SAGUS SPEAKS

This Newsletter covers key Regulatory & Policy Updates, Government Notifications and Judicial Pronouncements.

REGULATORY AND POLICY UPDATES

RBI notifies Foreign Exchange Management (Cross Border Merger) (Amendment) Regulations, 2026[1]

Reserve Bank of India ("RBI") through notification no. FEMA 389(1)/2026-RB dated 29.05.2026, published on 05.06.2026, notified the Foreign Exchange Management (Cross Border Merger) (Amendment) Regulations, 2026 ("CBM Amendment Regulations") to amend the Foreign Exchange Management (Cross Border Merger) Regulations, 2018 ("CBM Regulations").

The key amendments under the CBM Amendment Regulations are as follows:

1. Introduction of new definition: The CBM Regulations have been amended to insert a new definition of "Competent Authority", meaning any authority empowered under the Companies Act, 2013 ("CA 2013") or any subordinate legislation made thereunder to approve a scheme of merger or amalgamation. The definition of "NCLT" has also been omitted from Regulation 2 of the CBM Regulations.

2. Amendments: The authority of "NCLT", whose approval was relevant for the purposes of cross-border mergers under the Foreign Exchange Management framework has been substituted with "Competent Authority" in Regulation 4 (Inbound merger), Regulation 5 (Outbound merger),

[1] Foreign Exchange Management (Cross Border Merger) (Amendment) Regulations, 2026.

Regulation 7 (Miscellaneous) and Regulation 9 (Deemed approval) of the CBM Regulations. This thereby aligns the cross-border merger framework under CBM Regulations with the merger framework provided under the CA 2013.

CBM Amendment Regulations came into force on the date of their publication in the Official Gazette, i.e., 05.06.2026.

RBI notifies Master Directions on Authorisation to operate a Payment System[2]

RBI through notification no. RBI/DPSS/2026-27/401 dated 15.06.2026 has notified the Master Directions on Authorisation to operate a Payment System ("PS Directions").

The salient features of the PS Directions are as follows:

1. Applicability – Under the Payment and Settlement Systems Act, 2007 ("PSS Act"), no person can operate a payment system without an authorisation issued by RBI in accordance with the PSS Act. PS directions are applicable only on entities applying for authorisation or authorised to operate a payment system under the PSS Act. Such authorisation is based on an 'on-tap basis'.

2. Eligibility Criteria – Entity seeking authorisation shall make an application through RBI's portal along with a certificate from its Statutory Auditor evidencing compliance with net-worth requirement. A newly incorporated entity shall submit the certificate, along with a provisional balance sheet of a recent date.

   (a) Fit and proper criteria – Entities, promoters, and promoter groups must maintain integrity and sound credentials. Directors of promoter or group companies shall have a record of financial integrity; good reputation and shall not be disqualified due to past conviction for offences involving moral turpitude, economic offences, or declared insolvent; debarred by any financial regulatory authority; or found to be of unsound mind. RBI's determination on fit and proper status shall be final.

   (b) RBI may additionally consider the overall financial strength of the promoters/entity, sound technological basis to support operations, and any other system-specific directions issued by RBI.

3. Entities from FATF Non-Compliant Jurisdictions - Investments in Payment System Operators ("PSO") from Financial Action Task Force ("FATF") non-compliant jurisdictions shall not be treated at par with that from compliant jurisdictions.

   (a) Existing investors from jurisdictions subsequently classified as FATF non-compliant may continue with or bring in additional investments to ensure business continuity.

   (b) New investors from or routing through non-compliant FATF jurisdictions are not permitted to acquire "significant influence" in investee PSO. Aggregate fresh investments from such jurisdictions must remain below 20% of the voting power (including potential voting power).

4. Certificate of Authorisation ("CoA")- Newly authorised PSOs will be granted CoA on a perpetual basis. Existing PSOs may be granted perpetual validity upon renewal of CoA, subject to absolute compliance with authorisation terms, absence of major regulatory or supervisory concern, and no adverse reports from any external regulators/statutory bodies. Non-compliant entities will be granted a period of one-year to comply, failing which authorisation may be withdrawn and subsequent non-compliance may lead to revocation under the PSS Act.

5. Voluntary Surrender of CoA- PSO shall submit a written request to Department of Payment and Settlement Systems Central office, Mumbai for voluntary surrender of its CoA in the manner prescribed in PS Directions. RBI shall process such requests on merits and advise PSO to inform all its stakeholder through digital communication and issue public notice informing the customers/ merchants/agents/banks, etc., about its intent to close its payment systems operations. After extinguishing third party liabilities (if any), PSO shall submit a 'No Liability' certificate, certified by its statutory auditor.

6. Cooling Period - RBI may impose a cooling period of one year, where a CoA is either revoked, non-renewed, or voluntarily surrendered or when an application for authorisation is refused. Entities shall not be allowed to submit any application for operating a payment system during this period. RBI, where it is deemed necessary may waive or curtail the cooling-off period.

[2] Master Directions on Authorisation to operate a Payment System.

The PS Directions came into force on date of notification on the RBI website i.e., 15.06.2026.

SEBI issues informal guidance in relation to eligibility for appointment as Independent Directors[3]

The Securities and Exchange Board of India ("SEBI") recently issued an Informal Guidance through Issue no.: I/6076/2026 in response to a request from Maithan Alloys Limited ("Applicant") regarding the interpretation of the phrase 'related to promoters or directors' under Regulation 16(1)(b)(iii) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations"). The Applicant proposed to appoint as an Independent Director an individual who was the cousin (daughter of the father's sister) of a member of its promoter group, who was also serving as a director on the boards of two subsidiary companies of the Applicant. The Applicant sought SEBI's clarification on whether such cousin relationship would render the proposed appointee ineligible for appointment as an Independent Director.

