

INDIA REGULATORY DEVELOPMENTS

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 Key Updates from SEBI, RBI, & IFSCA

1st July - 31st July 2026



SEBI

SEBI Circulars

Title: [Handling of Client's Unpaid Securities by Trading Members.](#)

Date: Jul 03, 2026

SEBI has amended provisions relating to the handling of clients' unpaid securities by Trading Members. Unpaid securities will be credited directly to the client's demat account and auto-pledged in favour of the Trading Member's CUSPA account. Brokers must frame a clear policy for release, invocation and liquidation of such securities. Auto-release will occur after six trading days, with limited extensions allowed in exceptional cases. Implementation timelines are also prescribed for exchanges and depositories.

Title: [Securities and Exchange Board of India \(Buy-Back of Securities\) \(Amendment\) Regulations, 2026.](#)

Date: Jul 07, 2026

The amendment, effective August 1, 2026, revises SEBI's buy-back framework, especially open market buy-backs. It caps stock-exchange route buy-backs below 15% of paid-up capital and free reserves, tightens timelines for public announcement, offer opening and closure, prevents buy-backs breaching minimum public shareholding, requires shareholder intimation electronically, freezes promoter/promoter-group securities during the offer, and makes appointment of a merchant banker discretionary, with alternate responsibilities assigned to specified entities.

Title: [Review of norms for utilization of interest or income from IPF of the Depositories.](#)

Date: Jul 07, 2026

SEBI, after SMAC recommendations and public consultation, has amended the IPF norms for depositories to bring consistency with stock exchanges. Instead of requiring 100% of interest or income from IPF investments to be added to the corpus, depositories must now plough back at least 95%. Up to 5% may be used for IPF Trust employee, administrative and statutory expenses, with excess costs borne by the depository. The revised provisions apply from September 1, 2026.

Title: [Securities and Exchange Board of India \(Custodian\) \(Amendment\) Regulations, 2026.](#)

Date: Jul 08, 2026

SEBI has notified amendments to the Custodian Regulations, 1996, effective 1 October 2026, shifting custodians' regulatory fee framework from annual to monthly payment. The earlier annual fee of ₹10 lakh or 0.0005% of assets under custody is replaced with a monthly fee of ₹85,000 or 0.0000416%, whichever is higher. Monthly fees must be paid within 15 days after month-end, with proportionate adjustments for existing and newly registered custodians.

Title: [SEBI Permits Intraday Borrowing Facility for Mutual Funds.](#)

Date: Jul 10, 2026

SEBI has permitted mutual funds to use intraday borrowing to manage temporary liquidity mismatches arising from settlement timing differences. The facility may be used for unitholder payouts, investment pay-ins, mark-to-market obligations, foreign-exchange settlements and repayment of existing borrowings. Borrowing must generally be backed by receivables expected the same day, repaid by day-end, and governed by board-approved policies. AMCs must maintain scheme-wise records and bear all associated costs. The framework takes effect on September 1, 2026.

Title: [SEBI Updates Master Circular for Merchant Bankers.](#)

Date: Jul 14, 2026

SEBI has updated its Master Circular for registered merchant bankers to align with the amended Merchant Bankers Regulations effective January 3, 2026 and incorporate subsequent circulars. The revised framework consolidates registration, governance, reporting and investor-protection requirements, including enhanced net worth and liquid net worth thresholds, Category I and II classification, mandatory certifications, independent compliance functions, underwriting limits, minimum revenue criteria, segregation of non-SEBI-regulated activities, restrictions on outsourcing core activities and revised compliance timelines.

Title: [SEBI Extends SWP and STP Facilities to Mutual Fund Units Held in Demat Form.](#)

Date: Jul 17, 2026

SEBI has enabled investors holding mutual fund units in dematerialised form to create standing instructions for Systematic Withdrawal Plans and Systematic Transfer Plans. The facility will be introduced in two phases: unit-based instructions by January 31, 2027, followed by amount-based instructions by April 30, 2027. Depositories will act as nodal facilitators and must publish a common operational framework by October 31, 2026, while implementing necessary regulatory and technological changes.

