

# SEBI's ease of doing business for trusts and amendment in 'Fit and Proper person' criteria

SEBI at its BM dated March 23, 2026 has approved amendments w.r.t InvITs and REITs and the 'Fit and Proper person' criteria for SEBI registered intermediaries

## 'Fit and Proper person' criteria for intermediaries more liberalised

- **Expanded Disqualifications** : Pendency of criminal complaint / FIR by SEBI, or charge sheet for economic offences now treated as disqualifying on a case to case basis. Conviction for moral turpitude offences is widened and will also include economic offences as well as offences under securities laws.
- **Excluded from Disqualification:** Mere initiation of winding up until order of winding up is made.
- **Disclosure:** Applicant/intermediary shall intimate SEBI for the disqualification of itself, its KMPs or person in control within 15 working days from its occurrence.
- **Principle of natural justice:** Reasonable opportunity of being heard shall be given to person.
- **Re-application not allowed:** Person ineligible to apply again for the time specified in the order (Earlier if no time period was specified then default 5 years prohibition was applicable, which has been removed)
- Application for registration shall not be considered for a period of 6 months as against 1 year earlier, in case a show cause notice is served by SEBI under section 11B(1) and 11(4) of the SEBI Act.

## Changes in minimum value of investment in Social Impact Fund:

Minimum value of investment by individual investors in Social Impact Fund of to rupees one thousand from existing rupees two lakhs. This change is proposed to ensure wider retail participation on Social Stock Exchange.

## Changes providing flexibility to AIFs in winding up of scheme and surrendering of registration:

- Now, an AIF may retain proceeds beyond permissible fund life, if it satisfies any of the following:
  - Demonstrable receipt of a litigation notice or tax/regulatory demand.
  - 75% investor by value gives their consent for such liabilities.
  - justification of operational expense (capped at 3 years).
- AIFs seeking surrender with such schemes will be classified as "inoperative funds" and subsequently require lesser compliance such as no periodic filings, PPM updates, or performance benchmarking until surrender of registration. May also refer to our article on InvITs and REITs [here](#).

## Permitting net settlement of funds for FPIs

FPIs are now permitted net settlement of funds for outright (transactions in which there is either purchase or sale transactions, but not both) cash market transactions, reducing funding costs and foreign exchange slippages, while securities settlement remains on a gross basis. Earlier, all settlements were on a gross basis. Non-outright trades will continue to be settled gross, with STT and stamp duty unchanged.

## SPV Holding Flexibility in InvITs, Mutual Fund Investments, and Greenfield Exposure:

- InvITs will now be permitted to hold investment in SPVs post concession agreements. Also, InvITs must exit the SPV or acquire a new project under SPV within one year from the latest of:
  - completion concession agreement,
  - conclusion of pending claims / litigation
  - completion of defect liability period.
- Time taken for statutory/regulatory approvals for exit is excluded from this one-year period. Further, the adequate disclosures shall be made by InvITs in its annual report w.r.t to such investments.
- InvITs/REITs can now invest in liquid mutual funds with credit risk value  $\geq 10$  (earlier  $\geq 12$ ) and in Class A-I or B-I (i.e., AA and above) (earlier only Class A-I schemes). This increases the investment options available to REITs/InvITs to park their funds.
- Privately listed InvITs can now invest up to 10% of asset value in greenfield (under-construction) infrastructure projects. (earlier such InvITs not allowed to invest in PPP greenfield infrastructure projects).
- Clarified that scope of borrowing for InvITs with leverage between 49%–70% includes borrowings for capex, major road maintenance and existing loan refinancing.

Relevant SEBI BM agenda can be referred [here](#).

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