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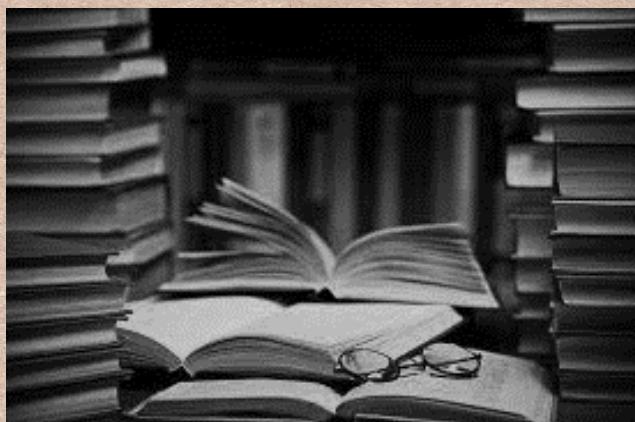


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## LEGAL MAXIM

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*Mens Rea: "Guilty Mind"*



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## SEBI UPDATES

### SEBI SIMPLIFIES ACCREDITATION NORMS FOR ACCREDITED INVESTORS UNDER THE AIF FRAMEWORK

Securities and Exchange Board of India ("SEBI"), *vide* its circular dated January 9, 2026, has simplified the requirements for grant of accreditation to investors. Accredited Investor ("AI") framework was introduced by way of an amendment to the SEBI (Alternative Investment Funds) Regulations, 2012 ("AIF Regulations"), notified on August 3, 2021. Further, various modalities in this regard were specified *vide* SEBI circular dated August 26, 2021, which is subsumed in Chapter 12 of the master circular for Alternative Investment Funds ("AIFs") dated May 7, 2024. Subsequently, simplification requirements for the grant of accreditation to investors were issued *vide* SEBI circular dated December 18, 2023. In this regard, SEBI has now further simplified the requirements.

The key changes introduced are as follows:

- (a) **Flexibility for pending accreditation certificate:** SEBI has now permitted investment managers to finalise/ execute the contribution agreement and initiate related operational procedures even before the formal issuance of an accreditation certificate, subject to specified safeguards. While contribution agreements may be executed based on the investment manager's assessment of an investor's eligibility, such investor commitments cannot be counted towards the scheme's corpus until the accreditation certificate is formally issued. Further, schemes of AIFs shall receive funds from such investors only after they obtain an accreditation certificate from an accreditation agency.
- (b) **Simplification of net-worth documentation:** SEBI has significantly eased the documentation requirements for accreditation based on net-worth criteria by removing the earlier requirement to submit a detailed break-up of net worth as an annexure to the net-worth certificate. It is now optional for the chartered accountant to mention the actual net-worth amount in the certificate, and the chartered accountant may simply certify whether the applicant meets the specified threshold.

To read the circular [click here](#)



## RBI & IFSC UPDATES

### RBI NOTIFIES THE FOREIGN EXCHANGE MANAGEMENT (GUARANTEES) REGULATIONS, 2026

Reserve Bank of India ("RBI"), *vide* its notification dated January 6, 2026, has notified the Foreign Exchange Management (Guarantees) Regulations, 2026 ("Guarantees Regulations").

Key highlights include:

- (a) Save as otherwise provided in the Foreign Exchange Management Act, 1999 ("FEMA") or rules or regulations or directions made thereunder or with the general or special permission of RBI, no person resident in India shall, except in accordance with the Guarantees Regulations, be a party (*principal debtor, surety or a creditor*) to a guarantee where any of the other parties to the guarantee is a person resident outside India.
- (b) Permission to act as a surety or a principal debtor: A person resident in India may act as a surety or a principal debtor for a guarantee, subject to the conditions that (i) the underlying transaction for which the guarantee is being given or arranged is not prohibited under FEMA or rules or regulations or directions made thereunder; and (ii) the surety and the principal debtor are eligible to lend to and borrow from each other, respectively, under the Foreign Exchange Management (Borrowing and Lending) Regulations, 2018, as amended from time to time.

However, point (ii) above shall not apply to a guarantee (i) given by an authorised dealer bank ("AD Bank") and covered by a counter-guarantee or issued against 100% collateral in the form of a deposit, from a person resident outside India; or (ii) given by an agent in India of a shipping or airline company incorporated outside India on behalf of such company in connection with its obligation or liability owed to any statutory or government authority in India; or (iii) where both the surety and the principal debtor are persons resident in India.

