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19th June 2026

SEBI Proposes Rationalisation of Executive Remuneration Disclosure Framework for AMCs

The Securities and Exchange Board of India (SEBI), through its Consultation Paper dated **June 10, 2026**, has proposed a review of the executive remuneration disclosure requirements applicable to Asset Management Companies (AMCs). The proposal seeks to balance transparency for investors with employee privacy and operational efficiency by rationalising the disclosure framework prescribed under the SEBI Master Circular for Mutual Funds. Public comments on the proposals have been invited until **June 30, 2026**.

Analysis

- Under the current regime, AMCs are required to disclose on their websites the remuneration of the CEO, CIO and COO (or equivalent officers), details of the top ten employees by remuneration, employees exceeding prescribed remuneration thresholds, the ratio of CEO remuneration to median employee remuneration, and AAUM growth metrics. Listed AMCs are additionally subject to disclosure obligations under the SEBI (LODR) Regulations, 2015 and the Companies Act, 2013.

- SEBI noted that executive remuneration disclosures play an important role in promoting corporate governance and transparency. However, industry representations, including those made by AMFI, highlighted concerns regarding the extent and relevance of the current disclosure requirements. Stakeholders argued that mutual funds operate through a trust-based structure where investors are unitholders rather than shareholders, making detailed employee-level remuneration disclosures less relevant than in listed companies.

- Key concerns raised include employee privacy risks arising from public disclosure of compensation, potential misuse of remuneration data, and competitive disadvantages in attracting and retaining talent compared to sectors such as PMS and AIFs where similar disclosure requirements are not applicable. Industry participants also contended that investors typically base investment decisions on factors such as scheme performance, risk management, and costs rather than individual employee remuneration.

- To address these concerns, SEBI has proposed replacing employee-wise remuneration disclosures with consolidated disclosures. Instead of publishing names and remuneration of specific employees, AMCs would disclose the aggregate remuneration paid to specified employee categories along with the number of employees covered within each category. The existing disclosure requirements relating to CEO-to-median remuneration ratio and AAUM growth metrics would continue unchanged.

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- SEBI has also proposed a separate framework for fund manager remuneration disclosures. Under the proposal, scheme-level consolidated remuneration details of fund managers would not be publicly disclosed but would be made available upon request to investors who hold units in the relevant scheme. The disclosure would indicate the number of fund managers and the aggregate remuneration attributable to them.

- The proposed framework would reduce compliance and administrative burdens associated with preparing employee-specific remuneration disclosures.

- Removal of name-wise disclosures would strengthen employee privacy protections and may improve talent retention within the mutual fund industry.

- Investors would continue to receive visibility into overall remuneration practices through category-based disclosures while avoiding disclosure of individual compensation details.

- AMCs may need to establish internal processes for verifying and responding to investor requests seeking scheme-level fund manager remuneration information.

- **Key Takeaways**

  - SEBI has proposed replacing individual employee remuneration disclosures with consolidated category-wise disclosures.

  - Existing disclosures relating to CEO-to-median employee remuneration ratio and AAUM growth would continue.

  - Fund manager remuneration may be disclosed on a scheme-level basis only upon request from eligible investors.

  - The proposals aim to balance transparency, investor protection, employee privacy, and operational efficiency.

  - Public comments on the consultation paper may be submitted to SEBI until **June 30, 2026**.

- The notification is attached herein.

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SEBI Extends Timelines for Compliance with Merchant Banker SBU, Net Worth and Liquid Net Worth Requirements

The Securities and Exchange Board of India (SEBI), vide Circular No. **HO/49/14/15(2)2026-CFD-POD1/I/13567/2026 dated June 11, 2026**, has extended the timelines prescribed under its Circular dated January 2, 2026 for compliance with certain provisions applicable to Merchant Bankers. The relaxation has been granted in light of industry representations highlighting operational challenges in implementing the Separate Business Unit (SBU) framework and the need to align financial compliance requirements with the financial year-end. The circular impacts Merchant Bankers regulated under the SEBI (Merchant Bankers) Regulations, 1992, particularly Regulations 7, 7A, 13A and 45.

Analysis

- The **SEBI (Merchant Bankers) (Amendment) Regulations, 2025**, notified on December 5, 2025, introduced significant regulatory changes including revised net worth and liquid net worth requirements and insertion of Regulation 13A, requiring segregation of specified activities through Separate Business Units (SBUs). To operationalise these changes, SEBI had issued a detailed implementation framework through its Circular dated January 2, 2026.

- SEBI has extended the deadline for transfer of activities to Separate Business Units under Regulation 13A (2) and Clause 11.2.1 of the January 2, 2026 Circular from July 3, 2026 to December 31, 2026. The corresponding compliance requirement under Clause 11.2.10 has also been deferred to the same date.

