

VEDANAM



वेदनम्

December 2025

Why Vedanam?

Mehta & Mehta proudly presents VEDANAM, our monthly newsletter designed to equip legal professionals, Company Secretaries, Chartered Accountants, and all Stakeholders navigating complex regulatory and legal environments. VEDANAM delivers meticulously curated:

- Timely Regulatory Updates
- Comprehensive Case Law Analysis
- Strategic Knowledge Article

With the release of our June 2025 issue, we reaffirm our commitment to providing you with the actionable knowledge needed to proactively navigate and thrive in today's dynamic business and legal landscapes.

Table of Content

- SEBI Updates
- RBI updates
- IBBI Updates
- IBC Case Laws
- Knowledge Sharing Article

Find the latest updates about our Webinars and Circulars, Notifications and Updates published by SEBI, MCA, RBI, IBBI and other official government site.

SEBI CIRCULAR - NOVEMBER 28,

SEBI has announced that from 1 January 2026, all investments made by Mutual Funds and Specialized Investment Funds in REITs will be treated the same way as equity investments. Existing REIT investments held in debt mutual fund schemes will be allowed to continue, but SEBI has asked fund houses to slowly reduce them when market conditions allow. InvITs will continue to be treated as hybrid instruments, with no change. AMFI will now list REITs according to their market-cap category, and mutual funds must update their scheme documents this update will not count as a major change. REITs can be added to equity indices only after 1 July 2026.

SEBI has announced that from 1 January 2026, all investments made by Mutual Funds and Specialized Investment Funds in REITs will be treated the same way as equity investments.

SEBI CIRCULAR - 8TH DECEMBER 2025

SEBI has issued a clarification on its earlier circulars regarding Digital Accessibility requirements for all regulated entities (REs). The "Investor's Right to Digital Accessibility" will now be included in all relevant Investor Charters.

Instead of appointing an accessibility auditor by December 14, 2025, REs must submit a readiness and compliance status for each investor-facing digital platform by March 31, 2026 to the respective reporting authorities (and to SEBI at digital_acc@sebi.gov.in, wherever applicable). REs must use the format in Annexure B, and investors can lodge accessibility-related complaints on SCORES, which REs must resolve by fixing the accessibility issue. All REs are also required to conduct periodic accessibility audits of their websites, mobile apps and portals through certified accessibility professionals.

SEBI Circular - 8th December 2025

SEBI CIRCULAR - 13TH DECEMBER 2025

SEBI has issued guidelines to operationalize the newly introduced AI-only schemes and enhanced flexibilities for Large Value Funds (LVFs) under the AIF Regulations amended on 19 November 2025. New schemes launched as AI-only or LVF must carry "AI only fund" or "LVF" in their names, and existing eligible AIFs/schemes may migrate to these categories with 100% investor consent, after which the scheme name must be updated and reported to SEBI and depositories within 15 days. Investors who qualify as Accredited Investors at onboarding

will retain that status for the entire scheme tenure. AI-only schemes will have a maximum permissible extension of five years (including extensions prior to conversion). LVFs are exempted from the standard PPM format and annual audit of PPM terms, without requiring investor waivers. Managers must include compliance with this circular in the Compliance Test Report, and the circular is effective immediately.

SEBI Update – Modalities for migration to AI only schemes and relaxations to Large Value Funds for Accredited Investors under SEBI (Alternative Investment Funds) Regulations, 2012

SEBI CIRCULAR - 10TH DECEMBER 2025

SEBI, vide its circular dated 10th December, 2025, relaxing the geo-tagging requirement for NRIs while undertaking re-KYC. The earlier condition that a client must be physically located in India during digital due diligence is now waived for existing NRI clients undergoing re-KYC. The KYC App must still implement safeguards such as random action prompts, timestamping, GPS location capture, and prevention of spoofed IP addresses.

Additionally, the GPS coordinates captured by intermediaries must match the country mentioned in the client's proof of address.

SEBI, Relaxation on geo-tagging requirement in India for NRIs while undertaking re-KYC

SEBI CIRCULAR - 11TH DECEMBER 2025

SEBI vide its circular dated 11th December, 2025, has further deferred the implementation of Phase III of the revised nomination framework (originally introduced via the January 10, 2025 circular and subsequently modified on February 28, 2025 and July 30, 2025). Owing to continued operational and structural challenges highlighted by depositories, DPs, AMCs, RTAs and industry associations—particularly relating to system changes and process adjustments SEBI has postponed the Phase III implementation timeline from December 15, 2025 to a new date that will be notified separately. All other provisions of the earlier nomination-related circulars remain unchanged, and the present circular comes into force with immediate effect.

Deferment of timeline for implementation of Phase III of Nomination Circular dated January 10, 2025 read with Circular dated February 28, 2025 and July 30, 2025

SEBI, VIDE ITS CIRCULAR DATED 16 DECEMBER 2025,

SEBI, vide its circular dated 16 December 2025, issued under Regulation 11B of the SEBI (Issue and Listing of Securitised Debt Instruments and Security Receipts) Regulations, 2008, mandates half-yearly periodic disclosures by the trustee of a Special Purpose Distinct Entity (SPDE) in respect of listed Securitised Debt Instruments (SDIs). The disclosures, to be filed within 30 days from the end of March and September with SEBI and the stock exchanges, cover detailed information on the maturity profile of underlying assets, Minimum Retention Requirement (MRR), and credit quality of the securitised pool, in the formats prescribed under Annexure I or Annexure II, depending on the nature of the underlying exposures. The objective is to enhance transparency and investor protection by enabling continuous monitoring of asset quality and structural features of securitisation transactions, and the requirements shall be effective from March 31, 2026.

SEBI, vide its circular dated 16 December 2025,

SEBI CIRCULAR - 18TH DECEMBER, 2025

SEBI, vide its circular dated July 03, 2024, and the consequent amendment to the NCS Master Circular dated October 15, 2025, has modified the conditions for issuance of debt securities and non-convertible redeemable preference shares at a reduced face value of ₹10,000 on a private placement basis. The amendment expands eligibility by permitting zero-coupon debt securities with a fixed maturity and without any structured obligations to be issued at the reduced denomination, in addition to interest/dividend-bearing securities paying periodic coupons/dividends. This change recognizes the investment structure of zero-coupon instruments, where returns accrue through discounting and redemption at par, thereby enhancing investor choice and market flexibility. All other provisions of the NCS Master Circular remain unchanged, and the amendment applies to all privately placed debt securities proposed to be listed from the date of issuance of the circular.

SEBI, vide its circular dated July 03, 2024, and the consequent amendment to the NCS Master Circular dated October 15, 2025

SEBI CIRCULAR - 24TH DECEMBER 2025

Subject: Ease of investments and ease of doing business measures – enhancing the ‘Facility for Basic Services Demat Account (BSDA)’

Para 1 – Key relaxations and valuation changes:

SEBI has further enhanced the Facility for Basic Services Demat Account (BSDA) to promote ease of investment and ease of doing business. For determining BSDA eligibility thresholds, Zero Coupon Zero Principal (ZCZP) bonds, delisted securities and suspended securities are excluded.

For valuation purposes, securities are to be valued based on daily closing price/NAV; where unavailable, last traded price may be used; face value is to be considered for unlisted securities (other than MF units); and last closing price for illiquid securities. DPs are now required to reassess BSDA eligibility every quarter.

Para 2 – Consent framework and implementation timeline:

DPs must open or convert eligible demat accounts into BSDA by default, unless the Beneficial Owner provides explicit active consent through an authenticated and verifiable channel to opt for or continue with a regular demat account.

These changes modify and supersede specific paragraphs of the earlier circular and will come into force from March 31, 2026. Depositories are directed to amend bye-laws, disseminate the circular, and implement necessary systems within prescribed timelines (systems within 75 days and post-testing implementation within 90 days).

Ease of investments and ease of doing business measures – enhancing the ‘Facility for Basic Services Demat Account (BSDA)’

SEBI CIRCULAR - 24TH DECEMBER 2025

Subject: Ease of doing investment - Review of simplification of procedure and standardization of formats of documents for issuance of duplicate certificates

Key simplifications and revised thresholds:

SEBI has reviewed and further simplified the procedure for issuance of duplicate securities certificates to enhance ease of doing investment. The threshold for availing simplified documentation has been increased from ₹5 lakh to ₹10 lakh. A standardised Affidavit-cum-Indemnity format has been prescribed, documentation for cases exceeding ₹10 lakh has been rationalised, and notarisation has been dispensed with for cases involving securities up to ₹10,00

All duplicate securities will be issued only in dematerialised form, aiding faster restitution of investor rights and promoting dematerialisation.

