

# Recent developments in India's corporate & commercial laws

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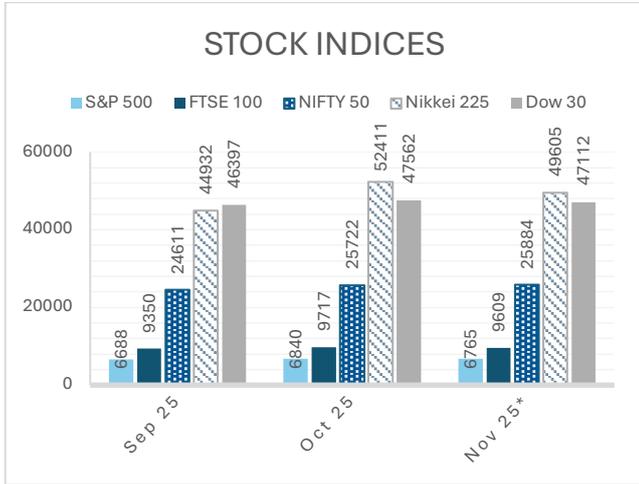


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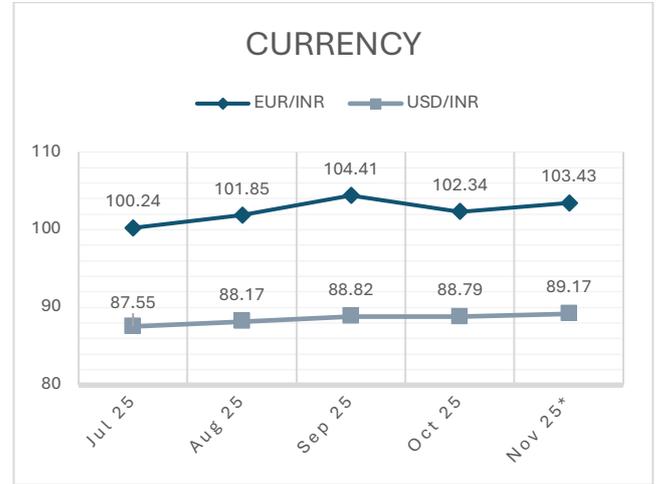
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# Indian economy | November 2025

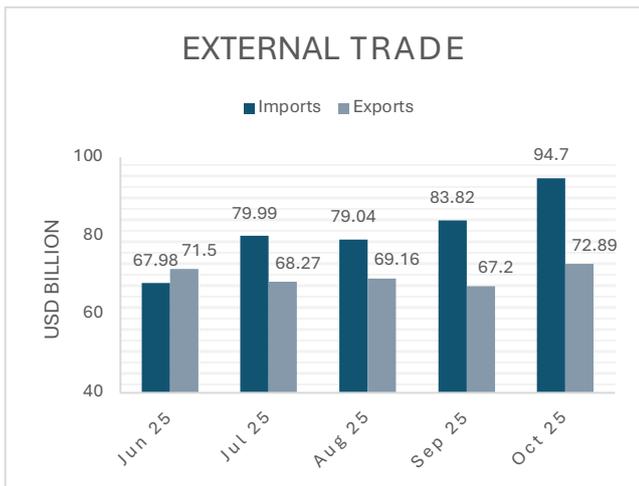
## Snapshot of key indicators



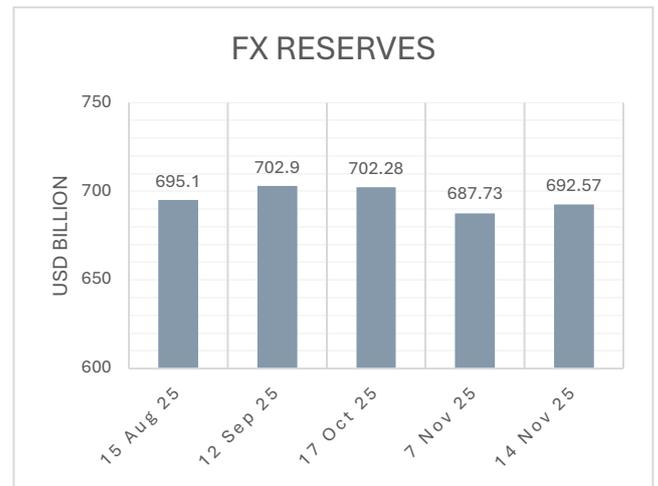
Source: S&P Dow Jones, FTSE Russel, NSE, and Nikkei



