

**MAY 2025**

# NEWSLETTER

## REGULATORY

- RBI
- SEBI
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- FCRA



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**1. Investments by Foreign Portfolio Investors in Corporate Debt Securities through General Route – Relaxations**

Notification No.: RBI/2025-26/35 FMRD.FMD.No.01/14.01.006/2025-26

Dated: May 8, 2025

Reference is drawn to the Foreign Exchange Management (Debt Instruments) Regulations, 2019 dated October 17, 2019 and Master Direction - Reserve Bank of India (Non-resident Investment in Debt Instruments) Directions, 2025 dated January 07, 2025 ('Master Direction').

Presently, the investments by Foreign Portfolio Investors (FPIs) in corporate debt securities through the General Route are subject to the short-term investment limit and the concentration limit as prescribed in paragraphs 4.4(iii) and 4.4(v) of the Master Direction, respectively as under:

Relevant Para	Particulars
Para 4.4(iii)	<i>Short-term Investment Limit: Investments by an FPI in corporate debt securities with residual maturity up to one year shall not exceed 30 per cent of the total investment of the FPI in corporate debt securities. The short-term investment limit shall apply on investments on an end-of-day basis.</i>
Para 4.4(v)	<i>Concentration limit: Investment in corporate debt securities by an FPI (including its related FPIs) shall not exceed 15 per cent of prevailing investment limit for these securities in case of long-term FPIs and 10 per cent of prevailing investment limit for other FPIs.</i>

Vide this notification, RBI has withdrawn the above requirements for investments by FPIs in corporate debt securities with a view to provide greater ease of investment to FPIs.

[Notification](#)

<b>SEBI</b>	
<b>1. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2025</b>	
F. No. SEBI/LAD-NRO/GN/2025/244 Dated 29 <sup>nd</sup> April, 2025	
<p>Vide this notification, SEBI has amended the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.</p> <p>Following is the gist of important amendments:</p> <ol style="list-style-type: none"> <li>In regulation 13 pertaining to Grievance Redressal Mechanism, under sub-regulation 2, a proviso has been inserted as under: <p>Provided that in case of securitized debt instrument, SCORES registration may be taken at Trustee level for all special purpose distinct entities, they are trustee of.</p> </li> <li>In addition to the existing disclosure under Schedule III, Para D of the SEBI (LODR) Regulations, 2015, Special Purpose Distinct Entity or its Trustees shall make following disclosures to the Stock Exchange(s) on annual basis. <ul style="list-style-type: none"> <li>Outstanding litigations and material developments in relation to the originator or servicer or any other party to the transaction which could be prejudicial to the interests of the investors.</li> <li>Disclosure about defaults in connection with servicing obligations undertaken by servicer.</li> </ul> </li> </ol> <p><a href="#">Regulation</a></p>	
<b>2. Measure for Ease of Doing Business - Facilitation to SEBI registered Stock Brokers to undertake securities market related activities in Gujarat International Finance Tech-city - International Financial Services Centre (GIFT-IFSC) under a Separate Business Unit (SBU)</b>	
Circular No. SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/61 Dated 2 <sup>nd</sup> May, 2025	
<p>SEBI vide this circular had introduced measures to enhance ease of doing business for SEBI-registered stock brokers seeking to undertake securities market-related activities in the Gujarat International Finance Tech-City-International Financial Services Centre (“GIFT-IFSC”) under an SBU.</p> <p>Following are the Key Highlights of the Circular:</p> <ul style="list-style-type: none"> <li>Stock brokers may establish an SBU within GIFT-IFSC to undertake securities market activities without prior SEBI approval.</li> <li>Stock brokers proposing to undertake securities market related activities in GIFT-IFSC are permitted to do so under a Separate Business Unit (SBU) of the stock broking entity itself. These activities can also be carried out if the branch qualifies as an SBU.</li> <li>Existing practice of carrying out securities market related activities in GIFT-IFSC through a subsidiary is also allowed.</li> <li>All SBU activities in GIFT-IFSC shall fall under the jurisdiction of the International Financial Services Centres Authority (IFSCA) and aspects like policy, eligibility, risk management, grievance redressal, and enforcement would be specified under the regulatory framework issued by IFSCA.</li> <li>Stock brokers shall ensure that securities market related activities of the SBU in GIFT-IFSC are segregated and ring-fenced from the Indian securities market related activities of the stock broker and arms-length relationship between these activities is maintained.</li> <li>SBU in GIFT-IFSC shall be exclusively engage in providing securities market related activities as permitted by the IFSCA.</li> <li>Stock brokers shall prepare and maintain a separate account for the SBU on arms-length basis.</li> <li>The net worth of the SBU shall be kept segregated from the net worth of the stock broker in the Indian securities market. Net worth criteria for stock broker shall be satisfied after excluding account of the SBU. The net worth for the purpose of the SBU shall be as per regulatory framework issued by the concerned regulatory authority.</li> <li>Since the SBU’s activities fall under a different regulatory authority, the stock exchanges’ Grievance Redressal</li> </ul>	

