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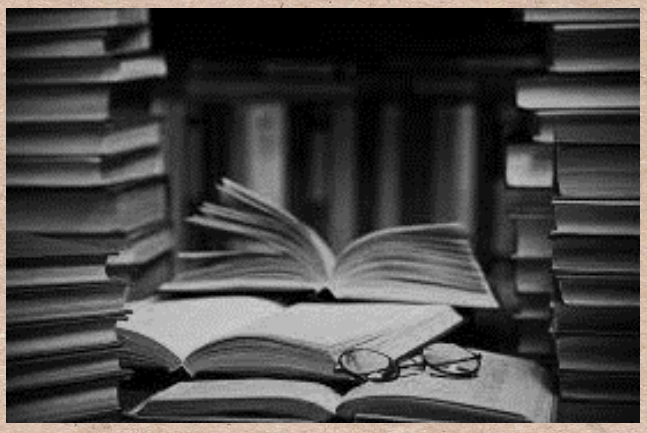

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INDEX

SEBI UPDATES

SEBI CLARIFIES THE ROLE OF COMPLIANCE OFFICERS IN LISTED ENTITIES: A STRUCTURAL UPDATE

Securities and Exchange Board of India ("**SEBI**"), *vide* its circular dated April 1, 2025, has offered important clarification on the position and reporting level of Compliance Officers under Regulation 6(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This update is crucial for listed entities in shaping their corporate governance standards, particularly regarding the designation and hierarchy of Compliance Officer in a listed entity. The clarification is as follows:

(a) Compliance Officer in the organization structure of the listed entity, required to be 'one-level below the board of directors' means one-level below the Managing Director or Whole-time Director(s) who are part of the board of directors of the listed entity (*This will be in line with Regulation 2(1)(o) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 2(51) of the Companies Act, 2013*).

(b) In case a listed entity does not have a Managing Director or a Whole-Time Director, then the Compliance Officer shall not be more than one-level below the Chief Executive Officer or Manager or any other person heading the day-to-day affairs of the listed entity

To read the circular click here

SEBI AMENDS THE INVIT REGULATIONS AND REIT REGULATIONS

SEBI, *vide* its notifications dated April 1, 2025, and April 22, 2025, has notified the SEBI (Infrastructure Investment Trusts) (Amendment) Regulations, 2025 ("**InvIT Amendment Regulations**") and the SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2025 ("**REIT Amendment Regulations**"), thereby amending the SEBI (Infrastructure Investment Trusts) Regulations, 2014 ("**InvIT Regulations**") and the SEBI (Real Estate Investment Trusts) Regulations, 2014 ("**REIT Regulations**").

The key amendments include:

(a) Vacancy in office of independent director/ director: InvIT Regulations/ REIT Regulations require the investment manager/ manager to have: (i) at least half of its directors in case of a company or members of the governing board in case of a limited liability partnership as independent, and not directors or members of the governing board of an investment manager/ manager of another Infrastructure Investment Trust ("**InvIT**")/ Real Estate Investment Trust ("**REIT**"); (ii) at least 6 directors of which at least 1 woman independent director. The InvIT Amendment Regulations/ REIT Amendment Regulations have provided that if by a vacancy in the office of an independent director/ director, the investment manager/ manager becomes non-compliant with such requirement, such vacancy shall be filled as follows – (i) if such vacancy arises due to expiry of the term of office, then the resulting vacancy shall be filled not later than the date such office is vacated; or (ii) if such vacancy

arises due to any other reason, the resulting vacancy shall be filled within 3 months from the date of such vacancy.

(b) Role and responsibilities of the trustee: The trustee shall ensure transparency, accountability, due diligence and compliance with the InvIT Regulations/ REIT Regulations, act impartially in their fiduciary capacity, protect the interests of unitholders and ensure effective management oversight over the investment manager/ manager and the InvIT/ REIT. This amendment shall come into effect on 180th day from April 2, 2025, for InvITs and from April 23, 2025, for REITs. The trustee may engage external consultants during the period of 18 months from April 2, 2025, for InvITs and from April 23, 2025, for REITs, in this regard. An illustrative list of roles and responsibilities to guide the trustee is specified in Schedule X/ Schedule XII which has been added through the InvIT Amendment Regulations/ REIT Amendment Regulations, respectively. These, *inter alia*, include asset management oversight, regulatory compliance and reporting, record-keeping, etc.

(c) Transfer of locked-in units: The locked-in units of the sponsor or its sponsor group entities in accordance with Regulation 12(5) of the InvIT Regulations/ Regulation 11(3) of the REIT Regulations may be transferred only amongst such sponsor or its sponsor group entities subject to the condition that lock-in on such units shall continue for the remaining period with the transferee and such transferee shall not be eligible to transfer such units till the lock-in period has expired. In case of an InvIT/ REIT with multiple sponsors, the locked in units held by a sponsor or its sponsor group entities can be transferred only amongst such sponsor or its own sponsor group entities and shall not be transferred to any other sponsor or their sponsor group entities.

