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Securities and Exchange Board of India vide circular dated August 12, 2025, has allowed for use of liquid mutual funds and overnight mutual funds for compliance with deposit requirement by Investment Advisers and Research Analysts

- The Securities and Exchange Board of India (SEBI) has issued a circular that provides Investment Advisers (IAs) and Research Analysts (RAs) an alternative to meet their mandatory deposit requirements. Previously, these professionals were only allowed to maintain a deposit in a scheduled bank. The new guidelines permit them to also use units of liquid mutual funds or overnight mutual funds for this purpose. The deposit, regardless of whether it's a bank deposit or mutual fund units, must be marked with a lien in favor of the Investment Adviser Administration and Supervisory body (IAASB) or Research Analyst Administration and Supervisory body (RAASB).
- The circular directly impacts IAs and RAs who are registered with SEBI.
- This circular makes it easier for IAs and RAs to comply with a SEBI rule. Previously, they had to keep a certain amount of money locked up in a bank deposit to guarantee their services. This process was often slow and complicated due to inconsistent procedures at different banks.
- IAs and RAs shall comply with the deposit requirements latest by September 30, 2025.
- The circular is attached herein.

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Reserve Bank of India vide notification dated August 13, 2025, has introduced Continuous Clearing and Settlement on Realisation in Cheque Truncation System

- The Reserve Bank of India (RBI) has introduced a new system for cheque clearing called Continuous Clearing and Settlement on Realisation within the



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Cheque Truncation System (CTS). This new process moves away from the old batch processing model and allows for cheques to be cleared continuously throughout the day.

- It will be implemented in two phases: Phase 1 on October 4, 2025, and Phase 2 on January 3, 2026.
- The key change is that cheques will be processed and settled hourly, and funds must be made available to customers within one hour of successful settlement.
- The circular directly impacts all banks and financial institutions that participate in the Cheque Truncation System, as well as the National Payment Corporation of India (NPCI).
- This new rule from the RBI is a big step towards modernizing the way cheques are handled. Think of it like this: previously, all cheques submitted to a bank would be put into a single pile and processed all at once at the end of the day. This often meant a delay of a full day before the money was available to the person who deposited the cheque.
- With the new guidelines, this process is now much faster. Cheques are processed and settled multiple times throughout the day, so the money will become available in the account much more quickly. Banks are required to transfer the funds to the customer's account within one hour of a successful settlement.
- The notification is attached herein.

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IBC Application Based on Court Decree Still Subject to Three-Year Limitation: NCLAT

The National Company Law Appellate Tribunal (NCLAT), New Delhi Bench comprising Justice Ashok Bhushan and Technical Member Mr. Barun Mitra, has ruled that the limitation period for filing an application under the Insolvency and Bankruptcy Code, 2016 (IBC) is three years, even when the application is founded on a court decree. The 12-year limitation under Article 136 of the Limitation Act for executing decrees does not extend the time to initiate IBC proceedings unless a valid extension is sought.



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The ruling came in two appeals filed by IDBI Bank against the NCLT Indore's orders dismissing its Section 95 applications as time-barred. The Bank argued that, based on the Supreme Court's decision in *Tottempudi Salalith v. State Bank of India & Ors.*, a decree remains enforceable for 12 years, and therefore the IBC application filed within that period was within limitation.

Rejecting this contention, the NCLAT referred to the Supreme Court's decision in *Kotak Mahindra Bank Ltd. v. A. Balakrishnan* and its own precedent in *B.K. Educational Services Pvt. Ltd. v. Parag Gupta & Associates*, which establish that IBC applications fall under Article 137 of the Limitation Act and must be filed within three years from the date of default, unless extended by acknowledgment under Section 18 of the Limitation Act within that period.

The Tribunal reiterated that issuance of a recovery certificate creates a fresh cause of action, making applications filed within three years of such issuance maintainable. However, in the present case, the applications were filed beyond three years without any valid extension.

It concluded that reliance on the 12-year limitation for decree execution was misplaced and unsupported by precedent. Upholding the NCLT's dismissal orders, the NCLAT dismissed both appeals.

Case Title: *IDBI Bank Ltd. v. Hemangi Patel*
Case No.: Company Appeal (AT) (Insolvency) No. 991 of 2025

Reference to Dispute Resolution Board Not Mandatory Before Seeking Appointment of Arbitrator If Board Is Not Constituted in Time: Calcutta HC

The Calcutta High Court, per Justice Shampa Sarkar, has held that a party is not bound to first approach the Dispute Resolution Board (DSB) before invoking Section 11(6) of the Arbitration and Conciliation Act, 1996, where the DSB is not constituted within the contractual timelines and its composition is not communicated to the claimant.

The application under Section 11(6) sought appointment of an arbitrator pursuant to Clause 70 of the General Conditions of Contract (GCC). The petitioner contended that, despite contractual obligations, the respondent failed to constitute the DSB within 30 days of contract execution as required under Clause 28. The dispute, which arose in 2023, remained unaddressed until November 2024, when the DSB was belatedly formed.

The Court noted that internal communications dated 23 October 2024 revealed the respondent's intention to terminate the contract and pursue litigation, even before DSB constitution, rendering the process ineffective. The Chief Engineer had been instructed to contest the petitioner's cases and seek contract cancellation, further showing that reference to the DSB would be a mere formality.



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Holding that such circumstances negate the requirement of first referring disputes to the DSB, the Court allowed the petition for appointment of an arbitrator.

Case Title: *M/s. National Project Construction (NPCCL) v. Military Engineer Services (MES)*

Case No.: AP-COM/559/2025

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