- (c) Permission to obtain a guarantee as a creditor: Person resident in India being a creditor may arrange or obtain a guarantee in its favour, subject to the condition that where the principal debtor and surety both are persons resident outside India, the creditor shall ensure that the underlying transaction is not prohibited under FEMA or rules or regulations or directions issued thereunder.
- (d) Exemptions: The Guarantees Regulations shall not apply to (i) a guarantee undertaken by a branch of an AD Bank outside India or in an International Financial Services Centre ("IFSC"), unless any of the other parties to the guarantee is a person resident in India; (ii) an Irrevocable Payment Commitment (IPC) issued by an AD Bank in its capacity of a custodian bank, where the principal debtor is a registered foreign portfolio investor and the creditor is an authorised central counterparty in India; and (iii) a guarantee given in accordance with the Foreign Exchange Management (Overseas Investment) Regulations, 2022.

(e) **Reporting:** Guarantees covered under the Guarantees Regulations shall be reported (i) by the surety where he is a person resident in India; or (ii) by the principal debtor who has arranged the guarantee and where the surety is a person resident outside India; or (iii) by the creditor where the surety and the principal debtor both are persons resident outside India or where the creditor has arranged the guarantee.

The reporting shall be done to an AD Bank on a quarterly basis within 15 calendar days from the end of the respective quarter and include details of issuance of guarantee, any subsequent change in guarantee terms (*like guarantee amount, extension of period or pre-closure*) and invocation of guarantee, if any. A person resident in India who does not meet its reporting obligations as specified above, may do such reporting along with a late submission fee or make payment of the late submission fee where such reporting has been done with a delay.

*To read the Guarantees Regulations [click here](#)*



## RBI NOTIFIES THE FOREIGN EXCHANGE MANAGEMENT (EXPORT AND IMPORT OF GOODS AND SERVICES) REGULATIONS, 2026

RBI, *vide* notification dated January 13, 2026, has notified the Foreign Exchange Management (Export and Import of Goods and Services) Regulations, 2026 ("Export and Import Regulations"), which shall supersede the Foreign Exchange Management (Export of Goods & Services) Regulations, 2015 and shall come into force from October 1, 2026.

Key highlights include:

- (a) **Export Declarations:** Exporters of goods shall submit an Export Declaration Form ("EDF") capturing the full export value through shipping bill at Electronic Data Interchange ("EDI") ports. Service exporters are required to file the EDF within 30 days from the end of the month in which the invoice is raised.
- (b) **Receipt and Payment Mechanism:** Receipts/ payments must comply with the Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2023. AD Banks are mandated to verify genuineness before credit/ debit and update the export data processing and monitoring system or import data processing and monitoring system. For transactions up to INR 10 lakhs, closure may be permitted based on exporter/ importer declarations, including quarterly bulk reporting.
- (c) **Realisation Timeline:** Export proceeds shall be realised within 15 months (*goods and services*), with specific timelines for warehouse exports and project exports as per contract terms.
- (d) **Reduction in Realisation:** AD Banks may permit reduction/ non-realisation of export value upon satisfaction of valid reasons, with simplified norms for smaller transactions up to INR 10 lakhs.

- (e) **Set-offs and Third-Party Payments:** Set-off of export receivables against import payables with the same overseas counterparty/ group entities is permitted within the prescribed period. Further, the third-party receipts/ payments may be allowed subject to AD Bank satisfaction.
- (f) **Advances and Delays:** Advance remittances for imports are permitted subject to safeguards; however, advance remittance for the import of gold and silver remains prohibited (*unless otherwise permitted*). Unrealised export proceeds beyond 1 year restrict future exports to advance payment or an irrevocable letter of credit. Project exporters may temporarily invest surplus overseas funds under AD Bank monitoring.
- (g) **Merchanting Trade & Reporting:** Merchanting trade transactions shall be completed within 6 months. AD Banks shall bear the enhanced responsibility for monitoring, reporting and maintaining detailed internal standard operating procedure. Importantly, AD Banks shall not levy charges/ penalties on constituents for regulatory delays or violations.