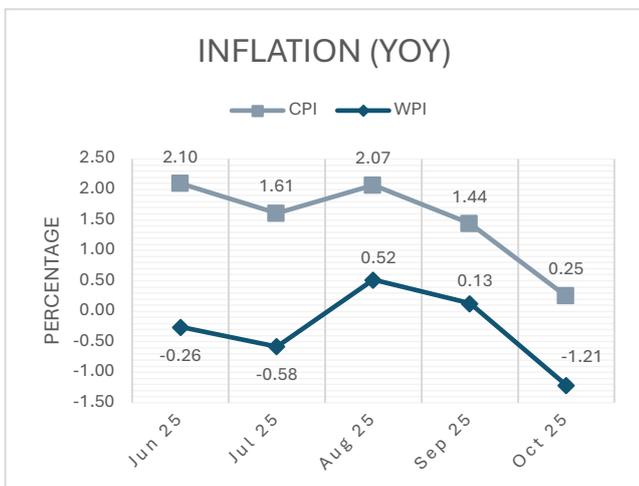
Source: Reserve Bank of India



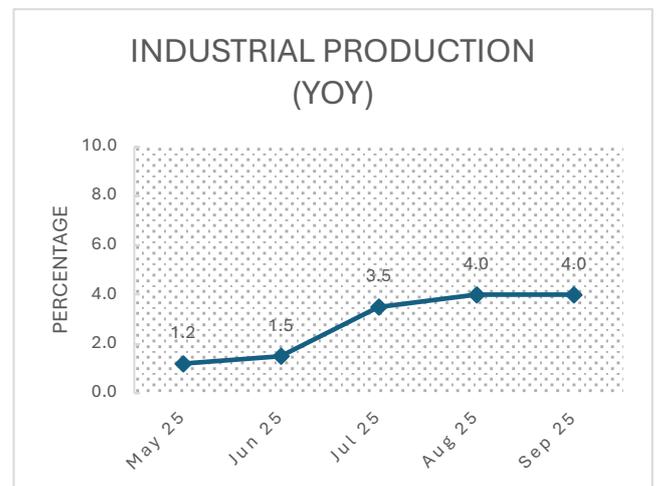
Source: Ministry of Commerce and Industry



Source: Reserve Bank of India



Source: Ministry of Statistics and Programme Implementation



Source: Ministry of Statistics and Programme Implementation

\* As per the latest available data for November 2025

# RBI increases flexibility in the External Commercial Borrowing framework

## Draft Foreign Exchange Management (Borrowing and Lending) (Fourth Amendment) Regulations, 2025

The Reserve Bank of India (RBI) released the draft amendments to the current External Commercial Borrowing (ECB) framework *vide* the Foreign Exchange Management (Borrowing and Lending) (Fourth Amendment) Regulations, 2025 (2025 Amendment), aimed at liberalising the existing foreign borrowing structure and accommodating more Indian players in the global market.

ECBs refer to commercial loans, bonds, and other such instruments obtained by eligible Indian resident entities from recognised foreign lenders, subject to compliance with prescribed requirements. They are regulated by the Foreign Exchange Management (Borrowing and Lending) Regulations, 2018 (2018 Regulations) and administered by the RBI. The current framework is stifled with compliance complexities and restrictive cost structures, resulting in non-alignment with global standards and reduced ability of Indian entities to tap foreign capital efficiently.

