# SUPPLEMENTARY FOR DECEMBER 2026 TERM OF EXAMINATION

## PAPER - 13

## CORPORATE AND ECONOMIC LAWS

## SYLLABUS 2022

# SECTION A : CORPORATE LAWS

## I. COMPANIES ACT, 2013

### 1. Revision in the Definition of "Small Company"

**Notification:** Companies (Specification of Definition Details) Amendment Rules, 2025 – G.S.R. 880(E)

**Date of Notification:** 1st December, 2025

**Effective From:** 1st December, 2025

The Ministry of Corporate Affairs enhanced the financial thresholds for determining a Small Company under Section 2(85) of the Companies Act, 2013.

**Revised limits:**

- Paid-up share capital – not exceeding ₹10 crore.
- Turnover – not exceeding ₹100 crore.
- The existing statutory exclusions continue to apply, including holding companies, subsidiary companies, Section 8 companies and companies/body corporates governed by a special Act.

**Examination Point:** From 1st December, 2025, the Small Company thresholds are ₹10 crore paid-up share capital and ₹100 crore turnover, subject to statutory exclusions.

### 2. Revision of Director KYC Requirements

**Notification:** Companies (Appointment and Qualification of Directors) Amendment Rules, 2025 – G.S.R. 943(E)

**Date of Notification:** 31st December, 2025

**Effective From:** 31st March, 2026

Rule 12A relating to KYC requirements for individuals holding a DIN was amended. The annual KYC mechanism was replaced by an abridged KYC intimation once in every three consecutive financial years.

- The prescribed DIR-3 KYC Web filing is to be made on or before 30 June of the immediately following every third consecutive financial year.
- Specified personal particulars such as mobile number, email address and residential address may be updated.
- Where there is a change in specified personal particulars, the prescribed update is required within 30 days of the change.

**Examination Point:** The annual KYC requirement has been replaced by a three-yearly KYC intimation; specified changes in personal particulars must be reported within 30 days.

**3. CSR – Zero Coupon Zero Principal (ZCZP) Instruments**

**Notification:** Companies (Corporate Social Responsibility Policy) Amendment Rules, 2026 – G.S.R. 415(E) and amendment to Schedule VII – G.S.R. 416(E)

**Date of Notification:** 27th May, 2026

**Effective Date:** 27th May, 2026

The Companies Act framework was amended to recognise subscription to eligible Zero Coupon Zero Principal (ZCZP) instruments issued by eligible Not-for-Profit Organisations registered with the Social Stock Exchange as a permissible CSR activity.

- CSR expenditure through such ZCZP instruments is subject to a maximum limit of 10% of the company's total CSR expenditure for that financial year, subject to the prescribed conditions.
- Subscription to eligible ZCZP instruments was also specifically included in Schedule VII as a CSR activity.

**Examination Point:** Remember that eligible ZCZP instruments on the Social Stock Exchange are recognised as a CSR activity, subject to prescribed conditions, with expenditure through such instruments capped at 10% of total CSR expenditure.

## II. INSOLVENCY AND BANKRUPTCY CODE, 2016

**1. Disclosure of Beneficial Ownership in Resolution Plans**

**Date of Notification:** 22nd December, 2025

**Effective Date:** 23rd December, 2025

The insolvency-resolution framework was amended to strengthen disclosure requirements relating to the beneficial ownership of resolution applicants.

- A resolution applicant is required to disclose prescribed information regarding its ultimate beneficial owner/controller while submitting a resolution plan.
- The resolution applicant is also required to furnish the prescribed affidavit relating to eligibility under Section 32A.

**Examination Point:** Students should remember that resolution applicants are required to provide beneficial-ownership details and the prescribed Section 32A affidavit along with the resolution plan.

**2. Insolvency and Bankruptcy Code (Amendment) Act, 2026**

**Date of Assent:** 6th April, 2026

**Effective Date of relevant provisions:** 26th May, 2026

The amendment introduced important changes in the Corporate Insolvency Resolution Process (CIRP), resolution plans, avoidance transactions and liquidation.