*To read the Export and Import Regulations [click here](#)*



## IFSCA CLARIFIES ON FILING OF SCHEME APPLICATION UNDER THIRD-PARTY FUND MANAGEMENT ARRANGEMENT

In order to streamline the process of filing applications by registered Fund Management Entities ("FMEs") authorised to launch schemes on behalf of third parties, the International Financial Services Centres Authority ("IFSCA"), *vide* its circular dated January 16, 2026, has specified and clarified as follows:

- (a) The registered FMEs shall submit the format and documents as per the circular titled 'Ease of doing business - Filing of Schemes or funds under the IFSCA (Fund Management) Regulations, 2022' dated April 5, 2024.
- (b) The registered FMEs shall provide (i) full legal name, registered office of the third-party fund manager and proof of its registration/ license with regulatory authority of its home jurisdiction; (ii) a "look-through" chart showing the ultimate beneficial owners (UBOs) of the third-party fund manager; (iii) names and profile of the members of the board of directors or designated partners, as applicable, and key managerial personnel (KMPs) or equivalent of the third party fund manager; (iv) complete details of the Assets Under Management (AUM) along with past records of investment strategies adopted by third party fund manager, similar to the proposed scheme to be launched by such registered FME; (v) furnish a declaration cum undertaking confirming, declaring and undertaking the compliance of the obligations, criteria and the requirements specified under Regulations 107H and 107K of the IFSCA (Fund Management) Regulations, 2025 ("FM Regulations"); (vi) the document evidencing the third-party fund management arrangement between such registered FME and the third-party fund manager; (vii) outline of the deal execution, disclosure of conflict of interest, if any, and remuneration policies of third-party fund manager; and (viii) details related to the appointment or change of KMP(s) as specified under the FM Regulations or any circular issued thereunder in this regard.

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- (c) All scheme applications shall be filed *via* the IFSCA 'Single Window IT System'.

*To read the circular [click here](#)*



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## IFSCA NOTIFIES THE FUND MANAGEMENT AMENDMENT REGULATIONS, 2026

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IFSCA, *vide* its notification dated January 27, 2026, has notified the IFSCA (Fund Management) (Amendment) Regulations, 2026 ("FM Amendment Regulations"), thereby amending the FM Regulations.

Following are the key amendments:

- (a) In addition to the qualifications mentioned in Regulation 7(5)(a), the principal officer and other KMPs shall have an experience of at least 5 years in related activities in the securities market or financial products in an eligible institution. The FM Amendment Regulations have introduced the definition of an 'eligible institution' to include: (i) Market Infrastructure Institutions (MII), Capital Market Intermediaries (CMI), financial sector regulators, FMEs, banks, finance companies, insurance companies, and insurance intermediaries in IFSC, and equivalent institutions in India or any foreign jurisdiction; (ii) consulting firms/ advisory firms/ firms of chartered accountants/ company secretaries/ cost accountants in IFSC, India or any foreign jurisdiction, providing services to the institutions mentioned above in (i), in relation to a financial product; and (iii) a company, whether private or public, if the experience is in relation to finance/ accounts/ secretarial/ law departments of such company.

For KMPs of registered FMEs with a professional qualification, 3 years' experience is sufficient. A certification-based alternative has also been introduced: (i) 2 years' post-qualification experience and an IFSCA-specified certification for KMPs under Regulation 7(2) of the FM Regulations; (ii) 3 years' post-qualification experience and certification for KMPs under Regulations 7(1), (3) and (4) of the FM Regulations.

- (b) Earlier, FMEs had a one-time 6-month extension of placement memorandum ("PPM") validity upon payment of 50% of the fresh scheme filing fee if minimum corpus was not achieved. Now, multiple 6-month extensions are permitted, provided the application is made while the PPM is valid. The fee is: 25% of the fresh scheme filing fee for the first extension; and 50% for each subsequent extension. This relaxation has also been provided to the extension of the validity of the PPM filed by restricted schemes (*non-retail*).
- (c) A new proviso has been inserted in Regulation 35(1) (*Restrictions on Investment and Corpus of the Scheme*), which states that the investments by an open-ended scheme in unlisted securities shall be undertaken only upon achieving the minimum corpus of USD 3 million.
- (d) The FM Amendment Regulations introduce additional grounds for winding up of the schemes viz. (i) funds are raised, but minimum corpus is not achieved during PPM validity (*including extensions*) and no extension filing/ fee is made; or (ii) no investors are onboarded, no funds are raised and the FME voluntarily opts to wind up.

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- (e) For schemes required to appoint a custodian in IFSC under Regulation 132, such appointment may now be made within 24 months from the commencement of the FM Amendment Regulations. During this period, an independent custodian in India or a foreign jurisdiction regulated by the relevant financial sector regulator may be appointed, subject to information-sharing with IFSCA (*earlier, the time period provided for the appointment of the custodian was 12 months from the notification of the FM Regulations*).

