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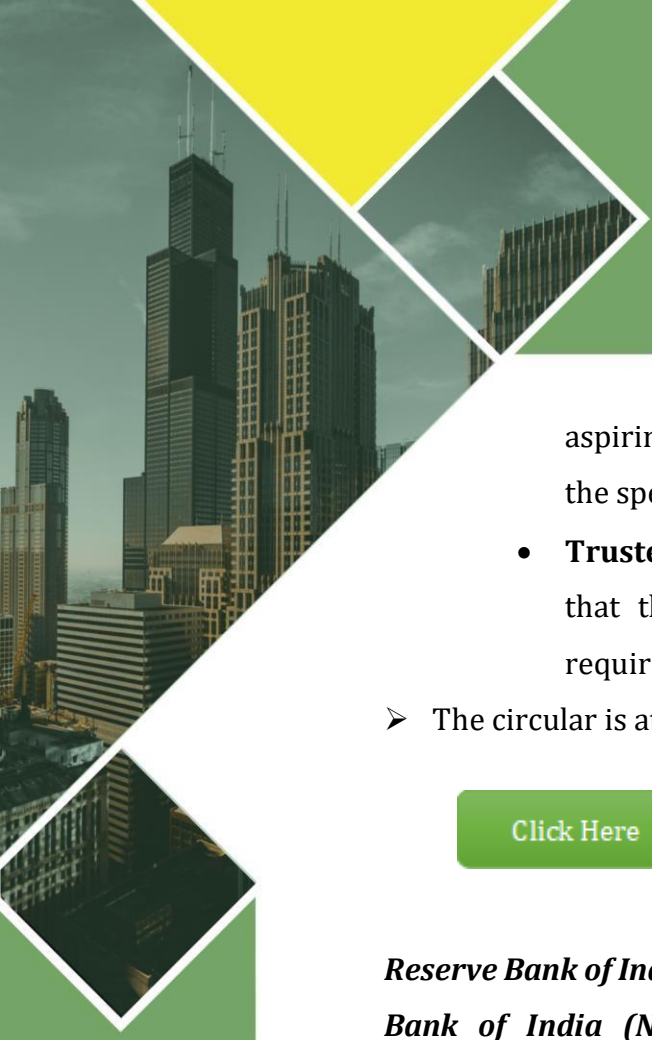
05th January 2026

Securities and Exchange Board of India vide circular dated December 30, 2025, mandates certification requirement for Compliance Officers of Managers of AIFs

- The Securities and Exchange Board of India (SEBI) issued a circular on December 30, 2025, introducing a mandatory certification requirement for Compliance Officers of Alternative Investment Fund (AIF) managers.
- **Analysis:** The guidelines establish a standardized qualification for those responsible for regulatory oversight within AIFs:
  - **Mandatory Certification:** Compliance Officers of AIF managers must obtain the NISM Series-III-C: Securities Intermediaries Compliance (Fund) Certification Examination.
  - **Implementation Timeline:** Existing and new Compliance Officers must obtain this certification by January 01, 2027.
  - **Continued Appointment:** After the deadline, only certified individuals can be appointed as or continue to serve as Compliance Officers.
  - **Reporting Requirements:** The 'Compliance Test Report' prepared by the manager must now specifically include confirmation of compliance with these new certification rules.
  - **Immediate Effect:** While the deadline for certification is in 2027, the circular itself came into force immediately upon issuance.
  - The directive specifically targets the professional and operational structure of the private equity and venture capital space:
    - **Alternative Investment Funds (AIFs):** All categories of AIFs are required to ensure their management structure complies with these rules.
    - **Managers of AIFs:** The entities managing the funds are responsible for ensuring their Compliance Officers meet the new criteria.
    - **Compliance Officers (Profession):** Individuals currently serving or



aspiring to serve as Compliance Officers for AIF managers must pass the specified NISM examination.

