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# The Recalibration of Indian Corporate Jurisprudence: An Analytical Treatise on the 2026 Statutory and Regulatory Amendments

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**Abstract**
This analytical treatise analyses in detail the reform of India's corporate, financial and regulatory legal environment in 2026. This paper deals with the evolution of the State from procedural administrative friction to risk-based, result-oriented civil enforcement with particular reference to the Corporate Laws (Amendment) Bill, 2026 and the historic Securities Markets Code, 2025. This paper traces the evolving contours of modern Indian corporate governance through doctrinal analysis of statutory threshold expansions, the decriminalisation of technical omissions, the incorporation of social finance instruments through the Social Stock Exchange, the structural alignment of the High Value Debt Listed Entity (HVDLE) regime, the statutory consolidation of creditor waterfall priorities under the Insolvency and Bankruptcy Code (IBC) and the application of transaction-value antitrust notifications. The paper concludes with practical suggestions for compliance and policy for practitioners based on the administrative and constitutional canons of construction of the Supreme Court of India for the assessment of "self-contained codes" and "consolidating enactments."

**Keywords:** Corporate Governance, Securities Markets Code 2025, Corporate Laws (Amendment) Bill 2026, Securities Regulation, Capital Markets, Insolvency and Bankruptcy Code, Competition Law, Corporate Compliance, Mergers and Acquisitions (M&A), Regulatory Reform.

## 1. Introduction: The Political Economy of Corporate Regulatory Re-Engineering

The legislation and regulation is deliberately realigning the current legal framework relating to corporate entities, capital markets and commercial activity in India. This systemic evolution is driven by two legislative goals: one, to reduce transaction-level friction and procedural overhead for compliant business enterprises; and two, to create highly targeted, non-discretionary enforcement systems when the public interest, credit market stability, and market integrity are at risk. Historically, corporate law has been divided into a number of areas of legislation . Corporate counsel and transaction teams had to negotiate a number of statutory limits that often were in conflict with each other . The State has responded to this systemic problem with a number of far-reaching initiatives.The legislative change is being driven by two major initiatives: The Securities Markets Code, 2025 (introduced in Lok Sabha on 18 December 2025) to consolidate the provisions of various capital market laws and the Corporate Laws (Amendment) Bill, 2026 (introduced in Lok Sabha on 23 March 2026) to comprehensively amend the Companies Act, 2013 and the Limited Liability Partnership (LLP) Act, 2008. The legal framework for 2026 is geared towards changes for application and not a complete, unstructured revision of the current laws. It draws a bright legal line between garden-variety, non-fraudulent administrative errors and serious financial wrongdoings. These legislative re-engineering efforts are complemented by a host of synchronized regulatory actions by the Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), Ministry of Corporate Affairs (MCA) and Insolvency and Bankruptcy Board of India (IBBI). Taken together the legal changes are about company governance, M&A, capital structures and bankruptcy proceedings.

## 2. The Securities Markets Code, 2025: Structural Consolidation, Regulatory Arbitrage, and Interpretive Supremacy

### 2.1 Evolution and Consolidation of Legacy Securities Laws

The Securities Markets Code, 2025 (SMC) which came into force on 18 December 2025 is a major consolidation of India's financial regulatory architecture. For 30 years the stock markets operated under three different statutes running concurrently, mirroring several economic eras:

- Securities and Exchange Board of India Act, 1992 (SEBI Act) SEBI Act was created to be the statutory market regulator.
- The Securities Contracts (Regulation) Act, 1956 (SCRA) was enacted when trading was done in physical certificates. Dematerialisation was facilitated by the Depositories Act, 1996.

This broken set-up meant systemic conflict, conflicting court rulings and an over-reliance on subordinate laws. To allay these fears, the SMC, 2025 does away with the three legacy Acts and creates a "One Rulebook" for capital market regulation.

### 2.2 Master Definitions and Technological Neutrality

Section 2 of the Code updates key statutory definitions to ensure the legal framework remains technologically neutral and future-proof:

- The wide definition of "Securities" (Section 2(zi)) in the statute includes electronic gold receipts, convertible instruments, hybrid instruments, onshore rupee bonds issued by international organisations and zero-coupon zero-principal (ZCZP) products. Importantly, the term does not include unit linked insurance products so as to avoid creating a jurisdictional conflict with the insurance regulator.
- The statutory definition of "intermediary" (Section 2(q)) groups together twenty-one different kinds of market participants that include stock brokers, asset management companies, credit rating agencies and investment advisers.
- Interpretation of "Investment Scheme" (Sections 2(r), 2(zc), 32 and 33) During the legacy days, the promoters of unapproved collective investment schemes took advantage of the loopholes in the law under Section 11AA of the SEBI Act. The Code addresses this by providing a fully integrated definition. Any scheme for collection of investors' funds in any legal form and whether the investors have day-to-day operational control or not, is regulated by SEBI.

