

SEBI Board meeting summary

SEPTEMBER 2025

Foreword

At its 211th Board Meeting on 12 September 2025, SEBI approved wide-ranging amendments across the securities regulatory framework. These updates affect nearly every stage of the IPO lifecycle — from pre-IPO restructuring and shareholder eligibility, to offer sizing, allocation mechanics, and post-listing compliance.

SEBI approved amendments to the ICDR framework on anchor investor participation, broadening eligibility and reserving a portion for long-term domestic institutions while retaining retail participation at 35% after dropping an earlier proposal to reduce it. Other key decisions include

scale-based thresholds for related party transactions under LODR, reclassification of REITs as equity and only InvITs as hybrid for mutual fund investments, the SWAGAT-FI framework and India Market Access portal for foreign investors, and reforms across mutual funds, AIFs, IAs/RAs, RTAs and MIIIs.

Collectively, these measures aim to modernise India's capital market ecosystem by lowering entry frictions, aligning regulation with market realities, and safeguarding investor interests.

In this edition, we are highlighting some of the key amendments in more detail.



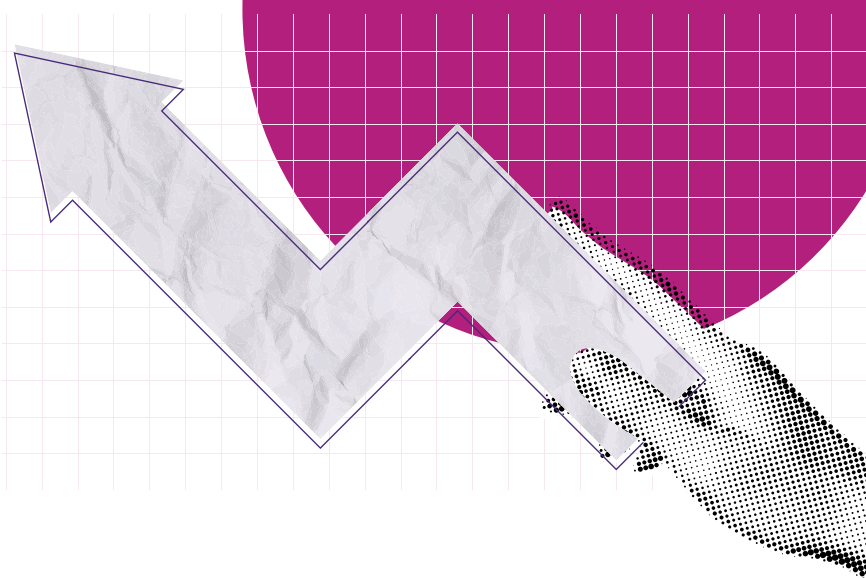
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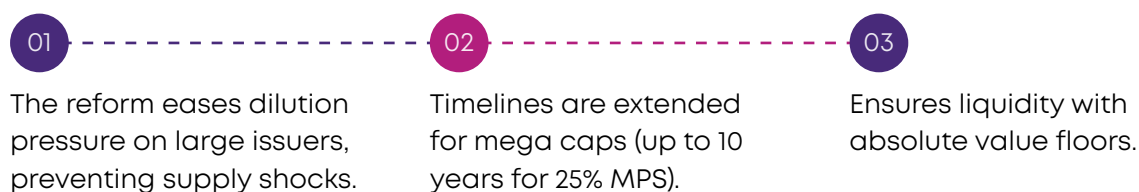
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Minimum Public Offer (MPO) and amendment its amendment in Securities Contracts (Regulation) Rules, 1957:

This amendment is designed to make large IPOs more manageable and attractive by easing the immediate dilution burden on promoters. By introducing tiered thresholds, lowering the minimum public offer for mega-cap issuers, and extending timelines to reach 25% public shareholding, SEBI reduces the risk of supply shocks that can depress post-listing prices. At the same time, the use of absolute value floors (₹1,000–₹15,000 crore) ensures sufficient free float for liquidity, striking a balance between market stability and broadening investor participation.