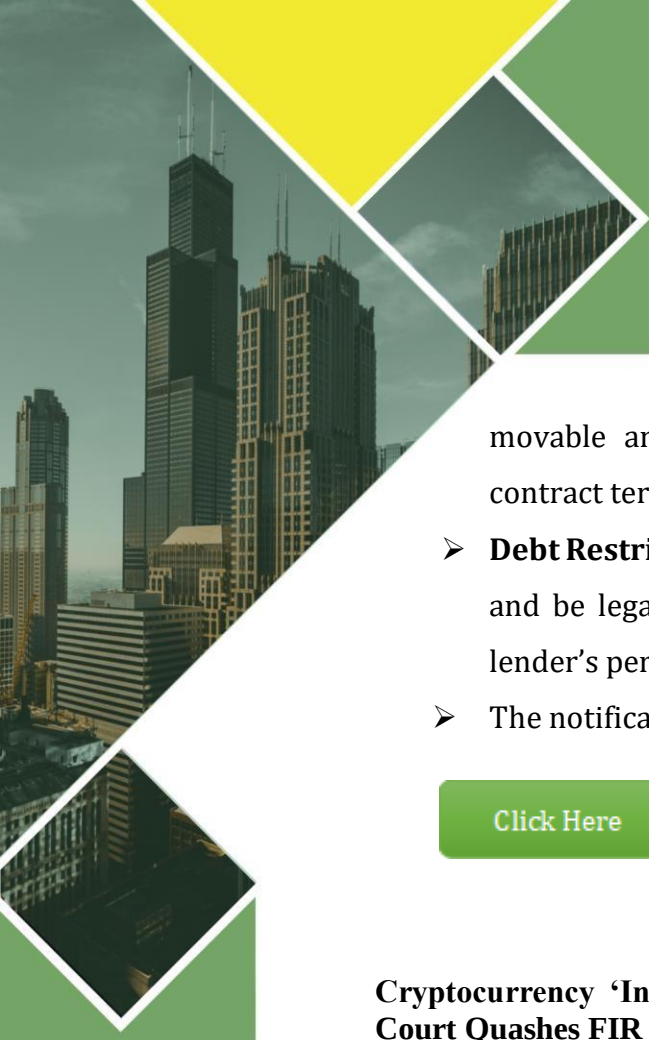
- **Trustees and Sponsors:** These entities are responsible for ensuring that the manager is adhering to the reporting and certification requirements.

- The circular is attached herein.

Click Here

Reserve Bank of India vide notification dated January 01, 2025, issued Reserve Bank of India (Non-Banking Financial Companies - Concentration Risk Management) Amendment Directions, 2026

- The Reserve Bank of India (Non-Banking Financial Companies Risk Management) Amendment Directions, 2026, introduces a new classification for infrastructure lending to reward projects that demonstrate high stability and strong lender protections.
- **Analysis:** The amendment establishes six specific criteria that an infrastructure project must meet to be classified as a "high-quality infrastructure project":
  - **Operational History:** The project must have been operating for at least one year after its commercial completion date without any major violations of lender agreements.
  - **Financial Health:** The loan must be classified as "standard" (performing well) in the lender's books.
  - **Government-Backed Revenue:** The project's income must rely on rights or contracts granted by a government body (Central, State, or Public Sector) with legal protections for the duration of the contract.
  - **Strict Cash Flow Management:** There must be a mechanism like an Escrow or Trust and Retention Account (TRA) to "ring-fence" or protect the project's cash flows for the lender.
  - **Asset Security:** Lenders must have a shared (pari-passu) claim over all



movable and immovable project assets and protections against early contract termination.

- **Debt Restrictions:** The borrower must have enough funding for operations and be legally restricted from taking on more debt without the current lender's permission.
- The notification is attached herein.

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Cryptocurrency 'Inducement' Allegations Must Be Role-Specific: Bombay High Court Quashes FIR

In a significant ruling from the Nagpur Bench, the Bombay High Court has reiterated that the mere use of cryptocurrency or token-based investment narratives does not lower the threshold for criminal prosecution. Even where allegations speak of high-return "crypto" schemes and a large number of investors, the prosecution must still disclose, qua each accused, specific acts that satisfy the ingredients of cheating or criminal breach of trust. On this reasoning, the Court quashed an FIR against four accused, holding that the allegations against them remained confined to a broad and unparticularised claim of "inducement".

Background

The case arose from Crime No. 470/2023 registered at Civil Lines Police Station, Akola, for offences under Sections 406 and 420 read with Section 34 of the Indian Penal Code, 1860. The complainant alleged that he was introduced to the accused and persuaded to invest money in a new venture promising exceptionally high returns being 2% per day, 60% per month, and 720% annually. It was further alleged that investors were assured that deposits made in Indian currency would yield returns in dollars.

Although the FIR invoked conventional IPC provisions, the factual narrative recorded by the Court clearly reflected a crypto-linked scheme. The investment was marketed under the branding of "Platin Ultima" and "PLC Ultima", promoted through digital communications and typical high-return marketing associated with token or cryptocurrency platforms.

