

SEBI

Monthly Bulletin
June 2026

2026-27

भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

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CAPITAL MARKET REVIEW

I. Primary Market Resource Mobilisation *(Annexure Tables 3 to 14)*

- Overall capital mobilization across equity, debt and business trust segments (REITs/InvITs) moderated in May 2026, with total fundraising declining to **₹72,075 crore** from ₹93,036 crore recorded in April 2026, primarily driven by a slowdown in equity issuances amid cautious investor sentiment triggered by heightened geopolitical uncertainties in West Asia. While public equity avenues saw modest activity, the debt segment dominated, raising over ₹50,000 crore primarily through private placements.
- The equity segment recorded 13 IPO listings in May 2026, that collectively raised ₹1,577 crore. While this continued a month-on-month downward trajectory, the mobilization remained significantly above the low baseline of ₹255 crore recorded in April 2025.Of the 13 listings, a single mainboard issue accounted for **₹926 crore**, while12 SME listings mobilized **₹651 crore**. In addition, four rights issues raised **₹284 crore**, bringing the total equity fund mobilization through public avenues to **₹1,861 crore** for the month.
- Investor participation patterns varied distinctly across the mainboard and SME IPO segments. In the mainboard IPO segment QIB-Others[1] led with a 43 per cent share, followed by FPIs (20 per cent) and NIIs (15 per cent) on a month-on-month basis. In contrast, the SME segment was led by RIIs leading at 41 per cent and NIIs following closely at 36 per cent.
- **Listing Day Performance:** The mainboard IPO listed during May-2026 delivered listing day gain of 11 per cent after being oversubscribed 10 times. The SME segment exhibited greater market resilience, with seven out of twelve listings debuting at or above their issue price. The SME segment recorded peak listing-day gain of 53 per cent, with the highest oversubscription rate of 787 times. The aggregate listing-day value for the SME listings stood at ₹744 crore, marking 14 per cent increase over its total issue size of ₹651 crore.
- The fundraising activity was primarily driven by private sector enterprises based in the Western region, which accounted for seven out of the 17 listings during the month, followed by Northern region (6), Southern region (3) and Central region (1).

[1] *'QIB-Others' refers to the portion of Qualified Institutional Buyer (QIB) bids that are made by institutional investors excluding FPIs, Domestic Financial Institutions (Banks/ Financial Institutions (FIs)/ Insurance Companies) and Mutual Funds.*

Table 1: Fund Mobilization by Corporates (₹ crore)

Particulars	2026-27 (up to May-26)	May-26
I. Equity Issues	**71,404**	**16,638**
a. IPOs (i+ii)	4,070	1,577
i. Main Board	3,025	926
ii. SME Platform	1,045	651
b. FPOs	-	-
c. Equity Rights Issues	1,696	284
d. QIPs/IPPs	6,700	4,200
e. Preferential Allotments	58,938	10,577
II. Debt Issues	**85,875**	**51,310**
a. Debt Public Issues	1,311	746
b. Private Placement of Debt	84,564	50,564
III. REITs/InvITs	**7,832**	**4,127**
a. REITs	6,005	3,405
b. InvITs	1,827	722
Total Funds Mobilised (I+II+III)	**1,65,111**	**72,075**

Source: SEBI, BSE and NSE

- **Sectoral Analysis of Mainboard IPOs** up to May 2026 indicates a diversified issuance cycle, with **capital goods** *(36 per cent)* closely followed by **financial services** (*31 per cent*) acting as the main drivers of capital mobilization. Notably, all five mainboard IPOs originated from different sectors.

Chart 1: Mainboard IPO Sectoral Trends FY 2025-26 (up to May 2026)



Source: BSE and NSE

- The debt market continued to be heavily dominated by private placements, which raised **₹50,564 crore** in May 2026, whereas public debt issuances accounted for a modest **₹746 crore** of the total debt mobilization. Private placements remain the preferred route for debt capital. Among issuers,

