a simpler and more transparent expense structure, eliminating indirect cost pass-throughs to investors.

5. Expanded Permissible Activities Subject to Regulatory Oversight

Stock brokers are now permitted to undertake activities regulated by other financial sector regulators, such as the Reserve Bank of India, IRDAI, PFRDA, IFSCA, Ministry of Corporate Affairs, and the Insolvency and Bankruptcy Board of India, subject to compliance with SEBI conditions and approval requirements.

Impact: Strengthens investor confidence and reduces systemic risk arising from broker misconduct.

6. Rationalized Compliance and Reporting Framework

Reporting of financial statements, compliance submissions, and non-compliance events is now largely routed through stock exchanges as the first line regulators.

The technical glitch reporting framework has also been rationalised, with relaxed requirements for brokers having a smaller client base.

Impact: Reduced compliance burden, particularly for small and mid-sized brokers, without compromising regulatory oversight.

7. Digitisation and Modernisation of Record-Keeping

Stock brokers are now permitted to maintain books of account, records, and documents in electronic form. The record retention period has been extended from five years to eight years.

Impact: Aligns record-keeping practices with modern digital standards and enhances audit and inspection readiness.

[Regulation](#)

3. Securities and Exchange Board of India (Mutual Fund) Regulations, 2026

F. No. SEBI/LAD-NRO/GN/2026/294

Dated 16th January, 2026

Vide this notification, SEBI has repealed the **SEBI (Mutual Fund) Regulations, 1992** and introduced a revised regulatory framework titled the **Securities and Exchange Board of India (Mutual Funds) Regulations, 2026**.

The erstwhile 1992 Regulations had governed the mutual fund industry for over thirty years. The new framework represents a structural overhaul aimed at simplifying regulatory provisions, enhancing transparency in cost disclosures, strengthening governance standards, and rationalising expenses charged to investors.

Following are the key changes introduced under the new regulations:

1. Restructuring of the Total Expense Ratio Framework

SEBI has revamped the concept of the Total Expense Ratio to improve clarity and transparency around mutual fund costs. Under the new framework, expenses are no longer aggregated into a single TER figure. Instead, they are segregated into distinct components, namely:

- Base Expense Ratio
- Brokerage and transaction costs
- Regulatory levies

- Statutory levies and taxes

Statutory charges such as GST, Securities Transaction Tax, Commodity Transaction Tax, stamp duty, SEBI fees, and exchange charges will no longer form part of the base expense ratio. These costs are to be charged separately on an actual basis.

Impact: This change enables investors to clearly distinguish between fund management costs and statutory or transaction-related charges, thereby improving cost transparency.

2. Rationalisation of Expense Caps for Certain Schemes

SEBI has reduced the maximum permissible expense limits for select categories of mutual fund schemes. These include index funds and exchange-traded funds, equity fund-of-funds, and close-ended equity schemes.

Impact: The revised caps are expected to lower the overall cost burden on investors, particularly in passive and close-ended investment products.

3. Tighter Limits on Brokerage and Transaction Costs

To address concerns relating to excessive trading expenses, SEBI has prescribed lower brokerage ceilings for mutual fund transactions. Separate reduced caps have been introduced for cash market transactions and derivative transactions. These brokerage limits are exclusive of statutory levies.

Impact: The measure promotes cost efficiency and ensures better alignment of trading expenses with investor interests.

4. Removal of Additional Expense Allowance Linked to Exit Load

The new Regulations have removed the provision that permitted mutual funds to charge an additional expense margin linked to exit load collections.

Impact: This results in a simpler and more transparent expense structure, eliminating indirect cost pass-throughs to investors.

5. Enhanced Transparency and Streamlined Disclosure Norms

While reducing procedural redundancies, SEBI has strengthened disclosure requirements under the new framework. Key changes include a reduced frequency of mandatory trustee meetings, a transition from physical newspaper advertisements to digital disclosures, removal of obsolete provisions, and clearer norms on borrowing by mutual fund schemes, including passive schemes such as ETFs and index funds.

Impact: These measures improve operational efficiency for asset management companies while providing investors with faster and more accessible information through digital channels.

6. Strengthening of the Governance Framework

The Regulations enhance the oversight responsibilities of trustees and independent directors. There is greater emphasis on scrutiny of expenses, contractual arrangements, and related-party transactions.

Impact: This reinforces accountability and raises governance standards across the mutual fund ecosystem.