Applicability, documentation matrix and timelines:

Listed companies and RTAs must process all duplicate certificate requests strictly as per the revised procedure, which is effective immediately and also applicable to ongoing cases (without requiring resubmission of documents already filed). For securities up to ₹10 lakh, only the Affidavit-cum-Indemnity is required (plain paper undertaking for value up to ₹10,000); for securities above ₹10 lakh, additional documents such as FIR/e-FIR or court records and newspaper advertisement by the company are mandated. The revised provisions substitute Para 22.1.1 to 22.1.4 of the RTA Master Circular to ensure uniform, investor-friendly and time-bound processing.

SEBI Circular - 24th December 2025



RBI UPDATE - LIQUIDITY ADJUSTMENT FACILITY - CHANGE IN RATES

The RBI, through its Monetary Policy Statement, has reduced the policy repo rate by 25 basis points from 5.50% to 5.25% with immediate effect. Consequently, the standing deposit facility rate is revised to 5.00% and the marginal standing facility rate to 5.50%. All other terms of the existing Liquidity Adjustment Facility (LAF) framework remain unchanged.

[RBI Update - Liquidity Adjustment Facility - Change in rates](#)

RBI UPDATE - STANDING LIQUIDITY FACILITY FOR PRIMARY DEALERS

The Monetary Policy Committee (MPC), in its bi-monthly Monetary Policy Statement for 2025-26 has reduced the policy repo rate under the Liquidity Adjustment Facility (LAF) by 25 basis points from 5.50 per cent to 5.25 percent, effective immediately.

Accordingly, the Standing Liquidity Facility provided to Primary Dealers (collateralised liquidity support) from the Reserve Bank of India will now be available at the revised repo rate of 5.25 per cent, with immediate effect.

[RBI Update - Standing Liquidity Facility for Primary Dealers](#)

RBI UPDATE - STANDING LIQUIDITY FACILITY FOR PRIMARY DEALERS

The Monetary Policy Committee (MPC), in its bi-monthly Monetary Policy Statement for 2025-26 has reduced the policy repo rate under the Liquidity Adjustment Facility (LAF) by 25 basis points from 5.50 per cent to 5.25 percent, effective immediately.

Accordingly, the Standing Liquidity Facility provided to Primary Dealers (collateralised liquidity support) from the Reserve Bank of India will now be available at the revised repo rate of 5.25 per cent, with immediate effect.

[RBI Update - Standing Liquidity Facility for Primary Dealers](#)

RBI UPDATE - STANDING LIQUIDITY FACILITY FOR PRIMARY DEALERS

The Reserve Bank of India, through its Monetary Policy Statement 2025-26 dated December 05, 2025, has revised the Bank Rate downward by 25 basis points from 5.75 per cent to 5.50 per cent, with immediate effect. Consequently, the penal interest rates on shortfall in Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR)

requirements, which are linked to the Bank Rate, stand revised to Bank Rate plus 3.0 percentage points (8.50 per cent) and Bank Rate plus 5.0 percentage points (10.50 per cent), depending on the duration of the shortfall, effective immediately.

RBI Update - Standing Liquidity Facility for Primary Dealers

RBI UPDATE - PENAL INTEREST ON SHORTFALL IN CRR AND SLR REQUIREMENTS - CHANGE IN BANK RATE

The Reserve Bank of India, through its Monetary Policy Statement 2025-26 dated December 05, 2025, has revised the Bank Rate downward by 25 basis points from 5.75 per cent to 5.50 per cent, with immediate effect. Consequently, the penal interest rates on shortfall in Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) requirements, which are linked to the Bank Rate, stand revised to Bank Rate plus 3.0 percentage points (8.50 per cent) and Bank Rate plus 5.0 percentage points (10.50 per cent), depending on the duration of the shortfall, effective immediately.

RBI Update - Penal Interest on shortfall in CRR and SLR requirements - Change in Bank Rate

RBI UPDATE - RESERVE BANK OF INDIA (COMMERCIAL BANKS - UNDERTAKING OF FINANCIAL SERVICES) (AMENDMENT)

DIRECTIONS, 2025

The Reserve Bank of India has issued the Reserve Bank of India (Commercial Banks - Undertaking of Financial Services) (Amendment) Directions, 2025, effective December 05, 2025, modifying the master regulatory framework governing financial services undertaken by commercial banks and their group entities. These amendments follow a review of earlier 2016 guidelines and stakeholder feedback on the draft circular released on October 04, 2024. Key changes are as under:

Expanded Applicability

The Directions now extend specified provisions to all NBFCs and Housing Finance Companies that are group entities of a bank operating in India.

Updated Definitions

Revised definitions introduced for Agency Business, Referral Services, and a new definition for Group Entity. Agency arrangements are restricted to regulated financial products, while referral arrangements cannot involve integration with bank systems or branding.

Segregation of Activities within Bank Groups

Core banking activities, including acceptance of deposits, must be undertaken only departmentally. Activities such as mutual funds, insurance, pension fund management, PMS, and broking must be carried out through group entities only.

Additional Conditions for NBFC/HFC Lending Arms

NBFC group entities must comply with Upper Layer NBFC regulations (excluding listing) and adhere to restrictions on:

- Advances against parent bank's shares
- Loans to directors/relatives
- Financing promoter's contribution
- Land acquisition financing
- Limits on loans against shares, IPO financing, ESOP funding

Revised Investment Framework

- Bank's investment in any entity capped at 10% of its capital and reserves.
- Aggregate investment limited to 20%.
- Investments of 20% or more in an entity by the bank group require prior RBI approval.
- Special norms updated for AIFs, REITs, and InvITs.

Restrictions Relating to AIF Investments

- Banks prohibited from investing in Category III AIF schemes.
- Category I and II AIF investments allowed within capped limits and approval thresholds.

- Banks must ensure no regulatory circumvention via AIF exposures.

Governance, Risk, and Compliance Requirements

Banks must establish comprehensive policies for each business line, including risk identification, mitigation, and capital allocation. Breaches must be reported through the PRAVAAH portal within 15 days.

Compliance Timelines

- Banks not aligned with para 18 must cease new business in that segment from April 1, 2026.
- Compliance status due by March 31, 2026.
- Full compliance required by March 31, 2028.

Other Notable Amendments

- PMS and similar services are allowed only through group entities, with prior RBI approval.
- Banks are permitted to act as Professional Clearing Members in the equity derivatives segment.

RBI Update - Reserve Bank of India (Commercial Banks – Undertaking of Financial Services) (Amendment) Directions, 2025

RBI UPDATE - RESERVE BANK OF INDIA (SMALL FINANCE BANKS - UNDERTAKING OF FINANCIAL SERVICES) (AMENDMENT) DIRECTIONS, 2025

The Reserve Bank of India has issued the Reserve Bank of India (Small Finance Banks - Undertaking of Financial Services) (Amendment) Directions, 2025, effective December 5, 2025. These amendments update the Master Directions issued on November 28, 2025 and aim to streamline governance, clarify business structures, and strengthen prudential norms for Small Finance Banks (SFBs)

Key Highlights

Revised Definitions & Clarity on Arrangements

Agency Business redefined to permit SFBs to act as agents for regulated third-party financial products, covering marketing, sales, grievance redressal and after-sale services.

Referral Services clarified — banks can only refer customers without involvement in TPPS processes; bank name cannot appear on TPPS documents; no integration of TPPS processes with bank platforms except redirect links.

New sub-paragraph added to renumber "Assignee" as 1A.

Undertaking Financial Services

Banks may undertake activities under Section 5(b) and 6(1) of the BR Act departmentally.

Prior RBI approval required for any new business not covered under these Directions.

No subsidiaries may be set up for non-banking financial services.

Businesses such as mutual funds, insurance, pension fund management, portfolio management, investment advisory, and broking must only be undertaken through NOFHC-held group entities, not departmentally.

Investment Limits - Strengthened Prudential Rules

Single Entity Limit: Equity investment capped at 10% of bank's paid-up capital & reserves.

Aggregate Limit: Total equity investments capped at 20%, excluding:

HFT category investments (within BR Act limits)

Up to 30% equity acquired through debt restructuring or to protect bank's interest.

Investment below 20% allowed without approval subject to CRAR and profitability tests.

Investment $\geq 20\%$ requires prior RBI approval.

Banks may invest 20–30% in non-financial entities only in limited cases (permissible business or debt restructuring).

Restrictions on AIF/REIT/InvIT Investments

- Bank contribution to Category I & II AIFs capped at 10% of fund corpus.
- No investment permitted in Category III AIFs.
- Exposure through AIFs must not circumvent banking regulations.
- Investment in REITs/InvITs capped at 10% of unit capital, within overall 20% net-worth limit.

Capital Requirements & Reporting

ICAAP must capture capital needs for AIF exposures and equity risks.

Breaches must be reported via PRAVAAH within 15 days.

Banks not currently compliant must submit an action plan by March 31, 2026 and achieve full compliance by March 31, 2028.

Professional Clearing Member (PCM)

SFBs are permitted to become PCM for equity derivatives on SEBI-recognized stock exchanges, with conditions identical to commodity derivatives.

