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REGULATORY UPDATES

April 2026

REGULATORY LEGAL UPDATES

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NOTABLE REGULATIONS APRIL 2026

SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI)

1. One-time relaxation with respect to validity of SEBI Observations { [Click Here](#) }

Circular Number: HO/49/11/11(123)2026-CFD-RAC-DIL2/I/8760/2026

Date of Issue: April 07, 2026

Issuing Authority: Securities and Exchange Board of India (SEBI)

Background

Under Regulations 44(1) and 59C of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, a public issue may be opened within twelve months and eighteen months respectively from the date of issuance of SEBI observations. SEBI received representations from the industry body highlighting difficulties faced by issuers in mobilizing resources and accessing capital markets due to ongoing geopolitical tensions in the Middle East. These conditions have led issuers to defer, recalibrate, or withdraw issuance plans, resulting in lapses in observation letter validity and duplication of regulatory processes.

Key Decision

SEBI has decided to grant a one-time relaxation by extending the validity of SEBI Observation Letters expiring between April 1, 2026 and September 30, 2026 until September 30, 2026. This extension is subject to an undertaking from the Lead Manager to the issue, confirming compliance with Schedule XVI of the ICDR Regulations while submitting the updated offer document to SEBI.

Effective Date

The circular explicitly states that it shall come into force with immediate effect, meaning that the relaxation applies instantly from the date of issuance, i.e., April 07, 2026, without any transitional period or further notification. Issuers whose observation letters fall within the specified window can rely on this relaxation from the very moment the circular was published.

2. Relaxation from the applicability of SEBI Master Circular for compliance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on non-compliance with the Minimum Public Shareholding (MPS) requirements { [Click Here](#) }

Circular Number: HO/49/14/14(13)2026-CFD-POD2/I/8772/2026

Date of Issue: April 07, 2026

Issuing Authority: Securities and Exchange Board of India (SEBI)

Master Circular Reference

The SEBI Master Circular dated July 11, 2023 prescribes the procedure to be followed by recognized stock exchanges and depositories in respect of listed entities not complying with MPS requirements. These procedures include levy of fines, freezing of promoter shareholding, and other consequential actions.

Industry Representation

SEBI received representation from an industry body highlighting difficulties faced by listed entities in achieving compliance with MPS requirements, primarily due to capital market volatility arising from ongoing geopolitical tensions in the Middle East.

Key Decision

Considering the representation and prevailing market conditions, SEBI has granted a one-time relaxation from the applicability of penal provisions under the Master Circular for listed entities whose due date for compliance with MPS requirements falls between April 1, 2026 and September 30, 2026. Recognized stock exchanges and depositories are advised not to take any penal action against such entities for non-compliance during this period. Further, any penal actions already initiated for non-compliance with MPS requirements during the period from April 1, 2026 till date are to be withdrawn.

Effective Date

The circular shall be applicable with immediate effect, meaning the relaxation takes effect from April 07, 2026 without delay.

Directions to Stock Exchanges

Stock exchanges are advised to:

Bring the provisions of this circular to the notice of all listed entities and disseminate the same on their websites.

Make amendments to relevant bye-laws, rules, and regulations for implementation of the terms of this circular, if necessary.

3. Ease of doing business – mechanism for lock-in of pledged shares under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 [{Click Here}](#)

Circular Number: HO/49/(17)2026-CFD-POD2/I/8965/2026

Date of Issue: April 08, 2026

Issuing Authority: Securities and Exchange Board of India (SEBI)

Amendment Notification

SEBI, vide notification dated March 21, 2026, amended the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“ICDR Regulations”) to provide that specified securities on which lock-in cannot be created may be recorded as “non-transferable” by Depositories for the duration of the applicable lock-in period.

Operational Framework

To operationalise this amendment, Depositories have issued a framework to be followed by issuers. This framework includes incorporation of suitable provisions in the Articles of Association, issuance of necessary intimations to concerned lenders/pledgees, and suitable disclosures in the offer documents.

System Changes

Depositories have made necessary changes to their systems and processes to enable compliance with the mechanism.

Compliance Requirement

Stock Exchanges, Depositories, Merchant Bankers, and issuers are required to ensure compliance with the mechanism for lock-in of pledged shares as prescribed.

4. Review of SSE Registration and Minimum Subscription Requirements [{Click Here}](#)

Circular Details:

Circular Number: HO/49/14/(10)2026-CFD-POD1/I/9380/2026

Date of Issue: April 15, 2026

Issuing Authority: Securities and Exchange Board of India (SEBI)

Objective

To promote the Social Stock Exchange (SSE), facilitate ease of fundraising, and encourage greater participation by Not for Profit Organizations (NPOs), SEBI in consultation with the Social Stock Exchange Advisory Committee (SSEAC) undertook a review and recommended changes under the SSE framework.

