

SUMMARY OF SEBI BOARD MEETING – 17TH SEPTEMBER 2025

1) Review of Securities and Exchange Board of India (Stock Brokers) Regulations, 1992

- SEBI has approved the replacement of the SEBI (Stock Brokers) Regulations, 1992 with the SEBI (Stock Brokers) Regulations, 2025 to simplify language, remove redundant provisions, update the framework in line with current market practices, and enhance ease of compliance.
- The new regulations are reorganised into eleven chapters, with unnecessary schedules deleted and relevant provisions integrated directly into the regulations. Registration forms will now be prescribed through SEBI circulars in consultation with the Industry Standard Forum.

Key Structural and Compliance Enhancements for Stock Brokers

- The revised Regulations rationalise definitions, consolidate provisions relating to underwriting, code of conduct and permitted activities, and remove obsolete references such as physical delivery of shares and Forward Market Commission sub-brokers.
- Reporting responsibilities have been realigned to recognise stock exchanges as the first-line regulators for brokers, with provisions for joint inspections and electronic maintenance of books. Criteria for identifying qualified stock brokers have been rationalised to focus enhanced supervision on large and high-activity brokers. Overall, the regulations have been significantly condensed, reducing pages and word count by over 50%.

2) Comprehensive Review of the SEBI (Mutual Funds) Regulations, 1996-

- SEBI has also approved the new SEBI (Mutual Funds) Regulations, 2026, replacing the 1996 framework after nearly three decades. The revised regulations aim to improve clarity, readability, and structural coherence while retaining core regulatory principles, investor protection safeguards, and governance standards. The restructuring consolidates provisions, removes overlaps, and organises responsibilities of sponsors, trustees and AMCs under thematic headings.

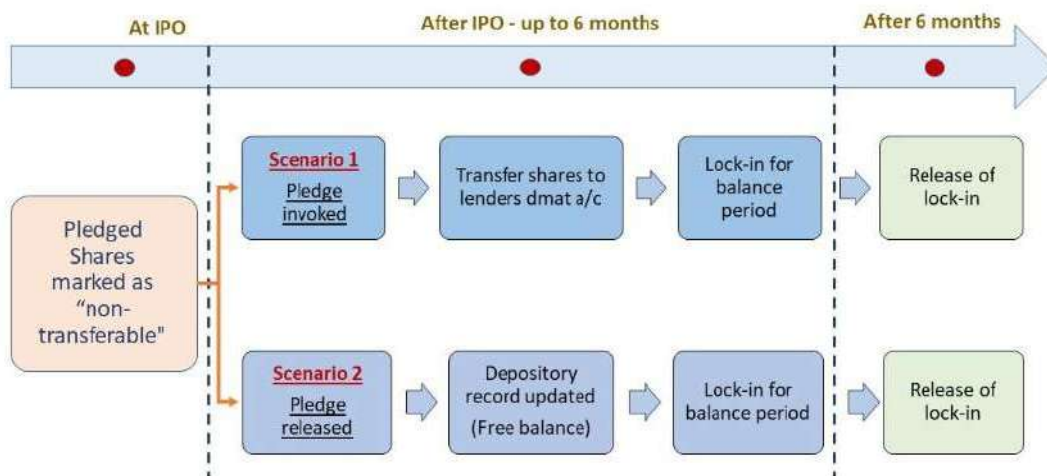
Investor Protection and Expense Ratio Reforms

- A major reform under the Mutual Funds Regulations, 2026 is the revision of the expense ratio framework. The Base Expense Ratio (BER) will now exclude statutory levies, which will be charged on actuals over and above the BER.
- Brokerage caps in cash and derivative segments have been further reduced, and the additional 5 bps expense allowance linked to exit loads has been removed.
- Revised BER limits across scheme categories and AUM slabs aim to enhance transparency while balancing AMC cost structures.

3) Amendments to the SEBI (ICDR) Regulations, 2018 – to streamline certain requirements relating to public issue to enhance ease of doing business and increase the engagement and participation of retail investors

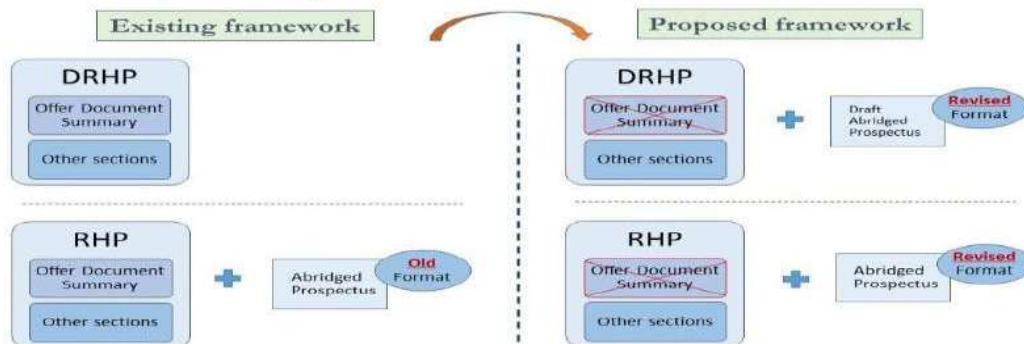
- **Lock-in of non-promoter shares:** To address difficulties in enforcing six-month lock-in on pre-IPO non-promoter shares that are pledged, SEBI has approved a mechanism whereby such shares will be marked as “non-transferable” by depositories if lock-in cannot be technically created. Upon invocation or release of pledge, the shares will be automatically locked-in for the remaining period, ensuring uninterrupted compliance with ICDR requirements.
- **System-driven compliance by depositories:** Depositories will act through system controls to ensure lock-in continuity irrespective of pledge movements, thereby preventing any circumvention of lock-in obligations and simplifying compliance for issuers and investors.