Pursuant to the above, IFSCA, *vide* its circular dated January 27, 2026, has simultaneously offered a one-time window of 3 months, from the date of issuance of the said circular, for the venture capital schemes and restricted schemes where the PPMs have expired or are expiring shortly, to further extend the validity of the PPMs in accordance with the procedure specified as follows:

- (a) Extension of PPMs for schemes that have not commenced investments: For venture capital schemes and restricted schemes whose PPMs have expired on or before the notification of the FM Amendment Regulations or are due to expire within 30 days of such notification, and where the FME has not commenced investment activities, IFSCA may grant a one-time extension of the PPM validity, subject to the conditions laid down in the circular. The extension granted shall be valid for 6 months from the date of such communication.
- (b) Open-ended restricted schemes that have commenced investment activities: Open-ended restricted schemes that commenced investment after raising USD 1 million under Regulation 35(2) but failed to reach the minimum corpus of USD 3 million within the PPM's validity (*or extended validity*), and whose PPMs have expired on or before, or are due to expire within 30 days of, the notification of the FM Amendment Regulations, may seek a one-time extension. The extension granted will be deemed effective from the date the PPM expired or is set to expire.
- (c) Further extension(s) of the validity of PPM of the schemes: The schemes that avail of the opportunity to extend the validity of the PPM under the aforementioned one-time window of 3 months may seek further extension(s) beyond the period of 6 months in terms of the applicable provisions of the FM Regulations and shall be subject to, *inter-alia*, payment of 50% of the applicable fee for filing of a fresh scheme, as may be prevalent at the time of such extension.

*To read the FM Amendment Regulations [click here](#) & to read the circular [click here](#)*



## ENVIRONMENTAL UPDATES

### MoEFCC NOTIFIES THE ENVIRONMENTAL (PROTECTION) FUND RULES, 2026

Ministry of Environment, Forest and Climate Change ("MoEFCC"), *vide* its notification dated January 15, 2026, has notified the Environmental (Protection) Fund Rules, 2026 ("EP Fund Rules"). As per the EP Fund Rules, the Central Pollution Control Board shall be responsible to develop and maintain an online portal for the implementation of the EP Fund Rules, which shall be an exclusive interface between different authorities and stakeholders, once it becomes operational.

The key provisions of the EP Fund Rules are as follows:

- (a) Utilization of Environmental Protection Funds ("EP Funds"): EP Funds shall be used only for environmental protection activities and not for medical expenses, foreign travel, or government office infrastructure and equipment. The Central Government, State Governments, and Union Territory ("UT") administrations shall be the respective sanctioning authorities for their share.
- (b) Sources and manner of credit of amounts to the EP Funds: EP Funds shall be credited with penalties under the Air (Prevention and Control of Pollution) Act, 1981 ("Air Act"), the Water (Prevention and Control of Pollution) Act, 1974 ("Water Act") and the Environment (Protection) Act, 1986, and any other approved amount. It shall be paid via the Bharatkosh portal into the consolidated fund of India and transferred to the EP Fund. 75% of the amount shall go to the concerned State/ UT and 25% to the Centre, with the State/ UT crediting its share to a reserve fund under its public account.
- (c) Administration of EP Fund: The EP Funds shall be monitored by a dedicated Project Management Unit ("PMU") set up by the Central/ State Government or UT administration, headed by an officer not below the rank of Joint Secretary/ State Secretary. The PMU shall maintain accounts of receipts and disbursements, provide legal and financial support to the environment department, and ensure proper administration of the EP Fund.
- (d) Accounts, report and audit of EP Fund: Annual EP Fund accounts shall be prepared in the prescribed forms and finalized by the concerned authority, with annual reports laid before parliament or the state legislature along with the Comptroller and Auditor General of India ("CAG") audit report. The CAG shall audit the accounts at specified intervals, and the administrator or State/ UT department may also conduct regular internal audits.

To read the EP Fund Rules [click here](#)



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# THE WATER POLLUTION (GRANT, REFUSAL OR CANCELLATION OF CONSENT) GUIDELINES, 2025 AND THE AIR POLLUTION (GRANT, REFUSAL OR CANCELLATION OF CONSENT) GUIDELINES, 2025 – AMENDED

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MoEFCC, *vide* its notifications dated January 23, 2026, has notified the Control of Air Pollution (Grant, Refusal or Cancellation of Consent) Amendment Guidelines, 2026 ("Air Consent Guidelines") and the Control of Water Pollution (Grant, Refusal or Cancellation of Consent) Amendment Guidelines, 2026 ("Water Consent Guidelines"), thereby amending the Control of Air Pollution (Grant, Refusal or Cancellation of Consent) Guidelines, 2025 and the Control of Water Pollution (Grant, Refusal or Cancellation of Consent) Guidelines, 2025, respectively.