### Key proposed changes

- **Eligible borrowers:** Schedule-I earlier restricted eligible borrowers to entities permitted to receive Foreign Direct Investment (FDI) under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017. The draft now expands eligibility to any person resident in India (other than an individual) incorporated or registered under Central or State law, entities covered under approved restructuring or insolvency resolution plans, and entities under investigation, adjudication, or appeal for alleged violations. Such borrowers must inform their Authorised Dealer (AD) Category-I bank, which must notify the relevant enforcement agencies.
- **Currency of borrowing:** While Schedule-I continues to permit ECBs in freely convertible foreign currency and INR, the draft introduces flexibility to change the borrowing currency between foreign currencies, or between foreign currency and INR at either the prevailing exchange rate or a lower-liability rate.
- **Borrowing limits:** The fixed cap in Schedule-I of USD 750 million per financial year (USD 3 million for start-ups) is proposed to be replaced with a higher and more flexible limit of USD 1 billion or total outstanding borrowing up to 300% of last-audited net worth, whichever is higher. These revised limits do not apply to entities regulated by financial sector regulators.
- **Revised prohibition on end-use of borrowed funds:** The 2018 Regulations included a general negative list restricting the use of borrowed funds for activities such as chit funds, Nidhi companies, agricultural or plantation activities, and real estate. Regulation 3A now expands these restrictions by additionally prohibiting on-lending and transactions in listed or unlisted securities. The

exceptions to this are where the investments are permitted under the Foreign Exchange Management (Overseas Investment) Rules, 2022 (OI Rules 2022) and the Foreign Exchange Management (Overseas Investment) Regulations, 2022 (OI Regulations 2022), or are undertaken pursuant to mergers, acquisitions, or amalgamations under the Companies Act, 2013, the Securities and Exchange Board of India (SEBI) (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (SAST Regulations), or the Insolvency and Bankruptcy Code 2016 (Code), or involve subscription to primary market instruments issued by non-financial entities for on-lending.

- **Recognised lenders:** Schedule-I previously limited lenders to residents of Financial Action Task Force/International Organisation of Securities Commissions compliant jurisdictions, certain multilateral/regional institutions, and foreign branches/subsidiaries of Indian banks. The 2025 Amendment significantly broadens this by allowing any non-resident to lend, including foreign or IFSC branches of entities whose lending activities are regulated by the RBI.
- **Minimum Average Maturity Period (MAMP):** Schedule I's standard 3-year MAMP is retained. A targeted relaxation is proposed for the manufacturing sector, allowing ECBs with a maturity between 1 and 3 years, capped at USD 50 million in total outstanding amount. The draft also clarifies that call and put options cannot be exercised before the minimum maturity period, except in limited cases such as conversion into non-debt instruments, repayment using non-debt instrument proceeds, debt waiver, or closure, merger, acquisition, resolution or liquidation of the lender or borrower.

### Impact

- The draft amendments invite more flexible developments with the removal of fixed benchmarks and linking borrowing limits to a company's net worth. This helps strong and well-managed companies raise funds more easily, as borrowing will be proportional to the financial strength of the borrower.
- These amendments simplify the currency exchange rate and add explicit, borrower-favourable mechanics to change one foreign currency to another, and even to INR and *vice versa*.
- The draft amendments also widen the pool of eligible borrowers and lenders and introduce a short-maturity window for manufacturing.

The expanded scope and relaxations under the new ECB framework are expected to boost participation from both borrowers and lenders by easing compliance and widening access to foreign capital. This is a shift from a restrictive regime to a more liberal, market-oriented approach that strengthens cross-border financial integration. It diversifies funding options and reduces reliance on domestic borrowing.

# Itemised consent notices are mandatory for data collection

## Digital Personal Data Protection Rules, 2025

The Ministry of Electronics and Information Technology (MeitY) has notified the Digital Personal Data Protection Rules, 2025 (Rules) on November 13, 2025, completing the operational framework of the Digital Personal Data Protection Act, 2023 (Act) that is centered on empowering individuals (data principals) and imposing accountability on organisations (data fiduciaries), thereby transitioning India's privacy ecosystem from fragmented practices to a uniform framework.