SEBI observed that a cousin is not covered within the statutory definition of 'relative' under Section 2(77) of the CA 2013, read with the Companies (Specification of Definitions Details) Rules, 2014 and Regulation 2(1)(zd) of the LODR Regulations. Accordingly, based on the facts presented, SEBI clarified that the proposed candidate may be eligible for appointment as an Independent Director notwithstanding the cousin relationship with the promoter group member/director. The guidance indicates that relationships falling outside the statutory definition of 'relative', such as cousins, would not by themselves affect a person's eligibility to serve as an Independent Director, and a cousin of a promoter or director is not automatically disqualified from such appointment solely on account of that relationship.

SEBI issues updated Master Circular for AIFs[4]

SEBI, through notification dated 03.06.2026, issued the updated Master Circular for Alternative Investment Funds ("AIF Master Circular"), consolidating the circulars released by SEBI with respect to Alternate Investment Funds ("AIFs") after the previous master circular on AIFs was issued on 07.05.2024 ("Existing Master Circular").

The Existing Master Circular on AIFs has been superseded by the AIF Master Circular and includes provisions of circulars issued by SEBI till 31.05.2026.

With the issuance of the AIF Master Circular, all directions/instructions contained in the circulars listed out in Annexure 21 to the AIF Master Circular shall stand rescinded to the extent they relate to AIFs.

MCA notifies Companies (Corporate Social Responsibility Policy) Amendment Rules, 2026[5]

The Ministry of Corporate Affairs ("MCA") through Notification No. G.S.R. 415(E) dated 27.05.2026 has notified the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2026 ("CSR Amendment Rules") which amend the Companies (Corporate Social Responsibility Policy) Rules, 2014 ("CSR Principal Rules") to permit companies to undertake a portion of their CSR obligations through Zero Coupon Zero Principal ("ZCZP") Instruments issued by eligible Not for Profit Organisations ("NPOs") registered with the Social Stock Exchange ("SSE").

By Notification No. G.S.R. 416(E) dated 27.05.2026, MCA has also amended Schedule VII of the CA 2013 to expressly include subscription to ZCZP Instruments issued by NPOs and listed on the SSE as an eligible corporate social responsibility activity.

The CSR Amendment Rules introduce the definitions of NPOs and ZCZP Instrument. An NPO has been defined to have the same meaning as assigned to it under clause (e) of Regulation 292A of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018. A ZCZP Instrument has been defined to mean an instrument declared as a security that is issued by an NPO registered with the SSE segment of a recognised Stock Exchange in accordance with the regulations made by the SEBI.

A new Rule 4A has been inserted to regulate CSR implementation through ZCZP Instruments, as per this, companies may subscribe to such instruments and treat the corresponding expenditure as CSR spending. However, the amount deployed through ZCZP Instruments cannot exceed 10% (ten percent) of the company's total CSR expenditure for the relevant financial year. The CSR Amendment Rules also provide a compliance relaxation by exempting companies that subscribe to ZCZP Instruments from undertaking an impact assessment of projects funded through such instruments.

[3] SEBI issues informal guidance in relation to eligibility for appointment as Independent Directors.
[4] Master Circular for Alternative Investment Funds.
[5] Companies (Corporate Social Responsibility Policy) Amendment Rules, 2026.

Further, the CSR Amendment Rules impose certain obligations on NPOs issuing ZCZP Instruments. Such NPOs must utilise the funds for projects that are completed within a period not exceeding 3 (three) succeeding financial years from the date of issuance of the ZCZP Instruments. Upon termination of the listing of the instrument, any unspent amount must be transferred to a fund specified under Schedule VII of the CA 2013, and a compliance report must be submitted to SEBI.

The CSR Amendment Rules further clarify that the existing provisions relating to CSR implementation under Rule 4 of the CSR Principal Rules will continue to apply to CSR activities undertaken through ZCZP Instruments, except for sub-rules (5) and (6) thereof.

The CSR Amendment Rules came into force on the date of their publication in the Official Gazette, i.e., 29.05.2026.

MCA notifies Companies (Registered Valuers and Valuation) Amendment Rules, 2026[6]

The MCA through Notification No. G.S.R. 432(E) dated 01.06.2026, has notified the Companies (Registered Valuers and Valuation) Amendment Rules, 2026 ("Valuation Amendment Rules"), to amend the Companies (Registered Valuers and Valuation) Rules, 2017 ("Valuation Principal Rules").

The Valuation Amendment Rules introduce changes to the eligibility criteria applicable to a Registered Valuer Organisation ("RVO") under Rule 12 of the Valuation Principal Rules. The Valuation Amendment Rules substitute Rule 12(1)(i) to prescribe additional requirements that must be satisfied by an entity seeking recognition as an RVO. Under the amended Rule 12(1)(i), an RVO must be registered as a company under Section 25 of the Companies Act, 1956 or Section 8 of the CA 2013 and must satisfy the following conditions:

(a) maintain a minimum paid-up share capital of INR 25,00,000 (Indian Rupees Twenty-Five Lakh);
(b) have the sole object of dealing with matters relating to the regulation of valuers of one or more asset classes; and
(c) have bye-laws incorporating the requirements specified under Annexure III of the Valuation Principal Rules.

The Valuation Amendment Rules also provide a transitional compliance period for existing RVOs. RVOs that do not meet the newly introduced minimum paid-up share capital requirement as on the date of commencement of the Valuation Amendment Rules have been granted time until 31.03.2028 to comply with the requirement.