RBI Update - Reserve Bank of India (Small Finance Banks – Undertaking of Financial Services) (Amendment) Directions, 2025

RBI UPDATE - RESERVE BANK OF INDIA (PAYMENTS BANKS – UNDERTAKING OF FINANCIAL SERVICES) (AMENDMENT) DIRECTIONS, 2025

(RB-IOI, 2021) to include State Co-operative Banks and Central Co-operative Banks as regulated entities, effective November 1, 2025. With this inclusion, the Scheme will cover all Commercial Banks, Regional Rural Banks, State and Central Co-operative Banks, Urban Co-operative Banks with deposits of ₹50 crore or more, eligible NBFCs, System Participants, and Credit Information Companies, thereby strengthening the framework for consumer grievance redressal across the financial sector.

Key Highlights

Updated Definition of Agency Business: Payments Banks may act as an agent of a Third-Party Product or Service Provider (TPPSP) to facilitate the sale of regulated financial products or services (e.g., insurance, mutual funds, pension funds) to their customers without risk participation. Any agreement must be with a TPPSP and only regulated products or services may be offered. Covered activities may include marketing, sales, promotion, customer contact, grievance redressal and after-sale services.

- **Clear Referral Services Norms Capital:** Under a “referral services” arrangement, a Payments Bank may simply refer its customers to a TPPSP by sharing information about the products/services. The bank must have no role in any process related to those third-party services; the bank’s name/brand must not appear in product/service documents. There should be no integration of TPPS processes into the bank’s platform or premises except a simple redirect link to the TPPSP.
- The renumbering and re-definition ensures that “Financial Services Company” definitions are updated appropriately to reflect the new framework under sub-para (1A).

RBI Update - Reserve Bank of India (Payments Banks – Undertaking of Financial Services) (Amendment) Directions, 2025

RBI UPDATE - RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANIES – UNDERTAKING OF FINANCIAL SERVICES) (AMENDMENT) DIRECTIONS, 2025

The Reserve Bank of India (RBI) has issued the Reserve Bank of India (Non-Banking Financial Companies – Undertaking of Financial Services) (Amendment) Directions, 2025, effective December 5, 2025. These amendments follow stakeholder consultation and align the NBFC framework with the revised entity-wise Master Directions issued on November 28, 2025.

Key Update Introduced

The Amendment inserts a new Paragraph 60A under the Master Direction, establishing harmonised compliance requirements for NBFCs that are group entities of Scheduled Commercial Banks.

Key Provision (Para 60A):

NBFCs that form part of a Scheduled Commercial Bank’s group must comply with the relevant provisions of the Reserve Bank of India (Commercial Banks – Undertaking of Financial Services) Directions, 2025, to the extent that the same business/activity is undertaken by both the NBFC and its parent bank.

RBI Update - Reserve Bank of India (Non-Banking Financial Companies – Undertaking of Financial Services) (Amendment) Directions, 2025

RBI UPDATE - RESERVE BANK OF INDIA (NON-OPERATIVE FINANCIAL HOLDING COMPANY) (AMENDMENT) DIRECTIONS, 2025

The Reserve Bank of India (RBI) has issued the Reserve Bank of India (Non-Operative Financial Holding Company) (Amendment) Directions, 2025, which come into effect on December 5, 2025. These amendments follow a review of earlier financial-services instructions and align the NOFHC framework with the updated, entity-wise Master Directions issued on November 28, 2025.

Key Amendments Introduced

The provisions under Paragraphs 44–47 of the Master Direction have been comprehensively revised to streamline group-level structuring of financial services within NOFHC-led banking groups.

1. Core Banking Activities to Remain Within the Bank (Para 44)

All activities permitted to a bank under Section 6(1)(a)–(o) of the Banking Regulation Act, 1949 must be undertaken strictly within the bank.

2. Specialized Financial Services Only Through Group Entities (Para 45)

The following specialised financial services cannot be undertaken by the bank and must be housed within Subsidiary / Joint Venture / Associate companies under the NOFHC:

- Mutual Fund business
- Insurance business
- Pension fund management
- Investment advisory and management services
- Portfolio management services (PMS)
- Broking services

3. No Prior Approval Needed for Certain Activities (Para 46)

NOFHCs do not require prior RBI approval for group entities undertaking the specialised activities listed above, unless the RBI specifies otherwise. However, a mandatory intimation must be made to RBI within 15 days of the Board resolution approving such businesses.

4. Prior Approval Required for Other Activities (Para 47)

- Any business activity other than those specifically listed in Para 45 requires prior RBI approval before being undertaken by an NOFHC entity.
- Additionally, NOFHC group entities cannot engage in any activity that the bank itself is not permitted to undertake under applicable law.
- This establishes uniform activity restrictions across the banking group.

RBI Update - Reserve Bank of India (Non-Operative Financial Holding Company) (Amendment) Directions, 2025

RBI UPDATE - MASTER DIRECTION - RESERVE BANK OF INDIA (RUPEE INTEREST RATE DERIVATIVES) DIRECTIONS, 2025

The Reserve Bank of India has issued the Master Direction - Reserve Bank of India (Rupee Interest Rate Derivatives) Directions, 2025, which will come into force on March 1, 2026. These Directions govern all Rupee Interest Rate Derivatives transactions undertaken in the over-the-counter market and on recognised stock exchanges in India. They specify eligible participants, outline classification of users as retail or non-retail, and prescribe the types of Interest Rate Derivative products that may be offered. The Directions also set out conditions for hedging and non-hedging transactions, including Foreign Currency Settled Interest Rate Derivative transactions with non-residents, and introduced detailed reporting requirements to the Trade Repository of the Clearing Corporation of India Limited. Further, the Directions prescribe prudential, accounting and capital requirements, empower the Reserve Bank of India to seek information, and allow regulatory or penal action,

including temporary restriction from participating in the Interest Rate Derivatives market for violations. They supersede the earlier Directions listed in Annex-I.

RBI Update - Master Direction - Reserve Bank of India (Rupee Interest Rate Derivatives) Directions, 2025

RBI UPDATE - FOREIGN EXCHANGE MANAGEMENT (EXPORT AND IMPORT OF CURRENCY) (AMENDMENT) REGULATIONS, 2025

The Foreign Exchange Management (Export and Import of Currency) (Amendment) Regulations, 2025, issued by the Reserve Bank of India (RBI) under Section 47 of the Foreign Exchange Management Act (FEMA), 1999, amend Regulation 8 of the Principal Regulations. The amendment permits any person, not being a citizen of Pakistan or Bangladesh, to take or send out of India to Nepal or Bhutan, or bring into India from these countries, currency notes of the Government of India (GOI) and the Reserve Bank of India (RBI), except notes above ₹100, with an allowance for individuals travelling between India and Nepal/Bhutan to carry notes above ₹100 up to ₹25,000. It also allows the export and import of currency notes of Nepal or Bhutan.

RBI Update - Foreign Exchange Management (Export and Import of Currency) (Amendment) Regulations, 2025

RBI UPDATE - RESERVE BANK OF INDIA (COMMERCIAL BANKS – CREDIT RISK MANAGEMENT) – AMENDMENT DIRECTIONS, 2025

The Reserve Bank of India has issued the Commercial Banks – Credit Risk Management (Amendment) Directions, 2025, replacing Chapter XI of the earlier Directions with a new Chapter XIA on the maintenance of current accounts, cash credit (CC) accounts, and overdraft (OD) accounts. The revised framework strengthens credit discipline by restricting the opening and operation of current and OD accounts for borrowers with ₹10 crore or more exposure to the banking system. Only banks holding at least 10% share in the borrower's aggregate exposure or aggregate fund-based exposure may maintain these accounts, while others may operate only collection accounts with strict controls on routing of funds. Cash credit accounts, however, remain unrestricted given their working capital nature. The amendments also introduce clear rules for collection accounts, exemptions for accounts mandated under law or used by regulated entities,

and safeguards against misuse of accounts for third-party transactions or unregulated deposit-taking. Banks must monitor eligibility at least half-yearly, flag such accounts in their CBS, and mandate conversion or closure of ineligible accounts within specified timelines. Further, banks must ensure that term loan disbursements are made directly to beneficiaries to prevent fund diversion. The amendments come into effect from April 1, 2026, with an option for banks to implement them earlier.

RBI Update - Reserve Bank of India (Commercial Banks – Credit Risk Management) – Amendment Directions, 2025

RBI UPDATE - RESERVE BANK OF INDIA (SMALL FINANCE BANKS – CREDIT RISK MANAGEMENT) – AMENDMENT DIRECTIONS, 2025

The Reserve Bank of India has issued the Small Finance Banks – Credit Risk Management (Amendment) Directions, 2025, replacing Chapter XI of the original Directions with a new Chapter XIA governing the maintenance of cash credit (CC), current, and overdraft (OD) accounts. The revised framework seeks to strengthen credit discipline and enhance monitoring of fund flows, particularly for borrowers having exposure of ₹10 crore or more to the banking system.