- Merchant Bankers are required to maintain prescribed net worth levels under Regulation 7 of the SEBI (Merchant Bankers) Regulations, 1992. SEBI has postponed:

  - **Phase I compliance** from January 2, 2027 to March 31, 2027.
  - **Phase II compliance** from January 2, 2028 to March 31, 2028.

- Compliance with liquid net worth requirements under Regulation 7A has similarly been extended:

  - **Phase I compliance** from January 2, 2027 to March 31, 2027.
  - **Phase II compliance** from January 2, 2028 to March 31, 2028.

- The deadline for intimation to SEBI regarding categorisation as Category I or Category II Merchant Banker has been shifted from January 2, 2027 to March 31, 2027.

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- The circular has been issued under Section 11(1) of the Securities and Exchange Board of India Act, 1992 read with Regulation 45 of the SEBI (Merchant Bankers) Regulations, 1992.

- Merchant Bankers receive an additional six months to establish governance, compliance, accounting, information barriers and operational infrastructure necessary for implementation of the SBU framework.

- The extension provides additional time for capital planning and infusion to meet enhanced net worth and liquid net worth thresholds prescribed under Regulations 7 and 7A.

- Alignment of compliance deadlines with March 31, being the end of the financial year, is expected to facilitate easier financial reporting, audit certification and regulatory compliance monitoring.

- Merchant Bankers that were facing implementation challenges due to system changes, organisational restructuring or capital adequacy requirements can now undertake a phased transition without disrupting ongoing business operations.

- While the specified timelines have been extended, all other requirements under the January 2, 2026 Circular continue to remain applicable and must be complied with as originally prescribed.

- **Key Takeaways**

  - SEBI has extended key compliance deadlines relating to SBU implementation, net worth and liquid net worth requirements applicable to Merchant Bankers.

  - The revised timelines primarily shift compliance milestones to December 31, 2026 and March 31 of the respective financial years, providing regulatory alignment with year-end reporting.

  - Merchant Bankers should utilise the additional transition period to complete operational restructuring, strengthen compliance frameworks and ensure readiness for enhanced capital adequacy requirements.

  - The circular has been issued under Section 11(1) of the SEBI Act, 1992 read with Regulation 45 of the SEBI (Merchant Bankers) Regulations, 1992.

- The notification is attached herein.

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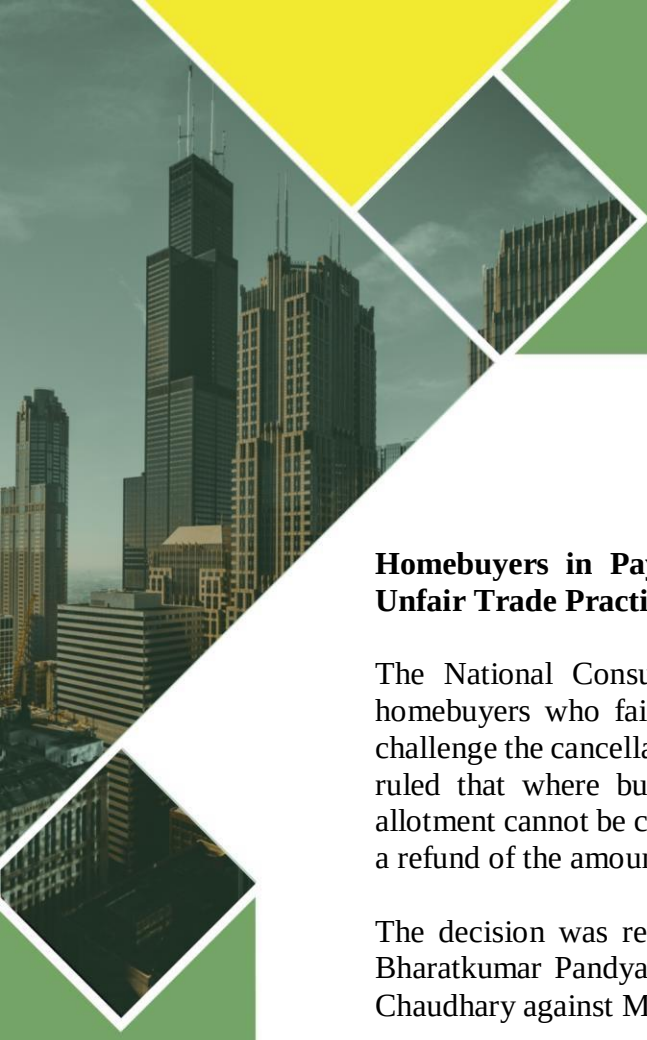

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Homebuyers in Payment Default Cannot Challenge Allotment Cancellation as Unfair Trade Practice; Entitled Only to Refund with Interest: NCDRC

The National Consumer Disputes Redressal Commission (NCDRC) has held that homebuyers who fail to adhere to the agreed payment schedule cannot subsequently challenge the cancellation of their allotments as an unfair trade practice. The Commission ruled that where buyers are in default of their payment obligations, restoration of allotment cannot be claimed as a matter of right. However, such buyers remain entitled to a refund of the amounts deposited, along with reasonable interest.