### 2.3 Adjudicatory Reforms and the Unified Adjudicating Officer

SMC is addressing the clog in SEBI's quasi-judicial system arising from conflicting precedents and overlapping show-cause notices. It lays down the consolidated concept of "Adjudicating Officer" (AO) in Section 17. AOs can be appointed by the Chairperson, WTMs or senior officers of SEBI not below the rank of Division Chief. The designated AO has sweeping powers to settle enforcement, disgorgement and penalty proceedings in one consolidated court to expedite further appeals to the Securities Appellate Tribunal (SAT).

### 2.4 Strict Procedural Timelines, Limitation Periods, and Enforcement Safeguards

The Code establishes legislative deadlines to avoid lengthy enforcement proceedings:

- Time limit for investigation: Section 13(2 demands that the investigation shall be completed within a stipulated time limit of 180 days. Such extension is subject to written consent and in case of emergency to formal approval of WTM.
- Statutory Limitation Period (Section 16) No inspection inquiry or investigation shall be initiated after the expiry of eight years from the date of default. There is no systemic direct harm or agency referral and legal certainty for market participants is high.
- Section 27: Restriction on period of interim order – restricts interim order to maximum period of 180 days. The extension beyond that can be considered on the basis of detailed evaluation by a panel of professionals consisting of WTMs and SEBI Chairperson for a period not exceeding two years. A post-decisional hearing shall be granted to the aggrieved parties as soon as practicable.

### 2.5 Netting, Settlement Finality, and Insolvency Ring-Fencing

An important systemic safeguard under the Code is express and statutory recognition of netting and settlement finality under s 68. Earlier these safeguards were governed by the Insolvency and Bankruptcy Code, 2016 (IBC) and regulated by the specific bye-laws of the clearing organisations. 68(1) (b) a determination by a clearing corporation of net monetary or security liabilities is final and binding. Section 68(2) confers on the clearing organisation an absolute right to call for collateral and margins. Settlement is therefore not affected by the insolvency of a clearing member. Clearing corporations have the overriding priority over any other attachment/recovery of dues under Section 70, bringing India's market infrastructure on par with international standards for financial stability.

### 2.6 Doctrinal Critiques: Power Concentration and Executive Lawmaking

The Code is very easy to administer but gives great power to the regulating body. They are both part of the same administration. The separation of powers is not complete. The investigating officer cannot be the adjudicating officer in the case under section 17(2).

Moreover, the Code contemplates a broad delegation of authority:

- De Facto Lawmaking (Section 93(g) in conjunction with Section 96) Under the rules, SEBI can define new, ambiguous behaviours as "market abuse" under Section 93(g). Section 96 "market abuse" carries a maximum sentence of ten years in prison. This, in effect, gives power to an executive agency, not Parliament, to decide what is a criminal offence.
- Procedural Autonomy (Section 146(2)(j) read with Section 17(4) : This empowers SEBI to frame rules for its adjudication proceedings to the extent that it subverts external checks and balances.
- The Central Government may exempt the listed PSUs from requirements of public shareholding, corporate governance and disclosure under Competitive Non-Neutrality (Section 65(2)). This double-track rule is a breach of the rights of minority shareholders.

### 2.7 Constitutional and Administrative Canons of Construction

The operational independence and interpretative dominance of the Securities Markets Code, 2025 rests on well settled legal principles evolved by the Supreme Court of India in the context of merger of economic codes:

- The Rule of Natural Meaning in Consolidating Statutes by Ravula Subba Rao The Supreme Court in Ravula Subba Rao v. Commissioner of Income Tax (1956 SCR 577) accepted the canon of construction in Bank of England v. Vagliano Bros., that a consolidating statute has to be read in its natural, modern language, and not in the light of the previous law. This way the SMC will be read in its own language and not in the inherited legislation of SCRA or SEBI Act.

- General Civil Procedure Not Applicable : In Fuerst Day Lawson Ltd. v. Jindal Exports Ltd., (2011) 8 SCC 333, the Court held that where the statute is a consolidated and self-contained code, the general civil procedure and the appellate standards do not apply unless the statute otherwise expressly provides.
- The Principle of Complete Machinery (Girnar Traders): The Constitution Bench in Girnar Traders v. State of Maharashtra (2011) 3 SCC 1, held that a self-contained code is a complete, seamless machinery for its subject matter and if external deadlines or procedures are added, the legislative intent is negatived. This shields the SMC's market default fast-track timelines under Chapter XIII from outside civil or criminal hindrances.
- Exhaustive Nature of Economic Enactments (Innoventive Industries & Swiss Ribbons) In Innoventive Industries Ltd. v. ICICI Bank (2018) 1 SCC 407 and Swiss Ribbons Pvt. Ltd. v. Union of India (2019) 4 SCC 17, the Supreme Court has held that the legislature must have wide discretion to prioritise speed, preservation of asset value and market stability. "The SMC's netting, settlement finality and 180 day investigative periods will preempt inconsistent general or bankruptcy law through this body of precedent."