The Valuation Amendment Rules came into force on the date of their publication in the Official Gazette, i.e., 05.06.2026.

GOVERNMENT NOTIFICATIONS

MoF notifies Foreign Exchange Management (Non-debt Instruments) (Third Amendment) Rules, 2026[7]

Ministry of Finance ("MoF") through notification no. S.O. 3030(E) dated 12.06.2026, notified the Foreign Exchange Management (Non-debt Instruments) (Third Amendment) Rules, 2026 ("NDI Amendment Rules") to amend the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 ("NDI Rules").

The salient features of the NDI Amendment Rules are as follows:

1. Expansion of Chapter V to all individual non-residents: The heading of Chapter V has been substituted from "Investment by non-resident Indian or an overseas citizen of India" to "Investment by an individual person resident outside India including a non-resident Indian or an overseas citizen of India", expanding the chapter from being applicable only to Non-Resident Indian ("NRIs")/ Overseas Citizen of India ("OCIs") to covering all individual non-resident investors.

2. Rule 12 - Investment on repatriation basis by individual non-residents: The amended Rule 12(1) now confers on "an individual person resident outside India" (including NRIs/OCIs) the ability, on a repatriation basis, to purchase or sell equity instruments of a listed Indian company and other securities. A new proviso to rule 12(1) has also been introduced, where prior government approval is mandatory for an investment by an individual person resident outside India resulting in transfer of ownership or control of a listed Indian company to (i) entities or citizens of a country sharing land border with India, or (ii) where the beneficial owner of such investment is a citizen of any such country.

3. Rule 13 - Transfer by individual non-residents: Under the amended Rule 13, any individual person resident outside India holding equity instruments of an Indian company or units, can transfer such holdings, in line

[6] Companies (Registered Valuers and Valuation) Amendment Rules, 2026.

[7] Foreign Exchange Management (Non-debt Instruments) (Third Amendment) Rules, 2026.

with conditions in the relevant Schedules and the terms set out in rule 13. Sub-rule (1) of Rule 13 has also amended so that an individual person resident outside India holding equity instruments or units on a repatriation basis may transfer them by way of sale or gift to any person resident outside India. However, prior Government approval is required, where the transfer to another individual person resident outside India results in transfer of ownership or control of a listed Indian company to (i) entities or citizens of a country sharing land border with India, or (ii) where the beneficial owner of such investment is a citizen of any such country.

4. Schedule II - Aggregation of FPI holdings across routes: In Schedule II, paragraph (1)(a)(i) is amended to substitute the proviso to clarify that the total holding of a foreign portfolio investor in a listed Indian company across all routes, i.e., under Schedules II, III or any other schedule, including through an "investor group", must remain below the prescribed individual limit, and in case of investments of ten per cent or more, the divestment clause in Schedule II will apply.

5. Schedule III - New individual portfolio regime and FDI reclassification:

   (a) Under the pre-amendment position, the total holding by any individual NRI or OCI could not exceed 5% (five percent) of the total paid-up equity capital on a fully diluted basis (or 5% of the paid-up value of each series of debentures, preference shares or share warrants), and the aggregate holding of all NRIs and OCIs together was capped at 10% (ten percent) of such capital or value, with the aggregate ceiling of 10% capable of being raised to 24% (twenty four percent) by a special resolution of the Indian company. Post the NDI Amendment Rules, the total holding by any individual person resident outside India must be less than 10% (ten percent) of the total paid-up equity capital on a fully diluted basis or less than 10% of the paid-up value of each relevant series, and that the total holdings of all such individual persons under this Schedule in the Indian company shall not exceed 24% (twenty four percent) of the corresponding paid-up equity capital or paid-up value.

   (b) A new paragraph (1)(c) has been inserted, requiring that any investment by an individual person resident outside India made in breach of the prescribed "less than ten per cent" limit be divested within five trading days from the date of settlement of the trades causing the breach, failing which the entire investment in the concerned company by such person is to be treated as foreign direct investment and no further portfolio investment in that company may be made by that person. It also mandates intimation of the breach to depositories and the company within seven trading days and clarifies that, where divestment or conversion to FDI occurs within the prescribed time, the interim breach of aggregate or sectoral limits will not be reckoned as a contravention under the NDI Rules.

NDI Amendment Rules came into force on the day they were notified in the Official Gazette, i.e., 12.06.2026.

IBBI notifies the IBBI (Insolvency Resolution Process for Corporate Persons) (Third Amendment) Regulations, 2026[8]

The Insolvency and Bankruptcy Board of India ("IBBI"), through notification dated 01.06.2026 has released the IBBI (Insolvency Resolution Process for Corporate Persons) (Third Amendment) Regulations, 2026 ("CIRP Amendment Regulations") to amend the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 ("CIRP Principal Regulations"), in order to give effect to the changes brought about by the Insolvency and Bankruptcy Code (Amendment) Act, 2026 ("Amendment Act").

The key amendments introduced by the CIRP Amendment Regulations are as follows:

1. Disclosure at the stage of initiation by operational creditors and corporate applicants:

   (a) Substitution of Regulation 2B (*Record or evidence of transaction, debt and default by operational creditor*): Under the erstwhile Regulation 2B, an operational creditor was required to furnish copies of relevant extracts of Forms GSTR-1 and GSTR-3B and a copy of e-way bill, wherever applicable; provided that this requirement did not apply to operational creditors who were not required to obtain registration under the applicable Goods and Services Tax laws or in respect of goods and services not covered under such laws. The amended Regulation 2B (*Information to be furnished by operational creditor*) retains the aforesaid requirement and additionally requires an operational creditor to furnish, along with an application under Section 9(1) of Insolvency and Bankruptcy Code, 2016

[8] IBBI (Insolvency Resolution Process for Corporate Persons) (Third Amendment) Regulations, 2026.