The Reserve Bank of India has issued the Commercial Banks – Credit Risk Management (Amendment) Directions, 2025, replacing Chapter XI of the earlier Directions with a new Chapter XIA on the maintenance of current accounts, cash credit (CC) accounts, and overdraft (OD) accounts. The revised framework strengthens credit discipline by restricting the opening and operation of current and OD accounts for borrowers with ₹10 crore or more exposure to the banking system. Only banks holding at least 10% share in the borrower's aggregate exposure or aggregate fund-based exposure may maintain these accounts, while others may operate only collection accounts with strict controls on routing of funds. Cash credit accounts, however, remain unrestricted given their working capital nature. The amendments also introduce clear rules for collection accounts, exemptions for accounts mandated under law or used by regulated entities. While CC accounts remain unrestricted as working capital facilities, current and OD accounts may be maintained only by banks holding at least 10% share in the borrower's aggregate or fund-based exposure; others may operate only collection accounts, with strict norms requiring funds to be transferred to the designated account within two working days. Exemptions apply to accounts mandated under statute, FEMA,

, or operated by regulated entities, subject to usage restrictions.

The amended Directions also introduce enhanced compliance requirements, including half-yearly monitoring, CBS flagging of such accounts, and mandatory conversion or closure of ineligible accounts within defined timelines. Additional safeguards prohibit use of accounts for unregulated deposit-taking, payment services, or unauthorised third-party transactions, supported by systems to detect suspicious or pass-through activities. Term loan disbursements are to be made directly to beneficiaries to reduce diversion of funds. These amendments will come into effect from April 1, 2026, with an option for earlier voluntary implementation by Small Finance Banks.

RBI Update - Reserve Bank of India (Small Finance Banks – Credit Risk Management) – Amendment Directions, 2025

RBI UPDATE - RESERVE BANK OF INDIA (REGIONAL RURAL BANKS – CREDIT RISK MANAGEMENT) – AMENDMENT DIRECTIONS, 2025

The Reserve Bank of India has issued the Regional Rural Banks – Credit Risk Management (Amendment) Directions, 2025, replacing Chapter VI of the original

Directions with a new Chapter VIA governing the maintenance of cash credit (CC), current, and overdraft (OD) accounts. The revised framework aims to enhance credit discipline and improve monitoring of fund flows, particularly for borrowers with exposure of ₹10 crore or more to the banking system. While CC accounts remain unrestricted owing to their working-capital nature, current and OD accounts may be maintained only by banks holding at least 10% share in the borrower's aggregate or fund-based exposure. Banks not meeting this criterion may operate only collection accounts, from which funds must be transferred to a designated account within two working days. Exemptions apply for accounts mandated under FEMA, statutory requirements, or used by entities regulated by financial sector regulators. The amendments also introduce stronger compliance and monitoring requirements, including half-yearly reviews, CBS flagging of applicable accounts, and mandatory conversion or closure of ineligible accounts within specified timelines. Additional safeguards prohibit use of accounts for unauthorised third-party transactions, unregulated deposit-taking, or payment services, supported by systems to detect suspicious or pass-through activities. Term loan disbursements are to be made directly to the identified beneficiaries to prevent fund diversion.

These amendments will come into effect from April 1, 2026, with Regional Rural Banks permitted to adopt them earlier if desired.

RBI Update - Reserve Bank of India (Regional Rural Banks – Credit Risk Management) – Amendment Directions, 2025

UPDATE - RESERVE BANK OF INDIA (URBAN CO-OPERATIVE BANKS – CREDIT RISK MANAGEMENT) – AMENDMENT DIRECTIONS, 2025

The Reserve Bank of India has issued the Urban Co-operative Banks – Credit Risk Management (Amendment) Directions, 2025, introducing a new framework regulating the maintenance of current accounts, cash credit (CC) accounts, and overdraft (OD) accounts by banks. The amendment inserts a new Chapter VIIIA, replacing earlier provisions, to strengthen credit discipline and improve monitoring of fund flows. While CC accounts may continue without restriction due to their working-capital nature, current and OD accounts are now subject to exposure-based conditions. For borrowers with banking system exposure below ₹10 crore, banks may freely maintain such accounts. However, where exposure is ₹10 crore or more, only banks having at least 10% share in the aggregate or fund-based exposure may operate current or OD

from which funds must be transferred to a designated account within two working days. Certain statutory, FEMA-related, or regulator-mandated accounts are exempt from these restrictions.

The amendments also impose enhanced compliance and monitoring obligations. Banks must conduct half-yearly reviews, flag eligible accounts in their CBS, and convert or close ineligible accounts within specified timelines. Additional safeguards prohibit the use of accounts for unauthorised third-party transactions, unregulated deposit-taking, or payment services unless expressly authorised by a financial regulator. Banks must also implement systems to detect suspicious or pass-through activities and ensure term loan disbursements are made directly to the identified beneficiaries to prevent fund diversion. The amendments will come into effect from April 1, 2026, though banks may opt for earlier implementation.

Update - Reserve Bank of India (Urban Co-operative Banks – Credit Risk Management) – Amendment Directions, 2025

RBI UPDATE - RESERVE BANK OF INDIA (RURAL CO-OPERATIVE BANKS – CREDIT RISK MANAGEMENT) – AMENDMENT DIRECTIONS, 2025

The Reserve Bank of India has issued the Rural Co-operative Banks – Credit Risk Management (Amendment) Directions, 2025, introducing significant changes to enhance credit discipline and improve monitoring of fund flows across cash credit (CC), current account, and overdraft (OD) operations. Key definitions of CC, current accounts and OD facilities have been formally added, and a new Chapter VIA has been inserted to regulate how such accounts may be maintained. While CC accounts may continue without restrictions due to their working-capital nature, current and OD accounts are now subject to exposure-based conditions. Banks may freely maintain these accounts where the borrower's total banking system exposure is below ₹10 crore. For exposures of ₹10 crore or more, only banks with at least 10% share in the aggregate or fund-based exposure may operate current or OD accounts; others may open only collection accounts, from which funds must be transferred to a designated account within two working days. Certain statutory, FEMA-driven, or regulator-mandated accounts are exempt from these restrictions.

The amendments also strengthen compliance and monitoring requirements for Rural Co-operative Banks. Banks must conduct half-yearly reviews, flag accounts in their CBS for effective monitoring and convert or close ineligible accounts within defined timelines.

Robust safeguards prohibit the use of accounts for unauthorised third-party transactions, unregulated deposit-taking, or payment services unless expressly authorised by a financial regulator. Systems must be implemented to detect suspicious or pass-through activities, and term loan disbursements should preferably be made directly to identified beneficiaries to prevent diversion of funds. These amendments will come into effect from April 1, 2026, with the option for earlier voluntary implementation by banks.

RBI Update - Reserve Bank of India (Rural Co-operative Banks – Credit Risk Management) – Amendment Directions, 2025

RBI UPDATE - RESERVE BANK OF INDIA (LOCAL AREA BANKS – CREDIT RISK MANAGEMENT) – AMENDMENT DIRECTIONS, 2025

The Reserve Bank of India has notified the Local Area Banks – Credit Risk Management (Amendment) Directions, 2025, introducing a new regulatory framework for operating cash credit (CC), current accounts and overdraft (OD) accounts. The amendment inserts formal definitions of CC and current accounts and introduces a new Chapter VIIA to strengthen credit discipline and ensure better monitoring of fund flows.

While CC accounts may continue without restriction due to their working-capital nature, current and OD accounts are now regulated based on the borrower's aggregate exposure to the banking system. Banks may freely maintain these accounts where exposure is below ₹10 crore. For exposures of ₹10 crore or more, only banks with at least 10% share in aggregate or fund-based exposure may operate current or OD accounts; others may operate only collection accounts, from which funds must be transferred to a designated account within two working days. Statutory, FEMA-related and other regulator-mandated accounts are exempt subject to permitted usage.

The amendments also enhance compliance oversight for Local Area Banks, requiring half-yearly monitoring, CBS-level account flagging and timely conversion or closure of ineligible accounts. Banks must ensure accounts are not misused for unauthorised third-party transactions, unregulated deposit-taking, or payment services unless specifically authorised. Systems must be established to detect suspicious patterns such as high pass-through activity or inconsistencies with the customer's stated business. Further, term loan disbursements should preferably be made directly to identified beneficiaries to prevent fund diversion.

