



Lex Favios
Advocates & Solicitors

15th October 2026

SEBI Inserts Common Advertisement Code in the Intermediaries Regulations

The Securities and Exchange Board of India (SEBI), vide the **Securities and Exchange Board of India (Intermediaries) (Second Amendment) Regulations, 2026 (F. No. SEBI/LAD-NRO/GN/2026/323) dated October 8, 2026**, has inserted a new Chapter IIID titled “Common Advertisement Code” (Regulations 16G to 16Q) in the SEBI (Intermediaries) Regulations, 2008. The Regulations were published in the Gazette of India (Extraordinary) on October 9, 2026 and come into force on the one hundred eightieth day from the date of publication.

Analysis

- The Code applies to all advertisements issued by regulated entities in respect of products or services under SEBI’s purview. Regulated entities are stock brokers, depository participants, online bond platform providers, investment advisers, research analysts, mutual funds, asset management companies and portfolio managers, along with other entities SEBI may specify.
- “Advertisement” is defined widely to cover any communication, endorsement or representation, in any form and through any channel (print, broadcast, digital or outdoor), issued directly or indirectly by or on behalf of a regulated entity to promote, invite or solicit in respect of a product, service or brand.
- “Celebrity” includes top-50 persons in a recent celebrity index, lead actors, sportspersons who have represented their country, TV hosts, popular competition winners, influencers above the ASCI follower threshold and virtual influencers. Founders, directors and senior management appearing in their own entity’s advertisements are excluded.
- Every advertisement must carry the entity’s name, SEBI registration number, logo (if any) and the prescribed disclaimers. Short-format messages such as SMS may instead link to these details on the entity’s website.
- Educational content, research reports shared with existing clients, product lists, responses to client queries, greetings, recruitment notices and feedback surveys are not advertisements, provided they do not promote or solicit.
- Celebrities may endorse an entity only at brand or entity level, without any inducement or claim about a specific product. Celebrity advertisements need prior



Lex Favios
Advocates & Solicitors

approval of the supervisory body (or SEBI), and the cost cannot be passed on to clients or charged to a mutual fund scheme.

- Advertisements must be true, fair, accurate and complete. Example securities must carry the prescribed disclaimer on the same page or frame, and data or charts must disclose their source and period.
- Incentives, vouchers, coupons, tokens and dark patterns are prohibited. Only ratings by a Past Risk and Return Verification Agency may be used. If a third party advertises without consent, the entity must act within seven days and disclose the incident on its website.
- Advertisements must not contain guaranteed, risk-free or fixed return promises (subject to carve-outs), testimonials, disparagement of other entities, vague terms such as “high returns”, or unwarranted references to past performance.
- SEBI may act under Chapter V of the Intermediaries Regulations for violations and may direct supervisory bodies to act.

Key Takeaways

- SEBI has introduced a single Common Advertisement Code for all specified regulated entities.
 - Celebrity advertisements require prior supervisory body (or SEBI) approval, and the costs cannot be passed on to clients.
 - Advertisements must carry mandatory details and disclaimers, and must avoid guaranteed returns, testimonials and vague return claims.
 - Inducements and dark patterns are prohibited, and unauthorised third-party advertisements must be acted on within seven days.
 - The Regulations come into force on the 180th day from publication in the Gazette.
 - The Regulations have been made under Section 30 of the SEBI Act, 1992.
- The notification is attached herein.

[Click Here](#)



Lex Favios
Advocates & Solicitors

RBI Announces Regulatory Measures for the Foreign Exchange Derivatives Market

The Reserve Bank of India (RBI), vide **press release dated October 10, 2026 (Press Release: 2026-2027/1305)**, has announced regulatory measures for the foreign exchange market through **A.P. (DIR Series) Circular No. 25 and Circular No. 26**. The measures are stated to be taken in view of evolving conditions and to ensure the orderly functioning of the foreign exchange market. They restrict the rebooking of cancelled contracts, reduce the threshold for transactions without underlying exposure, require additional documentation and introduce a Foreign Exchange Risk Reserve (FERR).