Provided further that in case of change in sponsor, locked-in units held by the outgoing sponsor or its sponsor group entities may be transferred to the incoming sponsor or its sponsor group entities provided that the incoming sponsor or its group entities shall meet the minimum unitholding requirements after the transfer.

In case of conversion to self-sponsored investment manager/ manager, locked-in units held by the outgoing sponsor or its sponsor group entities may be transferred to the self-sponsored investment manager/ manager or its shareholders or group entities of self-sponsored investment manager/ manager provided that the self-sponsored investment manager/ manager or its shareholders or group entities of self-sponsored investment manager/ manager shall meet the minimum unitholding requirements after the transfer.

(d) Investment conditions: (i) InvITs raising funds by public issue and (ii) REITs shall not invest more than 20% of the value of its assets in:

(I) unlisted equity shares of a company which provides project management/ property management and other incidental services, subject to the following conditions: (A) such services are provided exclusively to the InvIT/ REIT, its HoldCo(s) and SPV(s); and (B) the entire shareholding or interest in such company is held by the InvIT/ REIT either directly or through its HoldCo(s) or SPV(s);

(II) units of liquid mutual funds schemes where the credit risk value is at least 12 and which fall under the Class A-I in the potential risk class matrix as specified by SEBI;

(III) interest rate derivatives, including interest rate futures, forward rate contract and interest rate swap subject to the following conditions: (A) investment in interest rate derivative shall be solely to hedge an underlying interest rate risk in the existing borrowings which qualifies as an effective hedge as per the applicable Indian Accounting Standards; (B) that such investment shall only be made as a user or a client of such interest rate derivative, and shall not be in the nature of market making; (C) adequate disclosures regarding investment in interest rate derivative shall be made in the annual report; (D) for valuation of the investment in interest rate derivative, norms applicable for mutual funds shall be followed; and (E) the requirements applicable to the clients or users of interest rate derivatives, including those specified by the Reserve Bank of India ("**RBI**"), are complied with;

(IV) equity shares of a company exclusively holding common infrastructure subject to the condition that the REIT, its HoldCo(s) and/or SPV(s) shall own entire shareholding and interest in such company;

(V) a REIT may, either directly or through its HoldCo(s) or SPV(s), invest in assets falling under the purview of infrastructure if such infrastructure asset is held to earn fixed rental income from leasing out of such asset without assumption of any risk or reward arising out of or related to the operation of such asset. A list of illustrative conditions in this regard have been specified in Schedule XI added through the REIT Amendment Regulations.

(e) Conditions for borrowing by InvITs: If the aggregate consolidated borrowings and deferred payments of the InvIT, HoldCo(s) and the SPV(s), net of cash and cash equivalents exceed 25% of the value of the InvIT assets, for any further borrowing above 49%, an InvIT shall have a track record of at least 6 distributions, in terms of Regulation 18(6) of the InvIT Regulations, on a continuous basis, post listing, as at the end of the quarter preceding the date on which the enhanced borrowings are proposed to be made. Provided that for computing 6 continuous distributions, maximum 1 distribution per quarter shall be considered and the distributions shall be consistent with the distribution policy disclosed to the unitholders.

(f) Conditions for initial offer by Small and Medium REIT ("**SM REIT**"): A scheme of SM REIT shall make an initial offer of its units by way of public issue only. The initial offer shall be made within a period of not more than 1 year from the date of issuance of observations by SEBI, failing which a fresh draft scheme offer document shall be filed. In this regard, SEBI has, in the REIT Amendment Regulations laid down regulations regarding the minimum subscription amount, scheme offer documents (*including key information of trust and key information of scheme*), pricing guidelines, investment conditions, and modes of fund raising.

To read the InvIT Amendment Regulations click here & to read the REIT Amendment Regulations click here

SEBI RELAXES THE PROVISION OF ADVANCE FEE RESTRICTIONS ON IAs AND RAs

SEBI, *vide* its circular dated April 2, 2025, has relaxed the provisions of advance fee charged by Investment Advisers ("**IAs**") and Research Analysts ("**RAs**"), pursuant to the proposal approved by SEBI in its 209th Board Meeting (*which was covered in the earlier edition of Legalaxy*).

IAs and RAs may now charge fees for up to a period of 1 year in advance (*previously, the advance fee was 2 quarters for IAs and 3 months for RAs*), if agreed by the client. The fee related provisions like fee limit, modes of payment of fees, advance fee, refund of fees, breakage fees, shall only be applicable in case of their individual and Hindu Undivided Family clients (*not being accredited investors*). These conditions do not apply to non-individual clients, accredited investors and institutional investors seeking recommendation of proxy adviser, in which cases, the fee related terms and conditions will be governed through bilaterally negotiated contractual terms.

