



# NEWSLETTER <sup>Weekly</sup>

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## SECURITIES AND EXCHANGE BOARD OF INDIA

### **1. Safer participation of retail investors in Algorithmic trading.**

SEBI has issued new guidelines to regulate algorithmic (algo) trading by retail investors, aiming to enhance market integrity and risk management. The circular outlines the responsibilities of brokers, exchanges, and algo providers. Brokers must act as principals, ensuring all algo orders are tagged with unique identifiers. Retail investors developing their own algos must register them if they exceed a specified order-per-second threshold. Brokers are responsible for API security, implementing authentication measures, and handling investor grievances. Exchanges must supervise algo trading, set empanelment criteria for algo providers, and ensure compliance through surveillance and audits. Two types of algos are defined—Execution (White Box) and Non-Disclosed (Black Box), with additional requirements for black-box algos, including Research Analyst registration. The implementation framework will be finalized by April 1, 2025, and the new regulations will take effect on August 1, 2025.

For more information, you can access the SEBI circular here:

[https://www.sebi.gov.in/legal/circulars/feb-2025/safer-participation-of-retail-investors-in-algorithmic-trading\\_91614.html](https://www.sebi.gov.in/legal/circulars/feb-2025/safer-participation-of-retail-investors-in-algorithmic-trading_91614.html)

## MINISTRY OF FINANCE

### **1. Public Sector Banks (PSBs) show strong performance in the first three quarters (April-December) of current FY 2024-25.**

The performance of Public Sector Banks has shown significant improvement on key financial parameters during the first three quarters of the current FY 2024-25. Highlights as on 31.12.2024, are as under:

- a. Record net profit growth of 31.3% (y-o-y) to achieve highest ever aggregate net profit of Rs. 1,29,426 Crore and aggregate operating profit of Rs. 2,20,243 Crore, in first nine months of the financial year.
- b. Improved asset quality visible from significantly low Net NPA ratio at 0.59% (Aggregate net NPA outstanding of Rs. 61,252 Crore)
- c. Aggregate business growth of 11.0% (y-o-y), with improved aggregate deposit growth at 9.8% (y-o-y). Total aggregate business of PSBs reached Rs. 242.27 lakh crore.
- d. Robust credit growth of 12.4%, led by retail credit growth of 16.6%, agriculture credit growth of 12.9% and MSME credit growth of 12.5%.
- e. Built-up of adequate capital buffers, with Aggregate Capital to Risk Weighted Assets Ratio of 14.83%, significantly above the minimum requirement of 11.5%.

PSBs are adequately capitalized and well poised to meet credit demands of all sectors of the economy, with special thrust on Agriculture, MSME and Infrastructure Sector. The policy and process reforms have resulted in enhanced systems and processes for credit discipline, recognition and resolution of stressed assets, responsible lending, improved governance, financial inclusion initiatives, technology adoption etc. These measures have led to a sustained financial health and robustness of banking sector as a whole which is reflected in the current performance of the PSBs.

For more information, you can access the GOI press release here:

<https://pib.gov.in/PressReleasePage.aspx?PRID=2100412>

## **MINISTRY OF CORPORATE AFFAIRS**

### **1. MCA21 records 80.26 lakh form filings between April 2024 to January 2025 driving Ease of Doing Business with enhanced digital solutions.**

Between April 1, 2024, and January 27, 2025, the Ministry of Corporate Affairs' MCA21 portal recorded a total of 80.26 lakh form filings, up from 73.29 lakh during the same period the previous year. Notably, the newly developed MCA21 V3 platform saw 53.08 lakh form submissions in this timeframe, compared to 47.72 lakh in the prior year, indicating increased stakeholder engagement and system robustness. The MCA21 V3 platform has introduced web-based forms with real-time data validation and a user registration process to enhance identification and authentication. Users can now track the status of their filed forms and download challans and certificates directly from their application dashboard. A live chat feature has also been integrated into the helpdesk for real-time assistance, improving the overall user experience. To ensure data security and confidentiality, the MCA21 portal adheres to established standards, including MEITY guidelines, CERT-In regulations, ISO 27001, and Information Security Protocols. Multi-factor authentication has been implemented to verify user identities, and measures such as masking private information from public view have been adopted to maintain data integrity. These enhancements aim to facilitate the Ease of Doing Business by providing a more secure, accessible, and user-friendly digital platform for corporate filings.