Mechanism, Investor Protection Fund (IPF), and SEBI's SCORES platform will not be available to investors using its services.

- Stock brokers who have established a subsidiary or joint venture for securities market activities in GIFT-IFSC with SEBI's approval may, at their discretion, dismantle such structures and conduct these activities through an SBU of the stock broking entity itself.

[Circular](#)

### **3. Publishing Investor Charter for KYC (Know Your Client) Registration Agencies (KRAs) on their websites.**

Circular No.: SEBI/HO/MIRSD/PODFATF/P/CIR/2025/62

Dated 6<sup>th</sup> May, 2025

SEBI vide this circular has developed an Investor Charter for KRAs (KYC Registration Agencies), detailing the services provided to Investors, Rights of Investors, various activities of KRAs, Dos and Don'ts for Investors and Grievance Redressal Mechanism.

All the registered KRAs are required to take necessary steps to bring the Investor Charter, to the notice of existing and new investors by way of:

- a) disseminating the Investor Charter on their websites / through e-mail;
- b) displaying the Investor charter at prominent places in offices etc

The Investor Charter – KYC {Know Your Client} Registration Agencies (KRAs) is placed at **Annexure A** to the circular.

[Circular](#)

### **4. Extension of timeline for complying with the certification requirement for the key investment team of the Manager of AIF**

Circular No. SEBI/HO/AFD/AFD-POD-1/P/CIR/2025/066

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

In terms of the provisions of SEBI (Alternative Investment Funds) Regulations, 2012, the key investment team of the Manager of an Alternative Investment Fund (AIF) is required to have at least one key personnel with SEBI prescribed certification. As notified under the SEBI (Certification of Associated Persons in the Securities Markets) Regulations, 2007, the prescribed certification is the *NISM Series-XIX-C: Alternative Investment Fund Managers Certification Examination*.

SEBI vide circular dated May 13, 2024 had specified that schemes of AIFs as on May 13, 2024 and schemes of AIFs whose application for launch of scheme were pending with SEBI as on May 10, 2024, may comply with the aforesaid certification requirement by May 9, 2025.

Vide this circular, SEBI has decided to extend the said timeline from May 9, 2025 to July 31, 2025 for obtaining the requisite NISM certification.

[Circular](#)

### **5. Composition of the Internal Audit team for CRAs**

Circular No. SEBI/HO/DDHS/DDHS-PoD-2/P/CIR/2025/68

Dated 14<sup>th</sup> May, 2025

Para 33.1.3 of the Master Circular for Credit Rating Agencies (CRAs) dated May 16, 2024 related to Internal Audit of CRAs specifies that the audit team must be composed of, at least, a Chartered Accountant (ACA/ FCA) and a Certified Information Systems Auditor/ Diploma in Information Systems Auditor (CISA/ DISA).

In order to provide CRAs with a larger pool of eligible professionals with the relevant experience/ qualifications for conducting the internal audit, SEBI vide this circular has decided to include Cost Accountant (ACMA/ FCMA) and Diploma in Information System Security Audit (DISSA) qualifications from the Institute of Cost Accounts of India

(ICMAI) to the audit team.

The above Para 33.1.3 of the Master Circular for CRAs accordingly stands modified.

[Circular](#)

## **6. Norms for Internal Audit Mechanism and composition of the Audit Committee of Market Infrastructure Institutions**

Circular No. SEBI/HO/MRD/POD 3/P/CIR/2025/69

Dated 19<sup>th</sup> May, 2025

*Effective Date: August 17, 2025*

SEBI vide this circular has prescribed Norms for Internal Audit Mechanism and composition of the Audit Committee of Market Infrastructure Institutions.

