



Revised Framework for Monetary Penalty & Compounding of Offences under the Payment and Settlement Systems Act, 2007 – 30.01.2025

The Reserve Bank of India (RBI) has laid down a structured framework for imposing monetary penalties and compounding of contraventions under the Payment and Settlement Systems Act, 2007 (PSS Act). As per Section 26 of the PSS Act, the contraventions include operating a payment system without authorization, providing false statements or omitting material facts, failure to submit required documents, statements, or returns, disclosing prohibited information and non-compliance with RBI's directions, including KYC/AML norms, escrow account maintenance, and net worth requirements. It also lays down the process of compounding and imposing penalties and stipulates RBI's power in doing so. It also lays down the criteria for enforcement action, disclosure of penalties in Annual Financial Statements and the consequences of non-payment of penalties. The framework strengthens RBI's enforcement of the PSS Act ensuring greater compliance from banks and payment operators. It introduces higher penalties, a structured approach for compounding offences, and mandatory public disclosures to enhance regulatory transparency.

Read the Revised Framework [here](#).

NEWSLETTER

January 2025 Issue



IBBI Amends Liquidation Regulations – 28.01.2025

The Insolvency and Bankruptcy Board of India (IBBI) has introduced the Liquidation Process (Amendment) Regulations, 2025, bringing significant reforms to allow greater flexibility, stronger regulatory oversight, better governance in auctions, fairer fund distribution, and enhance compliance under the Insolvency and Bankruptcy Code, 2016 (IBC). Key amendments include: (i) Corporate debtors can now opt for a compromise or arrangement under Section 230 of the Companies Act, 2013, in addition to being sold as a going concern. (ii) IBBI will now maintain and operate a corporate liquidation account with a scheduled bank, ensuring better financial oversight. (iii) Mandatory filing of forms by liquidators on a timely and periodic basis. (iv) Enhanced due diligence in asset sales and compliance with Section 29 A of IBC. (v) Verification of highest bidder & stakeholder review in a timely fashion (vi) Form I of Schedule II has been updated to improve reporting of unclaimed dividends and undistributed proceeds, ensuring fair fund distribution and transparency in stakeholder interests.

Read the Notification [here](#).

IBBI Enhances Voluntary Liquidation Regulations – 29.01.2025

The bankruptcy board has introduced the Voluntary Liquidation Process (Amendment) Regulations, 2025, bringing significant reforms to increase financial oversight, enhanced compliance framework, strengthen the enforcement mechanism, and infuse transparency in fund distribution under the IBC regime. It omits Regulation 33, which governed certain procedural aspects, marking a regulatory shift in voluntary liquidation. Secondly, IBBI will now maintain and operate a Corporate Voluntary Liquidation Account with a scheduled bank, ensuring oversight in handling liquidation proceeds. Third, it lays down a mandatory requirement in filing the forms electronically on a periodic basis. Furthermore, Schedule I, Form G has been updated to improve reporting of unclaimed dividends and undistributed proceeds.

Read the Notification [here](#).

In Spotlight

DRAFT DPDP RULES, 2025

The Ministry of Electronics and Information Technology (MeiTY) has published the Draft Digital Personal Data Protection Rules 2025 (Draft Rules) pursuant to the Digital Personal Data Protection Act, 2023 (DPDPA) for public consultation, on 03.01.2025.

The Draft Rules provide clarity on how businesses must enable user rights - ensuring access, updates, erasure, and grievance redressal. Key legal obligations are as follows:

- **Defined Access Rights – Businesses must provide users with specific identifiers, such as customer IDs to facilitate lawful data access requests.**
- **Mandatory Data Deletion – Upon request, businesses must ensure complete erasure of personal data across internal records and third-party processors.**
- **Grievance Redressal Standards – Companies must establish legally compliant response timelines and appoint designated grievance officers.**
- **Nominee Verification Requirement – Strict identity authentication is now required before a nominee can act on behalf of a Data Principal.**

Access the Draft Rules [here](#).

SEBI Issues New Rules for “Finfluencers” – 29.01.2025

The Securities and Exchange Board of India (SEBI) has dealt a major blow to financial influencers (finfluencers) by restricting their use of live stock market data in educational content. The new rule, effective from January 29, 2024, allows educators only to use stock prices with a three-month lag, preventing real-time trading tips disguised as education. The circular also clarifies that educators cannot display stock names or codes from the past three months implying investment advice or recommendations. This move aims to end illegal advisory businesses by influencers operating without SEBI registration, tightening regulations that started with a ban on associations between registered and unregistered entities in October 2024.

Access the Circular [here](#).

RBI Regulations on Financial Frauds – 17.01.2025

The RBI has notified “Prevention of financial frauds perpetrated using voice calls and SMS – Regulatory prescriptions and Institutional Safeguards”. This aims to mitigate the risks involved in unsolicited commercial communications, digital frauds and the proliferation of scams through customers’ personal mobile numbers. The notification comes in light of the Supreme Court’s ruling in State Bank of India V. Pallabh Bhowmick & Ors. (06.01.2025), where bank’s liability for unauthorized transactions in a customer’s account has been upheld.

Access the Notification [here](#).

NCLAT stays CCI Ban on Data Sharing between WhatsApp & Meta – 23.01.2025

The National Company Law Appellate Tribunal (NCLAT) has stayed a five-year ban imposed by Competition Commission of India (CCI) on WhatsApp for sharing user data with Meta and other applications for advertising. CCI had imposed the fine on Meta for abusing its dominant position relating to a 2021 privacy policy update by its messaging app WhatsApp. The NCLAT in its order also stayed the penalty of Rs 213.14 crore imposed by the CCI. However, it directed WhatsApp to deposit 50% of it within two weeks, failing which the stay granted on CCI’s order will become ineffective.

Supreme Court: Central Bank of India & Anr. V. Smt. Prabha Jain & Ors. – 09.01.2025


The Hon’ble Supreme Court (SC) rendered a significant decision addressing the question that whether civil courts have jurisdiction in cases where banks have started actions under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. The Madhya Pradesh High Court’s ruling was affirmed by the Supreme Court, confirming that the civil courts have jurisdiction over disputes involving the legality of sale deeds and their impact on mortgages. SC underscored that the DRT lacks the authority to decide whether sale deeds involving parties other than the mortgagor are legitimate. Consequently, in these situations, the civil courts’ jurisdiction is not superseded. Moreover, SC flagged the importance of banks conducting thorough title searches before sanctioning loans.

NCLT Orders Liquidation of Go First – 20.01.2025

The National Company Law Tribunal (NCLT) issued an order for the liquidation of Go First, as a result of financial instability and unsuccessful recovery attempts. The NCLT observed that the CoC’s unanimous vote for liquidation and the non-viability of resolution plans justified the application. Refer the following Citation: Shailendra Ajmera v. Go Airlines (India) Ltd., 2025 SCC OnLine NCLT 3.

"The power to tax involves the power to destroy; ... the power to destroy may defeat and render useless the power to create."

*John Marshall, U.S. Supreme Court Justice
in McCulloch v. Maryland (1819)*



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