To read the circular click here

SEBI INCREASES THRESHOLD UNDER SIZE CRITERIA FOR FPIs ON GRANULAR DISCLOSURE

SEBI, *vide* its circular dated April 9, 2025, has increased the investment threshold of Foreign Portfolio Investors ("**FPIs**") which mandates granular ownership disclosure ("**Disclosure Circular**"). This is pursuant to the proposal approved by SEBI in its 209th Board Meeting (*which was covered in the previous edition of Legalaxy*).

Previously, SEBI *vide* its Master Circular for Foreign Portfolio Investors, Designated Depository Participants and Eligible Foreign Investors dated May 30, 2024 ("**FPI Master Circular**"), had, *inter alia,* mandated additional disclosures, for FPIs that individually or along with their investor group hold more than INR 25,000 crores of equity Asset Under Management ("**AUM**") in the Indian markets ("**Size Criteria**") (*which was covered in the earlier edition of Legalaxy*). This requirement was to guard against any potential circumvention of Press Note 3 stipulations by large-sized FPIs.

SEBI, *vide* the Disclosure Circular, has now increased the threshold under the Size Criteria from INR 25,000 crores to INR 50,000 crores of equity in AUM in the Indian markets, for FPIs to make granular disclosures and has modified the FPI Master Circular accordingly.

To read the Disclosure Circular click here

SEBI ISSUES CLARIFICATIONS TO CYBERSECURITY AND CYBER RESILIENCE FRAMEWORK (CSCRF) FOR SEBI REGULATED ENTITIES

SEBI, *vide* its circular dated August 20, 2024, had issued the Cybersecurity and Cyber Resilience Framework (CSCRF) for SEBI Regulated Entities ("**SEBI Circular on CSCRF**") which provides standards

and guidelines for strengthening cyber resilience to strengthen the cybersecurity measures in Indian securities market, and to ensure adequate cyber resiliency against cybersecurity incidents/ attacks.

SEBI, *vide* its circular dated April 30, 2025, has issued clarifications to the SEBI Circular on CSCRF ("**Clarifications to SEBI Circular on CSCRF**") aiming to revise thresholds and categorisation of the SEBI Regulated Entities ("**SEBI REs**"). The category of SEBI REs shall be decided at the beginning of the financial year based on the data of the previous financial year. Once the category of SEBI RE is decided, the SEBI RE shall remain in the same category throughout the financial year irrespective of any changes in the parameters during the financial year. The criteria and thresholds set for Alternative Investment Funds ("**AIFs**") and Venture Capital Funds ("**VCFs**") have been revised as elaborated below:

(a) The categorisation shall be determined at the manager level instead of the AIF level. In case the manager of the AIF is also the manager of VCFs, the corpus of VCF schemes managed by the manager shall also be included for determining the threshold limits. The criteria and thresholds for AIFs and VCFs categorisation have been set at the below limits according to the sum of corpus of all AIFs, VCFs, and their schemes managed by a manager:

(i) Mid-size SEBI REs: INR 10,000 crores and above
(ii) Small-size SEBI REs: More than INR 3,000 crores and less than INR 10,000 crores
(iii) Self-certification SEBI REs: INR 3,000 crores and below

Further, managers of AIFs/ VCFs classified as self-certification SEBI REs and with a client base of less than 100 shall be exempted from the mandatory Market-SOC requirement.

(b) In case a SEBI RE is registered under more than one category, then the provision of highest category under which such a SEBI RE falls shall be applicable to it.

(c) SEBI, *vide* its circular on 'Framework for Adoption of Cloud Services by REs' dated March 6, 2023, had mandated implementation of a dedicated Hardware Security Model (HSM) for all market infrastructure institutions and qualified SEBI REs. However, all mid-size SEBI REs, small-size SEBI REs, and self-certification SEBI REs shall be allowed to implement any alternative of HSM based on their risk assessment. Such risk assessment shall be approved by the board/ partners/ proprietor of the SEBI RE.

(d) All AIFs/ VCFs shall take necessary action for implementation of the circular by June 30, 2025.

To read the SEBI Circular on CSCRF click here & to read the Clarifications to SEBI Circular on CSCRF click here

RBI & IFSC UPDATES

RBI AMENDS DIRECTIONS – COMPOUNDING OF CONTRAVENTIONS UNDER FEMA

RBI, *vide* its circular dated April 22, 2025 ("**Compounding Circular I**") and April 24, 2025 ("**Compounding Circular II**") has introduced amendments to Directions – Compounding of Contraventions under the Foreign Exchange and Management Act, 1999 ("**FEMA**"), dated October 1, 2024 ("**Compounding Directions**"). The key amendments include:

(a) The Compounding Directions in Paragraph 5.4.II.v stated that if an applicant did not pay the compounding amount mentioned in the compounding order passed against him and reapplies for compounding of contravention relating to the same transaction, the amount calculated may be enhanced by 50% of earlier compounding amount, but shall not exceed 300% of the sum involved in contravention. The said paragraph now stands deleted from the Compounding Directions. In the abovementioned cases, the applicant shall be deemed to have made a fresh application, and the compounding amount payable shall not be linked to the earlier compounding order.

