

CORPORATE & COMMERCIAL

UPDATES

Regulatory Updates

Aug-Sep 2026

1. RESERVE BANK OF INDIA UPDATES

Temporary Relaxation in Interest Rates on NRE and FCNR(B) Deposits Brought to an Early Close

The Reserve Bank of India (“RBI”) has brought forward the expiry of the temporary relaxation in interest rates payable on certain Non-Resident External (“NRE”) and Foreign Currency Non-Resident (Bank) (“FCNR(B)”) deposits from September 30, 2026 to August 31, 2026.

The change has been implemented through six separate amendment directions applicable to Commercial Banks, Small Finance Banks, Regional Rural Banks, Local Area Banks, Urban Co-operative Banks and Rural Co-operative Banks. The amendments replace the reference to September 30, 2026 with August 31, 2026 in the relevant provisions governing NRE and FCNR(B) deposits. Accordingly, the relaxed interest-rate regime applies only to eligible deposits contracted or renewed on or before August 31, 2026. From September 1, 2026, the normal interest-rate ceilings applicable to fresh and renewed NRE and FCNR(B) deposits will apply.

Banks should accordingly review their interest-rate cards, deposit booking systems, renewal instructions and customer-facing communications to ensure that the revised deadline is reflected across all channels.

CRR and SLR Exemption for Specified NRE and FCNR(B) Deposits Brought to an Early Close

RBI has also brought forward the expiry of the temporary exemption from maintenance of Cash Reserve Ratio (“CRR”) and Statutory Liquidity Ratio (“SLR”) in respect of specified fresh NRE and FCNR(B) deposits from September 30, 2026 to August 31, 2026.

The amendment applies to Commercial Banks, Small Finance Banks, Regional Rural Banks, Urban Co-operative Banks and Rural Co-operative Banks. The relevant amendment directions replace September 30, 2026 with August 31, 2026 in the provisions relating to the exemption.

Consequently, only eligible deposits mobilised or renewed on or before August 31, 2026 will qualify for the exemption. From September 1, 2026, fresh and renewed deposits falling within the relevant categories will be subject to the applicable CRR and SLR requirements.

Banks should review their reserve-computation processes, deposit classification and renewal instructions to ensure that deposits accepted or renewed from September 1, 2026 are treated in accordance with the applicable CRR and SLR framework. Internal and customer-facing material referring to September 30, 2026 should also be updated.

Revised Concentration Risk Framework for Upper Layer IDF-NBFCs

RBI has amended the concentration risk framework applicable to Infrastructure Debt Fund – Non-Banking Financial Companies (“IDF-NBFCs”) classified in the Upper Layer of the scale-based regulatory structure.

The Reserve Bank of India (Non-Banking Financial Companies - Concentration Risk Management) Fourth Amendment Directions, 2026 introduce a new paragraph 39A, under which an Upper Layer IDF-NBFC will be subject to the large exposure limits applicable to an NBFC-Infrastructure Finance Company (“NBFC-IFC”), instead of the standard concentration limits applicable to Upper Layer NBFCs.

The amendment provides greater exposure headroom for affected IDF-NBFCs, subject to the limits applicable to NBFC-IFCs. IDF-NBFCs that are not in the Upper Layer, as well as other categories of NBFCs, are not affected by this amendment.

Affected entities should review their internal exposure limits, risk-management policies, monitoring systems and Board-approved risk appetite statements to align them with the revised framework.

UCBs Permitted to Acquire Equity in IDPIC for Membership

RBI has amended the investment-portfolio framework applicable to Urban Co-operative Banks (“UCBs”) to expressly permit UCBs to acquire equity shares in the Indian Digital Payment Intelligence Corporation (“IDPIC”) for acquiring membership.

The Reserve Bank of India (Urban Co-operative Banks - Classification, Valuation and Operation of Investment Portfolio) Second Amendment Directions, 2026 amend the provisions relating to permitted equity investments. The amendment specifically includes equity shares of IDPIC for acquiring membership and also recognises such investments in the provision governing specified equity acquisitions necessary for membership.

The amendment provides regulatory clarity for

UCBs seeking to participate in IDPIC. UCBs considering such participation should assess the proposed investment against their investment policies, governance framework and other applicable regulatory requirements.

RBI Dispenses with Specified Reporting Requirements Relating to Accounts of Non-Resident Banks

RBI has rationalised certain reporting requirements applicable to Authorised Dealer Category-I (“AD Category-I”) banks in relation to accounts maintained for non-resident banks.

Through A.P. (DIR Series) Circular No. 20 dated September 2, 2026, RBI has dispensed with two periodic reporting requirements relating to: (i) furnishing an annual list of offices and branches maintaining Rupee accounts of non-resident banks; and (ii) reporting specified temporary overdrawals by overseas branches or correspondents where such overdrawals remained unadjusted beyond the prescribed period.

The change reduces the specified reporting requirements for AD Category-I banks. Banks should accordingly update their FEMA reporting calendars, compliance matrices and related workflows while continuing to comply with the other applicable requirements governing accounts of non-resident banks.

2. MINISTRY OF CORPORATE AFFAIRS (MCA) UPDATES

Companies Compliance Facilitation Scheme, 2026 Extended to September 15, 2026

The Ministry of Corporate Affairs (“MCA”) has further extended the validity of the Companies Compliance Facilitation Scheme, 2026 (“CCFS-2026”) up to September 15, 2026 through General Circular No. 04/2026 dated August 31, 2026.

CCFS-2026 was introduced through General Circular No. 01/2026 dated February 24, 2026 and was initially operational until July 15, 2026. Its

validity was subsequently extended to August 31, 2026 through General Circular No. 03/2026 dated July 8, 2026. The latest circular further extends the Scheme until September 15, 2026, with all other terms and conditions remaining unchanged.

Companies eligible to avail themselves of the Scheme should review their pending statutory filings and complete the relevant compliance requirements within the extended period. The extension does not alter the underlying statutory filing obligations beyond the terms expressly provided under CCFS-2026.

3. SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) UPDATES

Timeline Extended for Angel Funds to Comply with Accredited Investor Mandate

SEBI has extended the timeline for existing Angel Funds to comply with the Accredited Investor mandate under the regulatory framework governing Alternative Investment Funds (“AIFs”).

Angel Funds registered with SEBI on or before September 10, 2025 will now have until March 31, 2027 to implement the Accredited Investor mandate. During the extended transition period, such funds will continue to be subject to the applicable restriction on offering investment opportunities to more than 200 non-Accredited Investors. Contributions from non-Accredited Investors for investment in an investee company cannot be accepted after March 31, 2027.

The amendment extends the transition timeline without changing the underlying regulatory objective. Existing Angel Funds should use the extended period to review their investor base, assess accreditation status and update their investor onboarding, subscription and fund documentation processes as required.

Investor Group Disclosure Requirements Relaxed for FPIs Investing Exclusively in Government Securities

SEBI has relaxed certain investor-group disclosure requirements applicable to Foreign Portfolio Investors (“FPIs”) investing exclusively in Government Securities.

The circular removes the requirement for such FPIs to furnish investor-group details, extending the relaxation previously applicable to FPIs investing exclusively in Government Securities through the Fully Accessible Route (“FAR”).

The revised provision applies to FPIs investing exclusively in Government Securities irrespective of the route through which such investments are made. The relaxation is limited to FPIs investing only in Government Securities and does not extend to FPIs holding other securities.

Depositories, Custodians and Designated Depository Participants (“DDPs”) are required to make the necessary system changes. FPIs and their intermediaries should assess the composition of each portfolio before applying the relaxation.

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