("IBC"), (i) details of any part-payments received from the corporate debtor in respect of the operational debt and the date of such payment; (ii) details of assignment or transfer of operational debt (if any) along with supporting documents; (iii) details of any guarantee provided by the Corporate Debtor ("CD") or any other person in respect of the operational debt; (iv) a statement of account of the operational creditor with the CD showing the principal amount and interest, if any, due on such amount; (v) a statement as to whether the operational creditor is a related party of the corporate debtor; (vi) any other information which the operational creditor considers relevant to the application; and (vii) details of any other proceedings pending before any court, tribunal or arbitral tribunal against the corporate debtor for the recovery of the operational debt.

(b) Insertion of Regulation 2E (*Submission of information by the corporate applicant*): Regulation 2E requires a corporate applicant to furnish *inter alia*, along with an application under Section 10(1) of IBC, key financial and asset-related particulars from their books of account, including list of all bank accounts operated by the CD, details of creditors, list of ongoing litigations, etc.

2. Better access to information for the resolution professional**:**

(a) In Regulation 3A (*Assistance and cooperation by the personnel of the corporate debtor*), the title of the regulation has been amended to 'Duty to extend assistance and cooperation'. Further, sub-regulations (2), (5) and (6) of Regulation 3A have been amended to widen the set of persons obliged to extend cooperation to the Resolution Professional ("RP") to any person as covered under section 19 of IBC (*Persons to extend cooperation to Interim RP*).

(b) Further, in Regulation 4 (*Access to Books*), sub-regulation (3) has been substituted to provide that the RP has the power to call for information from creditors, financial institutions and statutory authorities, and every creditor is required to share the records in its possession relating to the assets and liabilities of the CD at the first meeting of the Committee of Creditors ("CoC").

3. Time-bound and reasoned communication on claims**:** In Regulation 13 (*Verification of claims)*, sub-regulation (1A) has been substituted. The amended sub-regulation provides that the RP or the interim RP, as the case may be, after the verification of claims, must communicate the decision to admit or reject a claim, in whole or in part, along with reasons, to the concerned creditor within seven days of such admission or rejection of claims.

4. Treatment of guarantors' assets: Regulation 28A (*Transfer of assets of guarantor taken into possession*) and Regulation 28B (*Facilitation of transfer of assets*) have been inserted after Regulation 28. A structured mechanism has been provided for placing the proposal before the CoC, and dealing with, the transfer of a guarantor's asset which has been taken possession of by any creditor of the CD, along with coordination between the professionals handling the CD and a corporate guarantor that is itself under insolvency. The CoC is required to factor in the value of such assets while considering a resolution plan, so that the interests of all stakeholders, including creditors and guarantors, are adequately safeguarded.

5. Withdrawal of Application: Regulation 30A (*Withdrawal of application*) has been substituted. The amended regulation provides that an application for withdrawal under Section 12A of IBC shall be made to the Ld. Adjudicating Authority within 3 (three) days of approval by CoC and be backed by a bank guarantee or demand draft towards process costs, with actual costs to be deposited on approval. Upon approval of the withdrawal application by the Ld. Adjudicating Authority, the applicant is required to deposit the actual expenses incurred up to the date of such approval, as determined by the RP, into the bank account of the CD within 3 (three) days. Failure to do so would result in invocation of the bank guarantee or encashment of the demand draft, without prejudice to any other action permissible under the IBC. Further, no such application shall be made before constitution of CoC and after issuance of invitation for expression of interest.

6. Dissolution of CD during Corporate Insolvency Resolution Process ("CIRP"): Regulation 40E has been inserted to provide for a dedicated framework for dissolution of CD during CIRP. The CoC, may by a vote of not less than 66% (sixty six percent) of voting share, resolve to seek dissolution of the CD, if it is satisfied that assets of CD are insufficient to meet insolvency resolution process costs and likely liquidation costs or that the assets available with the CD are not capable of being effectively realised in the ordinary course of liquidation.

The CIRP Amendment Regulations came into force on the date of their publication in the Official Gazette, i.e., 03.06.2026.

IBBI notifies the IBBI (Liquidation Process) (Fourth Amendment) Regulations, 2026[9]

The IBBI, through notification dated 01.06.2026 has released the IBBI (Liquidation Process) (Fourth Amendment) Regulations, 2026 ("Liquidation Amendment Regulations") to amend the IBBI (Liquidation Process) Regulations, 2016 ("Liquidation Principal Regulations"), in order to give effect to the changes brought about by the Amendment Act.

The key amendments introduced by the Liquidation Amendment Regulations are as follows:

1. Substitution of Regulation 2A (*Contributions to liquidation costs*): The substituted Regulation 2A provides that the liquidator may call upon the members of the CoC to contribute the excess of the liquidation costs over the liquid assets of the CD.

2. Compromise or arrangement: A proviso has been inserted in Regulation 2B (*Compromise or arrangement*) to provide that no compromise or arrangement under Section 230 of CA 2013 shall be filed by the liquidator, unless, it has been approved by requisite majority of creditors provided under Section 230(6) of CA 2013 and the amount realisable to the creditors under the proposed compromise or arrangement is higher than the liquidation value determined as on the insolvency commencement date.