Following are the Key Highlights of the Circular:

### **A. Norms for Internal Audit Mechanism at MIIs**

- Market Infrastructure Institutions (MIIs) shall conduct internal audit of all functions and activities of its operations at least once in every Financial Year.
- The function and activities of the MII has been categorized into 3 parts i.e.,
  - a. Vertical 1- Critical Operations
  - b. Vertical 2- Regulatory, compliance, risk management and investor grievances.
  - c. Vertical 3- Other functions including business development.
- The internal auditor of the MII shall be an independent audit firm(s) and MIIs shall have a policy for appointment of internal auditors approved by the Audit Committee and governing board of the MII.
- Internal auditor of an MII shall report only to the Audit Committee of the MII.
- The scope of the internal auditor shall be approved by the audit committee of the MII.
- The observations of the internal auditor shall be sent to the respective Head of Departments (HoDs) for their comments in a time bound manner.
- The internal auditor after incorporating comments of the HoDs shall share the final report with the Audit Committee in a time bound manner. Further, any initial observation(s) of the internal auditor, which have been dropped/closed subsequent to the clarifications/comments of HoDs, shall also be included in the Final Report, along with rationale/justifications for dropping such observation(s).
- The internal auditor of the MII shall appraise the Audit Committee, at least once in every six months within 60 days from the end of September and March, on critical issues concerning the MII, in the absence of the management.

### **B. Composition of the Audit Committee of the MII**

- The Audit Committee of the MII shall not consist of any Executive Director (including the Managing Director) of the MI.
- The auditors of the MII and the Key Management Personnel (KMPs) shall have a right to be heard in the meetings of the Audit Committee when it considers the auditor 's report but shall not have the right to vote.
- Wherever required, the KMPs (including the MD) can be invited to attend the meeting of the Audit Committee with permission of the Chairman of the Committee but shall not have the right to vote.

The provisions of the circular shall be applicable from the 90<sup>th</sup> day of issuance of the circular.

[Circular](#)



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

Notification No. G.S.R. 291(E)

Dated 7<sup>th</sup> May 2025

Vide this notification, MCA has amended **Ind AS 21—*The Effects of Changes in Foreign Exchange Rates***. These changes are intended to provide clarity on handling situations where a currency lacks exchangeability.

- **Definition of Exchangeability Introduced:** A currency is considered *exchangeable* into another when it can be obtained within a reasonable timeframe, accounting for normal administrative delays, through a market or mechanism that creates enforceable rights and obligations.
- **Estimating Spot Exchange Rate (New Para 19A):** When a currency is not exchangeable, entities must estimate the spot exchange rate reflecting the rate at which an orderly transaction would occur between market participants under prevailing economic conditions.
- **Single Rate Requirement (Revised Para 26):** When multiple exchange rates are available, only one rate may be used—typically the rate reflecting the cash flows if the transaction occurred on the measurement date.
- **Assessment Guidelines (New Paras 8A & 8B):**
  - Entities must assess exchangeability at the measurement date for a specified purpose.
  - If an entity cannot obtain more than an insignificant amount of foreign currency for the specified purpose, the currency is deemed non-exchangeable.
- **Enhanced Disclosure Requirements (New Paras 57A & 57B):** Entities estimating spot exchange rates must disclose:
  - The nature and financial effects of non-exchangeability.
  - Spot exchange rates used and estimation techniques.
  - Risks arising due to non-exchangeability.
  - the risks to which the entity is exposed because of the currency not being exchangeable into the other currency.
- **Transitional Provisions (Paras 60L–60M):**

In applying Lack of Exchangeability, an entity shall not restate comparative information
- **at the date of initial application**
- when the entity reports foreign currency transactions in its functional currency adjustments, if any, are to be made to opening retained earnings.
- when the entity uses a presentation currency other than its functional currency, adjustments, if any, are to be made to the cumulative amount of translation differences—accumulated in a separate component of equity.”
- **Alignment with Other Ind AS:** Relevant references and harmonization are introduced in Ind AS 101 and Ind AS 109 to align with IND AS 21 amendments, ensuring consistent treatment of hyperinflation and net investment in foreign operations.

*Effective for annual reporting periods beginning on or after April 1, 2025*

[Notification](#)

# FCRA

## 1. Foreign Contribution (Regulation) Amendment Rules, 2025

Notification No. G.S.R. 342(E)

Dated 26<sup>th</sup> May 2025

Vide this notification, **MHA** has amended the Foreign Contribution (Regulation) Rules, 2011.