**Key changes:**

- CIRP: Where more than one application for initiation of CIRP is pending against the same corporate debtor, the first application date is recognised for determining the relevant initiation date.
- Section 12A – Withdrawal: The withdrawal of an admitted CIRP application has been revised. Withdrawal requires 90% voting approval of the Committee of Creditors, subject to the conditions prescribed under the amended Code.
- Section 30 - Resolution Plan: Changes have been made regarding distribution under resolution plans, including treatment of financial creditors who do not vote in favour of the plan.
- Avoidance Transactions: The amendment clarifies the expression “avoidance transaction” with reference to preferential, undervalued and extortionate-credit transactions, and also deals with fraudulent or wrongful trading.
- Section 53 – Liquidation: The provisions relating to the distribution of liquidation proceeds have been clarified.
- Personal Guarantors: Certain provisions relating to the insolvency framework applicable to personal guarantors to corporate debtors have also been amended.

**Examination Point:** Students should focus on the changes relating to CIRP, Section 12A withdrawal, Section 30 resolution plans, avoidance transactions and Section 53 liquidation distribution. Detailed procedural/e-filing provisions are not required.

# SECTION B : ECONOMIC LAWS AND REGULATIONS

## I. SEBI LAWS AND REGULATIONS

### 1. SEBI (Substantial Acquisition of Shares and Takeovers) (Amendment) Regulations, 2025 – Valuation in Open Offers

**Date of Notification:** 3rd December, 2025

**Effective Date:** 2nd January, 2026

- The Takeover Regulations were amended to change the valuation mechanism for determining the offer price in specified cases.
- Where the shares of a target company are not frequently traded, the valuation is to be based on valuation parameters adopted by an independent registered valuer.
- Where the offer price cannot be determined using the prescribed valuation parameters, the fair price of the target company's shares is to be determined based on valuation parameters adopted by an independent registered valuer.
- SEBI may also require valuation by an independent registered valuer in such cases, with the cost of valuation borne by the acquirer.

**Examination Point:** Students should understand that the amendment shifts the responsibility for valuation in specified open-offer situations towards an independent registered valuer, particularly where the normal offer-price parameters cannot be applied.

**Examination Point:** Know the role of an independent registered valuer in specified takeover valuation situations.

### 2. SEBI (Listing Obligations and Disclosure Requirements) - High Value Debt Listed Entities

**Date of Notification:** 22nd January, 2026

**Effective From:** 22nd January, 2026

SEBI revised the threshold for a High Value Debt Listed Entity (HVDLE).

- The threshold was increased from ₹1,000 crore to ₹5,000 crore.
- The change affects the applicability of specified governance and compliance requirements to HVDLEs.

**Examination Point:** Remember the revised HVDLE threshold of ₹5,000 crore.

**3. SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2026**

**Date of Notification:** 21st March, 2026

**Effective Date:** 21st March, 2026

The SEBI ICDR Regulations were amended to strengthen the disclosure framework for public issues and clarify certain lock-in requirements.

- **Draft Abridged Prospectus:** An issuer making a public issue is required to prepare and file a Draft Abridged Prospectus along with the draft offer document**.** The draft and final abridged prospectus are to be made available along with the respective offer documents.
- **Lock-in of Pre-issue Securities:** The amendment clarifies the treatment of pre-issue securities subject to lock-in when such securities are pledged, ensuring that the prescribed lock-in requirement continues to apply.

**Examination Point:** Remember the introduction of the Draft Abridged Prospectus in the IPO process and the clarification regarding lock-in of pledged pre-issue securities.

## II. FEMA, 1999

**1. Foreign Exchange Management (Guarantees) Regulations, 2026**

**Notification No.:** FEMA 8(R)/2026-RB

**Date of Notification:** 6th January, 2026

**Effective Date:** 6th January, 2026

The FEMA Guarantees Regulations, 2026 replaced the earlier guarantee framework and consolidated the rules governing guarantees involving persons resident in India and persons resident outside India**.**

**Key changes:**

- **Guarantees to Non-residents:** A person resident in India is generally not permitted to give a guarantee in respect of a debt or obligation of a person resident outside India except where such guarantee is specifically permitted under FEMA or with prior RBI approval**.**
- **Guarantees by Indian Entities:** The Regulations specify the circumstances in which an Indian entity may issue a corporate guarantee, performance guarantee or other permitted guarantee in connection with a person resident outside India, subject to prescribed FEMA conditions.