3. CoC to steer the liquidation process:

   (a) 'Committee' has been defined under Regulation 2(1)(ba) as CoC constituted under Section 21 of IBC, substituting the stakeholders' consultation committee provided in the Liquidation Principal Regulations.

   (b) Regulation 3A (*Recommendation of liquidator by CoC*) has been inserted to provide that CoC shall, prior to passing of the order for liquidation, recommend the name of an insolvency professional for appointment as liquidator, by a vote of not less than 66% (sixty six percent) of voting share of CoC.

   (c) Regulation 4 (*Liquidator's fee*) has been substituted to provide that the CoC shall fix the fee of the liquidator in the first meeting after appointment of liquidator during the liquidation process. If CoC does not fix the fee, a table of the calculation of fee as a percentage of amount distributed to stakeholders has been provided.

   (d) Regulation 8 (*Consultation with stakeholders*) has been substituted with Regulation 8 (*Committee of Creditors*). The substituted regulation provides that the CoC shall continue to function during liquidation process. A secured creditor who has not relinquished its security interest under Section 52 of IBC shall not be part of CoC and creditor whose value of debt remains and is considered as unsecured creditor shall be part of CoC.

   (e) Regulation 8A (*Facilitation of transfer of assets*) has been inserted. It provides that where CD is a corporate guarantor undergoing liquidation process, liquidator of such CD shall coordinate with RP of CD. Liquidator shall obtain approval from the CoC of CD which has given the corporate guarantee for transfer of asset in the CIRP of the CD to whom such guarantee has been given.

   (f) Regulation 8B (*Replacement of liquidator*) has been inserted. It provides that CoC, may by a vote of not less than 66% (sixty six percent), propose to replace the liquidator and shall file an application, after obtaining written consent of the proposed liquidator, before the Ld. Adjudicating Authority.

4. Verification of claims**:** Regulation 30 (*Verification of claims*) has been substituted to provide that liquidator shall verify the claims received within 7 (seven) days of receipt of claim and may either reject or admit the claim. The liquidator shall also verify the claims which were received but were not verified during CIRP, within 7 (seven) days of the liquidation commencement date and may either admit or reject the claim, however, claims verified during CIRP shall not be re-verified.

5. Sale of assets of CD: Regulation 33 (*Mode of Sale*) has been amended to provide that the liquidator shall not sell the assets of CD, without prior permission of the Ld. Adjudicating Authority, to a related party of CD, his related party or any professional appointed by him. Further, the liquidator may sell the assets of the CD by means of private sale only after prior approval of the CoC with voting share of 66% (sixty six percent), when the asset is perishable, likely to deteriorate in value if not sold immediately or permission of the Ld. Adjudicating Authority has been obtained for such sale. However, liquidator shall not sell the assets of CD, by way of private sale, to a related party of CD, his related party or any professional appointed by him.

[9] IBBI (Liquidation Process) (Fourth Amendment) Regulations, 2026.

6. Model timeline for liquidation process: Regulation 47 has been substituted and several timelines have been tightened to align the process to overall timelines provided under the Amendment Act.

The Liquidation Amendment Regulations came into force on the date of their publication in the Official Gazette, i.e., 03.06.2026.

IBBI notifies the IBBI (Inspection and Investigation) (Amendment) Regulations, 2026[10]

The IBBI, through notification dated 01.06.2026 has released the IBBI (Inspection and Investigation) (Amendment) Regulations, 2026 ("Inspection Amendment Regulations") to amend the IBBI (Inspection and Investigation) Regulations, 2017 ("Inspection Principal Regulations"), in order to give effect to the changes brought about by the Amendment Act.

The key amendments introduced by the Inspection Amendment Regulations are as follows:

1. The definition of 'Disciplinary Committee' under Regulation 2(1)(c) has been amended to align with the Amendment Act so that it may consist of one or more persons as provided under Section 220(1) of the IBC (*Appointment of Disciplinary Committee*) consisting of one or more persons from amongst the chairperson, whole-time members or officers not below the rank of the executive director.

2. The definition of 'Service Provider' under Regulation 2(1)(j) has been amended to align with the definition of 'service provider' as provided under Section 3(31A) of IBC, to mean an insolvency professional, insolvency professional agency, information utility, registered valuer and any person falling within the category of persons notified by the Central Government, for rendering services in relation to insolvency and bankruptcy processes under IBC and is registered with the IBBI.

The Inspection Amendment Regulations came into force on the date of their publication in the Official Gazette, i.e., 03.06.2026.

IBBI notifies the IBBI (Voluntary Liquidation Process) (Second Amendment) Regulations, 2026[11]

The IBBI, through notification dated 01.06.2026 has released the IBBI (Voluntary Liquidation Process) (Second Amendment) Regulations, 2026 ("Voluntary Liquidation Amendment Regulations") to amend the IBBI (Voluntary Liquidation Process) Regulations, 2017 ("Voluntary Liquidation Principal Regulations"), in order to give effect to the changes brought about by the Amendment Act.

The key amendments introduced by the Voluntary Liquidation Amendment Regulations are as follows:

1. Regulation 28A (*Submission and updation of claims*) has been inserted in the Voluntary Liquidation Principal Regulations. It provides that a person claiming to be a stakeholder, shall submit its claim on or before the last date mentioned in the public announcement. Further, it provides that a stakeholder shall update its claim as and when the claim is satisfied, partly or fully, from any source in any manner, after the liquidation commencement date.

2. Regulation 29 (*Verification of claims*) has been amended, wherein a proviso has been inserted after sub-regulation (1) to provide that a liquidator shall record in writing the reasons for rejecting a claim. Further, sub-regulation (2) has been added to provide that the liquidator shall communicate his decision of admission or rejection of claims to the stakeholder within 7 days of such admission or rejection of claims.