Key Recommendations

Extension of Registration Period: The period of registration for Not for Profit Organizations has been extended from two years to three years without undertaking fundraising through SSE.

Reduction in Minimum Subscription Requirement: The minimum subscription requirement for issuance of ZCZP has been reduced from 75% to 50%. This relaxation is subject to the Social Stock Exchange undertaking due diligence before granting in-principle

approval, ensuring that funds raised can be deployed meaningfully in alignment with the disclosed objectives.

Modifications to Master Circular (January 19, 2026)

Insertion of New Para 1.1.2: A Not for Profit Organization may register on a Social Stock Exchange and not raise funds through it for a period of two years from the date of registration. This period may be extended by one additional year subject to approval by the Social Stock Exchange.

Modification of Para 1.4.5: The minimum subscription required shall be 75% of the funds proposed to be raised through issuance of ZCZP. However, it shall be 50% where funds raised can be deployed in alignment with the disclosed objectives, ensuring project viability. The Social Stock Exchange must undertake due diligence before granting in-principle approval for such partial fundraising.

Modification of Para 1.4.6: In case of under-subscription, the NPO must provide details in the fundraising document regarding:

The manner of raising balance capital if minimum subscription achieved is 75% or 50%.

The possible impact on achieving social objectives if under-subscription is not arranged.

Funds shall be refunded if the minimum subscription is not achieved.

RESERVE BANK OF INDIA (RBI)

1. RBI releases Circular on Guidelines to facilitate faster cross-border inward payments

[Click here](#)

Circular Number: 2026-2027/56

Date of Issue: April 09, 2026

Issuing Authority: Reserve Bank of India (RBI)- Department of Communication, Central Office, Mumbai

Background

The Reserve Bank of India had previously issued a draft circular on the subject of cross-border inward payments on October 29, 2025, inviting feedback from stakeholders. Upon receipt of stakeholder responses, the RBI examined the feedback and incorporated consequent modifications into the final circular. A statement on the major feedback received on the draft circular has been provided as an Annex to the circular. The underlying objective of this initiative is to address certain frictions that have been identified in the processing of inward cross-border payments.

Key Decision

The RBI has issued final guidelines aimed at facilitating faster cross-border inward payments. The circular is specifically intended to ensure timely intimation of payment information to beneficiaries and to enable prompt crediting of funds to the beneficiary's account, thereby streamlining the end-to-end inward remittance process for recipients in India.

Effective Date

The circular was issued on April 09, 2026. No separate deferred implementation date has been indicated in the press release, suggesting the guidelines are intended to take effect from the date of issuance. Regulated entities and payment system participants are expected to align their processes accordingly upon publication of the final circular.

2. RBI issues Directions on Asset Classification, Provisioning, and Income Recognition for Commercial Banks [Click here](#)

Circular Number: RBI/2026-27/398

Date of Issue: April 27, 2026

Issuing Authority: Reserve Bank of India (RBI)- Department of Communication, Central Office, Mumbai

Background

The Reserve Bank of India had, on October 07, 2025, issued the draft Reserve Bank of India (Commercial Banks Asset Classification, Provisioning and Income Recognition) Directions, 2025, inviting feedback from stakeholders. The feedback received on the draft Directions was examined and consequent modifications, as deemed appropriate, were suitably incorporated in the final Directions. A statement on the feedback received on the draft Directions has been provided as an Annex to the circular.

Key Decision

The Reserve Bank of India has issued the final Directions on Asset Classification, Provisioning, and Income Recognition for Commercial Banks. Consequentially, 13 Amendment Directions and one Repeal Direction have also been issued, covering the following areas:

- **Resolution of Stressed Assets:** Amendments to the existing framework governing identification, classification, and resolution of stressed assets held by commercial banks, aligning the resolution mechanism with the revised asset classification norms.

- **Concentration Risk Management (Second Amendment):** Revised prudential limits and monitoring requirements for concentration of credit exposures, aimed at preventing over-exposure to single borrowers, groups, or sectors in light of the updated classification standards.
- **Classification, Valuation, and Operation of Investment Portfolio:** Consequential amendments to the investment portfolio framework to ensure consistency in classification and valuation methodology with the revised asset classification and income recognition norms.
- **Credit Risk Management (Second Amendment):** Updates to the credit risk management framework for commercial banks, incorporating revised norms for identification and measurement of credit risk in alignment with the new provisioning and classification Directions.
- **Credit Cards and Debit Cards- Issuance and Conduct:** Amendments to the conduct framework for card-based credit facilities, particularly with respect to income recognition and asset classification norms applicable to credit card receivables and delinquent accounts.
- **Asset Liability Management:** Consequential modifications to the Asset Liability Management framework to reflect revised treatment of non-performing and stressed assets in the context of liquidity and interest rate risk management.
- **Credit Facilities (Second Amendment):** Amendments governing the terms, conditions, and prudential treatment of credit facilities extended by commercial banks, updated to align with the revised provisioning and classification requirements.
- **Non-Operative Financial Holding Companies:** Amendments applicable to Non-Operative Financial Holding Companies (NOFHCs), ensuring that their regulated entity subsidiaries adhere to the revised asset classification, provisioning, and income recognition norms.
- **Financial Statements Presentation and Disclosures (Seventh Amendment):** Revised disclosure and presentation requirements for financial statements of commercial banks, updated to reflect the new classification categories, provisioning levels, and income recognition standards prescribed under the final Directions.

