

Regulatory Alert

IAs/RAs/MIs/MFs/EDs/RTAs

May 2026 – Vol – 1

1. Operationalisation of Past Risk and Return Verification Agency (“PaRRVA”)

SEBI has operationalised the Past Risk and Return Verification Agency (PaRRVA) framework with effect from 4 May 2026, recognizing CARE Ratings as the PaRRVA and the National Stock Exchange (NSE) as the PaRRVA Data Centre. Investment Advisers (IAs) and Research Analysts (RAs) intending to communicate certified past performance data must enrol with PaRRVA by 3 August 2026, while the use of pre-PaRRVA performance data will be permitted only until 3 May 2028. The circular also revises the composition and governance framework of the PaRRVA Oversight Committee to strengthen regulatory oversight and investor protection. For more details, [click here](#).

2. Fast-Track Mechanism for Processing of Placement Memorandum of AIFs filed with SEBI

SEBI has introduced a fast-track mechanism for Alternative Investments Funds (AIFs), excluding Large Value Funds (LVFs) for accredited investors, allowing them to launch schemes and circulate Private Placement Memorandums (PPMs) **30 days** after filing with SEBI, unless directed otherwise. For the first-time schemes, launches can proceed after SEBI registration or completion of 30 days from filing, whichever is later. Any comments issued by SEBI during this period must be incorporated before launch. For more details, [click here](#).

3. Advisory on Emerging Advanced Artificial Intelligence (AI) Tools for Vulnerability Detection

SEBI has issued an advisory warning regulated entities (REs) about emerging cybersecurity risks from advanced AI-based vulnerability detection tools, including models like Claude Mythos. The regulator highlighted concerns related to data confidentiality, system integrity, and the reliability of AI-generated outputs, especially given the interconnected nature of the securities market ecosystem. To address these risks, SEBI has formed a dedicated task force, “**cyber-suraksha.ai**,” to assess emerging AI-driven cybersecurity threats, facilitate threat intelligence sharing, and recommend appropriate safeguards and mitigation measures. For more details, [click here](#).

4. ‘Significant Indices’ under SEBI (Index Providers) Regulations, 2024

SEBI has introduced a framework to identify and regulate “Significant Indices” under the SEBI (Index Providers) Regulations, 2024, to improve transparency, governance, and accountability in the index ecosystem. An index will qualify as “significant” if mutual fund schemes tracking or benchmarking it maintain an average cumulative asset under management (AUM) of **over Rs. 20,000 crore for the previous 6 months**. Once classified, an index will remain significant unless its traced AUM falls below the threshold for **3 consecutive years**. Index providers offering such indices must register with SEBI **within 6 months**, while existing SEBI-registered entities conducting index activities departmentally must create a separate legal entity within 2 years. For more details, [click here](#).

5. Discontinuation of Investor Risk Reduction Access (IRRA) platform

SEBI has decided to discontinue the Investor Risk Reduction Access (IRRA) platform with immediate effect, as it has become redundant due to major improvements in stock brokers business continuity, disaster recovery systems, cybersecurity measures, and implementation

of the Market Security Operations Centre (M-SoC). Since brokers have not utilized the IRR platform since its launch, stock exchanges recommended its discontinuation while further strengthening existing contingency mechanisms. For more details, [click here](#).

6. Clarification on Charge Structure of CRAs under the pension schemes regulated/administered by the PFRDA

PFRDA introduces key changes to Annual Maintenance Charges (AMC) for CRA services under pension schemes by aligning Tier II charges with Tier I, while exempting Tier II accounts with balances up to ₹1,000 from annual maintenance charges. It clarifies that each pension scheme within a PRAN will be treated as a separate account for AMC calculation, based on the corpus at the end of each quarter. It further reduces AMC to 10% for dormant accounts (no contribution for four consecutive quarters). Additionally, AMC is nil for zero-balance accounts under APY and NPS-Lite. For more details, [click here](#).

7. Introduction of 'NPS Sanchay' (simplified NPS Variant) under All Citizen Model and MSF Framework for Informal Sector

PFRDA has introduced "NPS Sanchay," a simplified variant of the National Pension System (NPS) under the All Citizen Model and MSF framework, aimed at expanding pension coverage for India's large informal workforce. The scheme simplifies investment choices and asset allocation to make retirement planning more accessible, especially for individuals with limited financial advisory support. Indian citizens aged **18–85 years can enroll** through Points of Presence or online platforms, subject to KYC compliance. The scheme will follow existing NPS rules for investment patterns, withdrawals, contributions, and charges, while also allowing pension funds to launch schemes under the Multi Scheme Framework (MSF). For more details, [click here](#).

8. Inclusion of Rupee Bonds issued by New Development Bank in the eligible investment universe under NPS

PFRDA has amended the NPS investment guidelines to include Rupee-denominated bonds issued by the New Development Bank (NDB) in the eligible investment universe for both Government and Non-Government sector schemes. Earlier, only bonds issued by institutions such as the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), and Asian Development Bank (ADB) were permitted. All existing conditions, including minimum credit rating requirements of AA or above and applicable maturity norms, will remain unchanged. For more details, [click here](#).

9. Introduction of Retirement Income Schemes (RIS) and Drawdown options under the National Pension System (NPS)

PFRDA has introduced Retirement Income Schemes (RIS) and drawdown options under the National Pension System (NPS) to provide subscribers with flexible, periodic payouts during retirement while allowing the remaining corpus to continue growing through market-linked investments. Subscribers can opt for monthly, quarterly, or annual payouts up to the age of 85 without affecting the mandatory annuitisation requirement meant for lifelong pension support. Under the RIS Steady option, equity exposure will gradually reduce from 35% at age 60 to 10% at age 75 and remain at that level thereafter to balance growth and stability during retirement. In addition, they can choose between two drawdown methods- Systematic Payout Rate (SPR) and Systematic Unit Redemption (SUR-Equal Units), at the time of account closure. For more details, [click here](#).

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

- NISM-Series-X-A: Investment Adviser (Level 1) Certification Examination
- NISM Series-X-B: Investment Adviser (Level 2) Certification Examination
- NISM-Series-XV: Research Analyst Certification Examination
- NISM-Series-V-B: Mutual Fund Foundation Certification Examination
- NISM-Series-V-A: Mutual Fund Distributors Certification Examination (English)
- NISM-Series-VI: Depository Operations Certification Examination
- NISM-Series-XVII: Retirement Adviser Certification Examination
- NISM Series-IX: Merchant Banking Certification Examination
- NISM Series XIX-A: Alternative Investment Funds (Category I and II) Distributors
- NISM Series XIX-B: Alternative Investment Funds (Category III) Distributors
- NISM Series XIX-C: Alternative Investment Fund Managers
- NISM-Series-II-A: Registrars to an Issue and Share Transfer Agents-Corporate Certification Examination
- NISM-Series-II-B: Registrars to an Issue and Share Transfer Agents – Mutual Fund Certification Examination