3. Regulation 42 (*Termination of voluntary liquidation proceedings*) has been inserted to provide a framework for termination of a voluntary liquidation, operationalising the new provisions of Section 59 of the IBC (*Voluntary liquidation of corporate persons*). Regulation 42 provides that the special resolution referred to in Section 59(5A)(a) shall provide for rationale for termination of voluntary liquidation proceedings, treatment of liquidation costs and a declaration that the termination will not result in prejudicially affecting any stakeholder interest. Further, the liquidator shall intimate the Ld. Adjudicating Authority regarding termination of voluntary liquidation proceedings. Upon termination of the voluntary liquidation proceedings, the appointment and term of liquidator shall stand terminated, the liquidator shall cease to exercise any powers or functions, and no further action shall be taken under the Voluntary Liquidation Amendment Regulations in respect of the voluntary liquidation proceedings.

The Voluntary Liquidation Amendment Regulations came into force on the date of their publication in the Official Gazette, i.e., 03.06.2026.

[10] IBBI (Inspection and Investigation) (Amendment) Regulations, 2026.

[11] IBBI (Voluntary Liquidation Process) (Second Amendment) Regulations, 2026.

IBBI notifies the IBBI (Information Utilities) (Amendment) Regulations, 2026[12]

The IBBI, through notification dated 01.06.2026 has notified the IBBI (Information Utilities) (Amendment) Regulations, 2026 ("IU Amendment Regulations") to amend the IBBI (Information Utilities) Regulations, 2017 ("IU Principal Regulations"), in order to give effect to the changes brought about by the Amendment Act.

The key amendments introduced by the IU Amendment Regulations are as follows:

1. Replacement of prescribed forms with IBBI notified formats:

   (a) IBBI through Circular No. IBBI/IU/100/2026 dated 03.06.2026, has notified the following Forms in relation to the matters specified below:

Sl. No.	Form	Description
1.	Form A	Application for Certificate of Registration or Renewal of Registration as an Information Utility (Under Regulation 4 of the IU Principal Regulations).
2.	Form B	Certificate of Registration as an Information Utility (under Regulation 5 of the IU Principal Regulations).
3.	Form C	Submission of information by user to Information Utility (under Regulation 20, 21and 27 of the IU Principal Regulations).
4.	Form D	Record of Default issued by Information Utility (under Regulation 2(1)(la), 21 and 21A of the IU Principal Regulations.
5.	Form E	Information of Dispute issued by Information Utility (under Regulation 2(1)(lb), 21 and 21A of the IU Principal Regulations.

2. Information dispute:

   (a) The term 'Information dispute' has been defined in Regulation 2(1)(lb) as the *"status of authentication of default issued in such format as notified by the Board through circular"*.

   (b) In Regulation 15(3)(ba), as Item (iv), "issuance of information dispute" has been added as minimum service quality standard, which the bye-laws shall provide for.

3. Regulation 21 (*Authentication of default*):

   (a) The terminology used in the IU Principal Regulations, including under Regulation 21(2)(c)(iii), has been aligned with the Amendment Act, by replacing references to "financial creditor, which is a bank included in the second schedule of the RBI Act, 1934" with the broader term "financial institution" as defined under section 3(14) of IBC.

   (b) The sub-regulation (3) of Regulation 21, which prescribes the manner in which an information utility records the status of authentication of information of default, has been substituted. Pursuant to the amendment, the following table vis a vis authentication outcome has been inserted:

Sl. No.	Response of the Debtor	Status	Nature of Record to be issued
(1)	(2)	(3)	(4)
1	(a) Debtor confirms the information of default, or (b) Debtor does not respond even after three reminders	Authenticated	Record of Default
2	Debtor disputes the information of default	Disputed	Information of Dispute

   (c) The proviso to the substituted sub-regulation (3) of Regulation 21 provides that, in case of financial institution as defined in clause (14) of section 3 of IBC, when a debtor disputes a part of the default amount or such dispute is in respect of only non-financial information, then the information utility shall record the status of authentication as 'authenticated' in respect of the undisputed default amount.

[12] IBBI (Information Utilities) (Amendment) Regulations, 2026.

The IU Amendment Regulations came into force on the date of their publication in the Official Gazette, i.e., 03.06.2026.

MoEFCC publishes Draft Notification to amend the EIA Notification, 2006[13]

The Ministry of Environment, Forest and Climate Change ("MoEFCC"), through Notification dated 20.05.2026 published a draft notification proposing amendments to the Environment Impact Assessment Notification, 2006, proposing extension of the validity period of environmental clearances granted to ports and harbours from the existing 10 (ten) years to 15 (fifteen) years, inviting comments from stakeholders within 60 (sixty) days from publication of the Draft EIA Notification i.e., 20.05.2026.

MNRE Issues Office Memo for Waiver of Factory Inspections for Higher Power Bin Solar PV Module Models[14]

The Ministry of New and Renewable Energy ("MNRE") through Office Memorandum dated 08.06.2026 ("OM") waived factory inspections for higher power bin solar photovoltaic module ("PV Modules") models within the same manufacturing facility.