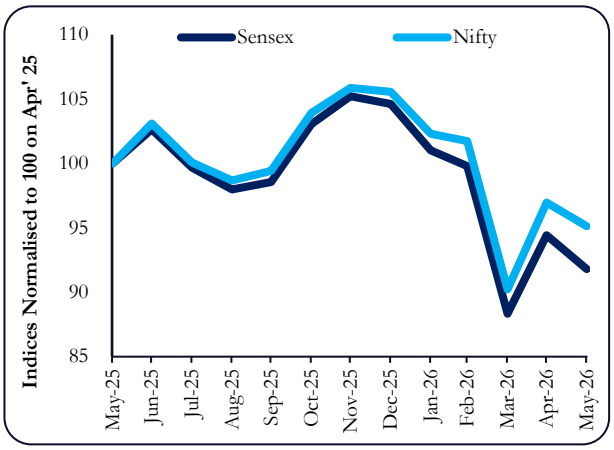
NBFCs were the largest contributors, reflecting their ongoing reliance on market borrowings. PSUs and corporate bodies also displayed substantial fundraising activity, while housing finance companies recorded comparatively lower issuances and banks remained inactive in debt market during this period.

- **Offers closed under SEBI (SAST) Regulations:** Activity under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, saw the closure of nine offers during the month. These transactions had a combined offer value of ₹2,381 crore and were undertaken with the primary objective of achieving change in control of management.

II. Secondary Market *(Annexure Tables 1, 15 to 17, 30, 31, 37 to 39, 47, 50 to 55, 66)*

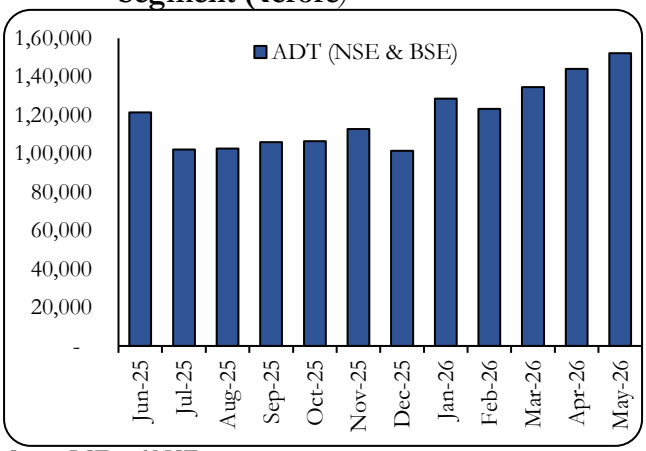
- **Broad Market Indices:** After a strong recovery in April 2026, Indian equity markets lost momentum in May 2026 as elevated crude oil prices, rupee depreciation and continued foreign investor selling weighed on market sentiment. Investor sentiment was further affected by volatility in IT stocks amid concerns over the impact of rapid advances in AI on the earnings outlook of services-driven technology sector. As a result, the benchmark indices Nifty and Sensex declined by 2.8 per cent and 1.9 per cent respectively during the month. In contrast, broader market indices remained resilient, with the Midcap and Smallcap indices advancing 3.2 per cent and 1.6 per cent, respectively.
- **Sectoral Indices:** Sectoral trends were mixed during May 2026, with Metal (4.7 per cent), Capital Goods (4.7 per cent) and Pharma (4.6 per cent) leading the gains. In contrast, Consumer durables (-6.2 per cent), Energy (-4.3 per cent), Oil & Gas (-4.2 per cent) and PSU Banks (-3.8 per cent) declined, while the IT sector also remained under pressure, though it capped its losses at 0.9 per cent.
- **Market Turnover**: During May 2026, the equity cash market Average Daily Turnover (ADT) across NSE and BSE rose by 6 per cent month-on-month, marking the third consecutive monthly rise and reaching its highest level in nearly two years. Furthermore, the segment registered a robust 28 per cent year-on-year growth compared to May 2025, buoyed by strong domestic mutual fund buying despite broader global geopolitical uncertainties.