- **Urban Cooperative Banks- Resolution of Stressed Assets:** Extension of consequential amendments to Urban Cooperative Banks in the context of stressed asset resolution, ensuring regulatory consistency across the banking sector.
- **Transfer and Distribution of Credit Risk:** Amendments to the framework governing securitization, credit default swaps, and other credit risk transfer mechanisms, updated to align with the revised asset classification and provisioning norms.
- **Treatment of Willful Defaulters and Large Defaulters:** Revised provisions governing the identification, reporting, and regulatory treatment of willful defaulters and large defaulters in light of the updated asset classification framework.
- **Prudential Norms on Capital Adequacy (Fourth Amendment):** Amendments to capital adequacy requirements, including revised risk weights and capital charge computations consequent to changes in asset classification and provisioning norms, ensuring continued alignment with Basel III standards.
- **Repeal of Existing IRAC Directions:** The Reserve Bank of India (Commercial Banks Income Recognition, Asset Classification and Provisioning) Directions, currently in force, shall stand repealed upon the coming into effect of the new consolidated Directions, thereby consolidating and replacing the existing fragmented regulatory framework with a comprehensive and updated set of norms. It has further been noted that the Directions on Asset Classification, Provisioning, and Income Recognition for All India Financial Institutions shall be issued separately.

Effective Date:

These Directions shall come into effect from April 01, 2027, providing commercial banks and other regulated entities a transition period of approximately eleven months from the date of issuance to align their systems, processes, and internal frameworks with the revised requirements.

3. RBI launches Mission SAKSHAM (SAHKARI BANK KSHAMTA NIRMAN) for Capacity Building of the Urban Co-operative Banking (UCB) Sector ([Click here](#))

Circular Number: 2026-2027/161

Date of Issue: April 28, 2026

Issuing Authority: Reserve Bank of India (RBI)- Department of Communication, Central Office, Mumbai

Background

The Reserve Bank of India has been taking various regulatory and supervisory measures to support the Urban Cooperative Banking (UCB) Sector over the years. In continuation of these ongoing efforts, the Governor of the Reserve Bank of India formally launched Mission SAKSHAM a mission-mode, sector-wide, all-India capacity-building training initiative specifically designed for Urban Cooperative Banks. The Mission has been designed in consultation with the Umbrella Organisation of UCBs and the National/State Cooperative Federations, ensuring that the initiative is grounded in a collaborative and inclusive framework.

Key Discussion

Under Mission SAKSHAM ("सक्षम" meaning to make capable/competent), the Reserve Bank of India has announced a large-scale structured training program encompassing both in-person sessions and e-learning courses, targeting approximately **1.40 lakh participants** across the UCB sector. The Mission covers a wide spectrum of target groups, including:

- **Board Members:** Strengthening governance capabilities and strategic oversight at the highest decision-making level within UCBs.
- **Senior Management:** Enhancing leadership, risk awareness, and operational decision-making skills to improve overall institutional management.
- **Heads of Risk, Compliance and Audit Functions:** Building specialized competence in risk identification, regulatory compliance, and internal audit practices to reinforce the three lines of defense framework within UCBs.
- **IT Function Employees and Other Critical Areas:** Upskilling personnel handling information technology and other operationally critical functions, with a view to strengthening cybersecurity resilience, digital banking capabilities, and overall technological readiness of the UCB sector.

To ensure maximum reach and accessibility, the Reserve Bank shall endeavor to deliver training content in **regional languages** to the extent feasible, thereby making the initiative inclusive for UCB staff across different linguistic regions of the country.

The Mission is expected to achieve the following broader outcomes:

- Enhancement of managerial and operational capabilities across UCBs.

- Improvement in the compliance culture within the UCB sector.
- Strengthening of institutional resilience and governance standards.
- Establishment of a **sustainable, self-reinforcing ecosystem for continuous learning**, contributing to systemic stability and the healthy growth and development of the UCB sector.

Effective Date

Mission SAKSHAM was formally launched on **April 28, 2026**, the date of issuance of the Press Release, by the Governor of the Reserve Bank of India. The training programmes under the Mission are intended to be rolled out progressively across the country, with no specific end date mentioned, reflecting the long-term and continuous nature of the capacity-building initiative.