The salient features of the OM are as follows:

a. Higher wattage models of PV Modules, having wattage of upto 3% higher than the highest wattage PV Module already enlisted in the Approved List of Models and Manufacturers ("ALMM"), can be enlisted in ALMM, without physical inspection, provided that the manufacturing facility, production line and machinery remain the same, and all necessary documentation is submitted.

b. Such relaxation shall be allowed only if the base model over which 3% increase in wattage is being claimed has been enlisted through the process involving factory inspection. In the event the increase in wattage is more than 3%, then the National Institute of Solar Energy ("NISE") will conduct an online inspection for verification of I-V curves of the highest wattage module applied for. On successful verification, the same will be processed for ALMM enlistment.

c. The relaxations in the OM will be applicable only in cases where there is no major change in bill of materials, and no changes in module design, module/ cell size and configuration. The relaxation intends to simplify the ALMM enlistment process for higher wattage PV Modules, where increase in wattage is primarily due to an increase in efficiency/ wattage of PV cells.

d. New higher-wattage models will be added to the existing ALMM-enlisted module family. However, if the existing family cannot accommodate such models due to the permissible +/-5% wattage range, a new family shall be created in such a scenario.

e. The inclusion of higher wattage models of PV Modules, without inspection or through online I-V curve verification, shall not result in change in the enlisted manufacturing capacity. However, where an increase in enlisted manufacturing capacity is also sought, physical inspection will continue to be mandatory as per extant procedure.

Supreme Court publishes Draft AI Regulations for use of Artificial Intelligence (AI) in Courts, 2026[15]

The Supreme Court of India, through notice dated 03.06.2026, has published the draft Regulations for use of Artificial Intelligence in Courts, 2026 ("Draft AI Regulations"). Comments and suggestions from all stakeholders and the general public are invited on the Draft AI Regulations by 20.06.2026.

The salient features of the Draft AI Regulations are as follows:

1. Applicability: these shall apply to the use, deployment or integration of Artificial Intelligence ("AI") in any judicial, adjudicatory or administrative function of the Supreme Court of India, High Courts and all Courts including the tribunals and statutory commissions performing adjudicatory functions within territory of India.

2. Permissible uses of AI: Draft AI Regulations provides an illustrative and non-exhaustive list of purposes for which AI Systems may be used, subject to prior approval in writing of the Appropriate Authority and to the supervision and verification of officers nominated for that purpose. Some of the permissible uses of AI includes: (a) case management (including identification of defects in new filings), cause list preparation, hearing scheduling and docket prioritisation; (b) automated transcription of court proceedings; (c) translation of judgments, orders, pleadings and other legal documents, subject to

[13] Draft Notification to amend EIA Notification, 2006.
[14] Office Memorandum through Notification No. 83/39/2026-GRID SOLAR dated 08.06.2026.
[15] Draft Regulations for Use of Artificial Intelligence (AI) in Courts, 2026.

human verification of accuracy and fidelity to the original and (d) legal research, precedent retrieval, citation verification and document summarisation etc.

3. Prohibited uses of AI: Draft AI Regulation provide a list of absolute and non-derogable list of uses of AI that is strictly prohibited in all court processes such as (a) no personal data of any person shall be used to train, test, or refine any AI System without the prior approval of the Appropriate Authority (b) no judicial outcome shall be reached through Algorithmic Decision-Making alone or solely on the basis of AI-generated information, data, or analysis; and (c) no AI System shall perform the function of adjudication or sentencing in any matter without mandatory Human-in-the-Loop etc.,

4. Institutional Mechanism under the Draft AI Regulations: A permanent, full-time Apex Body shall be constituted at the Supreme Court to regulate and promote innovation, integration, governance and policy development on AI in judiciary, which shall further constitute the following committees to assist it in discharge of its functions: (i) Judicial Committee, (ii) Technical Committee; (iii) Committee on Infrastructure and Finance; (iv) Case and Data Management Committee; and (v) Cyber Security Committee. Further, the Draft Regulations provides for constitution of Centre of Research and Excellence, AI Committees to be constituted by Supreme Court and every High Court to oversee, regulate and facilitate the responsible adoption and governance of AI within its jurisdiction and AI Secretariat to support every AI Committee

5. Grievance Redressal: Draft AI Regulations provides that in case of any harm caused to any party to a proceeding as a direct or indirect effect of prohibited use of AI under Regulation 20 (Prohibited use of AI), that party or their legal representative, may file an application to the court in which the relevant AI System was or is used and such court shall pass appropriate orders after giving a reasonable opportunity of being heard.

JUDICIAL PRONOUNCEMENTS

Supreme Court holds that limitation period to file an application under section 34 of the A&C Act is to be reckoned from the date on which application under Section 33 A&C is disposed off

The Supreme Court through its judgment dated 02.06.2026 in the matter of *National Highway Authority of India v T. Younis & Another*[16] held that the limitation period for filing an application challenging the arbitral award is to be computed from the date on which the application under Section 33 of the Arbitration and Conciliation Act, 1996 ("A&C Act") is disposed off by the arbitral tribunal.

Further, Supreme Court observed that once proceedings under Section 33 of A&C Act are initiated and entertained by the arbitral tribunal, the award remains subject to the limited jurisdiction of the tribunal for correction, interpretation, or supplementation as contemplated under the provision. As long as such proceedings remain pending, the parties cannot be compelled to institute proceedings under Section 34 of A&C Act as matter of abundant caution. The parties can effectively pursue their remedy under Section 34 of A&C Act only upon conclusion of proceeding under Section 33 of A&C Act.

Supreme Court held that compliance with Rule 9 of SARFAESI Rules is mandatory and goes to the root of the validity of sale

The Supreme Court through judgment dated 09.06.2026 in the matter of *M. R. Vasumathi v. The Authorized Officer & Ors.*[17], held that non-compliance with the mandatory timelines prescribed under Rule 9 of the Security Interest (Enforcement) Rules, 2002 ("SARFAESI Rules") goes to the root of the validity of sale under SARFAESI Act.