Aggrieved, the accused approached the High Court seeking quashing of the FIR. On their behalf, it was contended that the complainant had attempted to implicate multiple individuals on the basis of sweeping allegations of "inducement", without attributing any specific role to the four applicants. It was emphasised that the investigation materials did

not disclose that these accused had made any dishonest representation, exercised control over investor funds, or derived any wrongful gain from the complainant's investment. Mere encouragement to participate in an investment pitch, it was argued, cannot by itself amount to cheating or criminal breach of trust.

The State opposed the quashing petition, asserting that the accused had actively induced the complainant to invest and that several investors were allegedly duped, with the total amount involved stated to exceed ₹50 crores.

Findings of the High Court

After examining the FIR and the material on record, the High Court noted that the allegations against the four accused did not go beyond a general assertion that they were connected with the investment pitch and had projected unusually high returns. The Court also took note of the general terms and conditions of the "PLC Ultima" platform, which contained risk and legality disclaimers such as participation being "at your own risk" and the platform not guaranteeing legality under the user's national law.

While the Court clarified that such disclaimers cannot, by themselves, absolve criminal liability, their presence highlighted the need to distinguish between platform-level marketing and the specific, provable role of each accused. The judgment reflects a cautious and evidence-led approach: the Court neither endorsed nor condemned cryptocurrency schemes as a class, but insisted that criminal prosecution cannot proceed on guilt by association.

Significantly, the Court observed that the complainant's own narrative showed that the investment was made with a profit motive, driven by the promise of "handsome earning". In such circumstances, the Court held that peripheral participants cannot be compelled to face trial unless the complaint and investigation disclose concrete material showing deception at the inception, entrustment of property, or misappropriation. Treating "inducement" as a conclusion rather than as evidence, the Court concluded that allowing the prosecution to continue against these four accused would amount to an abuse of process.

Accordingly, the FIR was quashed insofar as it related to them.

Significance of the Ruling

This decision serves as an important marker in the expanding landscape of cryptocurrency-linked criminal complaints. It reinforces the principle that labelling an investment scheme as "crypto" or "digital" does not relax the foundational requirements of criminal law. The survival of an FIR against each accused depends on role-specific allegations and prima facie material, not merely on association with seminars, promotional activities, or investment pitches.

The ruling also cautions against converting "inducement" into a catch-all accusation. Crypto-linked investment ecosystems often involve multiple layers promoters, organisers, speakers, introducers, and community participants. The Court's approach signals that criminal liability cannot be stretched to everyone in this chain unless the allegations disclose a specific act of deception or a money trail indicating personal benefit. At the same time, where investigations reveal fund collection, control, or misappropriation, courts are unlikely to interfere and will allow the prosecution to proceed to trial.

Court: Bombay High Court, Nagpur Bench
Cause Title: *Walmik v. State of Maharashtra & Anr.*
Case No.: Criminal Application Nos. 100–104 of 2024

Oppression Must Be Ongoing; Former Shareholder Cannot Maintain Oppression Petition: NCLT Chennai

The Chennai Bench of the National Company Law Tribunal (NCLT) has reiterated that allegations of oppression and mismanagement under the Companies Act, 2013 must relate to **continuous and ongoing oppression**, and that a person who has ceased to be a shareholder cannot invoke such remedies. The Tribunal held that relief under Sections 241 and 242 is available only to **existing members whose present rights are affected**.

The Bench comprising Judicial Member **Jyoti Kumar Tripathi** and Technical Member **Ravichandran Ramasamy** observed that oppression must be prejudicial to the rights of a member in his capacity as a shareholder. If a person is no longer a member, the question of oppression against him does not arise.

Background of the Dispute

The dispute arose out of a petition filed by **Stalin Nova Gnanaraj** against **Shalom Garments Private Limited**, a closely held family company. Stalin claimed that he was a shareholder holding 5,000 equity shares (approximately 19.41%) and also served as a director of the company. He alleged that in early 2021, upon inspecting company records, he discovered that his name had been removed from the register of members and that he was no longer shown as a director.

He contended that his shares had been fraudulently transferred to his father and that company records had been fabricated. He further asserted that he never resigned as a director, despite the company's annual return for the financial year 2004–05 reflecting his resignation with effect from 2 November 2004.