## 3. The Corporate Laws (Amendment) Bill, 2026: Modernizing Boardroom Governance and Easing Procedural Friction

### 3.1 Decriminalization and the Settlement Framework

A systematic part of the Corporate Laws (Amendment) Bill, 2026 is the systematic decriminalisation of minor, non-fraud and procedural lapses that moves cases out of criminal courts and the NCLT to an e-adjudication civil penalty scheme. More than twenty penal provisions under the Companies Act and the LLP Act are made civil offences. For instance, defaults under Section 186 (Inter-corporate Loans and Investments) are converted into structured civil penalties. Companies could be fined INR 100,000 and INR 500 for each day of continuing default (subject to a maximum of INR 500,000). Officers in default could face a fine of up to INR 100,000.

The Bill inserts a new settlement framework under section 454C to facilitate such a transition. This provides a means for companies subject to civil penalties for violations not involving fraud to address their exposures through administrative procedures, thus reducing the backlog in the courts. At the same time, s 166 is amended to limit criminal liability for breach of directors' duty to only those cases where there are direct, bad faith attempts to gain or to obtain an advantage to which one is not entitled, and which are still subject to judicial disgorgement orders. All other general breaches of fiduciary duty are converted to civil penalties.

### 3.3 Independent Director (ID) Eligibility, Tenure, and Continuous Compliances

The 2026 bill is intended to enhance director independence with more stringent eligibility and tenure norms under section 149 of the Companies Act:

- Extension of the Disqualification Relationships The disqualifying relationships tests for the purpose of determining the independence of directors are extended to the current financial year.
- Lower Threshold for Consulting Fees: The Central Government may prescribe a transaction threshold lower than the existing 10% for transactions with legal and consulting firms.
- Continuous Eligibility Obligation: Instead of relying on simple annual declarations, IDs are put on a continuous statutory obligation to maintain their eligibility criteria throughout their tenure.

- Cooling-off and Additional Directorships: The cooling-off restrictions shall apply to the holding, subsidiary and associate companies of the appointing entity. The time served as an additional director shall be counted towards the total tenure of the ID.
- Tenure of Additional and Casual Directors (Section 161) : Not exceeding 3 months from date of appointment or till the next general meeting whichever is earlier. Aligns practice for unlisted with SEBI LODR rules.
- Tighter vacation and disqualification (Sections 164 & 167): The default threshold for triggering director disqualification for non-filing of financial statements or annual returns is reduced from three consecutive financial years to two. But Section 167 gives an orderly transition for a period of six months or till the term of the director expires, during which the vacation of office for disqualification under Section 164(2) can be deferred. Further, a person will be disqualified as a director if he is punished for defaults in related party transactions under Section 188.

### 3.4 Restructuring M&A and Fast-Track Mergers: Creditor Value Thresholds

The Bill proposes significant updates to Section 233 for mergers, reverse flips and pre-IPO consolidations in order to cut transaction timelines :

- Rule of Natural Meaning in Consolidating Statutes (Ravula Subba Rao) In Ravula Subba Rao v. Commissioner of Income Tax (1956 SCR 577), the Supreme Court followed the canon of construction in Bank of England v. Vagliano Bros., that a consolidating statute should be interpreted in its natural, modern language and not in the light of the previous law. This will ensure that the SMC is read in its own tongue and not in the legislation inherited from either the SCRA or the SEBI Act. General Civil Procedure not applicable: The Court in Fuerst Day Lawson Ltd. v. Jindal Exports Ltd., (2011) 8 SCC 333 has observed that in the case of a consolidated and self-contained code, the general civil procedure and appellate standards are not applicable unless the statute expressly provides otherwise.
- The Principle of Complete Machinery (Girnar Traders): Girnar Traders v. State of Maharashtra (2011) 3 SCC 1, the Constitution Bench observed that the self-contained code is a complete and seamless machinery for its subject matter and if external deadlines or procedures are superimposed the legislative intent is nullified. This protects the fast track market default timelines as laid out in Chapter XIII of the SMC, from external civil or criminal encumbrances.
- Complete character of economic acts (Innovative industries and ribbons of Switzerland) The Supreme Court in Innoventive Industries Ltd. v. ICICI Bank (2018) 1 SCC 407 and Swiss Ribbons Pvt. Ltd. v. Union of India (2019) 4 SCC 17 has held that the legislature must be given ample discretion to give preference to speed and asset value preservation and market stability. This body of precedent will take precedence over any conflicting general or bankruptcy laws in the SMC’s netting, settlement finality and 180 day investigative periods.