Following is the gist of important amendments:

Forms	Amendment
Form FC-3A <i>Application for FCRA Registration</i>	Applicants seeking registration are now required to enclose the following documents: a. Audited financial statements (last 3 years) including assets & liabilities, receipts & payments, and income & expenditure. b. If audited financial statements (last 3 years) do not contain activity-wise expenditure, then a CA certificate (as per prescribed format) reconciling income & expenditure and receipts & payments account. c. Year-wise activity reports for the last 3 years. d. Affidavit in Proforma “AA” for each office bearer/key functionary/director. e. If involved in publication, an undertaking by the Chief Functionary confirming compliance with Section 3(1)(g) of the FCRA (prohibition to accept foreign contribution by association/company engaged in production or broadcast of audio news/audio visual news/current affairs programs). f. If registered with the Registrar of Newspapers, a “Not a Newspaper” certificate from such Registrar (as per prescribed format). g. If previously registered under FCRA, submit: <ul style="list-style-type: none"><li>Affidavit on receipt and utilisation of foreign contribution post expiry/cancellation,</li><li>Bank statements of FCRA designated/utilisation accounts from the date of expiry or cancellation till date duly certified by the bank.</li></ul> h. If total expenditure on aims/objectives is below ₹15 lakhs in last 3 years, submit an affidavit on capital investments under Rule 9(1)(f)(ii).
Form FC-3B <i>Application for FCRA Prior Permission</i>	Applicants seeking prior permission are now required to enclose the following documents: a. Donor commitment letter stating the committed amount matching the donation amount in this Form b. Project report with proposed expense breakup and declaration that admin expenses will not exceed 20% of the foreign contribution. c. Letter from Chief Functionary (as per prescribed format) with point-wise response to prior permission guidelines. d. Undertaking to comply with Financial Action Task Force (FATF) Good Practice Guidelines (as per prescribed format).
Form FC-3C <i>Application for Renewal of FCRA Registration</i>	Applicants seeking renewal are now required to enclose the following documents: a. Affidavit in Proforma “AA” for each office bearer/key functionary/director. b. If previously registered under FCRA, to submit: <ul style="list-style-type: none"><li>Affidavit on receipt and utilisation of foreign contribution post expiry</li><li>Bank statements of FCRA designated/utilisation accounts from the date of expiry till date duly certified by the bank.</li></ul>
Form FC-4 <i>Intimation - Annual Return</i>	In serial no. 3 (b), (ba), (bb) pertaining to ‘Details of purchase of fresh assets’, ‘Details of movable assets created out of Foreign Contribution’ and ‘Details of immovable properties acquired out of Foreign Contribution’, a column is inserted to include the details of address/location of such assets. In Certificate to be given by Chartered Accountant, a statement and details in tabular format are inserted to include certification with respect to activities/project wise and location wise details of receipt and utilisation of foreign contribution.
Form FC-6A <i>Intimation - Change of name and/ or address within the State of the Association</i>	Applicants intimating change of name and/or address are now required to enclose the following documents: a. copy of approval of relevant authority for amendment, duly signed by chief functionary b. copy of resolution of the Governing body passed before effecting the change
Form FC-6C <i>Intimation - Change of designated bank/ branch/ bank account number of designated FC receipt-cum-utilisation</i>	Applicants intimating designated “FCRA Account” in the SBI, and Change of another “FCRA Account” are now required to enclose the following documents: a. copies of letter from existing Bank and the new Bank regarding the changes b. copy of resolution of the Governing body passed before effecting the change

<i>bank account</i>	
Form FC-6D <i>Intimation - Opening of additional FC-utilisation Bank Account for the purpose of utilisation of foreign contribution</i>	Applicants intimating opening of additional FC-utilisation Bank Account for the purpose of utilization of foreign contribution are now required to enclose the following documents: a. copy of letter from the bank regarding opening of additional FC Utilisation bank account b. copy of resolution of the Governing body passed before effecting the change
Form FC-6E <i>Intimation - Change in original Key members of the association</i>	Applicants intimating change in key members in respect of the person/association granted registration/prior permission are now required to enclose the following documents: a. copy of resolution of the Governing body passed before effecting the change b. affidavit in Proforma “AA” (as per revised format) for each person being added or modified

[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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