

SEBI CONSULTATION PAPER – SIMPLIFICATION OF DOCUMENTATION REQUIREMENTS FOR TRANSMISSION OF SECURITIES

Consultation Paper dated March 12, 2026

- The consultation paper has been issued with the objective of simplifying documentation requirements for transmission of securities and revising the threshold limits for availing simplified documentation to enhance ease of investing.
- The existing framework under the LODR Regulations and Master Circular prescribes procedures for transmission, however stakeholders have raised concerns regarding complex documentation, delays, and inconsistent practices followed by intermediaries.
- The current threshold limits of ₹5 lakh for physical securities and ₹15 lakh for dematerialised securities have been considered inadequate in light of market growth and increasing asset values.
- Investors have also faced practical challenges such as delays due to probate requirements, ambiguity in legal heirship documentation, and difficulties in obtaining documents, especially in cross-border cases.
- In view of recent legal developments, including the removal of mandatory probate under the Indian Succession Act, SEBI has proposed to simplify the transmission framework.
- The consultation paper proposes to increase the threshold limits for simplified documentation to ₹10 lakh for physical securities and ₹30 lakh for dematerialised securities.
- A new category of “straight through processing” has been introduced for low-value claims to enable faster settlement with minimal documentation requirements.
- The proposed thresholds for straight through processing are ₹10,000 for physical securities and ₹30,000 for dematerialised securities.
- The paper proposes a standardised and risk-based documentation framework depending on whether nomination exists and the value of the claim.
- In cases where nomination is registered, only basic documents such as transmission request form, client master list, death certificate, and ID proof of the nominee would be required.
- In cases where nomination is not available, simplified documentation would be applicable for claims within the prescribed threshold limits.

- For claims exceeding the threshold limits, additional documentation such as indemnity bonds, affidavits, succession certificates, wills, or legal heirship certificates would be required.
- The requirement of a probated will in non-contentious cases is proposed to be removed to reduce legal complexities and procedural delays.
- The consultation paper also proposes to standardise the procedure for submission and processing of claims across all entities.
- Entities would be required to use uniform formats, acknowledge receipt of documents, and inform claimants of any deficiencies in documentation.
- The framework also enables the provision of online facilities for submission and tracking of transmission claims to improve efficiency and transparency.
- Additional flexibility has been proposed in accepting proof of death in cases where the investor has died outside India by allowing more modes of certification.
- The concept of “relevant authority” for issuing legal heirship certificates has been clarified to remove ambiguity.
- It is proposed that all transmission requests be processed within a period of 21 days from the date of receipt of complete documentation.
- In case of delay or rejection of claims, entities are required to communicate the reasons to the claimant in writing to ensure accountability.
- SEBI has also proposed to delete certain procedural provisions from Schedule VII of the LODR Regulations and issue them through circulars for better operational flexibility.
- Overall, the consultation paper aims to streamline the transmission process by increasing thresholds, simplifying documentation, and introducing faster processing mechanisms while maintaining safeguards against fraud.
- Public comments and suggestions on the proposed framework have been invited by SEBI till April 02, 2026.

Link: <https://www.sebi.gov.in/reports-and-statistics/reports/mar-2026/consultation-paper-on-ease-of-investing-simplification-of-documentation-requirement-for-transmission-of-securities-and-revision-in-threshold-limits-for-simplified-documentation-100289.html>