7. Reclassification of REIT Investments

Under the new Regulations, investments in Real Estate Investment Trusts have been classified as equity-related instruments with effect from 1 January 2026. Existing investments made by debt schemes prior to this date shall be treated in accordance with the erstwhile regulatory framework.

Impact: The change provides increased flexibility to equity schemes and expands permissible asset allocation options.

[Regulation](#)

4. Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) (Amendment) Regulations, 2026

No. SEBI/LAD-NRO/GN/2026/296

Dated 20th January, 2026

Vide this notification, SEBI has amended the Securities and Exchange Board of (Issue and Listing of Non-Convertible Securities) Regulations, 2021.

Following is the gist of key amendments made in the regulation:

1. A new definition of ‘retail individual investor’ is inserted. A retail individual investor is an **individual who applies or bids for debt securities for a value of not more than ₹2 lakhs.**
2. In regulation 31 which provides for **Prohibition on payment of incentives**, a new proviso has been inserted allowing issuers of **non-convertible securities** to offer **incentives** to specific investor categories (senior citizens, women, serving and retired defence personnel, widows and widowers of defence personnel, retail individual investors or any other category of investors as may be specified by SEBI). These incentives can include **additional interest or a discount on the issue price.**
Such incentives are however **available only to the initial allottee** of the non-convertible securities. If the securities are transferred or transmitted post allotment, the incentive will not carry over to the new holder.

[Regulation](#)

5. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2026

No. SEBI/NRO-GN/2026/295

Dated 20th January, 2026

Vide this notification, SEBI has amended the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Following is the gist of key amendments made in the regulation:

Regulation & Nature of Amendment	Before Amendment	After Amendment (2026)
Applicability of corporate governance provisions to listed entities with non-convertible debt securities (Regulation 15)	Governance provisions applied where outstanding listed non-convertible debt securities were ₹1,000 crore and above	Applicability restricted to entities having ₹5,000 crore and above of outstanding listed non-convertible debt securities
Timeline for credit of securities pursuant to investor service requests such as split, consolidation, renewal or duplicate issue (Regulation 39)	Credit of securities required within 30 days from the date of lodgement	Credit of securities to be completed within 30 days from receipt of request along with complete documents
Requirement of dematerialised form for transfer of securities and treatment of legacy physical transfers (Regulation 40)	Transfer requests not processed unless securities were held in dematerialised form	Registration of transfers executed prior to 1 April 2019 in physical form permitted , subject to SEBI-specified conditions
Transfer of unclaimed amounts relating to non-convertible securities to Investor Education and Protection Fund (Regulation 61A)	Only unclaimed amounts lying in escrow accounts transferred to IEPF	Claimed but unpaid amounts also required to be transferred to IEPF under Section 125 of the Companies Act, 2013
Applicability of corporate governance norms to entities having only listed non-convertible debt securities (Regulation 62C(1))	Applicable where outstanding listed non-convertible debt securities were ₹1,000 crore and above	Threshold increased to ₹5,000 crore and above , limiting applicability to high-value debt issuers
Continuation of governance compliance after falling below prescribed threshold for High Value Debt Listed Entity (HVDLEs) (Regulation 62C(2))	Compliance continued until value remained below threshold for three consecutive financial years	Exemption provided to entities ceasing to be HVDLEs due to revised threshold
Age-related restrictions on appointment or continuation of non-executive directors in HVDLEs (Regulation 62D(2))	Special resolution required where non-executive director attained the age of 75 years	Compliance required at appointment, re-appointment or before attaining 75 years of age
Timeline and exemptions for shareholder approval of directors and managers in HVDLEs (Regulation 62D(3))	Approval required at next general meeting or within three months , whichever earlier	Time taken for regulatory approvals excluded ; exemptions for regulator-, court-, tribunal- and debenture trustee-nominated directors
Time limit for filling vacancies on the Board and committees of HVDLEs (Regulation 62D(5))	Vacancies to be filled within three months	Timelines aligned to ensure committee compliance ; vacancy due to expiry of term to be filled by date of vacancy
Exemptions from approval requirements for related party transactions involving HVDLEs (Regulation 62K(7))	Limited exemptions such as PSU-PSU and holding-subsidiary transactions	Additional exemptions for statutory dues and transactions between PSUs and Central/State Governments

6. Ease of Doing Investment – Special Window for Transfer and Dematerialisation of Physical Securities

Circular No.: HO/38/13/11(2)2026-MIRSD-POD/ I/3750/2026

Dated 30th January, 2026

SEBI vide circular dated 02nd July 2025 had provided a special window for re-lodgement of transfer deeds of physical securities which were sold/purchased prior to April 01, 2019. The window was for a period of six months from July 07, 2025 till January 06, 2026.