(b) Further, while making payment through electronic mode, applicants are required to send an email communication to the concerned office of RBI to reconcile the application fee/ compounding amount received against the compounding applications submitted. However, in order to address difficulties arising at the time of reconciling the received amounts that lead to delays in processing compounding applications, the following details shall be provided, in addition to those set out in Part B of Annexure I of the Compounding Directions:

(i) Mobile number of the applicant/ authorised representative.
(ii) Office of RBI (*i.e., Central Office, Regional Office or Foreign Exchange Department (FED) CO Cell*) to which the payment was made.
(iii) Mode of submission of application (*through Platform for Regulatory Application, Validation and Authorisation (PRAVAAH)/ Physical*).

(c) With respect to non-reporting contraventions, the maximum compounding amount imposed may be capped at INR 2,00,000 for contravention of each regulation/ rule (*applied in a compounding application*), subject to satisfaction of the compounding authority, based on the nature of contravention, exceptional circumstances/ facts involved in case, and in wider public interest.

To read the Compounding Circular I click here & to read the Compounding Circular II click here

TRANSITION TO IFSCA (FUND MANAGEMENT) REGULATIONS, 2025

The International Financial Services Centres Authority ("**IFSCA**"), in its 23rd meeting held on March 26, 2025, had approved the proposal towards providing a one-time opportunity to extend the

validity of the private placement memorandum ("**PPM**") whose validity expired, subject to certain conditions (*which was covered in the earlier edition of Legalaxy*).

Pursuant to the above, IFSCA, *vide* its circular dated April 8, 2025, has elaborated on the transition to the IFSCA (Fund Management) Regulations, 2025 ("**FM Regulations, 2025**").

Key components of the circular are as follows:

(a) Extension of validity of PPM: The validity period of PPM for venture capital schemes and restricted schemes is 12 months as against 6 months as provided under the IFSCA (Fund Management) Regulations, 2022 ("**FM Regulations, 2022**"). The venture capital schemes and restricted schemes filed under the FM Regulations, 2022 will be able to launch under the new regulatory regime, if: (i) these schemes were taken on record by IFSCA during the 6 months period ending on February 19, 2025 or (ii) these schemes had obtained prior approval from IFSCA for extension of the validity of their PPM and such extended tenure ends on or after February 19, 2025. IFSCA has provided a one-time opportunity to Fund Management Entities ("**FMEs**"), to extend the validity of PPMs of venture capital schemes and restricted schemes whose validity expired before February 19, 2025, subject to certain terms and conditions: (i) FMEs shall re-file the PPMs of the schemes with IFSCA within 3 months from the date of this circular; (ii) FMEs shall not make any material changes in the PPMs with respect to the key aspects of the scheme including its name, investment objective, investment strategy, structure (*open-ended/ close-ended*), etc. However, material changes to the extent necessary for alignment with the requirements of the FM Regulations, 2025 can be carried out; and (iii) FME shall pay a filing fee equal to 50% of the fee applicable for filing a fresh scheme of that nature under the FM Regulations, 2025 for such re-filing. On receipt of such a request, IFSCA shall take the revised PPM on record and communicate the same to the FMEs, providing an additional validity of 6 months (*from the date of communication on taking the re-filed PPM on record*) to PPM of such schemes.

(b) Non-applicability of processing fee in certain cases: Under the FM Regulations, 2025, FMEs are required to inform IFSCA regarding material changes from the information provided in the PPM, along with the payment of applicable processing fee to IFSCA, in line with the terms of this circular. However, in case any such filing is necessitated due to an action of IFSCA or revision in the regulatory regime, the processing fee shall not apply.

To read the circular click here

IFSCA AMENDS APPLICABILITY OF GUIDELINES ON CORPORATE GOVERNANCE AND DISCLOSURE REQUIREMENTS FOR A FINANCE COMPANY

IFSCA, *vide* its circular dated April 4, 2025, has amended the applicability of 'Guidelines on Corporate Governance and Disclosure Requirements for a Finance Company' ("**Corporate Governance Guidelines**"). The said amendment was carried out in order to align the Corporate Governance Guidelines with the IFSCA (Finance Company) Regulations, 2021 ("**FC Regulations**") and the

Framework for Finance Company/ Finance Unit undertaking the activity of Global/ Regional Corporate Treasury Centres' dated April 4, 2025.

Clause 3 (*Applicability*) of the Corporate Governance Guidelines has been revised to state that the generic guidelines as contained in Part I thereof shall be applicable to every finance company registered under the FC Regulations, except for a finance company registered for undertaking the activity of Global/ Regional Corporate Treasury Centres ("**GRCTC**"). The detailed guidelines as contained in Part II of the Corporate Governance Guidelines shall be applicable to a finance company registered under the FC Regulations and intending to undertake 1 or more activities with or without non-core activities, except for GRCTC.