The decision was rendered by a Bench comprising Justice A.P. Sahi, President, and Bharatkumar Pandya, Member, in a complaint filed by Neeraj Chaudhary and Monia Chaudhary against M/s Neelkanth Township Planner Pvt. Ltd.

Background of the Dispute

The complainants had booked two residential apartments in the “Ourania” project being developed by the builder on Golf Course Road, Gurgaon. According to them, they had made substantial payments towards the purchase of the flats and had also availed housing finance from LIC Housing Finance Ltd. They alleged that despite delays in construction and non-adherence to the agreed schedule by the developer, repeated payment demands were raised.

The complainants contended that all outstanding dues had eventually been cleared. Nevertheless, the developer cancelled the allotments through letters dated 12 June 2012. Aggrieved by the cancellation, they approached the NCDRC, alleging that the developer's actions were arbitrary, fraudulent, and constituted deficiency in service as well as an unfair trade practice. They sought a declaration that the cancellation letters were illegal and not binding, along with compensation.

Developer's Stand

The developer opposed the complaint, asserting that the complainants had consistently defaulted in making payments under the Construction Linked Plan and had paid only a small portion of the total sale consideration. It was argued that the allotments were cancelled strictly in accordance with the terms of the Apartment Buyer’s Agreement due to persistent payment defaults.

The developer further submitted that, following the cancellation, the concerned units had been sold to third parties. It was also pointed out that the complainants had neither obtained any injunction against the cancellation nor secured any restraint order preventing the subsequent sale of the flats during the pendency of the proceedings.

Findings of the Commission

After examining the record, the NCDRC observed that the complainants had indeed defaulted in complying with the payment obligations stipulated under the Apartment Buyer's Agreement and the Construction Linked Plan. In such circumstances, the Commission held that the builder's decision to cancel the allotments could not be characterised as an unfair trade practice.

The Commission also noted that the complainants had failed to obtain any interim protection against the cancellation or the subsequent transfer of the flats to third parties. Consequently, restoration of the allotments could not be granted.

Rejecting the complainants' claim for compensation equivalent to double the basic sale price, the Commission observed that such a demand was misconceived in the facts of the case. It held that the appropriate relief would be limited to the refund of the amounts deposited by the complainants.

Relief Granted

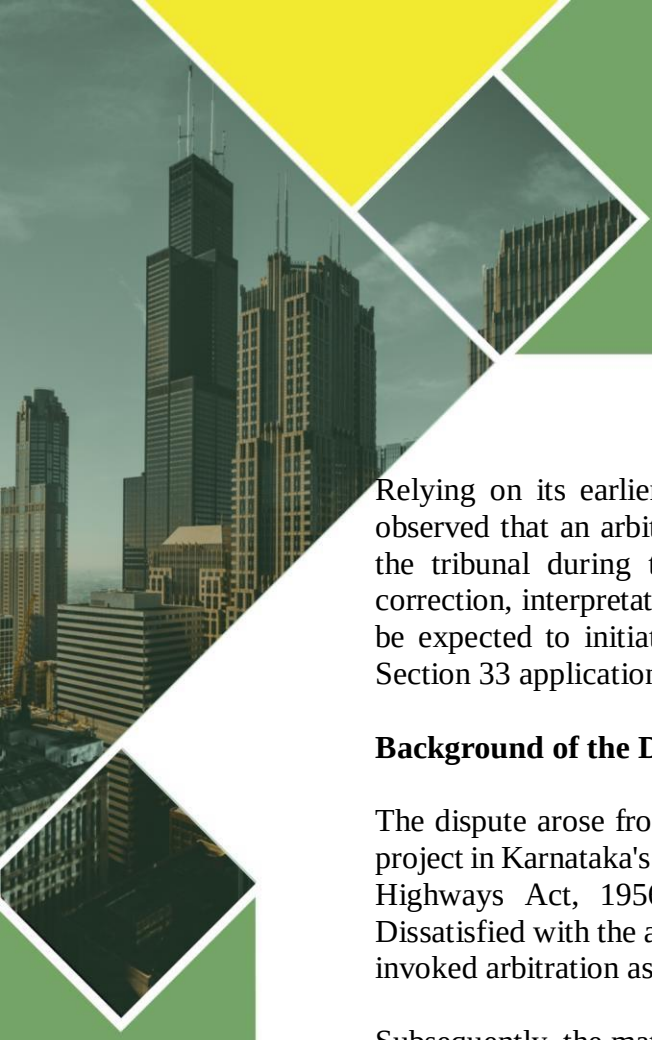
Accordingly, the NCDRC declined to set aside the cancellation of the allotments. However, it partly allowed the complaint and directed the developer to refund the entire amount deposited by the complainants, together with interest at the rate of 9% per annum from the respective dates of deposit until the date of actual payment.

