

## CAPITAL MARKETS NEWSLETTER: JANUARY 2026



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## A. AMENDMENTS AND REGULATORY CHANGES

### 1. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2026

Securities Exchange Board of India (**SEBI**) issued the [Securities and Exchange Board of India \(Listing Obligations and Disclosure Requirements\) \(Amendment\) Regulations, 2026](#) dated January 20, 2026, (the **Amendment**) to amend the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**SEBI LODR Regulations**).

Key amendments are summarized as follows:

- Regulations 15(1A) and 62C have been amended to enhance the applicability threshold for compliance obligations of listed entities having listed specified securities and non-convertible debt securities, by increasing the threshold from outstanding non-convertible debt securities of ₹ 1,000 crore and above to ₹ 5,000 crore and above. Further, entities that cease to be classified as High Value Debt Listed Entities (**HVDLEs**) pursuant to the revised threshold shall not be subject to the provisions of Regulations 15(1AA) and 62C(1) governing the applicability of other regulations. Other key changes for the HVDLEs includes:
  - requirement of shareholders' approval by way of a special resolution for the appointment or continuation of a non-executive director who has attained the age of 75 years;
  - exclusion of time taken for obtaining regulatory, government or statutory approvals from the three months timelines for regularising the appointment of directors; and
  - exemption of shareholders' approval in cases of directors nominated by financial sector regulators, courts or tribunals, or debenture trustees under subscription agreements.

The Amendment further mandates that vacancies in the committees of the board be filled within three months from the date of arising of such vacancy and that the board recommendations to shareholders shall expressly record the rationale *inter alia*, for their appointment.

- Regulation 39(2) has been amended to read as follows: "*The listed entity shall effect credit of securities pursuant to investor service requests in relation to subdivision, split, consolidation, renewal, exchanges and issuance of duplicate securities on account of loss or old decrepit or worn out certificates in dematerialised form within a period of thirty days from the date of receipt of such request along with relevant documents*". Accordingly, the amended regulation now recognises dematerialised credit as the final step in investor service requests, replacing the earlier requirement of a letter of confirmation.
- Regulation 40(1) has been amended to create a statutory exception to the otherwise mandatory dematerialisation regime. It now excludes the registration of transfer of securities executed prior to April 01, 2019 and held in physical form, subject to conditions specified by SEBI.
- Regulation 61A(3) has been amended to establish a combined framework governing the transfer of unclaimed and unpaid amounts, pertaining to non-convertible securities, lying in escrow accounts. It consolidates and align the regulatory framework by providing that any amount lying unclaimed and unpaid in an escrow account shall be transferred, in the case of companies, to the Investor Education and Protection Fund in accordance with Section 125 of the Companies Act, 2013, as amended (**Companies Act**) thereby removing the earlier condition of the amount remaining unclaimed for a period of seven years for such transfer. However, in the case of listed entities not falling within the definition of a "company," such unclaimed and unpaid amount shall be transferred to SEBI's Investor Protection and Education Fund after seven years from the date of maturity of the non-convertible securities.

## B. CIRCULARS

### 1. SEBI Master Circular for Compliance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 by Listed Entities

SEBI has issued the [SEBI Master Circular for compliance with the provisions of the Securities and Exchange Board of India \(Listing Obligations and Disclosure Requirements\) Regulations, 2015, \(SEBI LODR Regulations\)](#) by listed entities (**Master Circular**). Consolidating all guidance and circulars issued up to December 30, 2025, this Master Circular provides a unified reference for listed entities, market intermediaries, and regulatory stakeholders.

