Regulatory Alert

IAs/RAs/MIIs/MFs/EDs/RTAs

January 2026 – Vol – 1

1. **Gazette PFRDA Exit and Withdrawals under the NPS Amendment Regulations 2025**
   The PFRDA (Exits and Withdrawals under NPS) Amendment Regulations, 2025 comprehensively revised the exit and withdrawal framework under NPS for government, non-government, NPS-Lite and special purpose schemes. The amendments redefined key terms, introduced flexibility to defer annuity and lump sum withdrawals up to age 85, revised annuity and lump sum thresholds, and provided clearer treatment for death, disability, renunciation of citizenship, and missing subscribers. For more details, click here.

2. **SEBI (Stock Brokers) Regulations, 2026**
   The SEBI (Stock Brokers) Regulations, 2026 lays down a comprehensive and updated framework for registration, operations, and regulations of stock brokers and clearing members. The regulations strengthen investor protection through stricter governance, risk management, cyber security, client fund segregation, and market abuse prevention, while also prescribing enhanced obligations for qualified stock brokers and a uniform fee structure across market segments. For more details, click here.

3. **Charge structure of Points of Presence (PoP) for Common Schemes under NPS (All Citizen and Corporate Model) including NPS Vatsalya and NPS Lite**
   PFRDA has revised PoP charges under NPS Common Schemes, effective 1 January 2026. In the first year of onboarding, PoPs may charge either 0.2% p.a. of AUM (minimum Rs.30) or Rs.200 per new account, with a concessional charge of 0.1% p.a. (minimum Rs.15) for CPSE employees; pro-rata on quarterly basis. From the second year onwards, AUM-based charges apply to all active accounts. Dormant accounts and subscribers using e-NPS/D-Remit without a PoP are exempted. For more details, click here.

4. **Certification requirement for Compliance Officers of Managers of AIFs**
   SEBI has mandated that Compliance Officers of AIF Managers must obtain the *NISM Series III-C: Securities Intermediaries Compliance (Fund) Certification*. From 1 January 2027, only certified individuals will be eligible to be appointed or continue as Compliance Officers of AIF Managers. SEBI has also directed the trustee, sponsor, and managers of AIFs to ensure that compliance with the new certification requirement is duly reflected in the "Compliance Test Report" prepared by the manager. For more details, click here.

5. **Specification of the consequential requirements with respect to Amendment of Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992**
   SEBI has notified the Merchant Bankers Amendment Regulations, 2025, effective January 3, 2026, introducing revised capital adequacy and new liquid net worth norms with phased implementation until January 2028. Merchant Bankers are now required to reclassify themselves as either Category I or Category II based on their capabilities. Additionally, total underwriting obligations are capped at 20 times their liquid net worth to strengthen risk control. The circular strengthens governance by mandating *NISM Series IX: Merchant Banking*

Certification for key employees, and *NISM Series IIIA: Securities Intermediaries Compliance (Non-Fund) Certification* for compliance officers at the time of application as a Merchant Banker. For more details, click here.

6. **OTP based authentication for paperless on-boarding**
PFRDA has updated its guidelines for paperless NPS account opening, allowing applicants to authenticate online registration through e-Sign or OTP sent to their registered mobile number. Mandatory consents and declarations must be obtained by CRAs and POPs at the end of the online process via the same authentication method. For more details, click here.

7. **Modifications and clarifications under the International Financial Services Centres Authority (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022**
IFSCA has updated the AML/CFT/KYC Guidelines, 2022 by substituting and inserting clauses across relevant sections. These amendments address applicability and exemptions, followed by strengthening KYC and due diligence requirements. They further streamline onboarding and periodic KYC updation norms, including V-CIP and NRI-related provisions. The amendments also ensure confidentiality of customer risk categorization, clarify STR-related procedures, permit the use of e-documents, and incorporate safeguards for PwDs. For more details, click here.

8. **Operational Guidelines on New Enrolment Incentive (NEI) under Multiple Scheme Framework (MSF)**
PFRDA has issued operational guidelines for the New Enrolment Incentive (NEI) under the MSF for NPS. Pension Funds are eligible for an additional 0.10% p.a. of AUM for MSF schemes if 80% of subscribers are new NPS enrolments, for up to 3 years or until 50 lakh subscribers, whichever is earlier. The circular clarifies scenarios for treating subscribers as "New" for NEI purposes. Association of NPS Intermediaries (ANI) will disburse NEI and get 0.0025% of AUM for outreach and awareness from 1 April 2026. For more details, click here.