Revised MPO / Minimum Public Shareholding (MPS) framework (post-issue market capitalization):



Post-Issue Market Cap	Minimum Public Offer at IPO	MPS Timeline
≤ ₹1,600 cr	25%	Immediate
₹1,600 – ₹4,000 cr	₹400 cr	25% in 3 yrs
₹4,000 – ₹50,000 cr	10%	25% in 3 yrs
₹50,000 – ₹1,00,000 cr	₹1,000 cr and at least 8% dilution	25% in 5 yrs
₹1,00,000 – ₹5,00,000 cr	₹6,250 cr and at least 2.75% dilution	<15% at listing → 15% in 5 years and 25% in 10 years.
> ₹5,00,000 cr	₹15,000 cr and at least 1% dilution , subject to a minimum dilution of 2.5% (i.e., promoters can hold max 97.5%).	≥15% at listing → must reach 25% in 5 years.



SEBI ICDR – Ease of Doing Business & Institutional Participation

SEBI has broadened the anchor investor participation by easing participation for large FPIs operating multiple funds and providing structured and consistent participation opportunities to long-term institutional investors such as life insurers and pension fund.

Anchor Investors:

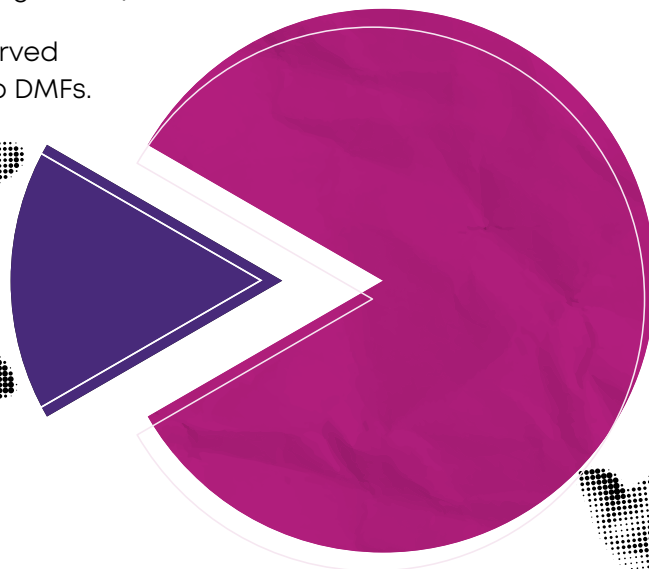
- Up to **60% of the QIB portion** can be allocated to Anchor Investors (unchanged).
- **40% of the anchor portion** is now reserved for long-term domestic institutions:
 - One-third for Domestic Mutual Funds (DMFs).
 - 7% earmarked for Life Insurance Companies (IRDAI-registered) and Pension Funds (PFRDA-registered).
 - Any shortfall in this reserved portion is reallocated to DMFs.

Number of Anchor Investors:

- Allocation $\leq$ ₹250 crore $\rightarrow$ minimum 5, maximum 15 anchors.
- For every additional ₹250 crore $\rightarrow$ up to 15 additional anchors permitted.
- Minimum allotment per anchor: ₹5 crore.

Dropped proposal:

- The earlier plan to reduce retail allocation from 35% to 25% (and increase QIB share from 50% to 60% for IPOs $>$ ₹5,000 crore) has been withdrawn.



SEBI LODR Amendments

Related Party Transactions (RPTs)

Scale-based thresholds for material RPTs

- Up to ₹20,000 crore turnover → 10% of annual consolidated turnover.
- ₹20,001–₹40,000 crore → ₹2,000 crore + 5% of turnover above ₹20,000 crore.
- Above ₹40,000 crore → Lower of ₹3,000 crore + 2.5% of turnover above ₹40,000 crore (OR) ₹5,000 crore.

Subsidiary-level audit committee approvals

- With audited financials → lower of 10% of standalone turnover **or** listed-entity materiality threshold.
- Without audited financials → lower of 10% of share capital + securities premium **or** listed-entity threshold.

Simplified disclosure for small-value RPTs

- If RPT value < **lower of 1% of consolidated turnover or ₹10 crore**, only minimal disclosures required.

Other changes

- Incorporated omnibus approval validity into LODR (Reg 23(4)).
- Exemptions for retail purchases by directors/KMPs at arm's length.
- Clarification: "holding company" in Reg 23(5) means "listed holding company."

Listed Debt Entities

- Issuers of listed non-convertible securities may send a **weblink to annual reports** (instead of hard copies) to investors without registered email IDs.