Chart 2: Movement of Sensex & Nifty 50



Source: BSE and NSE

Chart 3: Trends in ADT in Equity Cash Segment (₹crore)



Source: BSE and NSE

Table 2: Trends of BSE and NSE Sectoral Indices during May 2026 (per cent)

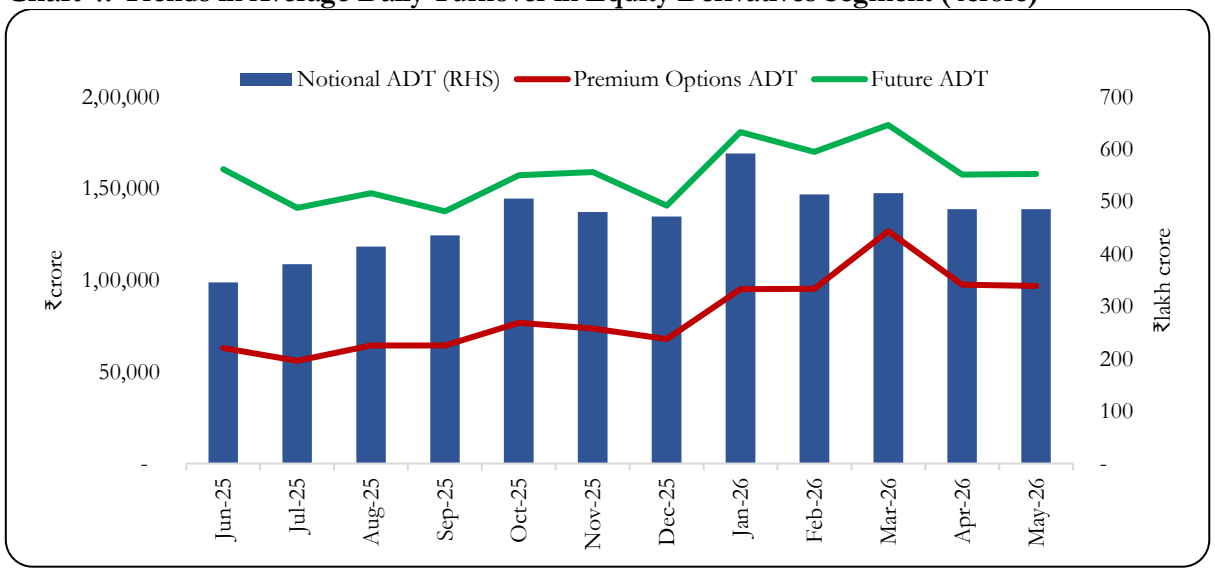
Sectoral Indices	Monthly Return	Annualized Volatility
NIFTY Metal	4.7	20.1
BSE Capital Goods	4.7	21.9
NIFTY Pharma	4.6	15.9
NIFTY Healthcare	3.2	15.7
BSE Commodities	2.8	17.1
BSE Power	2.8	21.4
BSE Industrials	2.7	19.2
NIFTY Auto	1.6	20.8
BSE Utilities	-0.9	20.4
NIFTY IT	-0.9	23.5
NIFTY Bank	-1.1	18.0
NIFTY Financial Services	-1.2	19.3
NIFTY Realty	-1.4	26.4
NIFTY Media	-3.3	23.3
NIFTY FMCG	-3.3	9.4
NIFTY PSU Bank	-3.8	24.1
NIFTY Oil & Gas	-4.2	16.8
BSE Energy	-4.3	13.8
NIFTY Consumer Durables	-6.2	23.6

Source: NSE & BSE

- **Equity Derivatives:** Trading activity in the equity derivatives segment remained steady during May 2026, in line with the trends observed in the previous month across both futures and options segments. The ADT for equity futures remained stable at ₹1.6 lakh crore, while premium options

ADT fell marginally by 0.7 per cent M-o-M to ₹96,916 crore. However, as compared to March 2026, equity derivatives activity declined significantly in May 2026; ADT in equity futures declined by 14.4 per cent, while premium options ADT fell by 23.6 per cent. The moderation in derivatives activity likely reflects a combination of the STT revision and easing market volatility, as India VIX declined from ~22 in March 2026 to ~18 in May 2026.

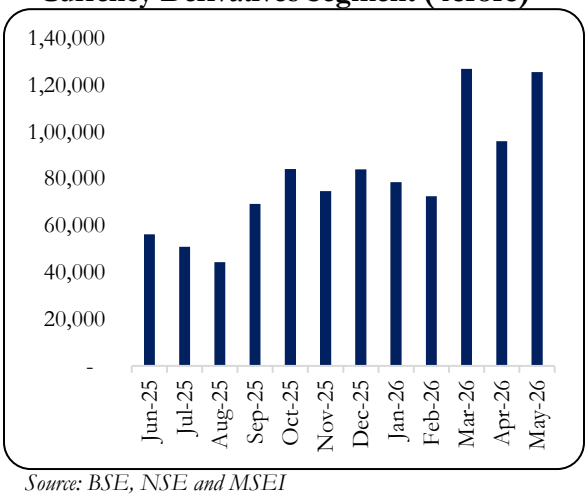
Chart 4: Trends in Average Daily Turnover in Equity Derivatives Segment (₹crore)