9. **NPS Vatsalya Scheme Guidelines 2025**
PFRDA has issued the NPS Vatsalya Scheme Guidelines, 2025, superseding its earlier circular PFRDA/2024/16/PDES/01 dated 18 September 2024. The scheme is formally classified as a Specific Purpose Scheme under the NPS Exit and Withdrawal Regulations, 2015. The updated guidelines clarify partial withdrawal norms for minors, define the transition options after attaining 18 years, and prescribe a structured investment framework with higher equity exposure. For more details, click here.

10. **Compliance Reporting Formats for Specialized Investment Funds (SIFs)**
SEBI has prescribed standardized compliance reporting formats for SIFs to ensure uniformity and clarity. All mutual fund compliance requirements will apply to SIFs. The Compliance Test Report (CTR) and Half-Yearly Trustee Report (HYTR) formats have been modified to include additional SIF specific disclosures. For more details, click here.

11. **Simplification of requirements for grant of accreditation to investors**
SEBI has further simplified the accredited investor framework for AIFs. AIF managers can start paperwork and agreements before the investor officially receives the accreditation certificate, but the investment will count and money can be accepted only after accreditation is granted.

SEBI has also removed the need to submit detailed net-worth break-ups, and now a CA only needs to confirm that the required net-worth limit is met. For more details, click here.

12. **Review of Framework to address the 'technical glitches' in Stock Brokers' Electronic Trading Systems**
    SEBI has revised the framework for addressing technical glitches in stock brokers' electronic trading systems, superseding the earlier circular SEBI/HO/MIRSD/TPD-1/P/CIR/2022/160 dated November 25, 2022. The revised framework aims to ease compliance, exclude smaller size stock brokers, and rationalize reporting, technology, and disincentive requirements. For more details, click here.

13. **Sharing of Subscriber Information under Multiple Scheme Framework (MSF) with Pension Funds**
    PFRDA has decided that Central Recordkeeping Agencies (CRAs) shall share prescribed subscriber demographic information with the concerned PFs under the MSF, using a common template and mutually agreed periodicity. PFs will receive information only about subscribers who have invested in their own MSF schemes, not in common schemes. For more details, click here.

14. **Single Window Automatic and Generalised Access for Trusted Foreign Investors (SWAGAT-FI)" framework for FPIs and FVCIs**
    SEBI has introduced the SWAGAT-FI framework by amending the FPI Master Circular and FPI Regulations, 2019. The amendments simplify onboarding and ongoing compliances for trusted FPIs and FVCIs by defining eligible investor categories, relaxing certain investment conditions, and enabling single-window and unified access across securities. The framework also extends registration validity and KYC review periodicity to 10 years. For more details, click here.

15. **Expanded guidelines on reinvestment of returned & pending transaction amounts into the respective PRANs**
    PFRDA has expanded the scope of reinvestment of returned or pending NPS/APY transaction amounts into the subscriber's PRAN to ensure continued market-linked returns. In addition to bank-detail failures, the revised guidelines now cover failed credits, annuity cancellations, amounts on hold due to quality checks, legal matters, and certain withdrawal cases. If required documents or clarifications are not received within 30 days, the CRA will reinvest the amount after notifying the subscriber. For more details, click here.

The above Regulatory alerts may be relevant for the individuals with the following NISM Certification Examinations:

- NISM-Series-XVII: Retirement Adviser Certification Examination
- NISM Series XIX-A: Alternative Investment Funds (Category I and II) Distributor
- NISM Series XIX-B: Alternative Investment Funds (Category III) Distributors
- NISM Series XIX-C: Alternative Investment Fund Managers
- NISM Series-IX: Merchant Banking Certification Examination
- NISM-Series-IIIA: Securities Intermediaries Compliance (Non-Fund) Certification Examination
- NISM Series XXIV: AML and CFT Provisions in Securities Markets Certification Examination
- NISM-Series-VII: Securities Operations and Risk Management Certification Examination

- NISM Series-III-A: Securities Intermediaries Compliance (Non-Fund) Certification Examination
- NISM-Series-III-C: Securities Intermediaries Compliance (Fund) Certification Examination
- NISM-IFSCA-01: Certification Course on Anti Money Laundering and Counter Terrorist Financing in the IFSC