Analysis

- **Authorised Dealers (ADs)** shall not permit users to rebook any foreign exchange derivative contract involving INR, whether deliverable or non-deliverable, that has been cancelled with any AD after the issuance of the Directions. Rollover of contracts on maturity continues to be permitted, subject to the extant regulatory provisions.
- The threshold for undertaking foreign exchange derivative transactions to hedge contracted exposures without establishing the underlying exposure has been reduced from USD 100 million to USD 5 million equivalent, across all ADs.
- The corresponding threshold for positions in exchange-traded currency derivatives involving INR, without establishing underlying exposure, has also been reduced from USD 100 million to USD 5 million equivalent, across all Recognised Stock Exchanges taken together.
- ADs must obtain and retain an undertaking from users entering into foreign exchange derivative contracts involving INR to hedge contracted exposures. The undertaking must confirm that the same underlying exposure has not been hedged with any other AD.
- For all foreign exchange derivative contracts involving INR with a notional value exceeding USD 2 million equivalent, ADs must maintain with the RBI an FERR in cash, equal to 20 per cent of the INR equivalent of the notional amount of each transaction.
- The FERR applies to contracts involving INR undertaken to hedge current account exposures where the user purchases foreign currency against the INR.



Lex Favios
Advocates & Solicitors

- The RBI states that the measures are intended to strengthen market discipline and ensure appropriate risk management, while maintaining an orderly and transparent market environment.

Key Takeaways

- Cancelled INR foreign exchange derivative contracts cannot be rebooked, though rollover on maturity remains permitted.
 - The limit for hedging without establishing underlying exposure falls from USD 100 million to USD 5 million equivalent, for both OTC and exchange-traded INR derivatives.
 - Users must give ADs an undertaking that the same exposure has not been hedged with any other AD.
 - ADs must maintain a cash FERR with the RBI equal to 20 per cent of the INR notional for contracts above USD 2 million equivalent.
 - The FERR applies to contracts hedging current account exposures where foreign currency is purchased against INR.
- The notification is attached herein.

[Click Here](#)

Homebuyers Cannot Be Burdened with Penalties for Developer's Default: Supreme Court in- The Authorised Representative for Granite Gate Properties Private Limited, Ms. Rakesh Verma v. New Okhla Industrial Development Authority & Ors. 2026 INSC 952 | Supreme Court of India |

Analysis

- The Supreme Court has held that homebuyers and a Successful Resolution Applicant cannot be made to bear penalty charges arising from delays caused by the erstwhile developer.



Lex Favios
Advocates & Solicitors

Granite Gate Properties Private Limited had taken two plots on lease from the New Okhla Industrial Development Authority (NOIDA) for developing the residential projects Lotus Boulevard and Lotus Panache. The developer subsequently entered the Corporate Insolvency Resolution Process (CIRP). The homebuyers constituted the Committee of Creditors and a resolution plan submitted by SMV Agencies Private Limited was approved.

- During the CIRP, the homebuyers also pooled their own funds to continue construction under a “Pool and Build” mechanism. The dispute arose over time extension charges imposed by NOIDA for delay in completion of the projects. The NCLAT had directed that such charges, for a period of three years be treated as CIRP costs. NOIDA sought to recover charges for an even longer period, while the homebuyers argued that these charges were penal in nature and arose solely because of the developer’s default.
- The Supreme Court examined whether such charges could properly be treated as CIRP costs. The Court noted that the purpose of the extension charges was to penalise a developer for failing to complete construction within the prescribed time. However, in the present case the defaulting developer was no longer in control of the project. The project could now be completed only through implementation of the approved resolution plan.
- The Court also recognised the position of the homebuyers. The projects were originally expected to be completed in 2016, but even after nearly a decade, the homebuyers were still waiting for possession and had themselves contributed money to ensure that construction continued.
- In these circumstances, the Supreme Court held that neither the homebuyers nor the Successful Resolution Applicant could be penalised for the delay caused by the Corporate Debtor. The Court observed that imposing such charges would effectively punish them for the “past sins of the Corporate Debtor.”
- Accordingly, the Supreme Court set aside the direction treating the time extension charges as CIRP costs and rejected NOIDA’s claim for further extension charges.