To read the circular click here

IFSCA ISSUES FRAMEWORK FOR FINANCE COMPANY/ FINANCE UNIT UNDERTAKING THE ACTIVITY OF GRCTC

IFSCA, *vide* its circular dated April 4, 2025, has issued an updated framework for finance company/ finance unit undertaking the activity of GRCTC ("**GRCTC Framework**"), in supersession of the erstwhile framework issued by IFSCA through its circular dated June 25, 2021. The GRCTC Framework has been issued in order to encourage ease of doing business and bring alignment with international best practices. The existing finance company/ finance unit which has been granted registration under the FC Regulations for undertaking the activity of GRCTC shall be required to comply with the additional requirements specified in the GRCTC Framework within a period of 6 months from the date of issuance thereof.

We have separately covered the aforementioned update which may be accessed here & to read the GRCTC Framework click here

IFSCA CLARIFIES ON THE FEE STRUCTURE FOR IFSCA REs UNDERTAKING OR INTENDING TO UNDERTAKE PERMISSIBLE ACTIVITIES OR SEEKING GUIDANCE UNDER THE INFORMAL GUIDANCE SCHEME

IFSCA, *vide* its circular dated April 8, 2025, has, *inter alia*, provided for the fee structure for any applicant desirous of obtaining registration/ licence/ authorization/ recognition (as the case may be), the entities regulated by IFSCA ("**IFSCA REs**") or any person seeking guidance under the Informal Guidance Scheme ("**Fee Structure Circular**").

The key highlights of the Fee Structure Circular are as follows:

(a) Application fees: The application fees shall be paid as specified in the Fee Structure Circular at the time of making an application to IFSCA. Applications for rendering different financial

services shall be made separately and each such application shall attract specified application fees.

(b) License/ Registration/ Recognition/ Authorization fees: On the intimation of the decision by IFSCA to grant of provisional or in-principle approval, the applicant shall, within 15 days of such intimation, pay the applicable licence, registration, recognition or authorization ("**Authorization**") fees as specified in the Fee Structure Circular. In case where the Authorization is to be granted directly, the applicant shall pay the fees within the period specified by IFSCA, before the grant of final Authorization. In case of failure to pay the applicable fees within the specified time, IFSCA may, at its discretion, reject the application. An application, once rejected, shall be treated as non-est and the entity may make a fresh application.

(c) Recurring fees: (i) The IFSCA REs shall pay flat recurring fee to IFSCA upon obtaining the Authorization. The applicable recurring fees shall be paid within 15 days from the grant the Authorization. (ii) The IFSCA REs shall pay the conditional recurring fee to IFSCA, based on turnover or number of employees. Such a fee shall be payable within 15 days of grant of the Authorization.

(d) Activity-based fees: An activity-based fee is payable to IFSCA as specified in the Fee Structure Circular.

(e) Processing fees: (i) in case IFSCA RE is seeking relaxation from strict enforcement of any requirement specified in the applicable regulation, circular, guideline or framework, processing fees of USD 2,500 shall be applicable; (ii) in case IFSCA RE is requesting modification to the terms and conditions of the Authorization, which in the opinion of IFSCA is of substantive nature, processing fees equivalent to 20% of the Authorization fees or such fees as may be specified by IFSCA shall be applicable; and (iii) in case of an application by finance company/ unit engaged in undertaking aircraft leasing or ship leasing activity relating to utilisation of office space or manpower or both (*resources*), one-time fee of USD 2,500 shall be applicable.

(f) Late fees: In case an IFSCA RE fails to pay the outstanding dues or fees, in part or full, to IFSCA within the specified time, then such dues or fees shall increase by a simple interest of 0.75% per month. In case an IFSCA RE fails to submit the periodic returns to IFSCA within the specified deadline, then a late fee of USD 100 per month shall be paid by the IFSCA RE for each such instance of default.

(g) Fees under Informal Guidance Scheme: An application for seeking guidance either under the no-action letter or interpretive letter, as the case may be, shall be accompanied by a fee of USD 1,000.

(h) Additional or supplementary fees: IFSCA may, at its discretion, in exceptional circumstances, levy additional or supplementary fees on an applicant or an IFSCA RE, if it is of the opinion that such an additional or supplementary fee is justified by the resources allocated or to be allocated by IFSCA towards processing the Authorization application or regulating the IFSCA RE.

(i) Request for approval for change of Key Managerial Personnel (KMP): Any request for approval for change of KMP, director, designated partner, trustee or any person holding an equivalent position in the IFSCA RE, by whatever name called, shall be accompanied with a fee of USD 250 or as specified in the Fee Structure Circular, whichever is lower. However, if an IFSCA RE holds more than one Authorization, then such IFSCA RE shall pay the said fee only once for every instance.

(j) Waiver of fees: IFSCA may, in exceptional circumstances, suo moto or on a request by the applicant or the IFSCA RE, waive the whole or part of any fee.

(k) Refund of fees: Any fee once paid by the applicant or the IFSCA RE shall not be refunded under any circumstances where: (i) the application is withdrawn for any reason; (ii) the IFSCA RE surrenders the Authorization; or (iii) IFSCA withdraws/ revokes the Authorization.