SEBI CONSULTATION PAPER – MODIFIED NORMS FOR NOMINATION IN DEMAT ACCOUNTS AND MUTUAL FUND FOLIOS

Consultation Paper dated March 17, 2026

- The consultation paper aims to modify SEBI's January 10, 2025 circular on nomination in demat accounts and mutual fund folios to simplify the process, align with banking norms, and improve ease of investor onboarding.
- The earlier circular (effective March 1, 2025) faced operational challenges, leading to deferment of certain provisions in December 2025 and the need for revisions based on stakeholder feedback.
- Proposal 1: The provision allowing nominees to operate accounts during investor incapacitation is proposed to be removed due to risks of fraud, legal disputes, and implementation difficulties, and instead, the existing Power of Attorney mechanism is suggested as sufficient.
- Proposal 2: To simplify nomination, only the nominee's name and relationship with the investor will be mandatory, while other details like address, contact details, and percentage share will be optional; if no share is specified, assets will be equally distributed.
- Proposal 3: Nomination will be made the default option during account opening, and investors who do not wish to nominate must actively opt out by giving consent through a pop-up declaration instead of complex methods like video recording.
- For accounts without nomination or with opt-out, regulated entities will send periodic reminders via SMS/email and display pop-ups encouraging investors to add nominees to reduce unclaimed assets.
- Proposal 4: The maximum number of nominees is proposed to be reduced from 10 to 4 (aligned with banking norms), as data shows most investors prefer only one nominee and higher limits create operational strain.
- The number of joint holders in demat accounts and mutual fund folios will continue to remain capped at 3, even in cases of multiple nominees.
- Nomination can be done both online (via DSC, Aadhaar e-sign, or 2FA) and offline (with wet signature; witnesses required only for thumb impressions).
- Investors can add, change, or cancel nominations multiple times, and regulated entities must provide acknowledgment for each such request.
- For transparency, account statements must indicate either the nominee's name or whether nomination has been made.

- A Power of Attorney holder is not allowed to nominate on behalf of the investor.
- Nominees act only as trustees of the assets for legal heirs after the investor's death and do not become absolute owners.
- If a nominee dies before the investor, the nominee's legal heirs will not inherit the investor's assets.
- The revised norms aim to reduce onboarding friction, encourage nomination, and prevent accumulation of unclaimed assets in the securities market.

LINK: <https://www.sebi.gov.in/reports-and-statistics/reports/mar-2026/consultation-paper-on-modified-norms-for-nomination-in-demat-accounts-and-mutual-fund-folios-100425.html>

SEBI CONSULTATION PAPER – INTRODUCTION OF GIFT CARD / GIFT PPI (PREPAID PAYMENT INSTRUMENT) FOR MUTUAL FUNDS

Consultation Paper dated March 24, 2026

- The objective of the consultation paper is to introduce Gift Card / Gift PPI as a mode for subscribing to mutual fund units, with the aim of promoting financial inclusion and onboarding new investors.
- The proposal was received from AMFI to allow purchasers to buy Gift PPI and transfer it to recipients, who can then use it to invest in mutual funds.
- The mechanism involves purchase of Gift PPI through banking channels, transfer to a beneficiary, and redemption by the recipient for subscribing to mutual fund units via AMC platforms.
- Existing SEBI guidelines permit use of e-wallets for mutual fund investments subject to conditions like ₹50,000 annual limit per investor per MF, no incentives, and compliance with third-party payment norms.
- RBI guidelines govern PPIs, allowing issuance by authorized entities, prescribing AML safeguards, minimum validity of one year, and specific conditions for Gift PPIs such as non-reloadability and maximum value of ₹10,000.
- Gift PPIs cannot be used for cash withdrawal or fund transfer (except refund to source account), and KYC of purchaser is maintained by the issuer.
- Additional safeguards proposed include ensuring compliance with both SEBI and RBI regulations and restricting funding of PPIs only through bank transfer or UPI.
- The redeemer of Gift PPI can invest in any mutual fund scheme of the AMC, and may either choose independently or take assistance from a distributor.
- The purchaser may suggest a scheme, but it will not be binding on the redeemer and will not be treated as investment advice.
- Transactions through distributors will be processed under regular plans, while direct investments will fall under direct plans.
- PPI issuer must share purchaser details with SEBI/AMC when required for transparency and regulatory oversight.
- For each transaction, funds will be transferred from the PPI issuer's escrow account to the mutual fund scheme.
- Each Gift PPI will have a validity of one year, after which unclaimed amounts will be refunded to the purchaser's bank account.