The key highlights include:

- (a) All applications for consent to establish or operate industrial plants must now be made strictly in the prescribed form under the First Schedule of these guidelines and accompanied by fees specified by State Government or UT administration, as the case may be in accordance with the guidelines. Rebate on applications filed for renewal of consent to operate 4 months prior to the expiry of the validity period and the late fee provision have been removed.
- (b) Pursuant to the notification of the Air Consent Guidelines, the requirement of periodic renewal for consent to operate under different categories has been dispensed with. Once granted, the consent to operate shall remain valid until cancelled.

Further, under the Water Consent Guidelines and the Air Consent Guidelines, the State Government or UT administration may prescribe a one-time fee for consent to operate for a period ranging from 5 to 25 years. Earlier, the fee for consent to establish or operate was dependent on the annual fee of consent and the period of consent.

- (c) The consent application may be inspected and verified either by a state board officer or by a registered environment auditor (*certified environment auditors officially registered by the environment audit designated agency to perform audits*).
- (d) A consolidated consent and authorization for hazardous and other wastes have been introduced. A single-step procedure shall be adopted for granting consent under the Air Act and the Water Act along with authorization under various waste management rules notified under the Environment (Protection) Act, 1986, as may be applicable.
- (e) The period of granting or refusal of consent to operate for expansion or amendment has been reduced for the red category from 120 days to 90 days.
- (f) Prior to the amendment to the respective guidelines, the guidelines prescribed fixed minimum distances from water bodies, settlements, forests, and other sensitive areas for locating industries; the amendment replaces these distance norms with a site-specific approach, under which location conditions and environmental safeguards shall be imposed by the concerned Expert Appraisal Committee (EAC).

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(g) Micro and small units in notified industrial estates can obtain deemed consent through self-certified applications.

To read the Air Consent Guidelines [click here](#) & to read the Water Consent Guidelines [click here](#)



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## COMMON EFFLUENT TREATMENT PLANTS EXEMPTED FROM OBTAINING PRIOR ENVIRONMENTAL CLEARANCE

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MoEFCC, *vide* its notifications dated January 28, 2026, has amended the Environment Impact Assessment Notification, 2006 (EIA 2006), which mandates prior Environmental Clearance ("EC") for certain categories of projects. Under the EIA 2006, Common Effluent Treatment Plants ("CETPs") were mandatorily required to obtain prior EC before establishment. CETPs were the facilities used by industrial clusters such as pharmaceuticals, textiles, chemicals, fertilizers and electroplating for collective treatment of industrial effluents. Over time, these sectors have witnessed significant technological advancements in wastewater management, including the adoption of Zero Liquid Discharge (ZLD) systems and high-efficiency treatment processes.

In light of these technological advancements, the robust compliance mechanisms already in place in for such treatment facilities and the demonstrable shift towards sustainable water management practices, MoEFCC has exempted all CETPs from the requirement of prior EC, subject to implementation of environmental safeguards to be enforced by the state pollution control boards or pollution control committee through consent to establish or consent to operate under the Air Act and the Water Act.

To read the notification [click here](#)



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## MoEFCC NOTIFIES THE SOLID WASTE MANAGEMENT RULES, 2026

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MoEFCC, *vide* its notification dated January 27, 2026, has notified the Solid Waste Management Rules, 2026 ("SW Rules"). It shall come into force with effect from April 1, 2026, and supersede the Solid Waste Management Rules, 2016. The SW Rules shall apply to all urban and rural local bodies and all waste generators within their jurisdictions, but exclude hazardous, industrial, biomedical, e-waste, battery, and radioactive waste governed under separate rules.

The key provisions of the SW Rules are as follows:

(a) Management of solid waste and sanitary landfills: Under the SW Rules, all waste shall be segregated into wet, dry, sanitary, and special care streams and handed to authorized collectors. Bulk generators manage on-site waste, processing facilities treat and document it, and local bodies handle collection, transport, and public awareness. All facilities shall meet environmental standards, with waste-to-energy plants using non-recyclable waste and hilly/island areas following prescribed practices.

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(b) **Implementation framework:** The SW Rules mandate the Central Pollution Control Board to set up a centralized online portal within 6 months. It allows environmental compensation for non-compliance, require Central and State committees for implementation, and obligate entities to submit annual waste management reports and report any waste-related accidents.

*To read the SW Rules [click here](#)*



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