(l) Mode of payment: The fees shall be paid in USD and the account details have been specified in the Fee Structure Circular. An applicant from India (*other than an entity already set-up in IFSC*) desirous of Authorization from IFSCA, shall have the option to remit only the application fee and registration fees, as specified in the Fee Structure Circular, in equivalent INR in the specified bank account of IFSCA.

Pursuant to the above, IFSCA, *vide* its circular dated April 23, 2025, has issued clarifications on the fee structure for the entities undertaking or intending to undertake permissible activities in IFSC or seeking
guidance under the Informal Guidance Scheme ("**Clarifications on Fee Structure Circular**").

Following are the key clarifications issued by IFSCA:

(a) With respect to point (e) above (*processing fees*), in case of the scheme(s) launched by a FME, any modifications to the scheme documents shall be accompanied with a fee of USD 500.

(b) With respect to point (f) above (*late fees*), it is clarified that the late fees on failure to submit periodic returns shall be applicable on a per activity basis for every IFSCA RE.

(c) With respect to point (i) above (*request for approval for change of KMP*), in case of a FME, an intimation for any change in KMP, director, designated partner, trustee, or any person holding an equivalent position in the IFSCA RE, by whatever name called, shall be accompanied with a fee of USD 250 or as specified in the Fee Structure Circular, whichever is lower.

(d) The application fees and flat recurring fees specified for Payment Service Providers (PSP) and Payment System Operators (PSO) in the Fee Structure Circular are payable for each activity.

(e) The fees under Part 1D(v) under Schedule I of the Fee Structure Circular for finance companies/ units undertaking permissible core activities shall be applicable separately for each activity under the FC Regulations.

(f) The flat recurring fees (*annual*) under Part 5C under Schedule I of the Fee Structure Circular for International Branch Campus and Offshore Education Centre shall be payable from the

financial year immediately succeeding the financial year in which the certificate of registration was granted.

(g) The clarificatory note no. 2 under Schedule I of the Fee Structure Circular shall now read as 'Annual Turnover (IBUs): Daily fund-based and non-fund based turnover'. Earlier, it read as 'Total income (IBUs): Sum of interest income and other income'.

(h) Conditional recurring fee applicable for stock exchanges, in excess of turnover of USD 150 billion shall be: USD 150,000 plus 0.000024% of annual turnover in excess of USD 150 billion. Further, the monthly turnover based fee applicable to broker dealers shall be paid by the broker dealers to IFSCA through the respective stock exchanges.

(i) The Fee Structure Circular shall be applicable to all the fees pertaining to the FY 2025-26, irrespective of the date of remittance of such fee. Accordingly, the applicant or IFSCA REs which have remitted any fees pertaining to FY 2025-26 before the issuance of the Fee Structure Circular, shall be required to pay the differential fees, if applicable, between the earlier applicable fees and the revised applicable fees.

(j) As a one-time measure, the applicable fees as well as the differential fees, if applicable, may be remitted to IFSCA by May 10, 2025, or the due date specified in the Fee Structure Circular, whichever is later.

To read the Fee Structure Circular click here & to read the Clarifications on Fee Structure Circular click here

LABOUR UPDATES

KERALA ALLOWS WOMEN IN CERTAIN CLASS OF FACTORIES TO WORK NIGHT SHIFTS

Government of Kerala, *vide* its notification dated March 27, 2025 (*published on April 1, 2025*) in the extraordinary gazette (*G.O.(P)No.19/2025/LBR*), has notified a list of group/ class of factories wherein the working hours of women shall be 6 A.M. to 10 P.M. Section 66 of the Factories Act, 1948 ("**Factories Act**") provides that no woman shall be required or allowed to work in any factory, except between the hours of 6 A.M. and 7 P.M. The said Section further provides the power to the State Government to vary the limits in respect of any factory or group or class or description of factories, but so that no such variation shall authorize the employment of any woman between the hours of 10 P.M. and 5 A.M.

In this regard, the notification provides certain conditions:

(a) Separate dormitory accommodation shall be given to women workers;
(b) Free transport facilities to house with accompanying security personnel shall be provided to women employees working beyond 7.00 P.M.;
(c) Notice of periods of work prepared in accordance with provisions of the Factories Act and the Kerala Factories Rules, 1957 ("**Kerala Factories Rules**"), approved by the Inspector of Factories and Boilers concerned shall be exhibited in the factory;
(d) The daily hours of work shall not be more than 9 hours in any day. No exemption shall be given in this regard for employing women workers;
(e) Rotation of shifts shall be planned in such a way that the intervening weekly holidays are duly availed by the workers before any such changes take effect;
(f) The particulars of exemption shall be noted in Form-33 of the inspection book; and
(g) The management shall ensure adequate protection to women worker's dignity, self-esteem, and safety.

The exemption is without any prejudice to the provisions of the Factories Act and the Kerala Factories Rules and can be revoked or modified by the Government at any time on sufficient grounds without any prior notice.