### Key highlights

- **Enhanced notice and consent requirements:** Standalone, itemised consent notices must clearly describe the specific data collected, the precise purposes of processing, and the services enabled, and must also provide direct channels for consent withdrawal and exercising user rights.
- **Registration and oversight of consent managers:** Consent managers (entities acting as a bridge between data principals and data fiduciaries) must undergo mandatory registration, maintain a minimum net worth of INR 2 crore, retain consent records for 7 years, and operate under the oversight of the DPB, which may suspend or cancel their registration in case of non-compliance.
- **Security safeguards:** Data fiduciaries are required to implement comprehensive security measures, including encryption, masking, access controls, continuous logging and monitoring, secure data backups, and contractual safeguards with processors, along with a minimum 1-year retention of system logs.
- **Breach notification:** In the event of a personal data breach, data fiduciaries must immediately inform affected individuals and promptly notify the DPB, followed by a detailed breach report within 72 hours outlining the incident, impact, and mitigation steps.
- **Data erasure and retention:** Specified classes of data fiduciaries must erase personal data after the prescribed period of user inactivity, issue a 48-hour prior notice before erasure, and maintain logs and traffic data for at least 1 year to meet audit and security requirements.
- **Significant Data Fiduciaries (SDFs):** SDFs must conduct annual Data Protection Impact Assessments (DPIAs), undergo independent audits, verify the adequacy of technical and organisational safeguards, and comply with restrictions on cross-border transfers of notified categories of data.
- **Child and guardian consent:** Processing children's personal data requires verifiable parental consent, and similar verification is required from lawful guardians when processing the data of persons with disabilities, in accordance with applicable guardianship laws.
- **Strengthened user rights and redress:** Data fiduciaries must provide clear and accessible mechanisms for individuals to exercise their statutory rights, with grievance redressal timelines capped at 90 days, and allow users to nominate authorised representatives for exercising such rights.
- **Phased implementation:** While definitions and administrative provisions take effect immediately, the obligations for consent managers become effective after 12 months, and the majority of operational requirements under the Rules will apply after 18 months from the date of notification.
- **Grievance:** The DPB is now operational with a digital process for filing and tracking complaints, with appeals directed to the Telecom Disputes Settlement and Appellate Tribunal (TDSAT).

### Challenges and scope for clarifications

- Organisations are likely to face substantive implementation challenges, including the scale of technical upgrades required for consent management, security safeguards, and governance processes.
- Questions remain around specific verification mechanisms, localisation expectations, and the operational capacity of the DPB during the initial stages.
- Smaller entities may also face disproportionate compliance burdens.
- Industry engagement and transitional templates from MeitY would support smoother adoption and consistent implementation.

The notification of the Rules is a pivotal milestone in operationalising India's modern privacy regime. The framework successfully balances robust user protection founded on explicit consent, security safeguards, and enforceable rights with a pragmatic 18-month transition period that accounts for market readiness. The creation of a digital-first DPB and the structured consent manager ecosystem will materially strengthen user trust and data governance standards. While the regulatory architecture is robust, organisations are at varying stages of readiness, and many continue to update legacy systems similar to the early compliance curve observed under the General Data Protection Regulation, 2018 (GDPR).

## SEBI revises Related Party Transactions compliance framework

### SEBI (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2025

In implementation of its consultation paper recommendations issued in [August 2025](#), on November 18, 2025, the Securities and Exchange Board of India (SEBI) introduced a series of substantive amendments to its Listing Obligations and Disclosure Requirements Regulations, 2015 ([LODR Regulations](#)), impacting the scope and compliance pertaining to Related Party Transactions (RPTs).

#### Key changes

- **Scale-based materiality thresholds:** The current materiality threshold for RPTs – INR 1000 crore or 10% of a listed entity's annual consolidated turnover, whichever is lower – has been replaced by a turnover-linked threshold mechanism, aimed at reducing unnecessary shareholder approvals:

Turnover (annual consolidated) (INR)	Materiality threshold
Up to 20,000 crore	10% of turnover
20,000 to 40,000 crore	INR 2,000 crore + 5% of turnover above INR 20,000 crore
Above 40,000 crore	INR 3,000 crore + 2.5% of turnover above INR 40,000 crore; subject to a cap of INR 5,000 crore

- **Clarification on exemptions from the definition of RPTs:** The retail purchase exemption under the proviso to Regulation 2(1)(zc) will now be limited to directors, Key Managerial Personnel (KMPs), and their relatives, subject to uniform terms and no business relationship, explicitly excluding employees, as they are not classified as related parties.
- **Payment modes:** The provisos to Regulation 12, providing for payment of dividend, interest, redemption, or repayment by 'payable-at-par' warrants or cheques in lieu of the methods of payment listed in Schedule I, have been removed.
- **Disclosure requirements under Regulations 53 and 58 of LODR Regulations:** In addition to the disclosures listed under Regulation 53 and the Companies Act, 2013, the annual report must also contain disclosures as specified in the statute under which the company has been constituted. A web-link including the exact path where complete details of the annual report are available must also be shared with the holders of non-convertible securities under Regulation 58.

