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Reserve Bank of India vide notification dated September 25, 2025, has issued Reserve Bank of India (Authentication mechanisms for digital payment transactions) Directions, 2025

- Reserve Bank of India (Authentication mechanisms for digital payment transactions) Directions, 2025 provides a new set of principles for securing digital transactions across India, replacing previous circulars related to card transaction security.
- **Analysis:**
 - ❖ The directions establish mandatory security standards for authorizing digital payments, effective by April 01, 2026.
 - ❖ Key highlights are:
 - All digital payment transactions must be authenticated by at least two distinct factors of authentication.
 - For all non-Card Present (CNP) transactions, at least one of the two factors must be dynamically created or proven and unique to that transaction. This ensures against replay attacks.
 - The authentication factors must be robust, meaning the compromise of one factor does not affect the reliability of the other.
 - Issuers may offer a choice of authentication factors to customers, which can include passwords, PINs, biometrics (like fingerprint or Aadhaar-based), or software tokens, as long as they comply with the two factor authentication directions.
 - Issuers can use behavioral and contextual parameters (e.g., location, user patterns) to identify high-risk transactions and may apply additional checks beyond the minimum two factor authentication.
 - Card issuers must establish a validation mechanism for non-recurring, cross-border Card Not Present (CNP) transactions by October 01, 2026.



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- ❖ The guidelines apply to all entities regulated by the RBI that are part of the digital payment ecosystem. The guidelines on authentication mechanisms for digital payment transactions have a broad impact across the financial and technology sectors. The primary group affected is Financial Institutions, which includes all banks and non-bank entities that act as Issuers, meaning they maintain the customer's account, credit line, or prepaid instrument. Beyond the direct issuers, the entire Payment Ecosystem is impacted, covering all Payment System Providers and Participants, such as major card networks, various payment aggregators, and fintech companies that are involved in processing transactions. Finally, the directives place a significant burden on Technology/Risk Professionals, who are responsible for developing and maintaining the robust authentication mechanisms, establishing comprehensive risk management policies, and ensuring strict adherence to broader data privacy laws, particularly the Digital Personal Data Protection Act, 2023. Ultimately, these requirements affect Customers (both individuals and businesses) who rely on digital payment transactions, including both online (Card Not Present or CNP) and physical (Card Present) transactions.

- The notification is attached herein.

[Click Here](#)

Reserve Bank of India vide notification dated September 26, 2025, has issued Reserve Bank of India (Settlement of Claims in respect of Deceased Customers of Banks) Directions, 2025

- Reserve Bank of India (Settlement of Claims in respect of Deceased Customers of Banks) Directions, 2025 aims to streamline procedures and standardize documentation for the quick settlement of claims upon the death of a bank customer.



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➤ **Analysis:**

- ❖ The primary objective of these guidelines is to simplify and speed up the process of settling claims of deceased bank customers.
- ❖ Banks are prohibited from insisting on legal documents like a Succession Certificate, Letter of Administration, or Probate of Will when settling claims with registered nominees or survivors, regardless of the amount.
- ❖ Banks must adopt a simplified procedure for settling claims where there is no nominee or survivorship clause, especially for deposit amounts up to a "**threshold limit**" (₹15 lakh for commercial banks and ₹5 lakh for co-operative banks, or a higher limit set by the bank). This is done to avoid inconvenience for legal heirs.
- ❖ Banks must settle deposit-related claims within 15 calendar days of receiving all necessary documents. For safe deposit locker or safe custody claims, the bank must process and communicate a date for inventory within 15 calendar days.
- ❖ If a delay attributable to the bank occurs in deposit settlement beyond 15 days, the bank must pay compensation in the form of interest at a rate not less than Bank Rate + 4% per annum. For locker/safe custody claims, the bank must pay a compensation of ₹5,000 for each day of delay.
- ❖ Banks must allow the premature termination of a term deposit upon the death of the depositor without any penal charge.
- ❖ The guidelines directly impact all commercial banks and co-operative banks operating in India, as they are the Regulated Entities (REs) responsible for implementing these procedures. On the customer side, this impacts all individuals with deposit accounts, safe deposit lockers, or articles in safe custody, along with their respective nominees, survivors, and legal heirs who need to claim the assets. The process also specifically covers deposit accounts of sole proprietary concerns. It is important to note that these directions do not apply to Government savings schemes like the



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Public Provident Fund (PPF) or Senior Citizen Savings Scheme (SCSS), which are governed by separate government rules.

- The notification is attached herein.

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Securities and Exchange Board of India vide circular dated September 19, 2025, has established a framework for a Social Stock Exchange (SSE)

- The Securities and Exchange Board of India (SEBI) has established a framework for a Social Stock Exchange (SSE), which is a new platform to help social enterprises raise funds.
- **Analysis:**
 - ❖ The key features of the latest circulars include:
 - **Expanded Eligibility:** SEBI has widened the definition of eligible Not-for-Profit Organizations (NPOs) to include more charitable trusts, societies, and Section 8 companies, allowing more entities to raise funds through the SSE.
 - **Enhanced Reporting:** All social enterprises raising funds via the SSE are now required to submit an Annual Impact Report (AIR) that details their social impact and use of funds. This report must be assessed by certified Social Impact Assessors.
 - ❖ The SEBI framework impacts a variety of organizations and professions involved in the social sector and capital markets:
 - **Not-for-Profit Organizations (NPOs):** This is a major impact, as the new framework gives them a structured way to raise capital from the market for their social projects.
 - **For-Profit Social Enterprises:** Businesses that have a primary social objective can also list and raise funds on the SSE.
 - **Investors:** Retail investors and institutional investors now have a



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formal platform to invest in social causes, with the minimum investment for Zero Coupon Zero Principal Instruments (ZCZPIs) lowered to be more accessible.