Title: [SEBI Revises Certification Requirements for Specialized Investment Fund Distributors.](#)

Date: Jul 21, 2026

SEBI has revised certification requirements for persons selling or distributing Specialized Investment Funds (SIFs). Distributors must hold the new NISM Series V-D certification, which also permits distribution of regular mutual funds without a separate Series V-A certificate. The existing NISM Series XIII requirement will cease after September 21, 2026, with transitional relief for current certificate holders until expiry. AMFI and AMCs must ensure compliance, while mutual-fund-only distributors will continue under the Series V-A

framework.

Title: [SEBI Operationalises ISIN-Level Freeze on Promoter Holdings During Buy-backs.](#)

Date: Jul 21, 2026

SEBI has directed depositories to establish an operational framework for freezing promoter, promoter-group and associate holdings at the ISIN level during a company buy-back. The freeze will apply from the board or shareholder resolution date until closure of the offer, while allowing tendering under the tender-offer route and invocation of pre-existing encumbrances. Depositories must implement required system changes by August 1, 2026, and listed companies, exchanges, merchant bankers and RTAs must ensure compliance.

Title: [SEBI Simplifies and Standardises Securities Transmission Framework.](#)

Date: Jul 23, 2026

SEBI has introduced a harmonised, risk-based framework to simplify and standardise transmission of listed securities and mutual fund units. The circular creates a Quick Transmission Processing category for low-value claims, revises monetary thresholds, streamlines documentation, removes mandatory probate requirements in specified cases, accepts QR-coded death certificates, and combines affidavits with no-objection certificates. The revised framework applies to listed companies, RTAs, depositories, DPs and AMCs, and becomes effective 30 days from issuance.

Title: [SEBI Introduces GARUDA Mechanism to Accelerate AIF Scheme Launches.](#)

Date: Jul 30, 2026

SEBI has introduced the GARUDA mechanism to accelerate the launch of Alternative Investment Fund schemes. Regular schemes may launch 10 working days after filing their PPM with SEBI, unless advised otherwise, while AI-only funds and LVFs may launch immediately upon filing; Angel Funds may circulate PPMs from registration. Merchant bankers and AIF managers bear responsibility for due diligence, accuracy and completeness of disclosures. The framework applies immediately to PPMs filed under the amended 2026 regulations.

Title: [SEBI Extends Digital Accessibility Audit Compliance Deadline to October 31, 2026.](#)

Date: Jul 31, 2026

SEBI has extended the deadline for regulated entities to complete the "Conduct of Accessibility Audit for digital platforms and Remediation of findings from the audit" until October 31, 2026. The relief follows representations seeking additional time to comply with earlier circulars issued under the Rights of Persons

Disabilities Act, 2016. The extension applies only to the accessibility audit and remediation requirement; all other provisions of the referenced circulars remain unchanged and must continue to be complied with.

SEBI Consultation Paper

Title: [SEBI Proposes Comprehensive Review of Portfolio Managers Regulations.](#)

Date: Jul 23, 2026

SEBI has proposed a comprehensive overhaul of the Portfolio Managers Regulations, 2020, to expand investment opportunities, simplify compliance and modernise the PMS regulatory framework. The consultation also seeks to consolidate existing provisions, remove redundant clauses and introduce new operating models for the growing PMS industry.

Discussion Points:

•Expansion of permissible investments:

Allowing portfolio managers to invest in to-be-listed securities, investment-grade unlisted debt under discretionary PMS and specified foreign securities, subject to applicable limits and client consent.

•Introduction of Mutual Fund-only PMS:

Creating an MF-PMS category with a proposed minimum investment of ₹25 lakh, reduced net-worth requirement of ₹2 crore, simplified infrastructure requirements and revised fee arrangements.

•Operational and compliance reforms:

Proposals include greater derivative flexibility, simplified reporting, dealing-room relaxations

for smaller managers, demat-account portability and rationalisation of Power of Attorney requirements.

Deadline for Comments: Aug 13, 2026

Title: [SEBI Proposes Streamlining of Online Dispute Resolution Framework.](#)

Date: Jul 23, 2026

SEBI has proposed revisions to the securities-market ODR framework to reduce delays, strengthen enforceability and simplify investor grievance redressal. The revised model would retain a fully digital process while shifting greater responsibility for conciliation and arbitration to Market Infrastructure Institutions (MIIs).