- **Guarantees by Non-residents:** The Regulations also specify the circumstances in which a person resident outside India may issue a guarantee in respect of an obligation of a person resident in India.
- **Invocation of Guarantee:** The Regulations provide the FEMA framework for payment when a guarantee is invoked**,** including the manner in which the resulting foreign exchange transaction is to be dealt with.

**Examination Point:** Students should understand the basic rule, permitted cases and RBI approval requirement for guarantees between residents and non-residents. Detailed procedural requirements are not required.

**2. Revised External Commercial Borrowings (ECB) Framework**

**Notification:** Foreign Exchange Management (Borrowing and Lending) (First Amendment) Regulations, 2026 – FEMA 3(R)(5)/2026-RB

**Date of Notification:** 9th February, 2026

**Effective Date:** 16th February, 2026

The ECB framework under FEMA was revised to simplify and broaden the framework governing borrowing by Indian entities from recognised lenders outside India.

**Key changes:**

- **Eligible Borrowers:** The categories of entities permitted to raise ECB were broadened. All entities eligible to receive foreign investment under the FEMA framework are permitted to raise ECB, subject to the prescribed conditions.
- **Recognised Lenders:** The framework specifies the persons/entities outside India from whom ECB may be raised. The concept of recognised lenders has been aligned with the revised ECB framework.
- **Currency:** ECB may be raised in foreign currency or Indian Rupees, subject to the prescribed FEMA conditions.
- **Minimum Average Maturity Period:** The earlier maturity-based structure has been rationalised. The minimum average maturity period is generally 3 years, subject to specific provisions for certain categories of ECB.
- **All-in-Cost:** The earlier separate cost ceilings have been rationalised into an all-in-cost framework, with the applicable ceiling prescribed under the revised regulations/RBI framework.
- **End-use:** The revised framework provides a broader permitted end-use framework, while specified activities and purposes remain prohibited or subject to restrictions.

**Examination Point:** Students should focus on the eligible borrowers, recognised lenders, currency, minimum average maturity period, all-in-cost requirements and permitted/prohibited end-uses under the revised ECB framework.

3. **FEMA (Non-debt Instruments) – Foreign Investment from Land-Border Countries**

**Date of Notification:** 1st May, 2026

The FEMA (Non-debt Instruments) framework was amended to clarify the treatment of foreign investment where the investor or beneficial owner is situated in, or is a citizen of, a country sharing a land border with India.

- Investment by an investor or beneficial owner covered by the land-border-country restriction continues to require the Government approval route, unless specifically exempted under the applicable FEMA provisions.
- The amendment clarifies the application of the restriction where the beneficial owner of the investment is connected with a land-border country.

**Examination Point:** Students should remember the Government-route requirement and the importance of beneficial ownership in FDI involving specified land-border countries.

4. **FEMA (Non-debt Instruments) – Foreign Investment in Insurance Companies**

**Date of Notification:** 2nd May, 2026

The FEMA (Non-debt Instruments) framework was amended to align the foreign investment provisions for the Indian insurance sector with the changes made to the insurance laws.

- Foreign investment in an Indian insurance company is permitted up to 100%, subject to the conditions and safeguards prescribed under the FEMA framework and applicable insurance laws.
- The amendment aligns the FEMA framework with the revised insurance-sector foreign investment limit.

**Examination Point:** The key figure is 100% foreign investment in an Indian insurance company, subject to prescribed conditions.

## III. INSURANCE LAWS

1. **Sabka Bima Sabki Raksha (Amendment of Insurance Laws) Act, 2025**

**Date of Assent:** 20th December, 2025

**Effective Date:** 5th February, 2026 *(except Section 25)*

The Act amended the Insurance Act, 1938, the IRDAI Act, 1999 and related insurance laws to liberalise and strengthen the insurance sector.