The key takeaways from the Master Circular are highlighted below:

- ***Modification in the disclosure of shareholding pattern:*** The Master Circular has partially modified the format for disclosure of shareholding pattern, as provided in Annexure II to the Master Circular, to include the following:
  - details of non-disposal undertakings (**NDU**), other encumbrances, if any, and total number of shares pledged or otherwise encumbered including NDU;
  - inclusion of ESOPs as part of underlying outstanding convertible securities;
  - details of total number of shares on fully diluted basis; and
  - inclusion of details of promoter and promoter group with “NIL” shareholding in the table providing for statement of showing holding of specified securities by the promoter and promoter group (table II to Annexure II of the Master Circular).
  - quarterly aggregate disclosure of defaults on bank/FI loans and unlisted debt, it no longer being a separate T+7 filing
- ***Updated formats for financial disclosures by listed entities in Integrated Filing (Financial):*** The Master Circular has consolidated the Integrated Filing (Financial) formats for disclosure of quarterly/annual financial results of the listed entities (Annexure 25 to the Master Circular), aligning it with the financial reporting requirements with Schedule III of the Companies Act applicable accounting standards, and the sector-specific regulatory frameworks governing banks and insurance companies. It also stipulates minimum segment disclosure requirements, including segment-wise revenue, results, assets, and liabilities. Additionally, Integrated Filing (Financial) now includes the format of the following:
  - Statement on Impact of Audit Qualifications (**SIAQ**) providing for details of audited vs adjusted figures for turnover, profit, EPS, assets, liabilities, net worth, plus narrative on each qualification, frequency, management estimate of impact, and auditor’s comments.
  - Deviation reports by monitoring agency for the end use of issue proceeds raised by listed entities through public issue, rights issue, preferential issue, QIP, etc. capturing mode of raising funds, amount raised, object-wise allocations, utilisation and deviations/variations, with audit committee and auditor comments.
- ***Disclosures with respect to related party transactions (RPT(s)):*** In addition to unifying the format for RPT disclosures in the Integrated Filing (Financial), the Master Circular has provided legal recognition to the industry standards on “Minimum Information to be provided to the Audit Committee and Shareholders for approval of RPTs (**RPT Industry Standards**) developed by the Industry Standards Forum including ASSOCHAM, CII and FICCI, (**ISF**) in consultation with SEBI. The Master Circular has made it mandatory for the listed entities to disclose the details of its RPTs in line with the RPT Industry Standards to ensure compliance with the relevant provisions of the SEBI LODR

Regulations. It further relaxed the extent of information to be provided to audit committee and shareholders under RPT Industry Standards for consideration of RPTs as provided below:

- For RPTs not exceeding 1% of annual consolidated turnover or ₹10 crore (whichever is lower), aggregated with transactions in previous financial year (including transactions approved by way of ratification), only minimum information as provided in Annexure 13A to Master Circular is required to be disclosed, instead of ISF checklist; and
- For RPTs not exceeding ₹1 crore, the aforesaid disclosure requirement shall not be applicable.

- ***Updates in Business Responsibility and Sustainability Reporting (BRSR) by listed entities:*** The Master Circular has included the concept of BRSR Core identifying certain set of key performance indicators (KPIs)/metrics under 9 ESG attributes for assessment or assurance such as job creation in small towns, open-ness of business, gross wages paid to women etc. Further, intensity ratios based on revenue adjusted for purchasing power parity have been included for better global comparability. The format for assessment of the BRSR Core has been included in Annexure 17A of the Master Circular populated with data and methods guidance. It further recognizes the Industry Standards for BRSR developed by ISF in consultation with SEBI for effective implementation of BRSR Core and mandates the listed entities to follow such standards for disclosure of BRSR core in compliance with SEBI requirements.
- ***Disclosure of material events under Regulation 30:*** The Master Circular has in its Annexure 18 and 18A, updated the disclosure requirements for disclosing material events and has included the mandatory requirement for listed entities to adhere to the industry standards formulated by ISF in consultation with SEBI for effective implementation of the requirement to disclose material events or information under Regulation 30 of the SEBI LODR Regulations. The inclusion highlights that disclosure with respect to pending litigation by listed entities shall also include tax litigations or disputes, including demand notices, penalties, etc., that shall be required to be disclosed under sub-para 8 of Para B based on the materiality criteria provided therein. Listed entities are also mandated to provide quarterly updates on ongoing tax litigation as part of the integrated corporate governance filing in a prescribed table (name of opposing party, initiation date, last disclosed status, current status). Further, Annexure 18A sets out event-wise disclosure timelines—24 hours, 12 hours, within 30 minutes of a board meeting, or within 3 hours of the happening of the event—depending on whether the event arises outside the entity, within the entity, or from a board decision.
- ***Clarification on the position of Compliance Officer:*** Section VI-K added in the Master Circular clarifies the meaning of “one level below the board” mentioned in proviso to Regulation 6(1) of the SEBI LODR Regulations with respect to the position of the compliance officer and provides that the same is one level below the managing director or whole time director of the company and in absence of managing or whole time director, one level below the chief executive officer/manager or any person who is the head of day to day affairs of the company.
- ***Implementation of recommendations by Expert committee:*** The Master Circular, by way of inclusion of section VI-L has introduced changes for incorporating the recommendation provided by expert committee setup for reviewing the SEBI ICDR Regulations and SEBI LODR Regulations for facilitating ease of doing business which includes the following:
  - Inclusion of formats for corporate governance report, financial results, statement of deviation, RPT etc. as part of the new integrated filing;
  - Details of disqualification criteria and prohibited activities for secretarial auditors;
  - Enhanced compliance requirements for disclosure of employee benefits scheme documents in terms of Regulation 46(2)(za) of the SEBI LODR Regulations on the website of the listed entity;