Vide this circular, SEBI has decided to open another special window for transfer and dematerialisation (“demat”) for a period of another one year from February 05, 2026 to February 04, 2027.

The special window shall also be available for such transfer requests which were submitted earlier and were rejected/returned/not attended to due to deficiency in the documents or process.

Any transfer of securities shall be mandatorily credited to the transferee only in demat mode and shall be under lock-in for a period of one year from the date of registration of such transfer and such securities shall not be allowed to transferred/lien/pledged during the said lock-in period.

With regard to applicability of this window, below matrix has been provided:

Execution Date of Transfer Deed	Lodged for transfer before April 01, 2019	Original Security Certificate Available	Eligible to lodge in the current window
Before April 01, 2019	No (it is fresh lodgement)	Yes	Yes
Before April 01, 2019	Yes (it was rejected/ returned earlier)	Yes	Yes
Before April 01, 2019	Yes	No	No
Before April 01, 2019	No	No	No

Transferee shall in order to process the request for demat required to submit the below mentioned documents:

- Original security certificate(s)
- Transfer deed executed prior to April 01, 2019.
- Proof of purchase by transferee.
- KYC documents of the transferee.
- Latest Client Master List(‘CML’), not older than 2 months, of the demat account of the transferee, duly attested by the Depository Participant.
- Undertaking cum Indemnity.

Securities which have been transferred to Investor Education and Protection Fund (IEPF) shall not be considered under this window for processing.

The listed companies / RTAs shall process the transfer requests within 70 days from the date of receipt of request from the transferee with complete documentation.

Listed companies, RTAs and Stock Exchanges shall publicize the opening of this special window through various media including print and social media, once every two months during the one-year period.

MCA

1. The Companies (Removal of Names of Companies from the Register of Companies) Amendment Rules, 2025.

Notification No. G.S.R. 940(E)

Dated 31st December 2025

Vide this notification MCA has amended the Companies (Removal of Names of Companies from the Register of Companies) Rules, 2016.

A new proviso has been inserted into rule 4(3) of the above rules introducing a specific procedural change concerning Government Companies and their subsidiaries. It states that when a Government Company applies for strike-off of its name under Section 248 of the Companies Act, 2013, the **indemnity bond in Form STK-3A can no longer be executed by the directors in their individual capacity**. Instead, the indemnity bond must be executed **on behalf of the Government Company by an authorised representative of the concerned administrative Ministry or Department of the Central Government or State Government**. Such authorised representative must hold a position not below the rank of Under Secretary or an equivalent officer.

This amendment ensures that the indemnity given during the strike-off process carries formal governmental authority and accountability, thereby strengthening oversight and clarifying responsibility in cases involving Government Companies.

[Notification](#)

2. The Companies (Appointment and Qualification of Directors) Amendment Rules, 2025.

Notification No. G.S.R. 943(E)

Dated 31st December 2025

Effective Date: 31st March, 2026

Vide this notification MCA has amended the Companies (Appointment and Qualification of Directors) Rules, 2014.

The amendment has substituted Rule 12A of the Companies (Appointment and Qualification of Directors) Rules, 2014, which now provides as follows:

1. Every individual who holds a Director Identification Number as on 31st March of a financial year shall file KYC intimation in Form No. DIR-3 KYC Web with the Central Government **on or before 30th June** of the immediately **following third consecutive financial year**.
Earlier, every individual holding a Director Identification Number as on 31st March of a financial year was required to file KYC intimation in Form No. DIR-3 KYC Web with the Central Government **on or before 30th September** of the **immediately following financial year**.
2. Every individual holding a Director Identification Number shall, in the event of any change in his personal mobile number, email address, or residential address, submit Form No. DIR-3 KYC Web within a period of thirty days from the date of such change, along with the applicable fee as prescribed under the Companies (Registration Offices and Fees) Rules, 2014.
Earlier, the above-mentioned changes were required to be reported by filing Form DIR-3 KYC on or before 30th September of the immediately following financial year.
3. References to the old e-form **DIR-3-KYC** and the earlier web option have been removed and consolidated into a **single web-based form — DIR-3-KYC-Web** for all KYC filings and updates.

[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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