To read the notification visit here

RATE OF PROFESSIONAL TAX REVISED FOR SALARY AND WAGE EARNERS IN KARNATAKA AND ASSAM

Governments of Karnataka and Assam, *vide* their notifications dated April 15, 2025 and April 1, 2025, respectively, have revised the professional tax rates for salary or wage earners or both, as the case may be.

We have separately covered the aforementioned update which may be accessed here & to read the Karnataka notification click here & to read the Assam notification click here

ENVIRONMENTAL UPDATES

CPCB NOTIFIES RULES ON PRINTING INFORMATION ON PLASTIC PACKAGING

The Plastic Waste Management Rules, 2016 ("**PWM Rules, 2016**"), *inter alia,* added Rule 11(1) related to marking and labelling of plastic packaging, and thereby mandated that plastic packaging must provide information such as the name and registration certificate number for the producer, importer, or brand owner, generated for various categories of plastic waste. In furtherance of the aforesaid, the Central Pollution Control Board ("**CPCB**") has now, *vide* its notification dated April 28, 2025, set out the updated rules related to marking and labelling requirements for plastic packaging under Rule 11(1A) of the PWM Rules, 2016 (*introduced by Plastic Waste Management (Amendment) Rules, 2025*).

Pursuant to the above, a producer, importer or brand owner may, with effect from July 1, 2025, provide the information specified in Rule 11(1) of the PWM Rules, 2016: (a) in a barcode or quick response (QR) code printed on the plastic packaging; (b) in the product information brochure; or (c) print on the plastics packaging the unique number issued under any law for the time being in force, wherein Rule 11(1) of the PWM Rules, 2016, is required to be fulfilled before issuance of such a number. The notification also mandates that the producer, importer, or brand owner shall inform the details of publishing of a barcode or QR code, brochure, or unique number to the CPCB, post which the CPCB will publish a list of such producers, importers, or brand owners (*who have provided the details and the product information using any one of above options*), on its website and update the same every quarter.

In addition to fulfilling the above obligations with effect from July 1, 2025, all producers, importers, and brand owners of plastic packaging shall intimate the same to CPCB in the format prescribed in the notification.

It has further been clarified that the above provisions will not apply to plastic packaging covered under Rule 26 of the Legal Metrology Packaged Commodities Rules, 2011, and in respect of plastic packaging cases where it is technically not feasible to print the requisite information, as per specifications given in the guidelines for use of standard mark and labelling requirements under Bureau of Indian Standards (BIS) Compulsory Registration Scheme for Electronic and IT Products.

To read the notification click here

CPCB MANDATES REGISTRATION ON CENTRALIZED EPR PORTAL FOR PLASTIC PACKAGING

Ministry of Environment, Forest and Climate Change ("**MoEFCC**") had, on March 14, 2024, notified an amendment to the PWM Rules, 2016, as per which the following entities were required to register themselves on the centralized Extended Producer Responsibility ("**EPR**") portal for plastic packaging ("**EPR Plastic Portal**"): (a) manufacturers of plastic raw materials; (b) importers of plastic raw materials;

(c) micro and small producers; and (d) sellers of plastic raw material (*which was covered in the earlier edition of Legalaxy*).

While the CPCB had made the necessary provisions for registration of the above-mentioned entities on the EPR Plastic Portal, uploaded the standard operating procedure (SOP) and guidance manual on the EPR Plastic Portal, and covered details pertaining to application format, application fees, instructions for submitting applications, etc., in the guidance manual, it was observed by the CPCB that several manufacturers, importers and sellers of plastic raw material and producers falling under the micro, small and medium enterprises category are yet to register on the EPR Plastic Portal.

In view of the above, the CPCB has, *vide* its notification dated April 28, 2025, mandated all concerned manufacturers, sellers, and producers to submit complete application for registration on the EPR Plastic Portal with immediate effect, failing which necessary action shall be taken against them by concerned authorities, in accordance with the provisions of the PWM Rules, 2016.

To read the notification click here

MoEFCC INTRODUCES THE ENVIRONMENT (CONSTRUCTION AND DEMOLITION) WASTE MANAGEMENT RULES, 2025: STRENGTHENING SUSTAINABILITY THROUGH EPR AND COMPENSATION MECHANISMS

MoEFCC, *vide* its notification dated April 2, 2025, issued the Environment (Construction and Demolition) Waste Management Rules, 2025 ("**C&DW Rules**"), thereby repealing the Construction and Demolition Waste Management Rules, 2016. The C&DW Rules introduce measures for waste management and utilization, address non-compliances, and align with circular economy goals through EPR, environmental compensation, and a centralized online monitoring system.

The key points under the C&DW Rules are as follows:

(a) The C&DW Rules apply to all activities of construction, demolition, renovation, remodelling, and repairs of any structure. However, they do not apply to waste categories/ streams covered under the Atomic Energy Act, 1962, defence or strategic projects, waste from natural disasters or war, or those already regulated under other specific waste management rules.