Seat of Arbitration Must Be Determined from the Agreement as a Whole: Supreme Court in- Arcis Clean Energy Pvt. Ltd. v. Parshva Innovation 2026 INSC 1109 | Supreme Court of India |



Lex Favios
Advocates & Solicitors

Analysis

- The Supreme Court has clarified that where an arbitration agreement refers to more than one place for conducting arbitration, the juridical seat cannot be determined merely by looking at one clause in isolation. The agreement must be read as a whole to understand the true intention of the parties.
- The dispute arose out of a Franchise Agreement dated 3 August 2023 between Arcis Clean Energy Pvt. Ltd. and Parshva Innovation. The arbitration clause contained two different references to the place of arbitration. Clause 32.4 stated that the “precise location” of arbitration would be within Delhi, while Clause 32.5 provided that the arbitration proceedings would be held in Goa.
- At the same time, Clause 38 of the Agreement provided that the parties would submit to the exclusive jurisdiction of the competent courts in Goa. When disputes arose, the respondent approached the Delhi High Court under Section 11(6) of the Arbitration and Conciliation Act, 1996 for appointment of an arbitrator. The Delhi High Court appointed an arbitrator, leaving it open to the arbitrator to decide the venue of the hearings in consultation with the parties.
- The appellant challenged this order before the Supreme Court on the ground that the Delhi High Court lacked jurisdiction since the juridical seat of arbitration was Goa.
- What the Supreme Court Held:
 - The Supreme Court reiterated the distinction between the “seat” and “venue” of arbitration. The seat determines which courts exercise supervisory jurisdiction over the arbitration, whereas the venue may merely be the physical place where hearings are conducted.
 - The Court relied on the principles laid down in BGS SGS SOMA JV v. NHPC Ltd. and Arif Azim Company Ltd. v. Micromax Informatics FZE. It noted that a place mentioned in an arbitration clause may ordinarily be treated as the seat where only one place is specified, the proceedings are anchored to that place and there is no contrary indication in the agreement.



Lex Favios
Advocates & Solicitors

- However, this principle could not be directly applied in the present case because the arbitration clause itself referred to both Delhi and Goa. The Supreme Court therefore looked at the agreement as a whole. It observed that Clause 32.5 specifically provided that the arbitration proceedings would be held in Goa, while Clause 38 conferred exclusive jurisdiction
- upon the courts at Goa. Reading these provisions together, the Court held that Goa was the juridical seat of arbitration and Delhi was only a venue.
- The Court further clarified that merely using the expression “place of arbitration” is not always sufficient to determine the seat. Where there are conflicting references in the agreement, the intention of the parties must be gathered by reading all relevant clauses harmoniously.
- Accordingly, the Supreme Court held that the Delhi High Court did not have jurisdiction to entertain the application under Section 11(6). The order appointing the arbitrator was therefore set aside with liberty to the parties to approach the appropriate High Court having jurisdiction.



Lex Favios
Advocates & Solicitors

Relevant experience across transactions, regulation and Disputes

Lex Favios advises domestic and international clients across corporate transactions, private capital, banking and finance, securities regulation, restructuring and complex commercial disputes.

Our team regularly acts for banks, financial institutions, investment funds, listed entities and major corporates on regulatory strategy, enforcement, insolvency proceedings and arbitration. The firm is empanelled with and has acted for leading banks, financial institutions, hospitality brands and major corporates, and its work has been recognised by publications including India Business Law Journal, IFLR1000 and BW Legal

In case you have suggestions or do not wish to receive our newsletter,
please email us at info@lexfavios.com

Contact details

Sumes Dewan

Managing Partner

Lex Favios

Email: sumes.dewan@lexfavios.com

Tel: 91-11-41435188/45264524