Case No.: NC/CC/184/2015
Case Title: *Neeraj Chaudhary & Anr. v. M/s Neelkanth Township Planner Pvt. Ltd. & Anr.*

Limitation for Section 34 Challenge Commences from Disposal of Section 33 Application, Whether Allowed or Rejected: Supreme Court

The Supreme Court has reiterated that the limitation period prescribed under Section 34(3) of the Arbitration and Conciliation Act, 1996 for filing an application to set aside an arbitral award begins from the date on which proceedings under Section 33 are disposed of by the Arbitral Tribunal, irrespective of whether the application is allowed or dismissed.

A Bench comprising Justice Pamidighantam Sri Narasimha and Justice Alok Aradhe held that once the jurisdiction of the Arbitral Tribunal under Section 33 is formally invoked and the application is entertained, the limitation period for initiating proceedings under Section 34 cannot commence until the Section 33 proceedings have concluded.



Relying on its earlier decision in *USS Alliance v. State of Uttar Pradesh*, the Court observed that an arbitral award remains subject to the limited corrective jurisdiction of the tribunal during the pendency of proceedings under Section 33, which permits correction, interpretation, or supplementation of the award. Consequently, parties cannot be expected to initiate proceedings under Section 34 merely as a precaution while a Section 33 application remains pending.

Background of the Dispute

The dispute arose from land acquisition proceedings undertaken for a national highway project in Karnataka's Ballari district. Following the acquisition of land under the National Highways Act, 1956, compensation was determined by the competent authority. Dissatisfied with the amount awarded, the National Highways Authority of India (NHAI) invoked arbitration as provided under the statute.

Subsequently, the matter was remanded by the High Court for fresh consideration. Upon reconsideration, the Arbitrator passed an award granting certain statutory benefits available under the Land Acquisition Act, 1894.

Aggrieved by the award, NHAI filed an application under Section 33(1)(a) of the Arbitration and Conciliation Act seeking correction of the award, contending that the grant of additional market value and interest under the Land Acquisition Act was legally untenable. The landowner also filed a separate application under Section 33 seeking an additional award. Both applications were ultimately dismissed by the Arbitrator through a common order.

After obtaining a certified copy of the order dismissing the Section 33 applications, NHAI filed petitions under Section 34 challenging the arbitral award. The District Court condoned the delay and entertained the petitions. However, the Karnataka High Court set aside that order, holding that NHAI's Section 33 application was not maintainable and, therefore, could not extend the limitation period under Section 34(3).

Supreme Court's Findings

Allowing the appeal, the Supreme Court held that the High Court had erred in interpreting Section 34(3). The Court clarified that for the purpose of computing limitation, the crucial date is the disposal of the Section 33 application and not the outcome of such application. The Bench observed that the statutory scheme does not distinguish between Section 33 applications that are allowed and those that are dismissed. Similarly, the provision does not require the application to be ultimately found maintainable in order to postpone the commencement of limitation under Section 34.

According to the Court, introducing such a distinction would amount to reading into the statute a qualification that Parliament deliberately chose not to include. Had the legislature intended to restrict the benefit only to successful or maintainable applications, it would

have expressly provided so in the statutory text.

The Court emphasized that the relevant consideration is whether the jurisdiction of the Arbitral Tribunal under Section 33 was formally invoked and whether the application remained under consideration before the tribunal. Once those conditions are satisfied, the limitation period under Section 34 can commence only upon disposal of the Section 33 proceedings.

Relief Granted

Applying the above principles to the facts of the case, the Court noted that NHAI had received the certified copy of the order disposing of the Section 33 applications on September 15, 2022, and had thereafter filed its Section 34 petitions within the period prescribed by law.

The Supreme Court held that the Karnataka High Court had committed an error in interfering with the District Court's order condoning the delay and entertaining the Section 34 applications. Accordingly, the appeal was allowed and the High Court's judgment was set aside.

Case Title: *National Highway Authority of India v. T. Younis & Anr.*
Case No.: SLP (C) No. 7570 of 2024

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