- Introduction of fines for non-compliance with the timelines specified in regulation 31A(3)(a) of the SEBI LODR Regulations for reclassification of promoter / promoter group entity as public;
- Changes to the provisions relating to group governance unit in order to bring in clarity; and
- Annexure 18A of the Master Circular on timelines for disclosure of material events/ information has been updated basis Annexure V of the circular for implementation of recommendations of the expert committee for facilitating ease of doing business for listed entities dated December 31, 2024.

## 2. SEBI Circular on Consequential Requirements Under the SEBI Merchant Bankers Amendment Regulations, 2025

The SEBI has issued a [circular dated January 2, 2026](#) specifying the consequential requirements arising from the SEBI (Merchant Bankers) Amendment Regulations, 2025, notified on December 5, 2025 (**Circular**). The amendments have come into force with effect from January 3, 2026 and is applicable to both applicants seeking registration on or after the effective date and existing registered merchant bankers, subject to phased transition timelines. The Circular sets out revised capital and liquidity requirements, categorisation norms, personnel and governance conditions, activity restrictions and disclosure obligations. Key amendments are summarized as follows:

- **Prohibition on Outsourcing Core Merchant Banking Activities:** Merchant bankers are prohibited from outsourcing core merchant banking activities with effect from the effective date. Existing merchant bankers with open mandates or agreements involving outsourcing of core activities are required to terminate such arrangements within ninety days, i.e., by April 3, 2026.
- **Minimum Revenue Requirement from Permitted Activities:** Merchant bankers are required to generate minimum cumulative revenue from permitted activities under Regulation 13A(1) over the immediately preceding three financial years. The prescribed thresholds are ₹25 crore for Category I merchant bankers and ₹5 crore for Category II merchant bankers. Failure to meet the minimum revenue requirement may result in cancellation of registration under summary proceedings.  
The first assessment of compliance with the minimum revenue requirement will be undertaken from April 1, 2029. Merchant bankers are required to report revenue details annually within three months of the end of each financial year starting from FY 2026–27.
- **Marketing-Only Roles and Disclosure of Interests:** Where a merchant banker or specified connected persons hold equity interests in an issuer beyond the thresholds of 0.1% of the paid up share capital or shares whose nominal value is more than ₹ 10 lakhs, as prescribed under Regulation 21C, the merchant banker is prohibited from acting as lead manager but may be involved solely in marketing the issue. In such cases, the merchant banker is required to disclose the nature and extent of such interests and relationships in the offer document and marketing materials. This requirement applies to public issues filed on or after January 3, 2026.
- **Conditions for Undertaking Non-SEBI Regulated Activities:** Merchant bankers undertaking activities other than permitted activities are required to do so through separate business units on an arm's length basis, with segregation through Chinese walls, separate grievance mechanisms, distinct staffing and separate record-keeping. Prescribed disclosures are required to be made on websites and engagement documents clarifying that such activities are not regulated by SEBI and that SEBI investor protection mechanisms do not apply. Existing merchant bankers are required to implement segregation and disclosures within the timelines specified in the Circular.
- **Limits on Underwriting Obligations:** A new quantitative restriction has been introduced under Regulation 22B(2), under which the total underwriting obligations of a merchant banker may not exceed twenty times its liquid net

worth. Existing merchant bankers are required to comply with this limit within two years from the effective date, i.e., by January 2, 2028. Compliance is required to be certified by a chartered accountant and reported as part of the half-yearly reporting framework.

