

**SEBI Notification – SEBI (Share Based Employee Benefits and
Sweat Equity) Regulations, 2021 – Second Amendment (2025)
– 3rd December, 2025**

*Effective from the thirtieth day from the date of their
publication in the Official Gazette – 4th December, 2025*

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- SEBI has substituted Regulation 2(1)(ww) to redefine “valuer” as having the same meaning assigned under Section 247 of the Companies Act, 2013.
- Further, in Regulation 34(1), the words “a merchant banker.” are replaced with “an independent registered valuer:”, thereby shifting the responsibility for valuation under employee share-based schemes and sweat equity from merchant bankers to registered valuers.
- The amendment also inserts a proviso under Regulation 34(1) permitting merchant bankers to complete any ongoing valuation assignment already undertaken before the coming into force of the SEBI (SBEB & Sweat Equity) (Amendment) Regulations, 2025, but mandating completion within nine months.
- Additionally, Regulation 34(2) and 34(3) of the 2021 Regulations stand omitted, simplifying and consolidating the valuation framework.
- The amended regulations come into force 30 days from publication in the Official Gazette.

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Mandatory Registered Valuer requirement:

- As per the substituted Regulation 34(1) and amended Regulation 2(1)(ww), all valuation requirements under the SBEB & Sweat Equity Regulations must be carried out exclusively by independent registered valuers under Section 247, ensuring uniformity with Companies Act valuation norms.

Merchant Bankers' role phased out:

- Merchant bankers can no longer undertake fresh valuations. Only existing assignments are permitted to continue under the proviso to Regulation 34(1), and must be completed within the nine-month transition period.

Regulatory simplification:

- With the deletion of Regulation 34(2) and 34(3)—which earlier required merchant bankers to consult external experts and obtain a Chartered Accountant's certificate for valuation of know-how/IP/value addition—SEBI has removed these additional layers. Now, a single independent registered valuer is responsible for the entire valuation, simplifying the process and eliminating the previous multi-step certification requirements.