Source: BSE and NSE

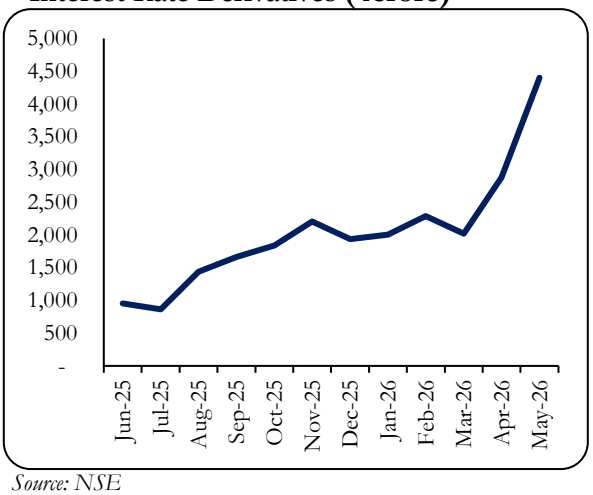
- **Currency Derivatives:** The currency derivatives segment experienced an upward trajectory during May 2026, with its notional turnover rising by 31 per cent (M-o-M) to ₹1.26 lakh crore, effectively reversing the 24 per cent M-o-M contraction witnessed during April 2026.
- **Interest Rate Derivatives:** Building on the momentum seen in April 2026, the interest rate futures registered significant growth during May 2026. The monthly turnover rose by 52.9 per cent month-on-month to reach ₹4,401 crore, marking the highest level recorded in the segment in over five years. The growth is primarily driven by rise in trading by proprietary traders, which accounted for more than two-thirds of total turnover in May 2026.

Chart 5: Trends in Notional Turnover in Currency Derivatives Segment (₹crore)



Source: BSE, NSE and MSEI

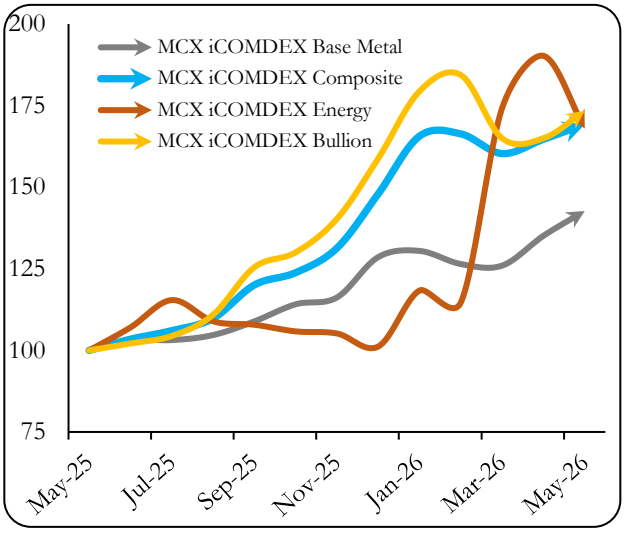
Chart 6: Trends in Notional Turnover in Interest Rate Derivatives (₹crore)