### 3.5 Capital Management, Flexible Share Buybacks, and Employee Compensation

The Bill amends section 68 to allow greater flexibility in capital management for cash rich businesses with low debt as follows:

- Two buybacks a year: Some types of companies can only propose to buy back their shares a maximum of two times in a year. The second offer is not to be opened until six months after the first.
- Solvency Declarations: Introduction of the self declaration as an alternative to the affidavit for confirming the solvency statement.
- Decriminalisation: Procedural mistakes on buyback are to be subject to civil liability only, not criminal liability.

- Employee Stock-Based Compensation: Other than regular ESOPs (in case of unlisted companies), the amendment to section 62(1)(b) will now specifically allow cash settled and equity settled share linked instruments like Restricted Stock Units (RSUs), Stock Appreciation Rights (SARs). Recognition is also given to private placements under Section 42(2).

**3.6 Charge Registration Timelines and LLP Governance Reforms**

- Registration of Charges (Section 77) The time limit for filing corporate charges to ROC has been extended from 120 days to 180 days.
- LLP Act Reforms: The compliance gap between LLPs and private companies is somewhat narrowed by increased disclosures of beneficial ownership under Section 90, stricter requirements for yearly compliance filings and mandatory internal audits for LLPs with higher revenue levels. The framework for civil adjudication of modest defaults is laid down in Section 76A. In India a partner in a multidisciplinary firm has to be member of a statutory professional association.

**3.7 GIFT City/IFSC Financial Corridor Optimization**

The Bill creates a specific statutory avenue to reduce structural friction and to enhance the competitiveness of the International Financial Services Centre (GIFT City):

- Native Foreign Currency (Section 43A): IFSC registered companies and Specified IFSC LLPs can issue and hold share capital in the permitted foreign currencies, maintain books of account and financial statements in the foreign currencies and use such foreign currencies for all regulatory filings with ROC.
- Conversion of Capital of IFSC LLP: IFSC LLPs incorporated before the 2026 Act may convert the currency of capital contribution of its partners from Indian Rupees to a permitted foreign currency within a prescribed period.

## 4. Audit Quality Control, Transparency, and Oversight Reforms

**4.1 Board Disclosures on Auditor Reservations**

- Corporate Boards can no longer remain silent on adverse observations of the auditor under Section 134(3) of the Companies Act Mandatory Board Comments: The Board of Directors shall give detailed explanations or comments in its Board's report on each adverse observation, qualification, reservation or adverse remark made by statutory auditors.
- Non-acceptance of Audit Committee: The composition of the Audit Committee should be disclosed in the Board’s report and the reasons for non-acceptance of any of the recommendations of the Audit Committee should be stated. This requirement has been extended to unlisted companies.

**4.2 Prohibited Non-Audit Services and Cooling-off Periods (Section 144)**

Section 144 is amended to ensure auditor independence by imposing a blanket ban on statutory auditors or audit firms of prescribed classes of companies from rendering any non-audit services directly or indirectly to the audited company, its holding company or its subsidiaries. The prohibition continues for a period of three years after tenure. Section 139(12) also provides the Central Government with the power to exempt small companies from the requirement of appointment of statutory auditors and to modify the level of supervision in accordance with the risk profile of the company.

**4.3 Expanding NFRA and the IBBI as Valuation Authority**

- Re-designation of NFRA (Sections 132A to 132K) National Financial Reporting Authority is re-designated as a body corporate with the power to sue and to be sued, to issue binding directions in public interest, to operate an independent NFRA Fund and to exercise full rule-making and quasi-judicial authority. The civil courts no longer have jurisdiction over the NFRA's subject matters.

- IBBI as Valuation Authority (Section 247): IBBI is appointed as Valuation Authority under Companies Act, 2013 (Section 247 of Companies Act, 2013) IBBI will determine the valuation standards and ensure discipline and will be responsible for registration of valuers. It will evolve a standard valuation to audit pipeline for corporate actions.