(b) The EPR framework shall be implemented and monitored through an online portal. The following entities are required to register on the portal: (i) Producer; (ii) Operator of an Intermediate Waste Storage Facility; (iii) Recycler; and (iv) Collection points established by local or development authorities. Upon receipt of application for registration, the CPCB shall issue a certificate of registration within 15 days of the application date.

(c) Producers must prepare and submit a waste management plan for each construction, reconstruction, or demolition project, detailing waste quantities. Debris like concrete, bricks, and plaster shall be accounted for assessing the EPR targets. Reusable materials such as wood,

metal, glass, etc., shall not be considered for assessing the EPR and will be dealt in accordance with prevalent rules and regulations.

(d) The C&DW Rules, prescribe the formula for calculating the quantity of waste eligible for the issuance of EPR certificates, which shall be issued by the CPCB.

(e) Construction activities with built-up area of 20,000 square meters or above, and road construction must use processed waste as per targets provided in the prescribed schedules to the C&DW Rules.

(f) Waste generators are required to manage construction and demolition waste by segregating it for reuse and recycling, storing and processing it either on-site or off-site, and transporting it to authorized agency or recyclers, prevent air pollution, littering of waste and avoid public nuisance during collection/ segregation/ storage of waste, and comply with directions from local and enforcement authorities.

(g) Contractors, service providers, and authorised agencies are responsible for assisting waste generators in collecting and transporting waste to designated facilities, supporting compliance with EPR targets, coordinating with local authorities, waste generators, recyclers, and implement sustainable construction practices, including guidance on 'IS 15883: 2021 – Guidelines for Construction Project Management Part 11 Sustainability Management', etc., for efficient waste handling.

(h) Recyclers must coordinate with local authority, waste generators, service providers, authorised agencies and end-users for efficient waste receipt, storage, recycling, and dispatch, and share relevant data with authorities.

(i) Any producer, recycler, storage operator, or project occupier who fails to dispose/ recycle construction and demolition waste in an environmentally sound manner, or misses EPR targets, etc., thereby causing loss, damage or injury to environment or public health, must pay environmental compensation equal to such loss, damage or injury. However, no environmental compensation will be imposed unless an opportunity of being heard is provided.

(j) Payment of environmental compensation does not absolve the producer from the EPR and the unfulfilled EPR for a particular year shall be carried forward to the next year and so on for a period up to 3 years. Where the producer complies with the obligation, the amount of environmental compensation paid by him may be returned to him in the following manner: (i) within 1 year - 85% of the environment compensation; (ii) within 2 years - 60% of the environment compensation; (iii) within 3 years - 30% of the environment compensation; and (iv) after 3 years - no environmental compensation shall be returned to the producer.

To read the notification click here

OTHER UPDATES

MHA PRESCRIBES VALIDITY PERIODS FOR PRIOR PERMISSION APPLICATION UNDER FCRA

Ministry of Home Affairs (MHA), *vide* its public notice dated April 7, 2025, has defined strict timelines for both the receipt and utilisation of foreign contributions under the prior permission route of the Foreign Contribution Regulation Act, 2010 ("**FCRA**"). This move necessitates rigorous planning, and compliance reporting from organisations for projects funded by foreign contribution and amending existing agreements with foreign donors.

We have separately covered the aforementioned update which may be accessed here & to read the public notice click here

ISSUANCE OF BONUS SHARES BY COMPANIES ENGAGED IN PROHIBITED SECTORS – NOW PERMITTED

Foreign direct investment ("**FDI**") in India is primarily regulated by FEMA, and the rules and regulations made thereunder. One of the pertinent rules framed under FEMA are the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 which stipulate certain sectors that are prohibited from receiving any FDI, including but not limited to the lottery business, gambling and betting ("**Prohibited Sectors**").

Further, the Consolidated FDI Policy Circular of 2020 dated October 15, 2020, as amended from time to time ("**FDI Policy**"), permit Indian companies to issue bonus shares to existing non-resident shareholders, subject to adherence with the sectoral caps prescribed under the FDI Policy. Hence, while it was clear that Indian companies could issue bonus shares to its non-resident shareholders, there was an ambiguity on whether Indian companies, which are engaged in the Prohibited Sectors, could do so.

In furtherance of the above, the Ministry of Commerce and Industry, *vide* its Press Note no. 2 (2025 Series) dated April 7, 2025, has inserted the following clarification in Para 1 of Annexure 3 of the FDI Policy:

"An Indian Company engaged in a sector/ activity prohibited for FDI, is permitted to issue bonus shares to its pre-existing non-resident shareholder(s) provided that the shareholding pattern of the pre-existing non-resident shareholder(s) does not change pursuant to the issuance of bonus shares".

Therefore, the issuance of bonus shares to existing non-resident shareholders by an Indian company engaged in the Prohibited Sectors is now permitted provided that: (a) the shareholding pattern of such existing non-resident shareholders does not change pursuant to the issuance of bonus shares; and (b) the issuance of such bonus shares are in compliance with the applicable rules, laws, regulations, and guidelines.

To read the press note click here

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