



SEBI Proposes Expanding QIB Definition to Include Accredited Investors, Boosting Startup Investments – 21.02.2025

The Securities and Exchange Board of India has released a consultation paper proposing a significant revision to its regulatory framework for Angel Funds under Category I Alternative Investment Funds. It has suggested amending the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, to include Accredited Investors as QIBs aiming to enhance investment opportunities in Angel Funds by attracting a broader pool of discerning investors. Secondly, the proposal seeks to remove the current 200-investor limit for individual investments in Angel Funds while adhering to private placement norms under the Companies Act, 2013. This will enable Angel Funds to onboard more investors without regulatory conflicts. Third, by including Accredited Investor Participation — who meet specific net-worth and income criteria. This aligns with SEBI's vision of promoting investor sophistication and risk awareness. Fourth, the amendments are designed to facilitate increased capital flow to startups, enabling Angel Funds to scale effectively in a regulated environment. This move is expected to strengthen the startup ecosystem and encourage innovative ventures. Finally, the SEBI also recommends allowing KMPs of Angel Funds and their managers to contribute to fund investments without minimum thresholds, fostering alignment of interests between fund managers and investors.

Read the Consultation Paper [here](#).

NEWSLETTER

February 2025 Issue



TRAI releases Recommendations on 'Framework for Service Authorisations for provision of Broadcasting Services under the Telecommunications Act, 2023' – 21.02.2025

The Telecom Regulatory Authority of India has introduced a proposed broadcasting service authorization framework under the Telecommunications Act, 2023. The new framework seeks to simplify regulations and improve business efficiency in the broadcasting industry, replacing the previous licensing model governed by the Indian Telegraph Act, 1885. Key recommendations include the launch of services such as Ground-Based TV Broadcasting and Low Power Small Range Radio Services, reduction in fees for Direct-to-Home services, and the promotion of interoperable set-top boxes. Additionally, it has recommended streamlining radio broadcasting fees, particularly for regions like Northeast India and Jammu & Kashmir.

Access the Press Release [here](#).

RBI notifies Amendment to Prudential Regulations for All India Financial Institutions – 17.02.2025

The Reserve Bank of India's notification outlines amendments to prudential regulations for All India Financial Institutions. Key updates include changes to the Basel III capital framework, exposure norms, and investment portfolio management. These amendments aim to enhance financial stability, improve risk management, and ensure regulatory alignment with international standards. The updated norms include revised risk weights, exposure limits, and guidelines for classifying and valuing investments.

For complete details, refer to the [official notification](#).

MCA extends dematerialization deadline for private companies – 12.02.2025

The Companies (Prospectus and Allotment of Securities) Amendment Rules, 2025, introduce changes to the compliance framework for companies raising capital. The amendments emphasize stricter disclosure norms for private placements and public offers, enhanced reporting obligations, and streamlined procedures for issuing securities. These rules aim to improve transparency and accountability in the securities market.

Access the Gazette Notification released by the Ministry of Corporate Affairs [here](#).

UNION BUDGET, 2025

Carry-Forward Losses in Transactions Involving Mergers and Acquisitions – 01.02.2025

The Budget proposes a significant change in the treatment of carry-forward losses in mergers and acquisitions (M&A). Currently, under Sections 72A and 72AA of the Income-tax Act, accumulated losses of an amalgamating entity can be carried forward indefinitely by the successor entity. The proposed amendment limits this to eight assessment years following the year in which the loss was first computed for the predecessor entity, effective from April 1, 2025. This change aims to curb the practice of "evergreening" losses through successive reorganizations, with implementation starting April 1, 2026.

Read Clauses 14 and 15 of the [Finance Bill, 2025](#).

FDI reforms in insurance sector – 01.02.2025

The Union Budget 2025-26 introduced key reforms for India's financial sector. Highlights include raising the FDI limit in the insurance sector from 74% to 100%, provided premiums are invested entirely in India. A forum will be established to improve regulatory coordination for pension products. The revamped Central KYC Registry will roll out in 2025, simplifying KYC processes. Procedures for company mergers will be streamlined for faster approvals. Additionally, the model Bilateral Investment Treaty (BIT) will be revamped to attract foreign investment. Granular details and guidelines concerning the same are yet to be released by the relevant departments.

Read more [here](#).

Draft BIS Standard on E-Commerce Principles for Self-Governance – 16.01.2025

The Bureau of Indian Standards has released a working draft titled "E-commerce – Principles and Guidelines for Self-Governance" aimed at enhancing transparency, consumer protection, and fair business practices in the e-commerce sector. This draft outlines a comprehensive framework for self-regulation, divided into three phases: pre-transaction, contract formation, and post-transaction principles. The pre-transaction principles address aspects such as – seller registration, product listing, disclosure of relevant information regarding products, purchase terms etc. Secondly, the contract formation principles address aspects such as – explicit consumer consent, review of transactions before completion, providing order information, maintaining transaction records, recurring transactions, etc. Thirdly, The post-transaction principles address aspects such as – merchantability, dispute resolution and delivery notification.

Read the draft proposal [here](#).

IFSCA Notifies Bullion Market Regulations, 2025 – 13.02.2025

The International Financial Services Centre Authority has notified the IFSCA (Bullion Market) Regulations, 2025, replacing the IFSCA (Bullion Exchange) Regulations, 2020. These new regulations replace the 2020 Bullion Exchange regulations, reflecting an expanded and more inclusive framework. They introduce key structural and compliance enhancements for the bullion market. Key changes include higher net worth requirements for Bullion Exchanges, the introduction of important roles like the Chief Risk Officer & Chief Information Security Officer, and the implementation of safeguards for customer interests. This move is set to bring greater transparency, streamline market operations, and support the growth of bullion trading in the IFSC. With these updates, IFSCA continues to strengthen market infrastructure and foster a more secure and efficient bullion market for all participants.

Read the Revised Framework [here](#).

Foreign Exchange Management (Manner of Receipt and Payment) (Amendment) Regulations, 2025 - 12.02.2025

The Reserve Bank of India (RBI) issued Notification No. FEMA 14(R) (1)/2025-RB on February 10, 2025, introducing amendments to the Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2023. This amendment aims to streamline cross-border transactions within the ACU framework, enhancing efficiency and compliance in international trade. It provides for payments between residents of ACU member countries (excluding Nepal and Bhutan), transactions should be conducted through the ACU mechanism or as directed by the RBI.

Access the Notification [here](#).

MeitY Report on AI Governance Guidelines Development for Public Consultation – 06.01.2025

The Subcommittee constituted by the Ministry of Electronics and Information Technology (MeitY) has issued a Report on AI Governance Guidelines Development for public consultation. The Report is part of a larger initiative led by the government aimed at tackling the need for a unified, whole-of government approach to ensure compliance and effective governance as the global AI ecosystem continues to expand. The report outlines eight principles for AI governance, aligned with global OECD standards – transparency, accountability, safety, privacy, fairness, human – centred values, sustainability, and digitization. The report also identifies significant gaps in the existing legal and regulatory frameworks for regulation of AI, emphasizing the need to address them for effective governance. It recognizes that while current laws and regulations like the IT Act, 2000 broadly apply to AI systems, they were not designed with the unique risks and challenges posed by AI in mind.

Read the Report [here](#).

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