## 5. Corporate Social Responsibility (CSR) and the Social Stock Exchange Integration

### 5.1 Realigning CSR Mandate Thresholds

The reforms of 2026 have increased the net profit threshold for mandatory CSR spend under Section 135(1) to INR 10 Crore or such other sum as may be prescribed from INR 5 Crore. The fix will exclude mid-market companies from the mandatory CSR regime enabling them to channel their capital to core operations. Two administrative relaxations are introduced for companies still subject to CSR obligations, namely:

- Unspent CSR Transfers: The timeline for transfer of unspent CSR funds pertaining to ongoing projects to a “Unspent CSR Account” has been extended from 30 days to 90 days (extending the timeline to June 29th of each year), providing more time for corporate finance teams to plan for compliance.
- Exemptions to CSR Committee: The threshold for CSR spending has been increased to two-fold from INR 50 Lakh to INR 1 Crore below which a company can be exempted from constituting a CSR Committee and have the board directly oversee CSR spending.

### 5.2 Implementing Social Finance: Subscription of ZCZP Instruments

The Ministry of Corporate Affairs (MCA) on May 27, 2026, notified the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2026 which created a formal link between corporate social spending and the Social Stock Exchange (SSE). The new Rule 4A allows companies to fulfill their CSR duties through investments in Zero Coupon Zero Principal (ZCZP) instruments listed on SSE. Securities as defined in the Securities Contracts (Regulation) Act, 1956 issued by registered Not-for-Profit Organisations (NPOs). To make this integration possible, “subscription to zero coupon zero principal instruments on Social Stock Exchange” has been included as a permissible CSR activity in the Schedule VII of the Companies Act. Rule 4A restricts the expenditure on ZCZP instruments to not more than 10 per cent of the total CSR budget of the company in the financial year. Companies that choose to invest through these specific instruments are fully exempted from the impact assessment requirements, and the NPO issuing the instruments has to complete the corresponding projects within three financial years. Any funds not utilized on closure of project will be transferred to a Schedule VII fund.

### 5.3 NPO Registration, Disclosures, and SROs for Social Impact Assessments

The SEBI Master Circular on Social Stock Exchanges dated January 19, 2026 has prescribed stringent registration and financial criteria to be met by NPOs for listing on the SSE.

- Legal & Tax Status: The applicant should possess valid PAN, income tax registrations (12A, 12AA and 12AB) and should be registered as a section 8 company, charitable trust or society.
- Operational history and performance: 3 years of continuous operation.
- Financial Thresholds: The schemes should have been funded with Rs 10 lakh in the last fiscal year and should have a minimum annual expenditure of Rs 50 lakh.
- Specifications of ZCZP ZCZP’s need minimum subscription of 75% and minimum issue size of INR 50 Lakhs. Minimum application amount is INR 1000. They are only issued in dematerialised form and are not transferable.

- Annual Impact Report (AIR): The Registered NPOs shall submit the reviewed AIR by or on 31st October every year.
- Self Regulatory Organisations (SROs) SEBI has notified following SROs to regulate and prescribe professional standards for Social Impact Assessors ICAI INSTITUTE OF SOCIAL AUDITORS (ICSI)
- Organisation of Social Auditors by ICMAI.6. The Companies Compliance Facilitation Scheme, 2026 (CCFS-2026): Systemic Condonation and Registry Clean-Up

**6.1 Operational Mechanics and Active Window**

To clear the backlogs in compliance MCA has issued the Companies Compliance Facilitation Scheme, 2026 (CCFS-2026) vide General Circular No. 01/2026 dated February 24, 2026. The program is a one time opportunity to comply under Section 460 and 403 of Companies Act, 2013 from 15th April to 15th July, 2026. The Companies Act which came into effect on 1st July, 2018 provided a statutory penalty of INR 100 for each day of delay in filing the annual reports and financial statements without any cap. This has created huge financial liabilities for dormant or non-compliant organisations. CCFS-2026 offers three structural options to help businesses decide to go into dormancy, regularise their filings or voluntarily withdraw from corporate registration.

The Three-Tier Strategic Options

- Regularize Pending Filings @ 10% Additional Fee: Companies having pending annual filings (MGT-7, MGT-7A, AOC-4 series, ADT-1, FC-3, FC-4 and other legacy forms under the 1956 Act) can file these by paying the normal statutory fee plus only 10% of the total accumulated additional fees will provide significant financial relief.
- Apply for Dormancy under Section 455: Companies that are inactive and want to keep their registration but reduce compliance costs can apply for dormant status by filing e-form MSC-1 and paying only 50% of the usual filing fees.
- Voluntary Strike-off through Form STK-2: During the scheme period, defunct companies can apply for voluntary strike-off by filing e-form STK-2, with a reduced fee of 25% of the applicable filing fees (i.e., INR 2,500 instead of INR 10,000).

