

*"It is not always the biggest or most advanced systems that succeed. It is the ones that stay alert, that course-correct early, and that respect the value of foresight."*

*-Shri Swaminathan J, Deputy Governor, Reserve Bank of India*

### Reserve Bank of India (Pre-payment Charges on Loans) Directions, 2025

The RBI has issued new guidelines to regulate and restrict the levy of pre-payment charges on loans by banks and NBFCs, with a focus on transparency, customer protection, and borrower-friendly practices. Key Provisions:

#### **1. No Pre-payment Charges for:**

- Floating rate loans availed by individuals for non-business purposes.
- Floating rate loans availed by individuals and Micro & Small Enterprises (MSEs) for business purposes.

#### **2. Applicability Across Lenders:**

- Commercial Banks & NBFC-ULs: Not allowed to charge pre-payment fees in the above cases.
- Small Finance Banks, NBFC-MLs, and other smaller lenders: Cannot charge pre-payment fees for loans up to ₹50 lakh.

#### **3. General Rules:**

- No pre-payment charges can be levied regardless of the source of funds used for pre-payment or the lock-in period.
- For dual/special rate loans (with both fixed and floating components), the loan status at the time of pre-payment will determine if charges apply.

#### **4. Disclosure & Fair Practice:**

- Any charges (where applicable) must be:

1. Policy-based
  2. Clearly disclosed in the sanction letter, loan agreement, and Key Facts Statement (KFS)
- Retrospective charging is prohibited, and no charges can be applied when pre-payment is initiated by the lender.

### Foreign Exchange Management (Export of Goods & Services) (Amendment) Regulations, 2025

The RBI has amended the FEMA (Export of Goods & Services) Regulations, 2015 to add a new clause under Regulation 4. The update exempts tugs, dredgers, tug boats, and offshore support vessels from the requirement of filing export declarations, simplifying compliance for exporters in this segment.

### Basel III Capital Regulations - External Credit Assessment Institutions (ECAIs) - CareEdge Global IFSC Limited

RBI has permitted banks to use the ratings of CareEdge Global IFSC Limited, in addition to Fitch, Moody's, and Standard & Poor's, for risk-weighting their claims on non-resident corporates originating from the International Financial Services Centre

(IFSC) under Basel III Capital Regulations. As per the approved rating-risk weight mapping, claims rated AAA will attract a 20% risk weight, AA - 30%, A - 50%, BBB - 100%, and BB & below - 150%.

### Lending Against Gold and Silver Collateral - Voluntary Pledge of Gold and Silver as Collateral for Agriculture and MSME Loans

RBI has clarified that banks can accept voluntary pledges of gold and silver as collateral for agriculture and MSME loans, even within the collateral free loan limits specified under the relevant circulars and master directions. Such loans, sanctioned against voluntarily offered gold or silver, will not be treated as a breach of the guidelines on collateral free lending.

### SEBI | Ease of Doing Investment - Special Window for Re-lodgement of Transfer Requests of Physical Shares

SEBI has opened a special window from July 7, 2025, to January 6, 2026, for investors to re-lodge transfer requests for physical shares submitted before April 1, 2019, but previously rejected due to documentation issues. Transfers will now be processed only in demat mode. Listed companies and RTAs must publicize the window bi-monthly, form dedicated teams, and submit monthly reports in SEBI's prescribed format. The move aims to ease investment and protect investor rights.

## **SEBI | Monitoring of Minimum Investment Threshold under Specialized Investment Funds (SIF)**

As per SEBI's circular dated February 27, 2025, AMCs must daily monitor compliance with the ₹10 lakh Minimum Investment Threshold in Specialized Investment Funds (SIFs). Any breach due to investor actions will trigger:

- Freezing of all units across SIF strategies
- 30-day notice for rebalancing
- Auto-redemption if not rectified, at applicable NAV

AMCs, RTAs, and Depositories must implement supporting systems.

## **SEBI | Extension of timeline for implementation of SEBI Circular SEBI/HO/MIRSD/MIRSD-PoD/P/CIR/2025/0000013 dated February 04, 2025**

SEBI has extended the implementation date for its circular on "Safer Participation of Retail Investors in Algorithmic Trading" from August 1 to October 1, 2025, based on industry representations. The move aims to ensure smooth implementation and avoid market disruption. Stock exchanges must inform members, update systems, and amend rules accordingly.