For more information, you can access the GOI press release here:

<https://pib.gov.in/PressReleasePage.aspx?PRID=2099226>

## **RESERVE BANK OF INDIA**

### **1. Liquidity Adjustment Facility - Change in rates.**

As announced in the Monetary Policy Statement dated February 07, 2025, it has been decided by the Monetary Policy Committee (MPC) to reduce the policy repo rate under the Liquidity Adjustment Facility (LAF) by 25 basis points from 6.50 per cent to 6.25 per cent with immediate effect. Consequently, the standing deposit facility (SDF) rate and marginal standing facility (MSF) rate stand adjusted to 6.00 per cent and 6.50 per cent respectively, with immediate effect. All other terms and conditions of the extant LAF Scheme will remain unchanged.

For more information, you can access the RBI notification here:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12774&Mode=0>

### **2. Standing Liquidity Facility for Primary Dealers.**

As announced in the bi-monthly Monetary Policy Statement, 2024-25, today, it has been decided by the Monetary Policy Committee (MPC) to reduce the policy repo rate under the Liquidity Adjustment Facility (LAF) by 25 basis points from 6.50 per cent to **6.25** per cent with immediate effect. Accordingly, the Standing Liquidity Facility provided to Primary Dealers (PDs) (collateralized liquidity support) from the Reserve Bank would be available at the revised repo rate of 6.25 per cent with immediate effect.

For more information, you can access the RBI notification here:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12775&Mode=0>

### **3. Change in Bank Rate.**

With reference to the circular DOR.RET.REC.101/12.01.001/2022-23 dated February 08, 2023 on the captioned subject. As announced in the Monetary Policy Statement 2024-25 dated February 07, 2025, the Bank Rate is revised downwards by 25 basis points from 6.75 per cent to 6.50 per cent with immediate effect. All penal interest rates on shortfall in reserve requirements, which are specifically linked to the Bank Rate, also stand revised as indicated in the Annex.

For more information, you can access the RBI notification here:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12776&Mode=0>

#### **4. Master Direction - Reserve Bank of India (Access Criteria for NDS-OM) Directions, 2025.**

Please refer to Paragraph 2 of the Statement on Developmental and Regulatory Policies announced as a part of the Bi-monthly Monetary Policy Statement for 2024-25 dated February 07, 2025, on making the Negotiated Dealing System – Order Matching (NDS-OM) platform available for access by non-bank brokers registered with Securities and Exchange Board of India (SEBI) to facilitate trades of retail investors. A reference is also invited to the Reserve Bank of India (Access Criteria for NDS-OM) Directions, 2024 dated October 18, 2024, wherein the Reserve Bank had prescribed criteria for access to the NDS-OM platform. Necessary changes to the access criteria for NDS-OM have been made in this regard. The revised access criteria have been consolidated under Master Direction - Reserve Bank of India (Access Criteria for NDS-OM) Directions, 2025 and are issued herewith in supersession of Reserve Bank of India (Access Criteria for NDS-OM) Directions, 2024 dated October 18, 2024. The Directions contained in this circular have been issued in exercise of the powers conferred under section 45W of the Reserve Bank of India Act, 1934, read with section 45U of the Act and of all the powers enabling it in this behalf. The Directions shall be applicable with immediate effect.