The dispute arose out of recovery proceedings initiated by Indian Bank as Secured Creditor, against a borrower who had availed financial assistance in 1984, for which G. Ramanujam ("Guarantor") had mortgaged his immovable property. Following the borrower's default, a mortgage decree was passed in favour of the Secured Creditor in 1997. After the death of the Guarantor in 2001 and unsuccessful settlement attempts with his legal heirs, the Secured Creditor initiated proceedings under the SARFAESI Act in 2009, issued a sale notice dated 03.02.2010, and auctioned the secured asset on 11.03.2010. The auction purchaser emerged as the successful bidder for a consideration and a sale certificate was subsequently issued on 10.04.2010. The Guarantor's legal heirs challenged the auction sale, *inter alia*, on the ground that while 25% of the bid amount had been deposited at the time of sale, the balance 75% was paid only on 31.03.2010, beyond the period prescribed under Rule 9(4) of the SARFAESI Rules, and in the absence of any written agreement extending the time for payment the sale is not valid.

[16] SLP (C) No. 7570 OF 2024.

[17] Civil Appeal No. 1606 of 2026.

The Supreme Court held that Rule 9 of SARFAESI Rules is neither ornamental nor directory and are mandatory in nature. A conjoint reading of the relevant sub-rules of Rule 9 underscore the mandatory character of these provisions, particularly the requirement of balance deposit under sub-rule (4), which is integral to the sanctity and credibility of auction mechanism. Any deviation in absence of legally sustainable justification, would render the process vitiated.

Supreme Court clarifies the scope of Forum Non-Conveniens in Writ jurisdiction

The Supreme Court through its judgment dated 09.06.2026 in the matter of *Baksish Ahmad v. Union of India & Anr.*[18] held that Article 226 of the Constitution permits filing of the writ petition as per situs of office of the respondent(s) and cause of action which gives the right to action. Where the question of pursing a constitutional remedy is involved and invocation of writ jurisdiction is traceable to Article 226(1), the doctrine of *forum non conveniens* may rarely apply.

In the present matter, the Appellant, a member of the BSF, was dismissed from service. Pursuant thereto, the Appellant filed a Petition under Rule 28A of the Border Security Force Rules, 1969 was subsequently rejected by the Inspector General, BSF, Jammu. Aggrieved thereby, the Appellant invoked the Writ jurisdiction of the High Court of Delhi. The High Court, however, declined to entertain the Writ Petition on the ground that no part of the cause of action had arisen within its territorial jurisdiction and that Delhi was not the *forum conveniens* merely because the offices of the Director General, BSF and the Ministry of Home Affairs were situated in Delhi.

The Supreme Court further held that if any member of Central Armed Police Forces is aggrieved by any administrative order of termination of his service issued by competent authority, notwithstanding whether the cause of action arose outside i.e., the said order was issued from a place beyond the territorial limits of Delhi High Court or that the events which triggered such an order occurred outside its limits, etc., still the Delhi High Court would have territorial jurisdiction in light of situs of the office of the Union of India and CAPF being in Delhi.

CERC holds that State Commission has jurisdiction to regulate and adjudicate upon intra-state aspects of inter-state open access transactions

The Central Electricity Regulatory Commission ("CERC") through Order dated 01.06.2026 in the matter of *JSL v. TPCODL & Ors.*[19], held that State Commission has jurisdiction to regulate inter-state open access transactions and any dispute arising in terms of the use of the intra-state network, even when such network has to be used in conjunction with the inter-State Transmission System.

Jindal Steel Limited ("JSL"), by way of the present petition sought declaration that insistence of distribution licensee's ("DISCOM") consent / No-objection Certificate ("NOC") as a mandatory pre-condition for the grant of Standing Clearance/ Temporary General Network Access is *ultra vires* the CERC (Connectivity and General Network Access to the inter-State Transmission System) Regulations, 2022 ("GNA Regulations") and the Procedure for Grant of Temporary General Network Access through the National Open Access Registry ("NOAR Procedure").

CERC held that Clause 6(e) of the NOAR Procedure, which provides that DISCOM consent, "if any, shall be uploaded as per the practice in the host State", embodies a conscious regulatory choice and expressly recognizes the applicability of the host State's regulatory framework governing grant of Standing Clearance by the State Load Despatch Centre. In the present case, such framework was contained in the Odisha Electricity Regulatory Commission (Terms and Conditions for Intra-State Open Access) Regulations, 2020 ("OERC OA Regulations"). CERC noted that the applications for Standing Clearance had been made under the OERC OA Regulations and not under the GNA Regulations. Since JSL is connected to the intra-State network within the State of Odisha and is an Extra High-Tension consumer of TPCODL, the requirement of consent/NOC from the DISCOM is governed by the OERC OA Regulations. Consequently, any dispute arising out of such requirement would necessarily fall within the jurisdiction of the Odisha Electricity Regulatory Commission.

[18] SLP (C) Nos. 855-856 OF 2026.

[19] Petition No. 191/MP/2026.

ABOUT SAGUS LEGAL

Sagus Legal is a full-service law firm that provides comprehensive legal advisory and advocacy services across multiple practice areas. We are skilled in assisting businesses spanning from start-ups to large business conglomerates including Navratna PSUs, in successfully navigating the complex legal and regulatory landscape of India. Our corporate and M&A, dispute resolution, energy, infrastructure, banking & finance, and insolvency & restructuring practices are ranked by several domestic and international publications. We also have an emerging privacy and technology law practice.

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