Discussion Points:

•MII-led dispute resolution:

MIIs would operate the online conciliation and arbitration process, including empanelment and appointment of conciliators and arbitrators, replacing the present ODR institution-led structure.

•Revised grievance escalation and arbitrator selection:

Unresolved SCORES complaints may move directly from Designated Bodies to the conciliation stage, reducing the process by 21 days. Parties would also be permitted to submit preferences before an arbitrator is appointed.

•Additional investor safeguards:

The proposals provide AIF investors with flexibility to use agreed dispute-resolution mechanisms and seek to extend liability protection to investors across AIFs structured as trusts, companies or LLPs.

Deadline for Comments: Aug 13, 2026

RBI

Title: [RBI Seeks Feedback on Simplified Bank Shareholding Approval Rules.](#)

Date: Jul 14, 2026

The Reserve Bank of India has invited public comments on draft amendments aimed at simplifying approvals for subsequent acquisitions of major shareholding in banking companies by mutual funds, insurers and pension funds. The proposed changes cover commercial banks, small finance banks, payments banks and local area banks. Stakeholders may submit feedback through RBI's "Connect 2 Regulate" portal or by email. The deadline for comments is **4 August 2026** for consideration.

Title: [RBI Rationalises Board Governance Requirements for Banks.](#)

Date: Jul 14, 2026

The RBI has amended the Governance Directions, 2025 for Commercial Banks, Small Finance Banks, Payments

Banks and Local Area Banks to rationalise matters placed before their Boards. The revised framework classifies policies and other matters requiring Board approval, review or information, while permitting suitable delegation to Board or Management Committees. It also allows policy reviews to be delegated, with only material amendments requiring Board approval. Boards must periodically review delegation arrangements, agenda quality and information flows to ensure greater focus on strategy, risk governance and effective decision-making. The amendments will take effect from October 1, 2026.

Title: [RBI Harmonises Project Financing Rules Across Banks, NBFCs and AIFs.](#)

Date: Jul 15, 2026

The Reserve Bank of India has issued parallel amendments to the credit facility directions applicable to commercial banks, small finance banks, NBFCs,

All India Financial Institutions and urban cooperative banks. The amendments allow independently viable units of a larger project to be financed as separate projects, subject to individual financial closure and prior standalone viability assessment. They also clarify right-of-way treatment for transmission infrastructure forming part of electricity-generation projects. All amendments took immediate effect on July 15, 2026.

Title: [RBI Introduces Framework for Non-Financial Assets Acquired Against Stressed Loans.](#)

Date: Jul 16, 2026

Applicable to: Commercial Banks, Small Finance Banks, Local Area Banks, Regional Rural Banks, Urban Cooperative Banks, Rural Cooperative Banks, NBFCs and All India Financial Institutions.

RBI has introduced a uniform prudential framework for specified non-financial assets acquired against non-performing loans. These assets must extinguish the underlying debt on a non-recourse basis, be valued at the lower of net book or distress-sale value, and generally be disposed of through public auction within seven years. The framework takes effect from October 1, 2026.

Title: [RBI Revises Income Recognition Rules for Non-Financial Assets.](#)

Date: Jul 16, 2026

Applicable to: Commercial Banks, Small Finance Banks, Local Area Banks, Regional Rural Banks, Urban Cooperative Banks, Rural Cooperative Banks, NBFCs and All India Financial Institutions.

RBI has prescribed uniform accounting treatment for specified non-financial assets acquired against stressed exposures. Accrued but unrealised interest or charges cannot be recognised as income when the asset is acquired. Previously recognised income must be reversed within the prescribed transition period, while future income can be booked only upon actual realisation as non-interest income. The amendments become effective from October 1, 2026.

Title: [RBI Consolidates Framework for Special Rupee Vostro Accounts.](#)

Date: Jul 17, 2026

RBI has consolidated and rationalised its existing directions on Special Rupee Vostro Accounts, superseding five earlier circulars issued between 2022 and 2025. Authorised Dealer Category-I banks may open SRVAs for overseas branches or foreign banks to settle exports, imports, and other permissible current and capital account transactions in Indian rupees. The circular also clarifies funding, investment of balances, documentation, reporting, and publication in FEDAI's SRVA directory. The revised framework takes effect immediately

Title: [RBI Proposes Simplified Foreign Investment Rules to Replace Existing NDI Framework.](#)

Date: Jul 21, 2026

The Reserve Bank of India has released draft Foreign Exchange Management (Foreign Investment) Rules, 2026, following a comprehensive review of the existing Non-Debt Instruments Rules, 2019. The proposed framework seeks to simplify provisions, harmonise definitions, align procedural FEMA requirements with FDI policy, reduce compliance burdens and provide greater operational flexibility. Designed as a principle-based, investor-neutral and investee-neutral regime, the draft will be finalised after stakeholder consultation. Comments may be submitted until August 31, 2026.