RBI UPDATE - RESERVE BANK OF INDIA (SMALL FINANCE BANKS – CASH RESERVE RATIO AND STATUTORY LIQUIDITY RATIO) AMENDMENT DIRECTIONS, 2025

The Reserve Bank of India has issued the Reserve Bank of India (Small Finance Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Amendment Directions, 2025 to align the CRR and SLR framework with amendments introduced under the Banking Laws (Amendment) Act, 2025. A key change is the revised definition of “fortnight,” now fixed as the 1st–15th and 16th–end of every month, effective December 15, 2025. As a result, all CRR/SLR maintenance and reporting requirements in Form A and Form VIII have been updated, references to “Friday” replaced with “day,” provisional and final returns discontinued, paragraph 35 deleted, and a single unified Form A return mandated. Small Finance Banks must submit fortnightly Form A and monthly Form VIII electronically on the CIMS portal using dual digital signatures.

Transitional provisions require CRR/SLR maintenance for December 16–31, 2025 and January 1–15, 2026 based on NDTL of November 28 and December 15, 2025, respectively, before reverting to

the standard method from January 16, 2026.

A special transition window from December 13–15, 2025 mandates CRR/SLR maintenance based on NDTL of November 28, 2025 and minimum CRR of 100% of the requirement. Form A for December 12, 2025 must follow the old structure, while Form VIII for December 2025 must be filed using both old and new return codes. Conforming changes have also been made in Annexes I and II and to references relating to State Government Securities.

RBI Update - Reserve Bank of India (Small Finance Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Amendment Directions, 2025

RBI UPDATE - RESERVE BANK OF INDIA (PAYMENTS BANKS – CASH RESERVE RATIO AND STATUTORY LIQUIDITY RATIO) AMENDMENT DIRECTIONS, 2025

The Reserve Bank of India has issued the Reserve Bank of India (Payments Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Amendment Directions, 2025 to bring the CRR and SLR framework in line with the Banking Laws (Amendment) Act, 2025. A key revision is the new definition of “fortnight,” now fixed as the 1st–15th

and 16th–end of every month, effective December 15, 2025. Accordingly, all CRR/SLR maintenance requirements and reporting formats in Form A and Form VIII have been updated. References to “Friday” across various provisions have been replaced with “day,” provisional and final returns have been discontinued, paragraph 33 deleted, and a single Form A return structure has been introduced. Payments Banks must now submit fortnightly Form A and monthly Form VIII only through the CIMS portal using dual digital signatures, with no physical submissions permitted.

Transitional provisions require CRR/SLR maintenance for December 16–31, 2025 and January 1–15, 2026 based on NDTL as on November 28 and December 15, 2025, respectively, before reverting to the standard methodology from January 16, 2026. A three-day transition period from December 13–15, 2025 mandates CRR/SLR maintenance based on NDTL of November 28, 2025 and a minimum CRR of 100% of the requirement. Payments Banks must also file Form A for December 12, 2025 under the existing structure and submit Form VIII for December 2025 under both old and new codes. Conforming amendments have also been made in Annexes I and II and to references relating to State Government Securities.

RBI Update - Reserve Bank of India (Payments Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Amendment Directions, 2025

RBI UPDATE - RESERVE BANK OF INDIA (REGIONAL RURAL BANKS – CASH RESERVE RATIO AND STATUTORY LIQUIDITY RATIO) AMENDMENT DIRECTIONS, 2025

The Reserve Bank of India has issued the Reserve Bank of India (Regional Rural Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Amendment Directions, 2025 to bring the CRR and SLR framework for RRBs in line with the Banking Laws (Amendment) Act, 2025. The key change is the revised definition of “fortnight,” now fixed as the 1st–15th and 16th–end of each month, effective December 15, 2025. As a result, all CRR/SLR maintenance requirements and reporting formats—Form A and Form VIII—have been updated to reflect the new fortnight structure. References to “Friday” across various provisions have been replaced with “day,” provisional and final returns have been removed, paragraph 34 deleted, and a single unified Form A return has been mandated. Henceforth, RRBs must submit fortnightly Form A and monthly Form VIII electronically through the CIMS portal using dual digital signatures, with no physical submissions permitted.

Transitional provisions require CRR/SLR maintenance for December 16–31, 2025 and January 1–15, 2026 based on NDTL as on November 28 and December 15, 2025, respectively, before reverting to the standard method from January 16, 2026. During the three-day transition period of December 13–15, 2025, RRBs must maintain CRR/SLR based on NDTL of November 28, 2025 and ensure minimum CRR of 100% of the requirement. RRBs must also file Form A for December 12, 2025 under the existing structure and submit Form VIII for December 2025 under both old and new return codes. Conforming amendments have also been made in Annexes I and II and to references relating to State Government Securities.

RBI Update - Reserve Bank of India (Regional Rural Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Amendment Directions, 2025

RBI UPDATE - RESERVE BANK OF INDIA (RURAL CO-OPERATIVE BANKS – CASH RESERVE RATIO AND STATUTORY LIQUIDITY RATIO) AMENDMENT DIRECTIONS, 2025

The Reserve Bank of India has issued the Reserve Bank of India (Rural Co-operative Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Amendment Directions,

2025 to align the CRR and SLR framework with the amendments introduced under the Banking Laws (Amendment) Act, 2025. A key change is the revised definition of “fortnight,” now aligned to the 1st–15th and 16th–end of each month, effective December 15, 2025. Accordingly, multiple references to “Friday” across the Directions have been replaced with “day,” and all reporting and maintenance requirements in Form B (CRR) and Form I (SLR) have been updated to reflect the new fortnightly cycle. Provisional, final and special Form B returns have been discontinued, paragraph 34 deleted, and a single revised Form B and Form I—with new return codes—must now be submitted exclusively through the CIMS portal.

Transitional provisions require CRR and SLR maintenance for December 16–31, 2025 and January 1–15, 2026 based on NDTL as on November 28 and December 15, 2025, respectively. During the transition period from December 13–15, 2025, banks must maintain CRR and SLR based on NDTL as on November 28, 2025 and ensure a minimum CRR of 100% of the requirement. Banks must also file Form B for December 12, 2025 under the existing structure and submit Form I for December 2025 using both old and new codes on the CIMS portal. Conforming textual changes have also been made in Annexes I, II and III to update references to fortnight-end reporting.

RBI Update - Reserve Bank of India (Rural Co-operative Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Amendment Directions, 2025

RBI UPDATE - RESERVE BANK OF INDIA (LOCAL AREA BANKS – CASH RESERVE RATIO AND STATUTORY LIQUIDITY RATIO) AMENDMENT DIRECTIONS, 2025

The Reserve Bank of India has issued the Reserve Bank of India (Local Area Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Amendment Directions, 2025 to align the CRR and SLR framework with the changes introduced by the Banking Laws (Amendment) Act, 2025. A key revision is the updated definition of “fortnight,” now fixed as the 1st–15th and 16th–end of every month, effective December 15, 2025.

Consequently, all CRR/SLR maintenance requirements and reporting formats in Form A and Form VIII have been revised. References to “Friday” across multiple paragraphs have been substituted with “day,” provisional and final returns have been eliminated, paragraph 30 deleted, and a single consolidated Form A and Form VIII—with new return codes—must now be submitted exclusively through the CIMS portal using dual digital signatures.

Updated timelines and terminology have also been incorporated across Annexes I and II.

Transitional arrangements require Local Area Banks (LABs) to maintain CRR and SLR for the fortnights December 16–31, 2025 and January 1–15, 2026 based on NDTL as on November 28 and December 15, 2025, respectively. During the transition period of December 13–15, 2025, LABs must maintain CRR and SLR based on NDTL as on November 28, 2025 and ensure a minimum CRR of 100% of the requirement. Banks must also file Form A for December 12, 2025 under the existing structure and submit Form VIII for December 2025 using both old and new return codes. Conforming amendments have been made in paragraph 23(3)(iii) and across annexes to reflect updated terminology relating to State Government Securities and fortnight-end reporting.

RBI Update - Reserve Bank of India (Local Area Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Amendment Directions, 2025

RBI UPDATE - RESERVE BANK OF INDIA (URBAN CO-OPERATIVE BANKS – CASH RESERVE RATIO AND STATUTORY LIQUIDITY RATIO) AMENDMENT DIRECTIONS, 2025

The Reserve Bank of India has issued the Reserve Bank of India (Urban Co-operative Banks – Cash Reserve Ratio and Statutory Liquidity Ratio) Amendment Directions, 2025 to align CRR and SLR maintenance norms with the changes introduced under the Banking Laws (Amendment) Act, 2025. The revised definition of “fortnight,” now divided into the 1st–15th and 16th–end of every calendar month, becomes effective from December 15, 2025. Accordingly, all references to “Friday” across the Directions have been replaced with “day,” provisional and final returns have been discontinued, and paragraphs 33 and 34 stand deleted. A single Form B (CRR) and Form I (SLR) must be submitted through the CIMS portal, using updated return codes and digital signatures of authorised officials. Conforming amendments have been made across relevant paragraphs and annexures, including replacing alternate-Friday-based references with fortnight-end reporting and updating terminology within Form B, Form I, and the appendices.