## RBI approval is not required for enforcing damages awarded in a cross-border commercial investment dispute

### GPE (India) Ltd v. Twarit Consultancy Services Pvt Ltd

In a significant development, the Supreme Court of India held that prior approval by the Reserve Bank of India (RBI) is not required when enforcing damages awarded for breach of contractual obligations involving non-resident parties, removing a major procedural hurdle in the dispute resolution framework underlying cross-border commercial investment.<sup>1</sup>

Two Mauritius-based companies and an Indian trustee of a Securities and Exchange Board of India (SEBI)-registered venture capital fund (Petitioners) had invested in Haldia Coke and Chemicals Pvt Ltd, holding both equity shares and compulsorily convertible and optionally convertible preference shares, through Share Subscription and Shareholders Agreement (SSHAs) executed in 2010. Through negotiations in 2015, the parties entered into Share Purchase Agreements (SPAs) under which the Respondents agreed to buy back the shares for a total consideration of approximately INR 200 crore payable in 14 tranches.

The Respondents defaulted in payment, constraining the Petitioners to initiate arbitration proceedings, resulting in an award of approximately INR 195 crore in damages in their favour. Enforcement was sought before the Madras High Court, and thereafter the Supreme Court of India.

The primary issue before the Court was whether a prior RBI approval is required for enforcing damages awarded for breach of contractual obligations under SPAs involving non-residents.

The Supreme Court clarified that the arbitral award did not involve a guaranteed return mechanism under the contract and instead awarded compensation for the breach of contractual obligations by the Respondents under the transaction documents. Such compensation was fundamentally different from capital account transactions as contemplated under FEMA regulations. This reasoning was supported by RBI's affidavit-in-reply, which clarified that damages awarded for a breach of contractual obligations represent current account transactions and therefore, do not require prior RBI approval.

Downside protection features are a standard element in investment agreements, typically taking the form of put options or return-linked guarantees. These mechanisms serve two purposes: they offer investors a safeguard when exits through an IPO or sale do not materialise; and they motivate the promoter group to meet agreed valuation or performance targets.

Because the RBI prohibits guaranteed exits for foreign investors, parties have increasingly relied on structuring put-option payouts as arbitral awards, which enables them to proceed without needing prior RBI approval. The Supreme Court's definitive ruling carries wide-ranging commercial and strategic implications as it effectively removes a key procedural hurdle to the swift enforcement of foreign arbitral awards, and significantly reinforces India's position as a friendly jurisdiction for cross-border commercial investment.

<sup>1</sup> GPE (India) Ltd v. Twarit Consultancy Services Pvt Ltd, Special Leave Petition (Civil) No. 6856 of 2023

# IBBI allows Resolution Professionals to seek restitution of PMLA-attached assets

## Undertaking by RP formulated by IBBI in consultation with the ED

In a significant step towards harmonising the Insolvency and Bankruptcy Code, 2016 ([Code](#)) with the Prevention of Money Laundering Act, 2002 ([PMLA](#)), reducing conflict between parallel proceedings and strengthening the Resolution Professional's ([RP](#)) ability to preserve and maximise the corporate debtor's asset base, the Insolvency and Bankruptcy Board of India ([IBBI](#)) recently issued a circular clarifying that RPs can approach the Special Court under Sections 8(7) or 8(8) of the PMLA for restitution of assets attached by the Enforcement Directorate ([ED](#)).