Title: [RBI Proposes Amendments to Securitisation Transaction Directions.](#)

Date: Jul 27, 2026

The Reserve Bank of India has issued draft amendments to its securitisation transaction directions for commercial banks, small finance banks, non-banking financial companies and All India Financial Institutions. The proposed changes seek to improve efficiency, liquidity and transparency in the issuance and subsequent transfer of Securitisation Notes. RBI has invited comments from the public and stakeholders until August 27, 2026, through its Connect2Regulate portal, by email, or by submission to the Department of Regulation in Mumbai.

Title: [RBI Standardises Deposit-Rate Disclosure Across Bank Categories.](#)

Date: Jul 30, 2026

RBI has aligned deposit-rate disclosure requirements across six categories of banks. Deposit rates must follow the schedule published in advance on each bank's website before the start of the business day, enhancing transparency and consistency. Commercial banks and small finance banks also receive flexibility to differentiate interest rates on rupee bulk deposits based on the applicable Liquidity Coverage Ratio run-off rates for retail and non-retail funding. The other bank categories primarily face the strengthened disclosure requirement.

Title: [RBI Overhauls Basel Pillar 3 Disclosures for Small Finance Banks.](#)

Date: Jul 30, 2026

RBI has comprehensively revised the Basel Pillar 3 disclosure framework for small finance banks. All SFBs, including unlisted banks, must adopt Board-approved disclosure policies, stronger internal controls, Whole-Time Director attestation, standardised disclosure templates and a dedicated website section with a ten-year archive.

LCR, NSFR and remuneration disclosures are being shifted from financial-statement requirements to prudential capital-adequacy directions, while share-linked remuneration must be valued using the Black-Scholes model.

Title: [RBI Shifts Payments-Bank Remuneration Disclosures to Prudential Framework.](#)

Date: Jul 30, 2026

RBI has removed remuneration disclosures from the financial-statement directions applicable to payments banks and relocated them to the prudential capital-adequacy disclosure framework. Share-linked instruments will continue to form part of variable pay, but banks must incorporate their grant conditions into compensation policies, value them using the Black-Scholes model and recognise the resulting value as an expense. Annual remuneration disclosures for senior executives and material risk-takers will accordingly be made under the prudential directions from April 1, 2027.

Title: [RBI Strengthens Basel Pillar 3 Disclosures for Commercial Banks.](#)

Date: Jul 30, 2026

RBI has introduced a strengthened Basel Pillar 3 regime for commercial banks, requiring disclosures at the highest consolidated level or on a standalone basis where applicable. Banks must adopt Board-approved disclosure policies, obtain written attestation from Whole-Time Directors, publish standardised prudential reports through a prominent website section and retain a ten-year archive. The amendments also consolidate LCR, NSFR, remuneration, leverage-ratio and share-linked compensation disclosures within the capital-adequacy framework.

Title: [RBI Strengthens Independent Compliance Framework Across Banks and NBFCs.](#)

Date: Jul 31, 2026

These directions bring together RBI's requirements for establishing an independent and adequately staffed compliance function. They cover the responsibilities of the Board and senior management, Board-approved compliance policies, compliance-risk assessment, group-wide compliance, regulatory monitoring, reporting and internal quality assurance. They also prescribe requirements concerning the appointment, authority, independence and reporting responsibilities of the Chief Compliance Officer and encourage technology-enabled compliance monitoring.

Title: [RBI Standardises Concurrent Audit Framework for Early Detection of Operational Irregularities.](#)

Date: Jul 31, 2026

The directions position concurrent audit as an early-warning mechanism that reduces the time between a

transaction and its independent examination. They cover risk-based selection of branches and activities, determination of audit scope, appointment and independence of auditors, accountability, tenure, remuneration, reporting and timely rectification of irregularities. The Audit Committee or equivalent governing body must review the effectiveness of the concurrent-audit system and auditor performance.