The company denied all allegations, stating that Stalin had voluntarily resigned as a director in November 2004 and had transferred his shareholding to his father during 2010–11. It was argued that once he ceased to be a shareholder, he could not seek remedies

meant exclusively for members alleging oppression and mismanagement. Reliance was placed on statutory filings showing that he was no longer a shareholder after 2011–12.

Tribunal's Findings

Accepting the company's submissions, the Tribunal held that oppression under Section 241 must be **continuous, ongoing, and prejudicial to a member's rights**. It categorically observed:

"Oppression under Section 241 must be continuous, ongoing, and prejudicial to the rights of a member. When the petitioner is not a member after 2011–12, the question of oppression upon him as a member does not arise. A person who is not a member cannot complain of prejudice to membership rights."

The Tribunal further emphasised that **long-settled corporate records cannot be reopened after an extraordinary delay**. It held that statutory filings continue to have legal sanctity unless challenged within a reasonable time. Observing that the challenge was raised nearly 19 years later, the Tribunal noted:

"It is trite law that corporate filings subsist unless challenged promptly. A challenge after 19 years is not maintainable. Even assuming the Petitioner was abroad on the date of resignation, the Tribunal cannot reopen filings of 2004–2005 after two decades without cogent evidence."

The plea that the petitioner was abroad at the time of his alleged resignation was also found insufficient to dislodge corporate filings made two decades earlier.

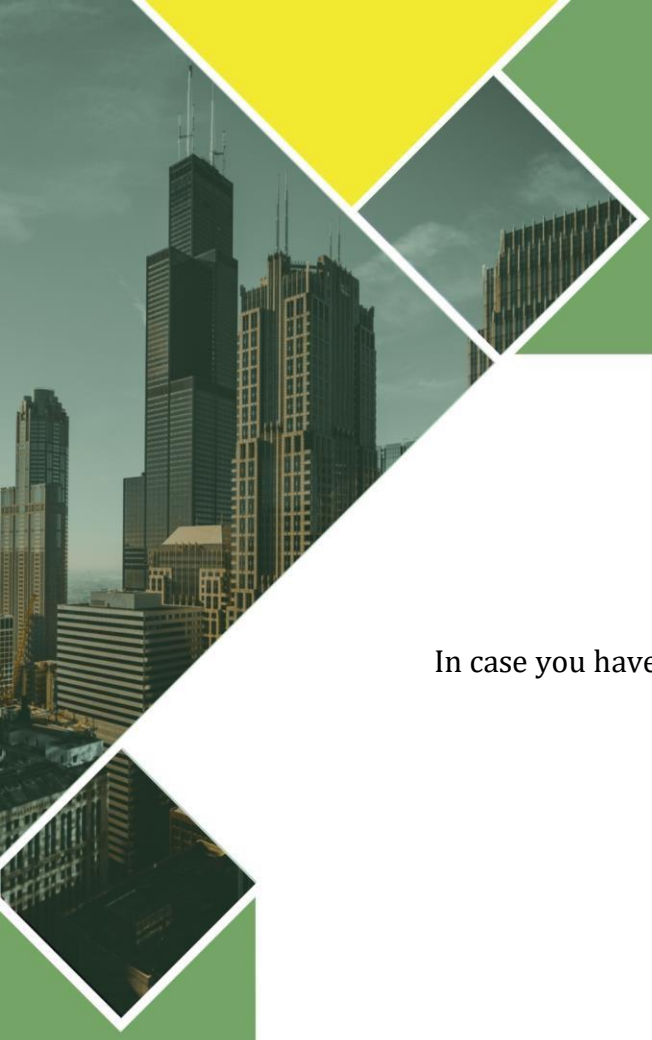
On the issue of mismanagement, the Tribunal found no supporting material on record. It noted the absence of board minutes, auditor qualifications, adverse financial remarks, or any whistle-blower complaints. Stressing that the burden of proof lies on the person alleging fraud or oppression, the Tribunal observed:

"Where a shareholder alleges fraudulent deprivation of shares, the burden is on him to produce minimum evidence like bank statements, emails objecting to transfer, Board minutes, correspondence showing surprise upon discovering removal. None of these exist."

Conclusion

Holding that oppression must be ongoing and must affect the rights of a **current shareholder**, and finding no evidence to substantiate allegations of fraud or mismanagement, the NCLT dismissed the petition.

Case Title: *Stalin Nova Gnanaraj v. Shalom Garments Pvt. Ltd. & Ors.*
Case Number: CP(CA)/54(CHE)/2023



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