- **Social Impact Assessors:** A new professional category has been formalized to evaluate and report on the social impact created by organizations listed on the SSE.

➤ The circular is attached herein.

[Click Here](#)

NCLT Bengaluru: Resolution Professional Cannot Claim Fees or Expenses During Stay of CIRP

The National Company Law Tribunal (NCLT), Bengaluru Bench, comprising Sunil Kumar Aggarwal (Judicial Member) and Radhakrishna Sreepada (Technical Member), has held that an Interim Resolution Professional (IRP) or Resolution Professional (RP) is not entitled to claim fees or expenses incurred during the period when the Corporate Insolvency Resolution Process (CIRP) remains stayed by the NCLAT or any judicial forum.

In this case, the CIRP of the corporate debtor was initiated on a Section 7 petition, and the applicant was appointed as IRP. Soon thereafter, the NCLAT stayed the CIRP proceedings. Subsequently, the parties reached a one-time settlement, pursuant to which the NCLAT disposed of the appeal and closed the CIRP.

Following this, the IRP filed an application seeking professional fees and legal expenses of ₹10,67,923, along with a direction for filing Form FA as a condition for withdrawal. The applicant contended that a settlement does not extinguish the liability to bear CIRP costs and that Section 12A requires full payment of such costs before withdrawal.

The corporate debtor opposed the claim, submitting that the CIRP was stayed within a week of admission and no substantial work was carried out by the IRP. It also argued that filing Form FA was unnecessary, as the NCLAT itself had modified the order and closed the CIRP.

Tribunal's Findings

The NCLT observed that once a stay is granted on CIRP, the IRP/RP is barred from taking further steps, and therefore, no professional fee can be claimed for the stayed period. It also noted that since no Committee of Creditors (CoC) was constituted and the CIRP was



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closed by the NCLAT order, the case did not amount to withdrawal under Section 12A, making Form FA inapplicable.

However, upon examining the work performed by the IRP between admission and the stay order, the tribunal allowed a payment of ₹1,50,000 by the corporate debtor.

Accordingly, the application was partly allowed.

Case Title: *Ms. R. Bhuvaneshwari, Interim Resolution Professional of Mindlogicx Infratec Ltd. v. Union Bank of India*

Case No.: I.A. No. 586/2025 in C.P. (IB) No. 126/BB/2022

Bombay High Court: Cooperative Housing Societies Formed by Flat Purchasers Bound by Arbitration Clause in Sale Agreements

The Bombay High Court, per Justice N.J. Jamadar, has held that when individual flat purchasers form a cooperative housing society to enforce rights flowing from the Agreements for Sale executed in their favour, such society cannot claim immunity from the arbitration clause contained in those agreements. The plea that the society is a non-signatory was found to be untenable, as the society is not a third party to the arbitral proceedings.

Facts

Respondent Nos. 2–8 granted development rights over a parcel of land to Respondent No.1, a partnership firm, which constructed five buildings and sold flats through Agreements for Sale. The developer failed to comply with obligations under the Maharashtra Ownership of Flats Act, 1963 (MOFA), particularly the formation of an association of flat purchasers. Consequently, the purchasers formed the petitioner cooperative society.

When the developer failed to execute a conveyance deed, the Competent Authority granted unilateral deemed conveyance to the flat purchasers. Thereafter, Respondent No.1 invoked arbitration under Clause 38 of the Agreements for Sale. The petitioner-society objected under Section 16, Arbitration and Conciliation Act, contending that it was not a party to the arbitration agreement. The arbitrator rejected the objection, leading to the present writ petition challenging that order.

Contentions

The petitioner argued that it had an independent juristic personality distinct from its members and was not a signatory to the Agreements for Sale. It maintained that once a deemed conveyance was executed, the Agreements for Sale ceased to operate, extinguishing the arbitration clause. It further contended that the arbitration proceedings against a non-signatory society were legally unsustainable.



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Conversely, Respondent No.1 submitted that since the individual purchasers themselves had constituted the petitioner-society, all rights and liabilities under the Agreements for Sale stood vested in the society, thereby binding it to the arbitration clause.

Court's Observations

The Court held that the absence of an arbitration clause in the unilateral Deed of Deemed Conveyance did not absolve the petitioner-society from the arbitration clause in the Agreements for Sale, which formed the foundation of the parties' rights and obligations.

On the issue of non-signatory status, the Court noted that while the society could not have been a signatory at the time of execution (as it was not yet incorporated), the society's rights derived entirely from the purchasers' agreements. Relying on statutory provisions of the Maharashtra Cooperative Societies Act, 1960, the Court reaffirmed that a registered society is a body corporate inheriting the rights and liabilities of its members.

The Court further observed that allowing the petitioner's reasoning—that the developer should instead file a civil suit—would undermine the parties' choice of arbitration as their agreed mode of dispute resolution.

Conclusion

The Court upheld the arbitrator's order, ruling that the petitioner-society, seeking to enforce rights under the Agreements for Sale, could not disown the arbitration clause in those very agreements. The writ petition was accordingly dismissed with costs.

Case Title: *Shivranjan Towers Sahakari Griha Rachana v. Bhujbal Constructions*
Case No.: Writ Petition No. 11281 of 2025

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