For more information, you can access the RBI notification here:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12777&Mode=0>

#### **5. Monetary Policy Statement, 2024-25 Resolution of the Monetary Policy Committee February 5 to 7, 2025.**

The Monetary Policy Committee (MPC) of the Reserve Bank of India (RBI) convened its 53rd meeting from February 5-7, 2025, under the chairmanship of Governor Sanjay Malhotra, and decided to reduce the policy repo rate by 25 basis points to 6.25%. This adjustment has consequently set the Standing Deposit Facility (SDF) rate at 6.00% and the Marginal Standing Facility (MSF) and Bank Rate at 6.50%. While supporting economic expansion, the MPC has chosen to maintain a neutral stance, focusing on aligning inflation with a medium-term target of 4% within a band of +/- 2%. Projecting a real GDP growth of 6.7% for FY26, the MPC's decision aims to balance growth and inflation, considering both domestic and global economic factors. The next meeting is scheduled for April 7-9, 2025.

For more information, you can access the RBI press release here:

[https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=59692](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=59692)

#### **6. Statement on Developmental and Regulatory Policies.**

The Reserve Bank of India (RBI) has outlined several developmental and regulatory policy measures focused on enhancing financial markets, cybersecurity, and payment systems. These measures include introducing forward contracts in government securities, allowing SEBI-registered non-bank brokers direct access to the Negotiated Dealing System – Order Matching (NDS-OM), and comprehensively reviewing trading and settlement timings across various market segments. To combat digital payment fraud and enhance trust, the RBI is introducing exclusive internet domains 'bank.in' for Indian banks and planning a similar domain 'fin.in' for non-bank financial entities. Furthermore, the RBI proposes enabling Additional Factor Authentication (AFA) for cross-border card-not-present transactions to align safety standards with domestic payments.

For more information, you can access the RBI press release here:

[https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=59693](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=59693)

## 7. RBI imposes monetary penalty on Federal Bank Limited.

The Reserve Bank of India (RBI) has, by an order dated February 04, 2025, imposed a monetary penalty of ₹27.30 lakh (Rupees Twenty-Seven Lakh Thirty Thousand only) on Federal Bank Limited (the bank) for non-compliance with certain directions issued by RBI on 'Interest Rate on Deposits'. This penalty has been imposed in exercise of powers conferred on RBI under the provisions of Section 47A(1)(c) read with Sections 46(4)(i) of the Banking Regulation Act, 1949. The statutory Inspection for Supervisory Evaluation (ISE 2023) of the bank was conducted by RBI with reference to its financial position as on March 31, 2023. Based on the supervisory findings of non-compliance with RBI directions and related correspondence in that regard, a notice was issued to the bank advising it to show cause as to why penalty should not be imposed on it for its failure to comply with the said directions. After considering the bank's reply to the notice, additional submissions made by it and oral submissions made during the personal hearing, RBI found that the following charge against the bank was sustained, warranting imposition of monetary penalty: The bank had opened certain savings deposit accounts in the name of ineligible entities. This action is based on deficiencies in regulatory compliance and is not intended to pronounce upon the validity of any transaction or agreement entered into by the bank with its customers. Further, imposition of monetary penalty is without prejudice to any other action that may be initiated by RBI against the bank.

For more information, you can access the RBI press release here:

[https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=59707](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=59707)

## 8. Finance Minister addresses the Central Board of Directors of Reserve Bank of India.

The 613th meeting of the Reserve Bank of India's (RBI) Central Board of Directors, chaired by Governor Sanjay Malhotra in New Delhi, reviewed the global and domestic economic landscape, addressing challenges from geopolitical events and financial market volatility. The board also mourned the passing of former Prime Minister and RBI Governor, Dr. Manmohan Singh. Following the meeting, Finance Minister Nirmala Sitharaman shared the Union Budget 2025-26 vision, emphasizing fiscal prudence and growth-oriented policies to achieve 'Viksit Bharat'. The Directors lauded the Finance Minister's budget and offered their perspectives.

For more information, you can access the RBI press release here:

[https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=59713](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=59713)

**You may send your suggestions at [niyati@asalegal.in](mailto:niyati@asalegal.in)**

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