### Salient features

- [Recognition of RP's right to seek restoration](#): RPs may file applications for the release of assets attached or seized under PMLA.
- [Standard undertaking for expedited disposal](#): With a view to facilitating expeditious disposal of restitution applications, the IBBI, in consultation with the ED, has formulated a standard undertaking to be submitted by the RP along with the restitution application, detailing the usage, disclosures, and reporting obligations concerning the restituted assets.
- [Focus on governance and accountability](#): The undertaking prescribes safeguards to prevent misuse of released assets, ensures transparency during insolvency/liquidation, and strengthens coordination between RPs and the ED.
- [Bar on transfer of assets to erstwhile management](#): Restituted assets will not be directly or indirectly sold or transferred to, or utilised for the benefit of any person covered under Section 32A(2)(i) or (ii) of the Code (promoters, management, persons in control of the corporate debtor, or any persons accused in a crime involving the corporate debtor). This is applicable only when the promoter is ineligible under Section 29A of the Code, which sets out the eligibility criteria for submission of a resolution plan.
- [Cooperation with the ED](#): The RP must provide the details of Preferential, Undervalued, Fraudulent, or Extortionate ([PUFE](#)) transactions as identified; the constitution and voting share of the Committee of Creditors; and the successful resolution applicant/successful bidder, including relevant orders by the National Company Law Tribunal.
- [Quarterly reporting obligations](#): From the date of restitution until plan approval/rejection, the RP must submit quarterly reports to the Special Court detailing the status of restituted assets, usage or monetisation, beneficiaries of any distribution, and details of any sale/transfer.

By expressly empowering RPs to seek restitution of attached assets and by introducing a standard undertaking vetted in consultation with the ED, the circular provides procedural clarity, predictability, and efficiency, all of which are crucial for preserving value in stressed companies. The requirement of a detailed undertaking strikes a pragmatic balance: it reassures enforcement agencies that restituted assets will not be misused or diverted, while ensuring that resolution and liquidation processes are not stalled due to prolonged attachments. The safeguards on usage, quarterly reporting, mandatory disclosures, and document sharing create a transparent mechanism that supports both objectives: asset protection under the PMLA and value maximisation under the Code. It is expected to reduce litigation uncertainty and protect asset value, enabling more viable resolution plans.

# Renewable-Energy Implementing Agencies to directly sign PPAs with developers

## Ministry of Power addresses the issue of stranded solar and wind projects

On November 4, 2025, the Ministry of Power issued a directive to its Renewable Energy Implementing Agencies (REIAs) to address the approximately 50 GW of stranded solar and wind capacity. Despite being awarded, such projects have remained stalled owing to delays in transmission infrastructure, regulatory hurdles, and the absence of signed Power Purchase Agreements (PPAs) and Power Sale Agreements (PSAs) with state discoms.

### Key features

- **Empowering REIAs for direct procurement:** REIAs are empowered to directly sign PPAs with developers without prior PSA arrangements with discoms. This is intended to remove systemic bottlenecks and to grant developers more contractual certainty. Where procurement is still not viable, REIAs are ordered to cancel Letters of Awards (LoAs) that have not been executed within 12 months of the date of issue. The Solar Energy Corporation of India Ltd (SECI) has already started implementing this policy of selective cancellations. Yet experts say this kind of direct procurement would require judicious allocation of contractual risks and may result in renegotiation or disputes between developers and state utilities.
- **No blanket cancellations:** Following the directive, the Ministry of New and Renewable Energy (MNRE) has clarified that there will not be any blanket cancellation of projects where PSAs remain unsigned. Instead, a case-by-case examination will be conducted to factor in aspects like grid readiness, transmission capacity, tariff competitiveness, and the expected timeline for connectivity. Those projects that have very minimal chances of securing PSAs shall be shortlisted for cancellation, while viable projects will continue to enjoy government support. The 'green shoe option', previously allowing the procurement of extra capacity at the same tariff, has also been dropped to streamline future bidding rounds.

### Impacts/benefits

- Revitalisation of stalled renewable capacity and supports India's targets of 500 GW non-fossil capacity by 2030 and net-zero by 2070.
- Reformation of the procurement framework by empowering REIAs and using selective cancellations.
- Preservation of viable projects through differentiated, case-by-case scrutiny.
- Promotes greater dynamism, accountability, and financial discipline in the sector.

India's renewable pipeline has grown rapidly, but execution has lagged as discoms, burdened by significant financial stress, have become hesitant to take on older, higher-tariff solar and wind projects. Their shift toward storage-backed and Round-the-Clock power has left a substantial portion of recently tendered capacity without buyers, contributing to large volumes of stranded projects across major REIAs.