**6.3 Immunity Clauses, Exclusions, and Post-Scheme Enforcement**

**The scheme grants conditional immunity from prosecution :**

- The Immunity Rule: If filings are made under the scheme before the issue of an adjudication notice or within 30 days of receiving the notice, no penalties are imposed and any existing proceedings under Section 92 (Annual Return) or Section 137 (Financial Statements) are formally closed.
- Limitations. The immunity is limited to filing delays. It does not apply to other defaults of a company such as failure to hold an Annual General Meeting.
- Exclusions The scheme does not apply to: companies with a final strike-off notice under Section 248, companies that have already applied for voluntary strike-off, companies that applied for dormancy prior to the commencement of the scheme, amalgamated or dissolved companies and vanishing companies.
- After the scheme closes on 15th July 2026 the ROC will be required to take stringent enforcement action against the remaining defaulting entities and revert to the usual penalty of INR 100 per day.

## 7. SEBI Listing Obligations and Secondary Market Disclosure Reforms (LODR & ICDR 2026)

### 7.1 High Value Debt Listed Entity (HVDLE) Restructuring and RPT Carve-outs

SEBI notified the SEBI (LODR) (Amendment) Regulations, 2026 on 20th January 2026, which raised the threshold for classification as HVDLE for outstanding non-convertible debt from INR 1,000 Crore to INR 5,000 Crore. The change exempts medium-sized debt issuers from additional HVDLE governance and disclosure requirements, shifting such requirements to larger issuers that pose systemic risks to the debt market.

- For other HVDLEs the amendments provide two specific updates. Compatibility with RPT Framework: HVDLEs are required to comply with the broad provisions of RPT in Regulation 23 while provisions relating to shareholder approval under Regulation 23(8) and 23(9) are not applicable to entities with narrow shareholding structure.
- Subsidiary Asset Exemptions: Transactions involving the sale, disposal or lease of assets between two wholly owned subsidiaries of an HVDLE are exempt from material subsidiary provisions, as intra-group transfers do not change the net economic position of the parent group.

### 7.2 Meeting Calendar Realignment and Material Subsidiary Materiality Tests

- Calculation of Meeting Frequency: The revisions to the Act have clearly provided that the minimum frequency of Board and committee meetings is to be computed on a financial year basis (April to March) and not on a calendar year basis, thus resolving past misunderstandings.
- Subsidiary Materiality criteria: The criteria for identifying “material subsidiaries” is changed from “income or net worth” to “turnover or net worth”. This ties the test to operating revenue, excluding volatile, non-recurring accounting entries, such as one-time asset sales or fair-value adjustments, from the materiality calculation.
- RPT Disclosure Thresholds: Listed entities may follow simplified disclosure requirements for RPTs that do not exceed 1% of annual consolidated turnover or INR 10 Crore, whichever is less. Such disclosure requirements shall not be applicable in respect of transactions of an amount not exceeding INR 1 Crore, in aggregate or individually, throughout a financial year. For listed firms with consolidated annual turnover T surpassing INR 40,000 Crore, Schedule XII lays down the calculation of materiality criterion M as follows.

  $$M=3000+0.025(T-40000)$$

### 7.3 Dematerialization, Direct Credit, and Physical Share Transfers

SEBI has revised Regulation 39(2) for modernizing investor services and requires that all investor requests for split, consolidation, renewal or duplicate issuance of shares should be compulsorily settled through direct credit of dematerialized securities in the demat account of the investor within a period of 30 days. The Letter of Confirmation (LOC) mechanism will end on 2nd April 2026. Additionally, a special regulatory window from 5th February 2026 to 4th February 2027 permits the registration of physical share transfers for deeds executed prior to 1st April 2019, if the original share certificates are available. Further, the documentation requirement for simplified issuance of duplicate certificates has been doubled from INR 5 Lakh to INR 10 Lakh and the notarization requirement for duplicate applications of less than INR 10,000 has been dispensed with.

### 7.4 Primary Market Disclosures (ICDR 2026 Updates)

The SEBI (ICDR) (Amendment) Regulations, 2026, notified on March 16, 2026, introduce further disclosure obligations.

- The issuer shall file a draft abridged prospectus in accordance with Part E of Schedule VI of the ICDR

Regulations. The prospectus will be available on the websites of the issuer, SEBI, relevant stock exchanges and lead managers.

- All application forms circulated shall have a QR Code and a direct digital link to the Red Herring Prospectus, abbreviated prospectus and price band advertisements.
- Lock-in of specific Securities: Under Regulation 17, the depositories are to mark specific securities as 'non-transferable' for the entire period of lock-in. 4. Schedule VI is amended to delete general prospectus summaries and restrict disclosures in the DRHP to only contingent liabilities and related party transactions.

**7.5 Insider Trading Restrictions (PIT 2026 Updates)**

Regulation 8(2) of the SEBI (PIT) Regulations stipulates that listed companies shall formulate a structured "Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI)".