Title: [RBI Introduces Unified Cybersecurity and Operational Resilience Framework for Regulated Entities.](#)

Date: Jul 31, 2026

These directions establish an extensive technology-governance and cyber-resilience framework covering Board-approved IT and cybersecurity policies, IT governance committees, the Chief Information Security Officer, asset inventories, access controls, network and application security, data-loss prevention, cryptography and third-party arrangements. They also address vulnerability assessments, penetration testing, red-team exercises, Security Operations Centres, cyber-incident response, forensic capability, business continuity, disaster recovery, customer awareness and independent information-systems audits.

Title: [RBI Strengthens Security Controls for Internet, Mobile and Card-Based Payments.](#)

Date: Jul 31, 2026

The directions consolidate security controls applicable to digital payment products and associated technology infrastructure. They cover Board oversight, product and security-risk assessment, secure application development, authentication, transaction monitoring, fraud controls, reconciliation and customer grievance redressal. Separate control requirements address internet banking, mobile-payment applications and card-based payments, including customer protection, awareness, dispute handling and security testing throughout the product lifecycle.

Title: [RBI Establishes Comprehensive Fraud Prevention, Detection and Reporting Framework.](#)

Date: Jul 31, 2026

These directions create an integrated framework for fraud prevention, early detection, investigation and reporting. Regulated entities must maintain Board-approved fraud-risk policies, Early Warning Signal and Red-Flagged Account systems, defined investigation procedures and staff-accountability mechanisms. The directions also address natural-justice requirements, confirmation from third-party professionals, reporting to law-enforcement agencies and RBI, the Central Fraud Registry, penal measures, recovery, title-document audits, cheque-related frauds and reporting of theft, burglary, dacoity and robbery.

Title: [RBI Reinforces Risk-Based Internal Audit and Independent Oversight Requirements.](#)

Date: Jul 31, 2026

The directions consolidate requirements for an independent, risk-based internal-audit function. They address Board and Audit Committee oversight, the internal-audit charter, preparation of the audit universe and risk-based audit plan, independence and authority of the Head of Internal Audit, staffing and professional competence, communication of serious deficiencies, follow-up of audit observations, quality assurance and safeguards where specialist or external audit resources are used.

Title: [RBI Consolidates Statutory Auditor Appointment, Independence and Reporting Norms.](#)

Date: Jul 31, 2026

These directions consolidate RBI's framework governing statutory-auditor appointments. They cover Board oversight, auditor eligibility, independence, conflicts of interest, professional standards, number of auditors, branch-audit coverage, tenure and rotation, audit fees and appointment procedures. Where applicable, they also prescribe the objectives, scope, reporting process and timelines for the Long Form Audit Report. Specific eligibility thresholds and procedural requirements vary by regulated-entity category.

Title: [RBI Streamlines Supervisory Reporting Requirements Across Regulated Entities.](#)

Date: Jul 31, 2026

These directions provide entity-specific reference books for the periodic and ad hoc supervisory data that regulated entities must submit to RBI. They consolidate applicable returns, reporting frequency, reference dates, submission timelines, alternate timelines and designated online portals. Their purpose is to harmonise supervisory reporting, improve data quality and make it easier for each regulated category to identify its complete reporting obligations in one place.

Penalty Corner:

Title: [Reserve Bank of India imposes monetary penalty on Bank of Baroda.](#)

Date: Jul 03, 2026

Imposed a monetary penalty of ₹63.60 lakh on Bank of Baroda for non-compliance with certain provisions of directions issued by RBI on 'Fair Practices Code for Lenders' and 'Know Your Customer (KYC)'. The bank:

- i. Had collected interest, higher than the contracted rate of interest, in certain loan accounts.
- ii. Did not upload KYC records of certain customers

Title: [RBI Consolidates Entity-Specific Miscellaneous Supervisory Requirements.](#)

Date: Jul 31, 2026

These are entity-specific residual supervisory compilations containing Department of Supervision instructions that do not fall under the other functional directions. Their subject matter differs considerably across categories and may include operational, governance, customer-service, systems, inspection-related or entity-specific supervisory requirements. Consequently, these ten directions should not be treated as imposing identical obligations; each regulated entity must review the particular Miscellaneous Supervisory Direction applicable to it.