## **SEBI | Operational Efficiency in Monitoring of Non-Resident Indians (NRIs) Position Limits in Exchange Traded Derivatives Contracts - Ease of Doing Investment**

SEBI has removed the requirement for NRIs to notify clearing members and obtain a Custodial Participant (CP) Code for trading in exchange-traded derivatives. Exchanges and Clearing Corporations will now monitor NRI position limits like regular client-level limits.

## **SEBI | Extension of timeline for implementation of Phase II & III of Nomination Circular dated January 10, 2025 read with Circular dated February 28, 2025**

SEBI has extended the implementation timelines for Phases II and III of the Nomination Circular dated January 10 and February 28, 2025. Phase II is now deferred to August 08, 2025, and Phase III to December 15, 2025, following requests from depositories, depository participants, and industry associations citing system readiness issues.

## **SEBI | Rights of Persons with Disabilities Act, 2016 and rules made thereunder- mandatory compliance by all Regulated Entities**

SEBI has directed all Regulated Entities (REs) to make their digital platforms accessible in line with the RPwD Act, 2016. REs must appoint certified accessibility auditors, conduct audits, and resolve issues within six months. Annual compliance reporting is mandatory. The move ensures inclusive access to financial services and reinforces the rights and dignity of persons with disabilities.

## **Penalty corner**

Imposed a monetary penalty of ₹4.88 lakh on **HDFC Bank Ltd.** for contravention of Paragraph 9.3.6 of 'Master Direction – Foreign Investment in India' dated January 04, 2018, while granting a term loan to its client.

Imposed a monetary penalty of ₹2.70 lakh on **Shriram Finance Limited** for non-compliance with certain provisions of the "Reserve Bank of India (Digital Lending) Directions, 2025" issued by RBI. The company routed the loan repayments through the account of a third-party, instead of the borrowers directly crediting the loan repayments to the company's account.

## **SEBI | Shri Sunil Jayawant Kadam takes charge as Executive Director, SEBI**

Shri Sunil Jayawant Kadam assumed charge as Executive Director at SEBI on July 1, 2025. He will oversee key departments including IT, Investor Assistance & Education, Economic & Policy Analysis, General Services, Board Cell, RTI & PQ Cell, and matters related to NISM.

## **SEBI | Common Contract Note with Single Volume Weighted Average Price (VWAP) – Enhancing Ease of Doing Business for Market Participants**

SEBI has mandated the implementation of a Common Contract Note (CCN) with Single Volume Weighted Average Price (VWAP) effective June 27, 2025, to enhance ease of doing business for institutional investors. This reform replaces multiple trade confirmations across exchanges with a single, consolidated note, simplifying reconciliation, settlement, and compliance.

## **SEBI | Launch of Securities Market Hackathon at Global Fintech Fest 2025 (GFF '25)**

At Global Fintech Fest 2025, SEBI, in collaboration with BSE, CDSL, NSDL, and KFinTech, launched a hackathon themed "Driving Innovation in Securities Markets." Participants are invited to build tech-driven solutions for investor protection, compliance, market access, and fraud prevention. Winners stand to earn up to ₹2.5 lakh and gain mentorship via SEBI's Innovation Sandbox.

## **SEBI | Newspaper advertisement in Navbharat on 13th July, 2025 promoting illegal dabba trading activities**

SEBI has acted against a July 13 ad in Navbharat promoting illegal dabba trading. A formal notice was issued to the newspaper, a complaint filed with cyber police, and a caution notice released for investors. The matter has also been referred to ASCI. SEBI urges investors to trade only via registered brokers and advises media to verify financial ads carefully.

## **SEBI | Update on the Jane Street Interim Order**

Jane Street Group has deposited ₹4,843 crore in escrow as directed by SEBI in an alleged index manipulation case. In response, certain restrictions have been lifted. However, the group must avoid any manipulative practices. Exchanges will continue to monitor its activities closely. SEBI reaffirmed its commitment to due process and market integrity.



## [Consultation on Draft Circular on Review of Framework for Conversion of Private Listed InvIT into Public InvIT](#)

SEBI proposes to ease conversion of private listed InvITs to public ones by removing sponsor contribution, lock-in, and additional holding requirements. Also suggests lifting the 1-year lock-in for non-sponsor unitholders. Comments due by July 22, 2025.

## [Electronic Book Provider platform for issuance of instruments by Not for Profit Organizations on Social Stock Exchange](#)

Draft circular introduces an Electronic Book Provider (EBP) mechanism for fundraising via Zero Coupon Zero Principal (ZCZP) and other instruments on Social Stock Exchanges. SSEs directed to operationalize. Comments open till July 24, 2025.