The code also defines related persons, immediate family members and material financial relationships. If a loan or gift equal to 25% of the donor's annual income is received it triggers the designated compliance tracking. It also sets out specific norms for sharing UPSI for legitimate business purposes such as conducting transactions with lenders, auditors or legal advisers.

## 8. Insolvency Reforms and the Restructuring of Waterfall Priorities under the IBC 2026

The Insolvency and Bankruptcy Code (Amendment) Act, 2026, enacted in April 2026, introduces several updates to India's debt restructuring and insolvency framework.

### 8.1 Clarification of "Security Interest" and Waterfall Priorities

The 2026 Act clarifies Section 3(31) of the Code, which has long been the subject of controversy with respect to waterfall distributions, to state that a "security interest" can arise only from a consensual agreement or arrangement between two or more parties. This legislative definition does not include involuntary, non-consensual liens or charges created by operation of law, such as statutory tax charges or government penalty claims. Also, the law excludes consensual security interests and statutory claims, where secured creditors would have priority over government dues, thus, protecting secured lenders in Corporate Insolvency Resolution Processes (CIRP) and liquidation processes.

### 8.2 Expeditious Admission, Asset-level Resolutions, and Timelines

- Simplified Admission (Section 7): The NCLT only needs to consider two issues, i.e., default and the sufficiency of the petition. The default entries of registered information utilities are deemed sufficient evidence of default, thus limiting the scope of pre-admission litigation by corporate debtors.
- Asset-level Resolutions (Section 5(26)): Section 5(26) is amended to clarify that a resolution plan may include the sale of one or more of the debtor's individual assets, rather than the transfer of the entire corporate body. This will allow the CoC to pursue asset-level resolutions of complex conglomerates in order to maximise recovery values.
- Expanded look-back period for avoidance: The period for recovery of preferred, undervalued or extortionate transactions has been extended from one to two years before the date of the bankruptcy commencement.
- Action of Creditor in Person (Section 47). The RP or Liquidator may file avoidance recovery petitions. Where the RP or Liquidator does not file such petitions, the creditors may file such petitions directly under Section 47.
- Moratorium and Timelines During the liquidation stage, the statutory moratorium is extended to

prevent piecemeal stripping of assets. The period of liquidation under section 54 is reduced to 180 days (with one extension of 90 days).

- Appointment of Liquidators: The RP involved in the CIRP cannot be appointed as the liquidator of the debtor so as to avoid a conflict of interest. 66% of the CoC may vote to remove the liquidator.

### 8.3 RBI Liberalization of the External Commercial Borrowings (ECB) Framework in Insolvency

In another development, RBI notified the Foreign Exchange Management (Borrowing and Lending) (First Amendment) Regulations, 2026 which has significantly liberalised the ECB framework. According to these regulations, ECB can be raised by any Indian resident entity (other than individuals), including LLPs and companies under corporate insolvency resolution, as contemplated in their resolution plan. The lender pool has been expanded to include foreign individuals, overseas branches of RBI-regulated entities and IFSC-based financial institutions, removing prior FATF- or IOSCO-linked jurisdiction filters.

## 9. Competition Law Re-engineering and the Restructuring of Combination Controls

The intersection of M&A transactions and antitrust enforcement has been updated by the Competition Commission of India (CCI) and parliamentary amendments, resolving tensions between securities market activities, insolvency proceedings, and antitrust review timelines.

### 9.1 Section 6-A Standstill Derogations for Market Purchases and Open Offers

Merger control thresholds triggered a mandatory standstill obligation under the Competition Act, 2002 for all transactions. This meant that the acquirers could not implement any aspect of the transaction (including on-market share purchases) until CCI approval had been obtained. Section 6-A provides for a standstill exception for open market purchases and public open offers on regulated stock exchanges in order to deal with the market volatility and holding costs caused by these delays. Acquirers may buy shares in a target without exercising voting or benefit rights, until final permission is given by the CCI, allowing them to benefit from attractive market prices while remaining under regulatory supervision.

### 9.2 Deal Value Thresholds (DVT) and the "Substantial Business Operations" Qualifier

The full implementation of the Deal Value Threshold (DVT) has expanded the CCI’s merger control framework. Under this rule, any transaction with global deal value of more than INR 2,000 Crore would need prior approval from CCI, if the target has “substantial business operations in India”. The substantial business operations test is a non-financial test (based on the number of active users/subscribers, or the amount of data collected in India), determining transactions in the digital and technology space that do not meet traditional asset or turnover thresholds but have significant market impact**.**

### 9.3 Procedural Timelines, Settlement/Commitment, and DG Investigative Powers

The statutory time limit for clearing concentrations is shortened to 150 days from 210 days. It also introduces a formal settlement and commitment framework, which allows companies subject to investigations for anti-competitive agreements or abuse of dominance to offer structural or behavioural commitments to settle proceedings at an early stage.