Title: [RBI Strengthens Additional Statutory Auditor Reporting Requirements for NBFCs.](#)

Date: Jul 31, 2026

This direction consolidates the additional reporting obligations imposed on statutory auditors of NBFCs. It requires auditors to report to the Board on matters such as the NBFC's registration and eligibility to conduct its stated business, compliance with applicable RBI directions and any material qualifications or adverse findings. Specified non-compliances or exceptions may also require separate communication to RBI rather than being confined to the normal financial-statement audit report.

Title: [RBI Consolidates Framework for Detection, Reporting and Monitoring of Counterfeit Currency.](#)

Date: Jul 31, 2026

The notification consolidates the framework for detecting, impounding, documenting and reporting counterfeit Indian currency. It covers machine-based authentication of notes, issuance of receipts to tenderers, police reporting and FIR procedures, safeguards before notes are issued through branches or ATMs, appointment of nodal officers, establishment of Forged Note Vigilance Cells, reporting to RBI and other authorities, preservation of counterfeit notes and training of cash-handling staff.

onto Central KYC Records Registry (CKYCR) within the prescribed timeline.

Title: [RBI imposes monetary penalty on GIC Housing Finance Limited.](#)

Date: Jul 03, 2026

Imposed a monetary penalty of ₹3.10 lakh on GIC Housing Finance Limited for non-compliance with certain provisions of the 'Reserve Bank of India (Know Your Customer (KYC)) Directions' issued by RBI. The company failed to put in place a system of periodic review of risk categorisation of accounts, with such periodicity being at least once in six months.

Penalty Corner:

Title: [RBI imposes monetary penalty on Muthoot Finance Limited.](#)

Date: Jul 17, 2026

Imposed a monetary penalty of ₹5.80 lakh on Muthoot Finance Limited for non-compliance with certain provisions of 'Reserve Bank of India Know Your Customer (KYC) Directions'. The Company:

1. Failed to put in place a system of periodic review of risk categorisation of accounts;
2. Failed to put in place a robust software for effective identification and reporting of suspicious transactions.

Title: [RBI imposes monetary penalty on Satya MicroCapital Limited.](#)

Date: Jul 17, 2026

Imposed a monetary penalty of ₹3.10 lakh on Satya MicroCapital Limited for non-compliance with certain directions issued by RBI on 'Asset Classification'. The company failed to classify certain accounts as 'non-performing assets' upon restructuring.

Title: [RBI imposes monetary penalty on PAN Emami Cosmed Limited.](#)

Date: Jul 17, 2026

Imposed a monetary penalty of ₹3.10 lakh on PAN Emami Cosmed Limited (formerly known as Midkot Investments Private Limited) for non-compliance with certain directions issued by RBI on 'Credit / investment concentration Norms'. The company had breached the prescribed regulatory limit for credit exposure to single group of parties.

Title: [RBI imposes monetary penalty on Dhani Loans and Services Limited.](#)

Date: Jul 17, 2026

Imposed a monetary penalty of ₹2.70 lakh on Dhani Loans and Services Limited for non-compliance with certain directions issued by RBI on 'Asset Classification'. The company failed to classify certain loan accounts as non-performing assets (NPAs).

Title: [RBI imposes monetary penalty on Muthoot Vehicle and Asset Finance Limited.](#)

Date: Jul 17, 2026

Imposed a monetary penalty of ₹2.70 lakh (Rupees Two Lakh Seventy Thousand only) on Muthoot Vehicle and Asset Finance Limited (the company) for non-compliance with certain provisions of the 'Reserve Bank of India (Know Your Customer (KYC)) Directions' issued by RBI. The company failed to put in place a system of periodic review of risk categorisation of accounts, with such periodicity being at least once in six months.

Title: [RBI imposes monetary penalty on Avail Financial Services Limited.](#)

Date: Jul 17, 2026

Imposed a monetary penalty of ₹6.20 lakh on Avail Financial Services Limited for non-compliance with certain provisions of the directions issued by RBI on 'Governance' and 'Credit/Investment Concentration Norms'. The Managing Director of the company held directorship in two other NBFCs-Middle Layer and The company had breached the regulatory single party exposure limit.