As part of the transition, CRR and SLR for the fortnights December 16–31, 2025 and January 1–15, 2026 will be maintained on the basis of NDTL as on November 28, 2025 and December 15, 2025, respectively. During the interim period of December 13–15, 2025, banks must maintain CRR and SLR based on NDTL as on November 28, 2025 and ensure a minimum CRR of 100% of the prescribed requirement.

Banks are required to file the Form B return for December 12, 2025 under the existing structure and submit the Form I return for December 2025 on the CIMS portal using both the old and new return codes. Corresponding amendments to Annex III and internal references ensure complete alignment with the revised regulatory framework.

RBI Update - Reserve Bank of India (Urban Co-operative Banks – Cash Reserve Ratio and Statutory Liquidity Ratio). Amendment Directions, 2025

RBI UPDATE - CONTINUOUS CLEARING AND SETTLEMENT ON REALISATION IN CHEQUE TRUNCATION SYSTEM: PHASE 2

The Reserve Bank of India has issued an update to its circular dated August 13, 2025 on the introduction of Continuous Clearing and Settlement on Realisation in the Cheque Truncation System (CTS). While Phase 1 was implemented on October 4, 2025, the implementation of Phase 2 has been postponed until further notice to provide banks additional time to streamline their operations. Additionally, the presentation session timing has been revised to 09:00 AM to 03:00 PM and the confirmation session timing to 09:00 AM to 07:00 PM. The directive has been issued under Section 10(2) read with Section 18 of the Payment and Settlement Systems Act, 2007.

RBI Update - Continuous Clearing and Settlement on Realisation in Cheque Truncation System: Phase 2

RBI UPDATE - RESERVE BANK OF INDIA (ALL INDIA FINANCIAL INSTITUTIONS – KNOW YOUR CUSTOMER) AMENDMENT DIRECTIONS, 2025

The Reserve Bank of India has issued the Reserve Bank of India (All India Financial Institutions – Know Your Customer) Amendment Directions, 2025, which have come into force with immediate effect, to clarify responsibilities relating to the Central KYC Records Registry (CKYCR). Under the amendment, the regulated entity (RE) that last uploads or updates a customer's KYC records in CKYCR shall be responsible for verification of the customer's identity and/or address. Consequently, AIFIs downloading and relying on such KYC records are not required to re-verify identity or address, provided the records are current and compliant with the PML framework, while remaining responsible for all other customer due diligence (CDD) obligations under the Directions.

RBI Update - Reserve Bank of India (All India Financial Institutions – Know Your Customer) Amendment Directions, 2025

RBI UPDATE - RESERVE BANK OF INDIA (ASSET RECONSTRUCTION COMPANIES – KNOW YOUR CUSTOMER) AMENDMENT DIRECTIONS, 2025

The Reserve Bank of India has issued the Reserve Bank of India (Asset Reconstruction Companies – Know Your Customer) Amendment Directions, 2025, effective immediately, to clarify responsibilities relating to the Central KYC Records Registry (CKYCR). Under the amendment, the regulated entity (RE) that last uploads or updates a customer's KYC records in CKYCR shall be responsible for verification of the customer's identity and/or address. Consequently, Asset Reconstruction Companies (ARCs) downloading and relying on such KYC records are not required to re-verify identity or address, provided the records are current and compliant with the PML framework, while continuing to remain responsible for all other customer due diligence (CDD) requirements under the Directions.

RBI Update - Reserve Bank of India (Asset Reconstruction Companies – Know Your Customer) Amendment Directions, 2025

RBI UPDATE - RESERVE BANK OF INDIA (LOCAL AREA BANKS – KNOW YOUR CUSTOMER) AMENDMENT DIRECTIONS, 2025

The Reserve Bank of India has issued the Reserve Bank of India (Local Area Banks – Know Your Customer) Amendment Directions, 2025, which have come into force with immediate effect, to clarify responsibilities relating to the Central KYC Records Registry (CKYCR). As per the amendment, the regulated entity (RE) that last uploads or updates a customer's KYC records in CKYCR shall be responsible for verification of the customer's identity and/or address. Accordingly, Local Area Banks downloading and relying on such KYC records are not required to re-verify identity or address, provided the records are current and compliant with the PML framework, while continuing to remain responsible for all other customer due diligence (CDD) requirements under the Directions.

RBI Update - Reserve Bank of India (Local Area Banks – Know Your Customer) Amendment Directions, 2025

RBI UPDATE - RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANIES – KNOW YOUR CUSTOMER) AMENDMENT DIRECTIONS, 2025

The Reserve Bank of India has issued the Reserve Bank of India (Non-Banking Financial Companies – Know Your Customer) Amendment Directions, 2025, effective immediately, to clarify responsibilities relating to the Central KYC Records Registry (CKYCR). Under the amendment, the regulated entity (RE) that last uploads or updates a customer's KYC records in CKYCR shall be responsible for verification of the customer's identity and/or address. Consequently, NBFCs downloading and relying on such KYC records are not required to re-verify identity or address, provided the records are current and compliant with the PML framework, while continuing to remain responsible for all other customer due diligence (CDD) obligations under the Directions.

RBI Update - Reserve Bank of India (Asset Reconstruction Companies – Know Your Customer) Amendment Directions, 2025

UPDATE - RESERVE BANK OF INDIA (PAYMENTS BANKS – KNOW YOUR CUSTOMER) AMENDMENT DIRECTIONS, 2025

The Reserve Bank of India has issued the Reserve Bank of India (Payments Banks – Know Your Customer) Amendment Directions, 2025, effective immediately, to clarify responsibilities relating to the Central KYC Records Registry (CKYCR). As per the amendment, the regulated entity (RE) that last uploads or updates a customer's KYC records in CKYCR shall be responsible for verification of the customer's identity and/or address. Accordingly, Payments Banks downloading and relying on such KYC records are not required to re-verify identity or address, provided the records are current and compliant with the PML framework, while continuing to remain responsible for all other customer due diligence (CDD) obligations under the Directions.

Update - Reserve Bank of India (Payments Banks – Know Your Customer) Amendment Directions, 2025

RBI UPDATE - RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANIES – KNOW YOUR CUSTOMER) AMENDMENT DIRECTIONS, 2025

The Reserve Bank of India has issued the Reserve Bank of India (Non-Banking Financial Companies – Know Your Customer) Amendment Directions, 2025, effective immediately, to clarify responsibilities relating to the Central KYC Records Registry (CKYCR). Under the amendment, the regulated entity (RE) that last uploads or updates a customer's KYC records in CKYCR shall be responsible for verification of the customer's identity and/or address. Consequently, NBFCs downloading and relying on such KYC records are not required to re-verify identity or address, provided the records are current and compliant with the PML framework, while continuing to remain responsible for all other customer due diligence (CDD) obligations under the Directions.

RBI Update - Reserve Bank of India (Asset Reconstruction Companies – Know Your Customer) Amendment Directions, 2025

RBI UPDATE - RESERVE BANK OF INDIA (REGIONAL RURAL BANKS – KNOW YOUR CUSTOMER) AMENDMENT DIRECTIONS, 2025

The Reserve Bank of India has issued the Reserve Bank of India (Regional Rural Banks – Know Your Customer) Amendment Directions, 2025, effective immediately, to clarify responsibilities relating to the Central KYC Records Registry (CKYCR). Under the amendment, the regulated entity (RE) that last uploads or updates a customer's KYC records in CKYCR shall be responsible for verification of the customer's identity and/or address. Accordingly, Regional Rural Banks downloading and relying on such KYC records are not required to re-verify identity or address, provided the records are current and compliant with the PML framework, while continuing to remain responsible for all other customer due diligence (CDD) obligations under the Directions.

RBI Update - Reserve Bank of India (Regional Rural Banks – Know Your Customer) Amendment Directions, 2025

RBI UPDATE - RESERVE BANK OF INDIA (RURAL CO-OPERATIVE BANKS – KNOW YOUR CUSTOMER) AMENDMENT DIRECTIONS, 2025

The Reserve Bank of India has issued the Reserve Bank of India (Rural Co-operative Banks – Know Your Customer) Amendment Directions, 2025, with immediate effect, to clarify responsibilities relating to the Central KYC Records Registry (CKYCR). As per the amendment, the regulated entity (RE) that last uploads or updates a customer's KYC records in CKYCR shall be responsible for verification of the customer's identity and/or address. Accordingly, Rural Co-operative Banks downloading and relying on such KYC records are not required to re-verify identity or address, provided the records are current and compliant with the PML framework, while continuing to remain responsible for all other customer due diligence (CDD) obligations under the Directions.