However, the DG's investigative powers are expanded: the range of "agents" under investigation is expanded to include the target's bankers and legal advisors, and the DG may approach them directly for documents which may conflict with traditional lawyer-client confidentiality privileges.

### 9.4 Relaxing the IBC-Antitrust Intersection

The Parliament passed the Insolvency and Bankruptcy Code (Amendment) Bill, 2026 on March 30, 2026, which led to a major relaxation in the combination of permissions for stressed assets. The earlier requirement of prior permission before the CoC votes has been done away with in the new framework. Thus, where a resolution plan involves a combination under the Competition Act, the resolution applicant is now required to obtain CCI approval before submitting the resolution plan to the NCLT for final approval. The amendment also speeds up the debt restructuring process, in addition to stopping antitrust reviews from choking off viable resolution options.

## 10. Legislative Policy Recommendations

To address the statutory gaps, ambiguities, and procedural friction points identified in this doctrinal analysis, the following legislative and policy suggestions are proposed:

**Limit Executive Criminal Lawmaking (SMC Clause 93(g))**

Clause 93(g) of the Securities Markets Code, 2025, should be amended to limit SEBI's power to create new criminal offences by subordinate legislation.

The criminal offences and the provision of imprisonment should be the sole competence of Parliament. If administrative flexibility is required, then the powers of SEBI should be limited to suggesting draft amendments to a list of scheduled offenses, which should be approved by the parliament before the criminal penalties can be imposed.

**Establish an Independent Cadre of Administrative Law Officers (ALOs)**

To satisfy the constitutional separation of powers requirements and remove institutional bias, SEBI needs to build an independent career path for "Administrative Law Officers" (ALOs).

These ALOs should be recruited independently, report to a designated 'Administrative Law Member' on the SEBI board and not be allowed to return to executive or investigative roles. This structural separation guarantees an objective, judicial decision-making in the adjudication proceedings.

**Codify Objective Penalty Matrices (SMC Clause 19(b))**

Clause 19(b)(v) contains a subjective element in the "impact of the default on the integrity of the securities markets" which should be replaced by a structured penalty matrix to avoid arbitrary penalties. The Code should make it mandatory to publish binding "Penalty Calculation Regulations" based on objective mathematical formulas related to the quantifiable harm caused to investors or the exact value of unlawful gains.

**Enforce Competitive Neutrality (Corporate Laws Bill Clause 65(2))**

Clause 65(2) of the Securities Markets Code, 2025 be deleted or strictly qualified so that listed PSUs cannot avail arbitrary exemptions from the standards of corporate governance, public shareholding and disclosure. "Minority retail investors should be protected by requiring the same compliance and regulatory standards for state-owned enterprises as private listed companies.

**Resolve SAT Coram Vacancies (SMC Section 80(2)(c))**

Amend Section 80(2)(c) to avoid procedural delays in the SAT caused by unfilled technical member vacancies. The Code should also provide for the Central Government to fill technical vacancies within 90 days as a statutory timeline, and to re-appoint retired judicial or technical members temporarily to avoid backlogs.

**Open Structured Platforms for Private Securities**

To facilitate the development of the capital market, the Code should create a regulated, transparent trading platform for unlisted companies and statutory provisions for "listing without an offering" (direct listings). This helps liquidity and price discovery without the heavy compliance costs of a full public listing.

**12. Conclusion: Towards an Agile, Outcome-Driven Corporate Ecosystem**

Legislative and regulatory developments will systematically update the Indian corporate, securities and competition law systems by 2026. These amendments decriminalise procedural errors, increase thresholds for small enterprises and create targeted amnesties such as CCFS-2026 to enable firms to comply better and use their resources more efficiently.

The framework calls for stricter regulation of governance and transparency in areas of greatest vulnerability to the public interest and market integrity. This is reflected in the SEBI's LODR and ICDR regimes with stricter disclosure norms for listed companies, the more stringent qualifications for independent directors and the expanded enforcement powers of the NFRA.

Particular forms of arrangements that strengthen the integration of corporate capital into international financial networks and social development goals are ZCZP social finance instruments and IFSC LLPs. The changes in the IBC like making the definition of security interests more robust and bringing in asset level resolution plans has made it easier for lenders to get their money back in the restructuring arena. Finally, if competition assessments are synchronized with stock market trading and bankruptcy schedules, antitrust compliance will not be an undue obstacle to corporate restructurings and acquisitions. Taken together, all these changes are turning India's corporate law system into an outcomes-based framework for governance, capital efficiency and market integrity.

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