IFSCA

IFSCA Circular

Title: [International Financial Services Centres Authority, India and Financial Services Agency, Japan executes Exchange of Letters \(EoL\).](#)

Date: Jul 02, 2026

The International Financial Services Centres Authority (IFSCA) and the Financial Services Agency (FSA) of Japan have executed an Exchange of Letters (EoL) to strengthen regulatory cooperation in areas of mutual interest. Signed on June 26, 2026, and exchanged during the 16th India-Japan Annual Summit in New Delhi, the EoL aims to facilitate information sharing on financial regulation, supervisory frameworks, financial products, institutions, services, regulatory initiatives, and global best practices, fostering closer collaboration between the two regulators.

Title: [International Financial Services Centres Authority \(Finance Company\) Regulations, 2021 \[As amended up to May 07, 2026\].](#)

Date: Jul 09, 2026

These consolidated regulations govern the registration, capital, prudential, operational, governance and reporting requirements for Finance Companies and Finance Units operating in an IFSC. They prescribe permissible core and non-core activities, minimum owned-fund thresholds, capital and liquidity norms, exposure limits, KYC/AML obligations and currency rules. The May 2026 amendments additionally recognise SPVs for leasing or financing activities and specify their registration, capital and regulatory exemptions, while reinforcing IFSCA's supervisory and enforcement powers.

Title: [Title: IFSCA Amends Master Circular for Credit Rating Agencies in IFSC.](#)

Date: Jul 16, 2026

IFSCA has amended its 2025 Master Circular for Credit Rating Agencies in the IFSC with immediate effect. The changes broaden the scope of ratings to cover issuers, credit quality ratings and similar services, and introduce financial strength ratings. CRAs must retain detailed records capable of reconstructing rating decisions, including material considerations and analytical reasoning. Rating actions and rationales must be published, while issuers should be given an opportunity to correct material factual errors, except for unsolicited and private ratings.

Title: [IFSCA Introduces Capital Relief and Prudential Framework for Factoring Transactions.](#)

Date: Jul 21, 2026

IFSCA has introduced a framework governing capital relief and prudential treatment for factoring transactions undertaken by Finance Companies and Finance Units in IFSCs. Eligible credit insurance or guarantees may reduce capital requirements by applying the protection provider's risk weight to covered exposures, subject to prescribed conditions. The circular also specifies exposure computation, NPA recognition after 90 days—180 days for smaller entities—and Board-approved underwriting limits for non-recourse factoring. The framework applies immediately, including transactions outside ITFS platforms.

Title: [IFSCA Extends Internet Banking Compliance Deadline for IBUs.](#)

Date: Jul 31, 2026

IFSCA has granted a one-time extension until September 30, 2026, for International Banking Units to comply with its internet banking requirements for liability products. The extension applies to IBUs that commenced operations both before and after the relevant circulars. Any IBU remaining non-compliant after the deadline must, from October 1, 2026, stop onboarding new customers for the affected liability products. All other provisions of the December 2025 and June 2026 circulars remain unchanged.

IFSCA Consultation Paper

Title: [Consultation Paper on the revised Draft IFSCA \(Setting up and Operation of International Branch Campuses\) Regulations, 2026.](#)

Date: Jul 01, 2026

IFSCA has issued a revised draft framework for setting up and operating International Branch Campuses by Foreign Higher Educational Institutions in IFSC. The draft seeks to align the existing 2022 regulations with

global best practices and strengthen requirements around registration, course recognition, student safeguards, governance, and operations.

Discussion Points:

1. Eligibility and registration framework:

Foreign Higher Educational Institutions must meet global ranking criteria and apply through the prescribed process, including review by a Standing Committee and possible in-principle approval.

2. Course recognition and academic standards:

Courses offered by IBCs must be similar to those offered by the parent institution in its home jurisdiction, with degrees/diplomas/certificates enjoying equivalent recognition.

3. Student protection and operational safeguards:

The draft includes provisions on prospectus disclosure, grievance redressal, quality assurance audits, restrictions on course discontinuation, and alternative arrangements for affected students.