- **Revised Capital Adequacy and Liquid Net Worth Requirements:** The amendment introduces revised net worth thresholds under Regulation 7 and a new liquid net worth requirement under Regulation 7A. Applicants seeking registration on or after January 3, 2026 are required to comply with both requirements at the time of application. Existing merchant bankers, including applicants who applied prior to January 3, 2026 but granted registration thereafter, are subject to phased compliance.

For Category I merchant bankers, the minimum net worth is prescribed at ₹25 crore by January 2, 2027 and ₹50 crore by January 2, 2028, with corresponding liquid net worth requirements of ₹6.25 crore and ₹12.5 crore. For Category II merchant bankers, the minimum net worth is prescribed at ₹7.5 crore and ₹10 crore for the same phases, with liquid net worth requirements of ₹1.875 crore and ₹2.5 crore, respectively. Merchant bankers are required to certify maintenance of net worth and liquid net worth through chartered accountant certifications submitted as part of half-yearly reports.

- **Mandatory Categorisation as Category I or Category II:** Pursuant to the amended Regulation 3(4), all existing merchant bankers are required to categorise themselves as either Category I or Category II. Existing merchant bankers may continue operating under their current status until January 2, 2027, but must intimate SEBI by that date regarding the category they intend to continue under from January 3, 2027 onwards, along with a chartered accountant-certified confirmation of compliance with the applicable net worth and liquid net worth requirements.

Any existing merchant banker that does not meet the requirements applicable to Category I by the end of the relevant phase is automatically designated as a Category II merchant banker. Where an existing merchant banker fails to meet even the Category II requirements, it is restricted from undertaking permitted activities under Regulation 13A(1).

- **Definition and Computation of Liquid Net Worth:** Liquid net worth is defined as net worth deployed in unencumbered liquid assets, including cash, bank fixed deposits, government securities, specified mutual fund units and listed securities of Nifty 500 companies. The value considered for computation is the book value as recorded on the date of net worth calculation.
- **Personnel Qualifications and Certification Requirements:** The amendment introduces mandatory certification requirements for key personnel of the merchant banker. Employees whose qualifications are relied upon for registration under Regulation 6(b) are required to possess the NISM Series IX Merchant Banking Certification. Existing employees are required to obtain the certification by January 2, 2027, while employees appointed on or after January 3, 2026 must obtain the certification within ninety days of appointment.

Compliance officers are required to possess both the NISM Series IX Merchant Banking Certification and the NISM Series IIIA Securities Intermediaries Compliance (Non-Fund) Certification. Similar timelines apply for existing and newly appointed compliance officers.

- **Independence of the Compliance Officer and Principal Officer Requirements:** The Circular mandates that the compliance officer be separate and independent from the principal officer and other core merchant banking employees. Existing merchant bankers are required to comply with this requirement by April 3, 2026.

The definition of “principal officer” has been substituted to require a minimum of five years’ experience in financial markets. Existing merchant bankers are required to comply with this requirement by January 2, 2027, while new applicants must comply at the time of application.

### 3. SEBI Master Circular for Framework on Social Stock Exchange

SEBI has issued a [Master Circular for Framework on Social Stock Exchange \(SSE\) \(Master Circular\)](#). The Master Circular consolidates all SEBI circulars issued from time to time relating to the framework for the SSE under the relevant provisions of the SEBI ICDR Regulations and the SEBI LODR Regulations. It outlines the requirements for SSEs, specifically Not for Profit Organizations (NPOs), to register, raise funds, and maintain transparency through rigorous disclosure standards. The following is a detailed breakdown of the core components of the Master Circular.