Proposed process for lock-in of shares of non-promoters



- **Draft abridged prospectus at DRHP stage:** To enhance retail investor understanding, SEBI has approved the availability of a focused, concise and standardised abridged prospectus at the DRHP stage, in addition to the existing requirement at the RHP stage.
- **Rationalised and accessible disclosures:** The abridged prospectus will be hosted on prescribed websites and may replace the requirement of a separate offer document summary, subject to Government consultation, improving clarity while reducing duplication.

Proposed requirement of Abridged Prospectus



- **Overall impact:** The amendments are expected to streamline fund-raising, improve ease of doing business, and enhance investor comprehension and participation in IPOs, based on deliberations of the Primary Markets Advisory Committee and public consultation feedback (November 2025).

4) Permitting debt issuers to offer incentives in public issues to certain category of investors

- SEBI has approved amendments to the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 to permit issuers of debt securities to offer incentives in public issues to specified categories of investors, with the objective of enhancing retail participation and encouraging public issuances in the corporate debt market.
- Under the revised framework, issuers may provide incentives such as additional interest or a discount on issue price to eligible categories including senior citizens, women, armed forces personnel (serving and retired) and their widows/widowers, retail individual investors, or any other category as may be specified by SEBI.
- Such incentives will be available only to the initial allottees and will not continue upon transfer or transmission of the securities. The proposal follows public consultation conducted in October 2025 and recommendations of SEBI's Corporate Bonds and Securitization Advisory Committee.

5) Amendment to Regulation 39 and 40 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

- SEBI has approved amendments to Regulations 39 and 40 of the LODR Regulations, 2015 to simplify investor servicing and facilitate legacy cases of physical securities. Under the amendment to Regulation 39, the requirement of issuing a Letter of Confirmation (LOC) for investor service requests such as duplicate certificates, transmission, transposition and claims from unclaimed suspense accounts will be dispensed with, enabling direct credit of securities into investors' demat accounts after due diligence and reducing the timeline from existing 150 days to 30 days, while also mitigating risks of loss or misuse of LOCs.

- Further, amendments to Regulation 40 will facilitate transfer of physical securities purchased prior to April 1, 2019 by allowing investors, during a specified window and subject to conditions and due diligence, to lodge original physical share certificates along with duly executed transfer deeds, even where such deeds were not previously lodged, excluding disputed or fraudulent cases.
- These measures aim to enhance ease of investing and restore investors' rights, and are based on expert panel recommendations, Industry Standards Forum deliberations, and public consultation conducted in October 2025.

6) Aligning the timeline for transfer of unclaimed amount by an entity having listed non-convertible securities with Companies Act

- SEBI has approved amendments to the LODR Regulations, 2015 to align the timeline for transfer of unclaimed interest, dividend and redemption amounts relating to listed non-convertible securities with the provisions of the Companies Act, with the objective of easing compliance.
- Under the revised framework, issuers will be required to transfer unclaimed amounts to the IEPF/IPEF only once, after completion of seven years from the date of maturity of the security, instead of making multiple transfers as and when amounts fall due, thereby reducing operational burden on issuers and providing investors a longer window to claim such amounts.

7) Measures for Regulation of Activities of Credit Rating Agency

- SEBI has approved amendments to the SEBI (Credit Rating Agencies) Regulations, 1999 to permit CRAs to rate instruments regulated by other financial sector regulators even in the absence of specific rating guidelines, to enhance ease of doing business and expand rating coverage in the debt market.
- Safeguards such as clear segregation of ratings, separate disclosures and grievance mechanisms, client intimation, and clarification on non-applicability of SEBI investor protection have been prescribed, based on public consultation and expert committee recommendations.

8) Relaxation in the threshold for identification of High Value Debt Listed Entities (HVDLEs) and measures facilitating ease of doing business for HVDLE including provisions relating to Related Party Transactions

- SEBI has approved relaxation in the criteria for identification of High Value Debt Listed Entities (HVDLEs) by increasing the outstanding non-convertible debt threshold from ₹1,000 crore to ₹5,000 crore, with the objective of easing compliance and facilitating fund-raising through corporate bonds, particularly for regulated entities such as NBFCs, HFCs, ARCs, insurance companies, and REITs.

- Further, SEBI has approved amendments to align the corporate governance framework applicable to HVDLEs with recent changes applicable to equity-listed entities under the LODR Regulations. Key changes include substitution of “income” with “turnover” for determining material subsidiaries, rationalisation of Board and committee-related compliances (including age-related approvals for non-executive directors, timelines for filling vacancies, exemptions for nominee directors, and exclusion of time taken for statutory approvals), and targeted relaxations for group transactions and entities emerging from CIRP.
 - Additionally, the amendments introduce a formal framework for appointment and removal of Secretarial Auditors for HVDLEs and harmonise Related Party Transaction provisions with equity-listed companies, while retaining protections for debenture holders and debenture trustees. These proposals are based on public consultation and recommendations of SEBI’s Corporate Bonds and Securitization Advisory Committee.
- 9) **Report of the High-Level Committee on conflict of interest, disclosures and related matters in respect of Members and Officials of SEBI**
- SEBI informed the Board that a High-Level Committee, constituted in April 2025 under the chairmanship of Shri Pratyush Sinha to review conflict of interest and disclosure norms applicable to SEBI Members and officials, had submitted its report in November 2025.
 - The Board took note of the comprehensive review and acknowledged the Committee’s work, and decided to undertake a detailed discussion on the recommendations in a subsequent meeting, considering public and media feedback, employee concerns, and implementation aspects.