**Key changes:**

- **Foreign Investment:** The permitted foreign investment limit in an Indian insurance company was increased from 74% to 100%, subject to prescribed conditions and safeguards.
- **Transfer of Shares:** The threshold for obtaining prior approval for transfer of paid-up equity shares in an insurance company was increased from 1% to 5%.
- **Foreign Reinsurers:** The minimum net owned funds requirement for foreign reinsurers was reduced from ₹5,000 crore to ₹1,000 crore, facilitating greater participation of foreign reinsurers in India.

**Examination Point:** Remember the three major changes: FDI - 100%; share-transfer approval threshold - 5%; foreign reinsurer net owned funds – ₹1,000 crore**.**

## IV. CYBER SECURITY AND DATA PRIVACY

### 1. Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules – Synthetically Generated Information (SGI)

**Notification:** G.S.R. 120(E)

**Date of Notification:** 10th February, 2026

**Effective Date:** 20th February, 2026

The IT Rules were amended to introduce specific due-diligence obligations for intermediaries in relation to synthetically generated information (SGI).

**Key changes:**

- **Meaning of SGI:** Synthetically generated information refers to information, including audio, visual or audiovisual content that is generated, altered or modified using technological means so that it appears to be authentic or represents a real person, event or fact.
- **Labelling:** Intermediaries are required to ensure that specified SGI is clearly labelled as synthetically generated or altered, so that users can identify it.
- **Technical identification:** Prescribed intermediaries are required to incorporate technical/provenance information in specified SGI to facilitate its identification.
- **Unlawful SGI:** Intermediaries are required to take enhanced measures in respect of SGI that falls within specified unlawful or prohibited content, including appropriate action for removal/restriction as required under the Rules.

**Examination Point:** Students should remember what SGI means and the three key obligations—labelling, technical identification/provenance, and enhanced due diligence for unlawful SGI.

## QUICK REVISION POINTS

1. **Companies Act, 2013**
   - **Small Company:** ₹10 crore paid-up share capital and ₹100 crore turnover, subject to statutory exclusions.
   - **Director KYC:** KYC intimation once every three consecutive financial years; specified changes in particulars to be reported within 30 days.
   - **CSR – ZCZP:** Eligible ZCZP subscription through the Social Stock Exchange recognised as a CSR activity; expenditure capped at 10% of total CSR expenditure.

2. **Insolvency and Bankruptcy Code, 2016**
   - **Resolution Plans:** Disclosure of ultimate beneficial ownership and prescribed Section 32A affidavit.
   - **IBC 2026:** Key changes relate to CIRP, Section 12A withdrawal, Section 30 resolution plans, avoidance transactions and Section 53 liquidation distribution.
   - **Section 12A:** Withdrawal of an admitted CIRP application requires 90% CoC voting approval, subject to prescribed conditions.

3. **SEBI Laws**
   - **Takeover Regulations:** Independent registered valuer relevant for specified takeover/open-offer valuation situations.
   - **HVDLE:** Threshold increased from ₹1,000 crore to ₹5,000 crore.
   - **ICDR/IPO: Draft Abridged Prospectus** introduced as part of the public-issue documentation framework; lock-in treatment of pledged pre-issue securities clarified.

4. **FEMA, 1999**
   - **Guarantees:** Revised FEMA framework governs guarantees between residents and non-residents, including permitted cases and approval requirements.

- **ECB:** Revised framework covers eligible borrowers, recognised lenders, currency, and minimum average maturity, all-in-cost and end-use.
- **Land-Border FDI:** Investments involving specified land-border-country investors/beneficial owners remain subject to the Government approval route, unless specifically exempted.

**5. Insurance Laws**

- **Insurance FDI:** Foreign investment limit increased from 74% to 100%.
- **Share Transfer:** Prior-approval threshold increased from 1% to 5%.
- **Foreign Reinsurers:** Minimum net owned funds requirement reduced from ₹5,000 crore to ₹1,000 crore.

**6. Cyber Security and Data Privacy**

- **SGI:** Intermediaries have enhanced due-diligence obligations relating to synthetically generated information, including labelling, technical identification/provenance and action against specified unlawful SGI.