## [Consultation Paper on Measures for Regulation of Activities of Credit Rating Agencies \(CRAs\)](#)

CRAs to Rate Instruments Regulated by Other FSRs - Proposal to allow CRAs to rate instruments under other financial regulators, even without specific rating guidelines — with safeguards such as separate business units and disclosures. Comments due July 30, 2025.

## [Consultation Paper on review of valuation of physical gold and silver held by gold and silver Exchange Traded Funds \(ETFs\)](#)

SEBI suggests use of domestic spot prices (from SEBI-recognized exchanges) for ETF valuation, replacing inconsistent global benchmarks. Enhanced transparency and disclosures proposed. Feedback invited till August 6, 2025.

## [Consultation Paper on Categorization and Rationalization of Mutual Fund Schemes](#)

Mutual Fund Scheme Categorization Revamp - To curb duplication and improve investor clarity, SEBI proposes merging overlapping categories, refining thematic schemes, and aligning fund names with strategy. Comments by August 8, 2025.

## [Consultation Paper on Facilitating Ease of Doing Business relating to Anchor Investor Allocation, Long-Term Institutional Participation and Retail Quota in Initial Public Offerings \(IPO\) under ICDR Regulations 2018](#)

IPO Reforms Under ICDR - Key reforms proposed include partial anchor lock-in, wider retail access, better price discovery, and more transparent bidding/allotment. Feedback due by August 21, 2025.

## [CONSULTATION PAPER ON REVIEW OF REGULATORY FRAMEWORK ON PERMISSIBLE BUSINESS ACTIVITIES FOR ASSET MANAGEMENT COMPANIES \(AMCs\) UNDER REGULATION 24 OF THE SEBI \(MUTUAL FUNDS\) REGULATIONS, 1996](#)

SEBI seeks views on expanding permissible business activities for AMCs under MF regulations, ensuring alignment with investor interests and market integrity. Feedback by July 28, 2025.

## [SEBI | Frequently Asked Questions \(FAQs\) related to regulatory provisions for Research Analysts](#)

On January 8, 2025, SEBI issued a circular clarifying the Research Analysts (Third Amendment) Regulations, 2024. Based on stakeholder feedback, SEBI released FAQs to support compliance. Key updates include:

- NISM certification mandatory within 1 year for all persons associated with research services.
- Signature-based consent is not required from institutional and QIB clients, but full disclosure of terms, including MITC, remains mandatory.

### **SEBI Issues Key Master Circulars – Simplifying Compliance**

To streamline regulatory compliance and enhance transparency, SEBI has released consolidated Master Circulars across various market participants:

- [ESG Rating Providers \(ERPs\):](#)
  - Covers registration, governance, methodology disclosures, conflict of interest, and compliance norms. Aims to ensure consistent, reliable ESG ratings.
- [Credit Rating Agencies \(CRAs\):](#)
  - Consolidates norms on governance, rating process, surveillance, and disclosures to strengthen transparency and accountability.
- [Listed Entities \(NCS, SDIs, CP\):](#)
  - Outlines obligations related to disclosures, governance, credit ratings, and submission timelines. Promotes consistency and investor protection.
- [REITs & InvITs:](#)
  - Provides a unified framework for regulatory compliance, reporting, and operational clarity. Supersedes all earlier circulars while maintaining validity of past actions.
- [Portfolio Managers:](#)
  - Updated circular (as of March 31, 2025) integrates all directions post the previous Master Circular (June 2024) for consistent application and terminology.

These Master Circulars aim to facilitate ease of reference, reduce regulatory ambiguity, and ensure uniform implementation across entities.

## [Consultation paper for review of LODR Regulations - measures towards Ease of Doing Business](#)

Proposed changes to LODR include streamlined disclosure processes, reduced compliance burden for small firms, and harmonization with Companies Act. Comments open till August 15, 2025.

*Compliance Matters is an independent advisory firm on regulatory compliance to Banks and other regulated financial institutions. We are a group of senior ex-banking regulators/compliance officers/bankers combining several decades of experience and expertise around banking and financial service regulations and related compliance frameworks. We engage with Banks/Financial Institutions and with Digital/FinTech innovators, to help them embrace and navigate emerging and increasingly complex regulations as well as design and implement adherence to frameworks and systems.*