Deadline for Comments: Jul 10, 2026

Title: [Consultation Paper for issuing Circular on Foreign Currency Settlement System \(FCSS\) to International Banking Units \(IBUs\) in GIFT IFSC.](#)

Date: Jul 07, 2026

IFSCA has issued a consultation paper proposing instructions for International Banking Units using the Foreign Currency Settlement System in GIFT IFSC.

The draft circular aims to promote wider FCSS usage for real-time USD settlements among IBUs, reduce dependence on correspondent banking routes, and improve customer awareness.

Discussion Points:

- Member IBUs will be required to settle inter-bank transactions with other member IBUs only through FCSS.
- IBUs must inform customers about real-time USD payment and receipt facility through FCSS via online and offline channels.
- FCSS availability must be disclosed in product sheets, websites, internet banking and other customer-facing interfaces.
- For customer transactions through FCSS, recipient member IBUs must credit the customer account within one hour of credit in the FCSS Settlement Ledger Account.

Deadline for Comments: Jul 24, 2026

Title: [IFSCA Consultation Paper on the Regulatory Framework for Direct Listing of Specified Securities without a Public Offer.](#)

Date: Jul 13, 2026

IFSCA proposes a framework enabling eligible companies to directly list equity shares and convertible securities on recognised stock exchanges in the IFSC without undertaking an IPO or raising fresh capital. The framework seeks to facilitate liquidity, price discovery and investor exits while maintaining disclosure, due-diligence, governance and minimum public shareholding safeguards.

Discussion Points:

- **Eligibility requirements:**

An issuer must satisfy at least one of the following: operating revenue of USD 20 million, pre-tax profit of USD 1 million, or post-listing market capitalization of USD 50 million.

- **Information document and due diligence:**

The issuer must file a comprehensive information document through an IFSCA-registered investment banker, covering financial statements, risks, litigation, related-party transactions, management and material agreements. The investment banker must provide a due-diligence certificate.

- **Public shareholding and investor participation:**

Indian issuers must comply with Rule 19A of the SCRR, while foreign issuers must continuously maintain at least 10% public shareholding. No restriction is proposed on the category of investors permitted to trade.

- **Valuation, pricing and liquidity:**

The listing base price must be supported by an independent valuation report. A special pre-open price-discovery session will be conducted on the first trading day, and issuers may appoint market makers to support secondary-market liquidity.

Deadline for Comments: Aug 03, 2026

Title: [IFSCA Proposes Expansion of Permitted Jurisdictions for Distribution of Capital Market Products.](#)

Date: Jul 17, 2026

IFSCA has proposed expanding the jurisdictions from which capital market products and services may be distributed by registered distributors to all categories of clients, including retail investors. The proposal seeks to add the UAE, Singapore, Australia and the European Union, excluding Croatia, to the existing permitted list.

Discussion Points:

- **Wider product access:**

The expansion would permit products originating from the proposed jurisdictions to be distributed to retail and other clients,

rather than restricting them only to sophisticated investors.

- **Alignment with V-CIP framework:**

The proposed jurisdictions mirror those already permitted under IFSCA's Video Customer Identification Process framework for onboarding NRIs.

- **Strengthening GIFT IFSC:**

The proposal is expected to broaden global investment opportunities, encourage regulated cross-border investment and enhance the competitiveness of IFSC-based distributors.

Deadline for Comments: Aug 07, 2026

Title: [IFSCA Proposes IFSC Depositor Education and Awareness Fund Scheme, 2026.](#)

Date: Jul 23, 2026

IFSCA has proposed the establishment of the IFSC Depositor Education and Awareness Fund to manage deposits and other eligible amounts remaining unclaimed or inoperative for ten years or more.

The framework seeks to protect depositors' interests while addressing the distinctive features of IFSC banking, including deposits maintained in specified foreign currencies

Discussion Points:

- **Transfer of unclaimed deposits:**

Banking Units will transfer eligible deposits and account balances remaining unclaimed or inoperative for at least ten years, together with applicable accrued interest, to the IDEA Fund.

- **Claim settlement and depositor refunds:**

Depositors may continue to claim their funds from the Banking Unit, which will repay the depositor and subsequently seek reimbursement of the equivalent USD amount from the Fund.

- **Fund governance and utilisation:**

A dedicated committee will administer, invest and audit the Fund, while permitting its use for depositor education, awareness programmes, research and other initiatives promoting depositors' interests.

Deadline for Comments: Aug 12, 2026