RBI Update - Reserve Bank of India (Rural Co-operative Banks – Know Your Customer) Amendment Directions, 2025

RBI UPDATE - RESERVE BANK OF INDIA (SMALL FINANCE BANKS – KNOW YOUR CUSTOMER) AMENDMENT DIRECTIONS, 2025

The Reserve Bank of India has issued the Reserve Bank of India (Small Finance Banks – Know Your Customer) Amendment Directions, 2025, effective immediately, to clarify responsibilities relating to the Central KYC Records Registry (CKYCR). Under the amendment, the regulated entity (RE) that last uploads or updates a customer's KYC records in CKYCR shall be responsible for verification of the customer's identity and/or address. Accordingly, Small Finance Banks downloading and relying on such KYC records are not required to re-verify identity or address, provided the records are current and compliant with the PML framework, while continuing to remain responsible for all other customer due diligence (CDD) obligations under the Directions.

RBI Update - Reserve Bank of India (Small Finance Banks – Know Your Customer) Amendment Directions, 2025

RBI UPDATE -RESERVE BANK OF INDIA (URBAN CO-OPERATIVE BANKS – KNOW YOUR CUSTOMER) AMENDMENT DIRECTIONS, 2025

The Reserve Bank of India has issued the Reserve Bank of India (Urban Co-operative Banks – Know Your Customer) Amendment Directions, 2025, effective immediately, to clarify responsibilities relating to the Central KYC Records Registry (CKYCR). As per the amendment, the regulated entity (RE) that last uploads or updates a customer's KYC records in CKYCR shall be responsible for verification of the customer's identity and/or address. Accordingly, Urban Co-operative Banks downloading and relying on such KYC records are not required to re-verify identity or address, provided the records are current and compliant with the PML framework, while continuing to remain responsible for all other customer due diligence (CDD) obligations under the Directions.

RBI Update -Reserve Bank of India (Urban Co-operative Banks – Know Your Customer) Amendment Directions, 2025

RBI UPDATE - RESERVE BANK OF INDIA (COMMERCIAL BANKS – KNOW YOUR CUSTOMER) AMENDMENT DIRECTIONS, 2025

The Reserve Bank of India has issued the Reserve Bank of India (Commercial Banks – Know Your Customer) Amendment Directions, 2025, effective immediately, to clarify responsibilities relating to the Central KYC Records Registry (CKYCR). Under the amendment, the regulated entity (RE) that last uploads or updates a customer's KYC records in CKYCR shall be responsible for verification of the customer's identity and/or address. Accordingly, Commercial Banks downloading and relying on such KYC records are not required to re-verify identity or address, provided the records are current and compliant with the PML framework, while continuing to remain responsible for all other customer due diligence (CDD) obligations under the Directions.

[RBI Update - Reserve Bank of India \(Commercial Banks – Know Your Customer\) Amendment Directions, 2025](#)



IBBI UPDATE - INTRODUCTION OF MODIFICATION UTILITY & COMMENCEMENT OF LEVY OF FEE FOR DELAYED FILING OF FORMS UNDER REGULATION 40B OF THE CIRP REGULATIONS

The Insolvency and Bankruptcy Board of India (IBBI) has introduced a Modification Utility on its electronic portal, enabling Insolvency Professionals (IPs) to modify CIRP forms already submitted, to rectify errors or omissions, through an OTP-based authentication process. If a form is originally filed and modified before its due date, no fee shall be levied, as the fee under Regulation 40B(4) applies only after the last due date. Further, pursuant to Circular No. IBBI/CIRP/85/2025 dated 26 May 2025, it is notified that for all CIRP forms due on or before 31 December 2025 and submitted after that date—whether by correction, updation, or otherwise a fee of ₹500 (excluding GST) per form per calendar month of delay shall be payable, in accordance with Regulation 40B of the CIRP Regulations, 2016.

IBBI Update – Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) (Fourth Amendment) Regulations, 2025

IBBI UPDATE - FORMAT FOR “STATEMENT OF BENEFICIAL OWNERSHIP” AND AFFIDAVIT UNDER REGULATION 38(3A) OF THE CIRP REGULATIONS

The Insolvency and Bankruptcy Board of India, vide Circular dated 29 December 2025, has prescribed mandatory formats for the Statement of Beneficial Ownership and an Affidavit on eligibility under section 32A to be included in every resolution plan, pursuant to the insertion of Regulation 38(3A) of the CIRP Regulations. Resolution Professionals are required to ensure that these documents, in the specified formats, form part of the resolution plan submitted to the Committee of Creditors and filed before the Adjudicating Authority.

IBBI Update - Format for “Statement of Beneficial Ownership” and Affidavit under Regulation 38(3A) of the CIRP Regulations

**PERSONAL GUARANTOR INSOLVENCY
PROCEEDINGS CAN PROCEED DESPITE
DISPUTED LIABILITY****PINKAL HARSHBHAI SONI V. BANK OF BARODA
(2025)****NCLT, AHMEDABAD BENCH | ORDER DATED 10
NOVEMBER 2025****CORAM: MR. SHAMMI KHAN & MR. SANJEEV
SHARMA****Facts**

The Corporate Debtor had availed various credit facilities from Bank of Baroda, in respect of which Mr. Pinkal Harshbhai Soni executed a personal guarantee securing the repayment obligations. Upon the Corporate Debtor committing default, the Bank initiated Corporate Insolvency Resolution Process (CIRP) against the Corporate Debtor, which was duly admitted. Subsequently, the Bank filed an application under Section 94(1) read with Section 95 of the Insolvency and Bankruptcy Code, 2016, seeking initiation of insolvency proceedings against the personal guarantor. While the guarantor admitted execution of the guarantee deed, he disputed his liability and enforceability of the guarantee.

ISSUE

Whether an insolvency application filed by a creditor under Sections 94 and 95 of the IBC against a personal guarantor is maintainable when the guarantor disputes liability, despite the admitted execution of a personal guarantee and occurrence of default by the corporate debtor.

Decision

The NCLT, Ahmedabad Bench, held that at the admission stage of a Section 94/95 application, the Tribunal is required to examine only the prima facie existence of a financial debt, default, and execution of a guarantee. The Tribunal observed that disputes regarding enforceability, extent of liability, or other contested factual issues raised by the guarantor cannot be adjudicated at this preliminary stage. Since the CIRP against the Corporate Debtor was already pending, the NCLT rightly exercised jurisdiction under Section 60(2) of the IBC. Accordingly, the application under Section 94(1) IBC was admitted, insolvency proceedings against the personal guarantor were initiated, and an interim moratorium under Section 96 IBC was declared.

**PROCEDURAL DEFECTS CANNOT DEFEAT
SUBSTANTIVE INSOLVENCY RIGHTS****LIVEIN AQUA SOLUTIONS PVT. LTD. V. HDFC BANK
LTD. (2025)****SUPREME COURT OF INDIA | JUDGMENT DATED 24
NOVEMBER 2025****2025 INSC 1349****CORAM: HON'BLE JUSTICE SANJAY KUMAR &
HON'BLE JUSTICE ALOK ARADHE****FACTS**

HDFC Bank Ltd., a financial creditor, filed an application under Section 7 of the Insolvency and Bankruptcy Code, 2016 against Livein Aqua Solutions Pvt. Ltd., alleging default in repayment of financial debt. The application was supported by an affidavit which contained a procedural defect in the form of an incorrect date. On this limited ground, the NCLT rejected the Section 7 petition, holding it to be defective. The NCLAT affirmed the rejection, without granting the financial creditor an opportunity to rectify the defect. Aggrieved by the dismissal of its insolvency application on purely technical grounds, the financial creditor approached the Supreme Court of India, contending that such defects are curable and should not obstruct initiation of CIRP.

Issue

Whether a Section 7 application under the IBC can be rejected at the admission stage solely on account of a curable procedural defect in the supporting affidavit, without granting the applicant an opportunity to rectify the same as contemplated under the Code.

SECTIONS APPLICABLE:

Under Section 7(5)(b) IBC, if an application is defective, the adjudicating authority must give the applicant an opportunity to rectify the defect. Procedural defects are curable and should not defeat substantive rights under the IBC. The Supreme Court held that an incorrect or defective affidavit does not render a Section 7 application non-est. The NCLT ought to have issued a specific statutory notice permitting rectification instead of dismissing the petition. The defect was procedural and capable of being cured within a reasonable time.

ORDER/ JUDGEMENT:

The Supreme Court set aside the NCLAT and NCLT orders, directed the creditor to cure the defects within seven days, and ordered the NCLT to proceed with the insolvency application on merits. A Section 7 IBC application cannot be dismissed for curable procedural defects; tribunals must allow rectification under Section 7(5)(b)

DECISION

The Supreme Court allowed the appeal and set aside the orders of the NCLT and NCLAT. The Court held that under Section 7(5)(b) of the IBC, if an application is found to be defective, the adjudicating authority is mandated to provide an opportunity to rectify such defect within a reasonable time. The Court clarified that procedural defects, including errors in affidavits, do not render a Section 7 application non-est, nor can they defeat substantive rights of a financial creditor. The defect in the present case was purely procedural and curable. Accordingly, the Supreme Court directed HDFC Bank to cure the defect within seven days and ordered the NCLT to proceed with the insolvency application on merits, reaffirming that insolvency proceedings cannot be dismissed on hyper-technical grounds.