Source: NSE

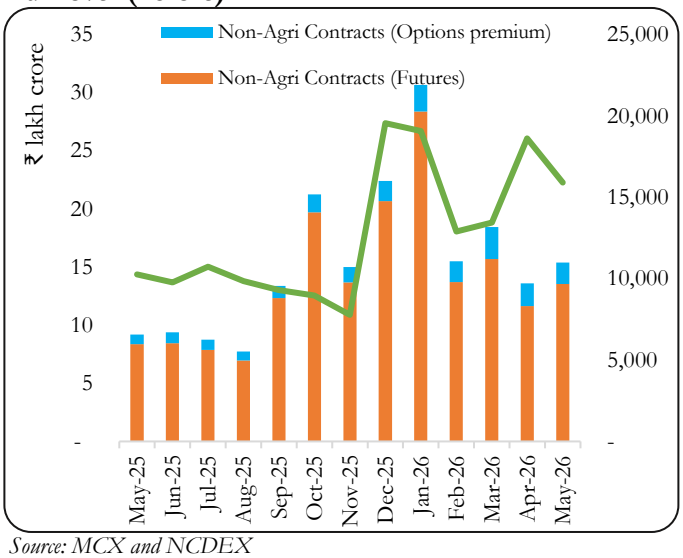
- **Commodity Derivatives:** In April 2026, the MCX iCOMDEX Composite index rose to 25,569, an increase of 2.8 per cent over the previous month. This trend was driven by a 5.1 per cent increase in the heavily weighted bullion segment (54.6 per cent) and a 5.6 per cent in base metal index, while the energy index fell by 11.7 per cent. On year-on-year basis, the index registered a robust 69.2 per cent growth compared to May 2025, buoyed by increase in all its three component indices, viz. Bullion (73.4 percent), Energy (68.0 per cent) and Metal (42.7 per cent).
- **Commodity Derivatives Turnover:** In May 2026, the overall turnover of futures and options (premium) contracts in commodity derivatives segment increased to ₹15.6 trillion, a12.7 percent increase from April 2026. The surge in overall turnover was mainly due to increased trading volumes on MCX, with bullion contracts growing by 20.1 per cent and metal contracts by 21.7 per cent. The turnover in non-agri. contracts increased by 13.1 per cent, while agri. contracts decreased by 12.7 per cent, albeit from a lower base amount of ₹18,630 crore in April 2026. Futures contracts continued its dominance in overall turnover with 87.1 per cent share, while options contracts, measured in terms of 'premium' contributed around 11.9 per cent. The agricultural futures contracts accounted for one per cent to the overall turnover.
- **Developments in Commodity Derivatives Segment:** The Indian commodity markets saw multiple new product rollouts in recent months. On May 29, 2026, NCDEX Ltd. kicked off by launching 'RAINMUMBAI', an exchange-traded weather derivatives contract. Following this, on June 1, 2026, MCX introduced its 100-gram 'Silver 100' futures contracts. Simultaneously, NSE launched Electronic Gold Receipts as a new trading segment designed to bridge the gap between the physical and financial gold markets.

Chart 7: Movement of Domestic Commodity Derivatives Market Indices



Source: MCX; all indices are normalized to 100 from Sep-24

Chart 8: Trends in Commodity Derivatives Turnover (₹crore)

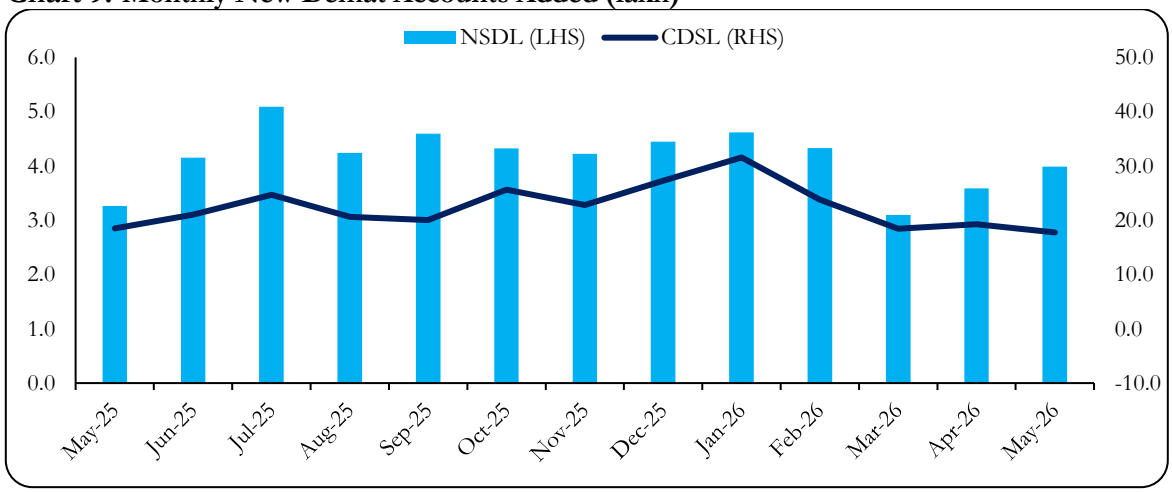


Source: MCX and NCDEX

III. Trends in Depository Accounts *(Annexure Tables 63 to 65)*

- In May 2026, 4.0 lakh net demat accounts were added with NSDL and 17.3 lakh net accounts were added with CDSL during the month, registering an increase of 0.9 per and 1.1 per cent, respectively, in total demat accounts over March 2026. At the end of May 2026, overall tally of demat accounts stood at 22.9 crore with 4.5 crore demat accounts at NSDL and 18.4 crore accounts at CDSL.