- **Eligibility and registration requirements for NPOs:** For a NPO to register with a SSE, it must meet specific legal, financial, and operational criteria to ensure it is a legitimate entity capable of creating social impact.
  - **Legal form and registration documents:** An NPO must be an Indian entity and must hold a registration certificate valid for at least twelve months from the date of registration application.
  - **Tax-related disclosures:** The NPO must hold valid registration/registration certificate under the Income-tax Act with the certificate valid for at least 12 months on application and should disclose:
    - pending notices, ongoing scrutiny or litigation from tax or other regulatory authorities at time of application;
    - fines or penalties as paid or appealed within 7 days; and
    - whether donations to them qualify for deduction under section 80G of the Income-tax Act.

The NPO must clarify whether investors/donors will obtain tax benefits.

- **Financial and Operational Requirements:** The NPO must have been registered for at least three years and possess a valid Permanent Account Number. Further, in the immediately preceding financial year, the NPO must have a minimum annual spending of ₹ 50 lakhs and have received funding of at least ₹ 10 lakhs.
- **Governance and control disclosure:** The SSE must make full disclosure of governing body composition, any government/private ownership or control and must prove its eligibility as a Social Enterprise by meeting requirements specified under Regulation 292E of the SEBI ICDR Regulations.
- **Fundraising via Zero Coupon Zero Principal (ZCZP) Instruments:** ZCZP instruments are a unique way for NPOs to raise funds without the obligation of paying interest or repaying the principal. The NPO must file a draft fundraising document with the SSE, together with the prescribed fee and an application seeking in-principle approval for listing of the ZCZP. This document must be available on the websites of the exchange and the NPO for at least 21 days for public comments. The stock exchange is required to provide its observations within **30 days** of filing the draft or receipt of clarifications (whichever is later). The NPO must incorporate the observations and file the final document before opening the public issue.
- **Disclosure framework for transparency:** The framework mandates that the draft and final fund raising documents must disclose how the activities of the NPOs align with their constitution, and must also provide: vision; target segment; strategy; governance; management; operations; finance; compliance; credibility documents; social impact (past performance); and risks in order to enable investors/donors to make an informed decision.
- **The Annual Impact Report (AIR):** Every Social Enterprise that has raised funds or is registered on the SSE must submit a duly assessed AIR by October 31 each year or by the ITR due date, whichever is later. The Master Circular specifies that where NPOs are registered without a listed security they may self-report the AIR, but AIRs related to listed instruments require assessment. The AIR must be assessed by Social Impact Assessors and the assessed AIR and the assessor's report must be disclosed together with the AIR.

- **Statement of utilisation of funds:** Listed NPOs must submit a quarterly statement of utilisation of funds to the relevant Stock Exchange, as mandated under Regulation 91F of the SEBI LODR Regulations within 45 days from the end of each quarter.
- **Self-Regulatory Organisations (SROs) for Social impact assessors and qualifying criteria:** A "Social Impact Assessor" is an individual registered with a Self-Regulatory Organisation and who has qualified a certification program conducted by the National Institute of Securities Markets, as per Regulation 292A(f) of SEBI ICDR Regulations. In addition to the Self-Regulatory Organisation administered by the Institute of Chartered Accountants of India, Institute of Cost Accountants of India, and Institute of Company Secretaries of India have been designated as SROs for Social Impact Assessors.
- **Social Stock Exchange Governing Council (SGC):** Every SSE must constitute a SGC in accordance with Regulation 292D of SEBI ICDR Regulations representing philanthropic and social sector donors (public/private); non-profit organisations; information repositories; social impact investors; social audit profession / self-regulatory organisation for social auditors; capacity building fund representation; stock exchange representative. The SGC must be supported by administrative staff from the SSE and are required to provide expertise and guidance for development, governance, and growth of listing/ registration of SSE, oversee listing processes and recommend onboarding procedures for social enterprises, provide guidance on adequacy of disclosures and, systems to ensure disclosure quality and review functioning of SSE and summarize stakeholder feedback. The stock exchange board prescribes procedural matters including frequency (four per financial year), quorum and conflict of interest guidelines.

We hope you have found this information useful. For any queries/clarifications please write to us at [insights@elp-in.com](mailto:insights@elp-in.com) or write to our authors:

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