Against this backdrop, the Ministry of Power's directive seeks to break the logjam by empowering REIAs and enabling selective cancellations while safeguarding viable projects. This calibrated approach both supports India's long-term energy ambitions and reinforces a more disciplined, accountable procurement framework that better aligns with evolving market and grid realities.

## Buyout price mechanism proposed as an alternative to Renewable Consumption Obligation

### Buyout price to be slightly above the average market rate for RECs

The Central Electricity Regulatory Commission (CERC) has presented a draft framework for easy compliance with India's Renewable Consumption Obligation (RCO) policy, which requires a minimum percentage of power to be sourced from renewable energy resources by all identified electricity consumers, namely, distribution licensees, open access consumers, and captive users. The proposal provides an alternative compliance route in the form of a 'buyout price' mechanism when the consumer is not in a position to comply with their renewable portfolio obligation through direct procurement or by purchasing Renewable Energy Certificate (RECs).

The Ministry of Power's notification dated September 27, 2025, formally established minimum renewable energy consumption targets for each category of consumers up to FY 2029-30, providing 3 distinct options for RCO compliance:

- Consumption of renewable electricity, either directly or through energy storage systems.
- Purchase or self-generation of RECs, including those under virtual power purchase agreements.
- Payment of a buyout price specified by the CERC, as a last-resort mechanism.

Crucially, the Ministry requires that money received from buyout payments be deposited into the Central Energy Conservation Fund, with 75% going to State Energy Conservation Funds for infrastructure initiatives related to the development of specified renewable energy sources and storage capacities.

CERC has also proposed to set the buyout price at 105% of the average market rate for RECs to avoid routine dependence on it, while introducing predictability and transparency into RCO compliance. For FY 2024-25, the price has been fixed at INR 245/MWh, a 5% premium over the weighted average price for RECs at INR 232.84/MWh.

### Key challenges

- The mechanism acts as a compensatory tool rather than as an incentive for renewable generation.
- Absence of clear eligibility criteria or verification mechanisms risks the lack of genuine efforts to procure renewable power or RECs.
- Absence of specific guidelines on the utilisation and public reporting of 75% of the buyout funds impairs accountability.

# RBI enhances transparency and efficiency in cross-border inward payments

## Draft circular on guidelines to facilitate faster cross-border inward payments

The Reserve Bank of India (RBI) has proposed significant changes to streamline and accelerate cross-border inward payments, in alignment with its ambitious Payments Vision 2025 and the global G20 roadmap for enhancing cross-border payments, which collectively aim to make these transactions cheaper, faster, more transparent, and accessible.

The current regulatory environment, primarily governed by the Foreign Exchange Management Act 1999 (FEMA), emphasises compliance (Know Your Customer/Anti-Money Laundering) but is now being overlaid with stringent operational efficiency requirements. The draft directly targets the market practice of delayed credit, which has historically been caused by relying on slow, end-of-day Nostro account (domestic bank account held in a foreign currency with a foreign bank to facilitate international transactions) confirmations. This regulatory push accelerates the adoption of modern practices, such as Society for Worldwide Interbank Financial Telecommunication Global Payments Innovation (SWIFT GPI). It aligns India with global efforts to integrate domestic real-time payment systems, ultimately reducing legacy correspondent banking friction.

### Key changes

- **Near real-time Nostro reconciliation:** Banks are mandated to undertake frequent or near real-time reconciliation of Nostro account credits, with intervals not exceeding 30 minutes. This represents a significant shift from traditional, slower end-of-day confirmations, ensuring funds are available for processing quickly.
- **Immediate customer notification:** Banks are required to notify the customer immediately upon receiving the cross-border inward payment message. If received after business hours, the notification must be sent at the start of the next working day.
- **Straight-Through Processing (STP):** Banks are encouraged to put in place an STP for crediting payments to individual resident accounts (subject to risk assessment), reducing manual intervention and processing time.
- **Monitoring and reporting:** The framework introduces mechanisms for transparency and monitoring, requiring banks to track and report delays, enhancing regulatory oversight and accountability.