RUNNING ACCOUNT, ACKNOWLEDGMENT OF DEBT & SHAM DISPUTES: SUPREME COURT REAFFIRMS MOBILOX TEST**M/S. SARASWATI WIRE AND CABLE INDUSTRIES****V.****MOHAMMAD MOINUDDIN KHAN & ORS.****SUPREME COURT OF INDIA | JUDGMENT DATED 10 DECEMBER 2025****Facts**

M/s. Saraswati Wire and Cable Industries, an operational creditor, supplied pipes and cables to Dhanlaxmi Electricals Pvt. Ltd., which maintained a running account with the firm. On 4 August 2021, the Corporate Debtor emailed its own ledger, expressly acknowledging an outstanding debit balance of ₹1,79,93,690.80. Even after receipt of a Section 8 demand notice, the Corporate Debtor made further payments amounting to ₹61 lakh, indicating admission of liability and absence of dispute.

A separate CIRP against the Corporate Debtor was already underway from 6 September 2021, which legally prevented the operational creditor from initiating its own Section 9 proceedings earlier.

The NCLT, Mumbai (6 December 2023) admitted the Section 9 application, relying on clear acknowledgment of debt and post-notice payments. However, the NCLAT (13 March 2024) reversed the admission, citing alleged pre-existing disputes based on old emails and delay in filing. The matter was thereafter carried to the Supreme Court

ISSUE

The Supreme Court examined:

1. Whether CIRP under Section 9 IBC is maintainable when the Corporate Debtor alleges a pre-existing dispute.
2. Whether disputes raised by a suspended and unauthorised director can constitute a valid defence.
3. Whether minor invoice differences, unsupported counter-claims, and continued payments after a demand notice negate the existence of a real dispute.
4. Whether procedural delay, caused due to an already pending CIRP, can be construed as evidence of a continuing dispute.

Decision

The Supreme Court set aside the NCLAT judgment dated 13 March 2024 and restored the NCLT's admission order dated 6 December 2023, directing that the CIRP shall continue from the date of communication of the judgment.

The Court held that the alleged disputes regarding non-supply, short supply, and quality defects were raised belatedly, unsupported by evidence, and lacked bona fides. Crucially, the reply to the demand notice was issued by a suspended Technical Director, who had no authority to represent the Corporate Debtor once a separate CIRP was already in progress—rendering the defence legally untenable.

Reiterating the principles laid down in *Mobilox Innovations Pvt. Ltd. v. Kirusa Software Pvt. Ltd.* (2018), the Court emphasized that a pre-existing dispute must be real, substantial, and supported by evidence, and that illusory or afterthought defences cannot defeat a valid insolvency petition. The objections raised were held to be mere attempts to wriggle out of an admitted operational liability.

SALE OF ENCUMBERED ASSETS DURING CIRP: NCLAT UPHOLDS COC'S COMMERCIAL WISDOM PANKAJ MAHAJAN (RESOLUTION PROFESSIONAL OF ARSHIYA LTD.) V.

**EDELWEISS ASSET RECONSTRUCTION CO. & ORS.
NCLAT, PRINCIPAL BENCH, NEW DELHI | JUDGMENT
DATED 7 NOVEMBER 2025**

Facts

The appeal arose from an order of the NCLT, Mumbai Bench dated 16 July 2025, passed during the CIRP of Arshiya Ltd. The Resolution Professional and the Committee of Creditors (CoC) challenged the NCLT's direction requiring open bidding from Prospective Resolution Applicants (PRAs) of group companies before permitting sale of certain non-core assets under Regulation 29 of the CIRP Regulations.

Arshiya Ltd. owned approximately 42.08 acres of non-core land located in the Khurja Free Trade Warehousing Zone (FTWZ), including parcels strategically interspersed within land owned by its sister concern NCR Rail Infrastructure Ltd., as well as a critical spine road. These assets were encumbered and mortgaged in favour of Edelweiss ARC and SREI Equipment Finance, both secured creditors and CoC members.

After obtaining independent valuations and extensive deliberations, the CoC by a voting share of 85.46% approved a two-part sale of the land parcels to the Successful Resolution Applicants (SRAs) of the related entities, citing operational integration and value maximisation. Certain stakeholders opposed this before the NCLT, which led to the impugned directions mandating an open bidding process.

ISSUE

The principal issue before the NCLAT was whether Regulation 29 of the CIRP Regulations permits the sale of encumbered assets during CIRP with the consent of secured creditors, or whether such sales are confined only to unencumbered assets. Ancillary issues included the extent of the CoC's commercial wisdom, and whether secured creditors' rights must be fully discharged prior to permitting such asset sales.

DECISION

The NCLAT allowed the appeal and set aside the restrictive directions issued by the NCLT. The Tribunal held that sale of encumbered assets during CIRP is permissible under Regulation 29, provided the secured creditor has expressly consented and its rights are adequately protected in the sale consideration and distribution mechanism.

The Appellate Tribunal observed that Regulation 29 contains no express prohibition against the sale of encumbered assets, and reading such a limitation into the regulation would defeat the object of time-bound value maximisation under the IBC. It further reaffirmed that decisions taken by the CoC after due deliberation, valuation, and creditor consent fall squarely within the realm of commercial wisdom, warranting minimal judicial interference.

Invocation of Section 66 IBC Requires Clear Pleadings and Proof of Fraud**Swapan Kumar Saha & Ors. v. Ashok Kumar Agarwal****NCLAT | Judgment dated 6 November 2025****Facts**

The Corporate Debtor was subjected to Corporate Insolvency Resolution Proceedings, which ultimately resulted in liquidation. Mr. Ashok Kumar Agarwal was appointed as the Liquidator. During the liquidation process, the Liquidator claimed to have noticed discrepancies and variations in the stock quantities of certain items belonging to the Corporate Debtor.

These alleged discrepancies pertained to the financial year 2010–11, almost a decade prior to the initiation of insolvency proceedings. Relying on these variations, the Liquidator filed I.A. (IB) No. 613 of 2020 before the National Company Law Tribunal, Kolkata Bench, invoking Section 66 of the Insolvency and Bankruptcy Code, 2016, alleging fraudulent and wrongful trading by the erstwhile management, which purportedly caused loss to creditors.

By order dated 10 December 2024, the NCLT rejected the application, holding that mere stock discrepancies, without specific pleadings or cogent evidence establishing fraudulent intent or wrongful conduct, were insufficient to attract Section 66 of the Code. Aggrieved by this decision, the Liquidator preferred an appeal before the National Company Law Appellate Tribunal (NCLAT).

Issue

Whether mere discrepancies or variations in stock, without specific pleadings or independent evidence of fraudulent intent or wrongful trading, are sufficient to invoke Section 66 of the IBC.

Decision

The NCLAT dismissed the appeal, affirming the order of the NCLT. The Appellate Tribunal observed that the Liquidator's case was founded solely on alleged stock discrepancies dating back to FY 2010–11, without identifying any specific transactions, parties, or conduct that could substantiate an allegation of fraudulent or wrongful trading as contemplated under Section 66 of the IBC.

The Tribunal emphasized that Section 66 is a serious provision, requiring clear, specific pleadings and independent evidence demonstrating a deliberate intent to defraud creditors or carry on business with knowledge of inevitable insolvency. Mere suspicion, inference, or accounting variations particularly from a remote period—cannot form the basis for invoking such provisions.

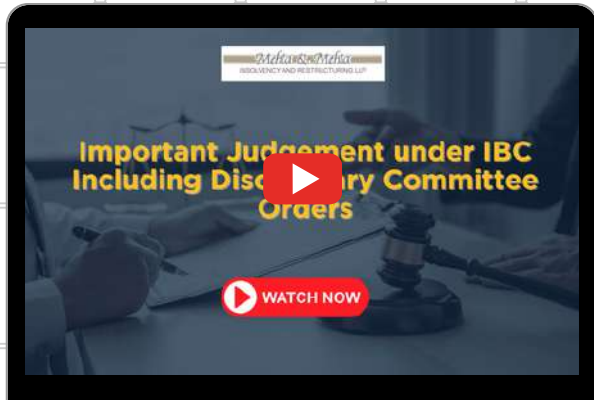
Finding that the NCLT had correctly assessed the evidentiary threshold and applied settled legal principles, the NCLAT declined to interfere and upheld the rejection of the Section 66 application.

FOR REGULAR UPDATES, SUBSCRIBE TO OUR YOUTUBE CHANNEL

DECODING CORPORATE LAWS WITH MEHTA & MEHTA

TO WATCH OUR
LATEST WEBINAR
VIDEOS

[CLICK HERE](#)



OTHER WEBINARS:



JOIN OUR SOCIALS FOR MORE UPDATES:



@mehtaandmehta



Mehta & Mehta Legal and Advisory

Mehta & Mehta