REITs & InvITs



REITs reclassified as “Equity” for mutual fund investment purposes (aligning with global practice). → Raises mutual fund limits for REITs.



InvITs retained as “Hybrid” - MF investment limits for hybrids now available exclusively to InvITs.



Strategic Investor category expanded to include:

- Family trusts (net worth >₹500 crore).
- Middle, upper & top layer NBFCs.
- All QIBs, PFs, PFRDA-registered pension funds, AIFs, State Industrial Development Corporations (SIDCs).

FPI-Related Amendments



SWAGAT-FI Framework: Single-window automatic access for “trusted” foreign investors (Govts, sovereign funds, regulated public retail funds like mutual funds, insurers, pensions).



India Market Access Portal: New website providing FPI registration guidance, SEBI/RBI regulations, taxation & repatriation rules, roles of market participants.



FPI Regulations, 2019 – Ease measures:

- Registration of retail schemes as FPIs (with Indian sponsor/manager).
- Aligning contribution limits with IFSCA.
- Allowing Indian mutual funds to invest in overseas MF/UT schemes.

Amendments in Other SEBI Regulations

Regional SEBI presence:

Local offices to be opened at Chandigarh, Jaipur, Lucknow, Guwahati, Bhubaneswar, Vijayawada, Hyderabad, Bengaluru (in addition to head office at Mumbai, regional office in Ahmedabad, New Delhi, Kolkata, Chennai and a local office at Indore).

RTAs:

- New “SEBI (Registrars to an Issue & Share Transfer Agents) Regulations, 2025” replaces 1993 rules.
- Categorisation removed (Category I & II abolished).
- Securities premium included in net worth calculation.
- Activity-based regulations; institutional mechanism for RTAs introduced.

Investment Advisers (IA)/ Research Analysts (RA):

- Education criteria relaxed (graduates from any discipline, subject to NISM certification).
- No requirement for address proof, CIBIL report, or net worth statement at registration.
- Simplified conversion from individual to non-individual model when thresholds crossed.
- Permitting IAs & RAs to provide past performance to clients & second opinion to clients on pre-distributed assets

Mutual Funds:

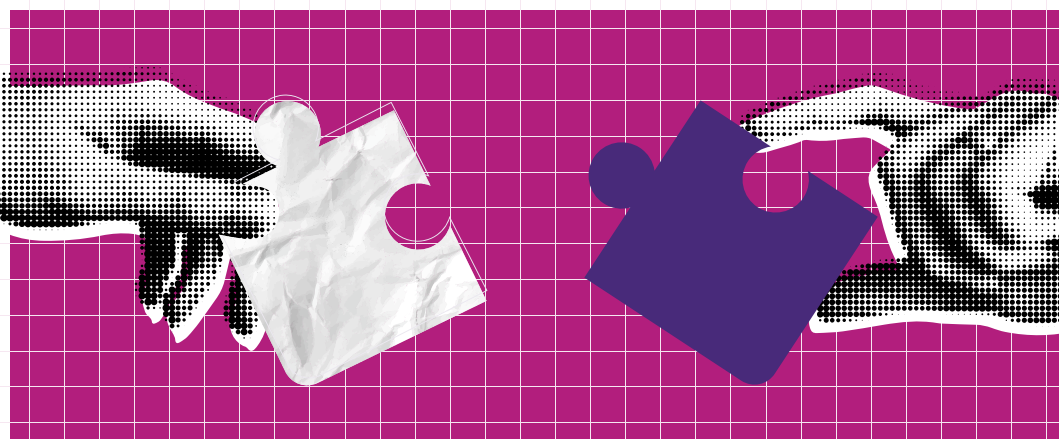
- Maximum exit load cut from **5% → 3%**.
- Distributor incentives for **B-30 cities**: capped at 1% of investment, up to ₹2,000 per investor (new PANs only).
- Additional incentives for onboarding **new women investors**.

Alternative Investment Funds (AIFs):

- New category of AIF with only **Accredited-Investors**
- Large Value Funds (LVFs): minimum investment threshold cut from ₹70 crore → ₹25 crore.
- LVFs exempted from template PPM and PPM audit.

MIIs Governance:

- Mandatory appointment of **two Executive Directors** — one for critical operations, one for regulatory/compliance/risk/investor grievances — to strengthen governance.



A TEAM YOU CAN TRUST TO DELIVER



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