This circular is a timely step that modernises India's cross-border payments framework and aligns it with the G20 roadmap. Its focus on reducing last-mile delays through near real-time reconciliation and faster customer communication is particularly impactful. The push toward STP balances efficiency with FEMA compliance. Implementation, however, will depend on banks upgrading their systems to address practical challenges in meeting the new operational demands – moving from end-of-day practices to near real-time Nostro reconciliation – and the RBI providing clearer operational guidance, particularly on the technology standards for the 30-minute reconciliation cycle, the definition of 'immediate' customer notification (especially outside business hours), and the expected functionality of digital interfaces for document submission and transaction monitoring.



# SEBI heightens conflict of interest disclosure measures

## Report of the High-Level Committee on conflict of interest, disclosures, and related matters in respect of members and officials of SEBI

A High-Level Committee, constituted by the Securities and Exchange Board of India (SEBI) in March 2025 to examine the current framework and propose enhanced standards of transparency and accountability, recently released its report, including a set of comprehensive measures for strengthening the existing framework, addressing conflicts of interest, enhancing accountability and transparency, and reinforcing ethical standards within SEBI.

After a comprehensive comparison of SEBI's framework against those of leading global regulators, including the US Securities and Exchange Commission (SEC), UK Financial Conduct Authority (FCA), Germany's Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin), Australia's Securities and Investments Commission (ASIC), Monetary Authority of Singapore (MAS), alongside key Indian regulators such as the Reserve Bank of India (RBI), Insurance Regulatory and Development Authority of India (IRDAI), Pension Fund Regulatory and Development Authority (PFRDA), and the International Financial Services Centres Authority (IFSCA), the Committee released the following recommendations:

- **Scope of 'conflict of interest':** While observing the deficiency of the existing definition of 'conflict of interest' as being too generic and allowing subjectivity in interpretation, the Committee culled out 8 classifications – financial (direct and indirect financial interests); relational; professional (prior and post-employment affiliations/negotiations); fiduciary, duty-related (involved in investigative/enforcement actions in the same case); information asymmetry (unpublished price-sensitive information available to key decision makers); gifts, hospitality and prizes; perceived conflict of interest (negative public perception even in the absence of bias) – allowing for a more refined approach without affecting the broad/inclusive scope of the definition.
- **Definition of 'family' and 'relative':**
  - The definition of 'family' should include spouse; dependent children (including adopted children and stepchildren); any person for whom the Board member/employee serves as a legal guardian; and any other person related to, by blood or marriage, to the employee or to his spouse and substantially dependent on such employee.
  - The wider definition of 'relative' under the Companies Act, 2013, may be additionally adopted specifically for disclosure of relationships for management of conflict of interest and recusals.
  - In addition to relatives, close associations, including close friends and professional relationships, should be disclosed where there is an existing or likely conflict-of-interest situation arising in connection with the performance of official duties.
- Investment restrictions would only apply to family members and not to the extended definition of 'relative' or close associates.
- **A multi-tier disclosure regime:** All Board Members and employees should make initial, annual, event-based, and exit disclosures of assets, liabilities, trading activities and family relationships, as well as other professional and relational interests. For senior officials, this includes public disclosure of assets and liabilities.
- **Uniform application of investment restrictions:** Investment and trading restrictions, as applicable for employees under SEBI (Employees' Service) Regulations, 2001, must be applied to the Chairman and Whole-Time Members (WTMs), with an exemption recommended for part-time members. These would extend to the spouse and financially dependent relatives.
- **A robust recusal framework:** The report proposes the development of an automated technology-based system capable of flagging actual, potential, and perceived conflicts of interest based on materiality considerations, from the digital repository of financial and non-financial disclosures; the creation of an Office of Ethics and Compliance, an Oversight Committee, and strengthened channels for public complaints, alongside refresher training for ethical conduct; a secure, confidential and anonymous whistleblower system.
- The Chairman and the WTMs should be brought within the definition of 'insider' for the purpose of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
- Other features include a 3-year lookback period; publication of member recusals in SEBI's annual report, a 2-year post-retirement ban on appearances before or against SEBI; and disclosure of future employment negotiations.

The Committee's comprehensive proposals are likely to address the limitations of SEBI's existing conflict of interest and disclosure framework. The new framework aims to enhance accountability and transparency among SEBI's employees and officials, ultimately reinforcing public trust and confidence in the integrity of the capital markets.



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