- Third Party Validation (TPV) will ensure that the PPI redeemer and mutual fund folio holder are the same person, failing which the transaction will be rejected.
- Strict compliance with “no third-party payment” norms is ensured by mandating transfer of ownership of PPI to the redeemer before investment.
- A limit of ₹50,000 per investor per AMC per financial year (including wallet, cash, and Gift PPI investments) will be enforced.
- The full value of the Gift PPI must be used for mutual fund subscription to avoid unclaimed balances.
- Fees related to issuance of Gift PPI will be borne by the AMC.
- AMCs must ensure fair marketing practices, avoid dark patterns, and clearly disclose key terms like validity, refund, and grievance redressal.
- AMCs will also be responsible for investor protection and grievance handling in coordination with PPI issuers.
- SEBI has invited public comments on various aspects including scheme suggestion by purchaser, use of distributors, refund mechanism, adequacy of safeguards, and other suggestions.

LINK: <https://www.sebi.gov.in/reports-and-statistics/reports/mar-2026/consultation-paper-on-introduction-of-gift-card-gift-ppi-prepaid-payment-instrument-for-mutual-funds-100505.html>

SEBI CONSULTATION PAPER – FRAMEWORK OF IT RESILIENCE INDEX FOR MARKET INFRASTRUCTURE INSTITUTIONS (MIIs)

Consultation Paper dated March 25, 2026

- The objective of the consultation paper is to introduce an IT Resilience Index (ITRI) for Market Infrastructure Institutions (MIIs) to assess the health, robustness, and resilience of their IT systems.
- IT systems are critical for the smooth and uninterrupted functioning of MIIs, and an index-based approach will help management and oversight bodies identify weaknesses and areas for improvement.
- The framework for ITRI has been developed in consultation with MIIs and discussed with SEBI's Technical Advisory Committee (TAC), with a working model already tested by MIIs.
- The regulatory objective is to create a system-driven, standardized framework for measuring IT resilience and enable comparison of IT performance across MIIs.
- ITRI will allow MIIs to track the performance of their IT systems over time and take corrective measures based on identified gaps.
- The index will be computed based on a uniform set of parameters and weightages to ensure comparability across institutions.
- The ITRI will measure the robustness of critical systems of MIIs, including systems connected to or supporting such critical systems.
- The index will be calculated based on the following parameters with assigned weightages: availability (20%), security (20%), integrity (10%), governance (10%), reliability and monitoring (10%), business continuity (10%), modularity and flexibility (10%), scalability (5%), and other factors like incident handling (5%).
- The Industry Standards Forum (ISF) constituted by SEBI will finalize detailed sub-parameters, measurement criteria, baseline standards, and scoring methodology within a prescribed timeline.
- MIIs are required to compute the ITRI on a half-yearly basis within 60 days from the end of each half-year.
- A comparative analysis of consecutive half-years along with observations of the Governing Board and corrective actions must be submitted to SEBI within 90 days.
- The computation of ITRI should be system-driven and automated to the extent possible to ensure objectivity, accuracy, and elimination of manual discretion.

- The framework is designed as a self-assessment tool enabling MIIs to internally monitor and improve their IT systems.
- MIIs are required to implement necessary system upgrades and amend relevant bye-laws or regulations for effective implementation of the framework.
- MIIs have already implemented a beta version of the ITRI framework, and full operationalization is required within six months from the issuance of the circular.
- The first formal reporting under this framework will be for the half-year ending September 30, 2026.
- The overall aim of the framework is to strengthen IT governance, enhance system resilience, and ensure stability and reliability of the securities market infrastructure.

LINK: <https://www.sebi.gov.in/reports-and-statistics/reports/mar-2026/consultation-paper-on-framework-of-it-resilience-index-for-market-infrastructure-institutions-miis-100569.html>