Chart 9: Monthly New Demat Accounts Added (lakh)

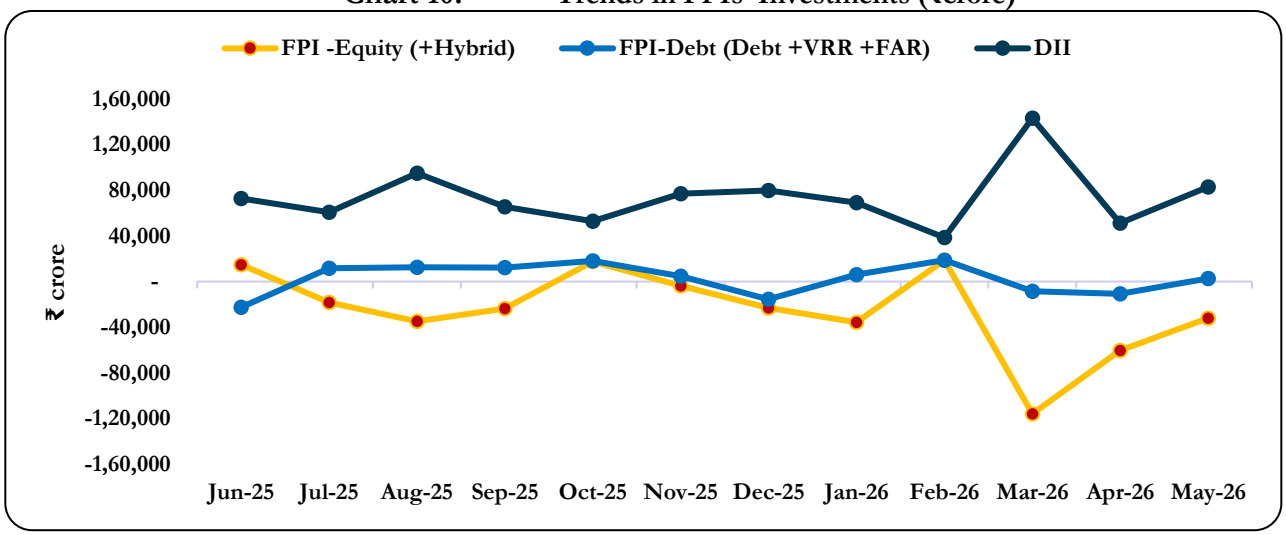


Source: CDSL and NSDL

IV. Foreign Portfolio Investors[2] (FPIs) *(Annexure Table No. 56)*

- During May 2026, FPIs continued to exit heavily from the Indian securities market with net outflow of ₹29,484 crore across asset classes, marking a sustained period of foreign capital exit.
- FPIs remained net sellers in Indian equities for the third consecutive month, pulling out ₹32,963 crore in May 2026 amid rupee depreciation, softer earnings growth expectations and better performance of Al and emerging technology-oriented markets. However, while FPIs continued to sell on most trading days, the intensity of selling appeared to moderate towards the end of the month, with few sessions witnessing net inflows.
- In May 2026, the debt segment recorded net inflows of ₹2,757 crore, following two consecutive months of outflows. The inflows were primarily driven by the Debt FAR category which registered net inflows of ₹4,405 crore. A key driver was the continued foreign investor interest in FAR-eligible government securities, supported by India's inclusion in global bond indices and the resulting passive investment flows.
- During May 2026, domestic institutional investors (DIIs)[3] continued to be net buyers in the equity segment with monthly net inflows of ₹82,880 crore, acting as a critical countervailing force to FPI outflows.

Chart 10: Trends in FPIs' Investments (₹crore)



Source: NSDL, NSE and BSE

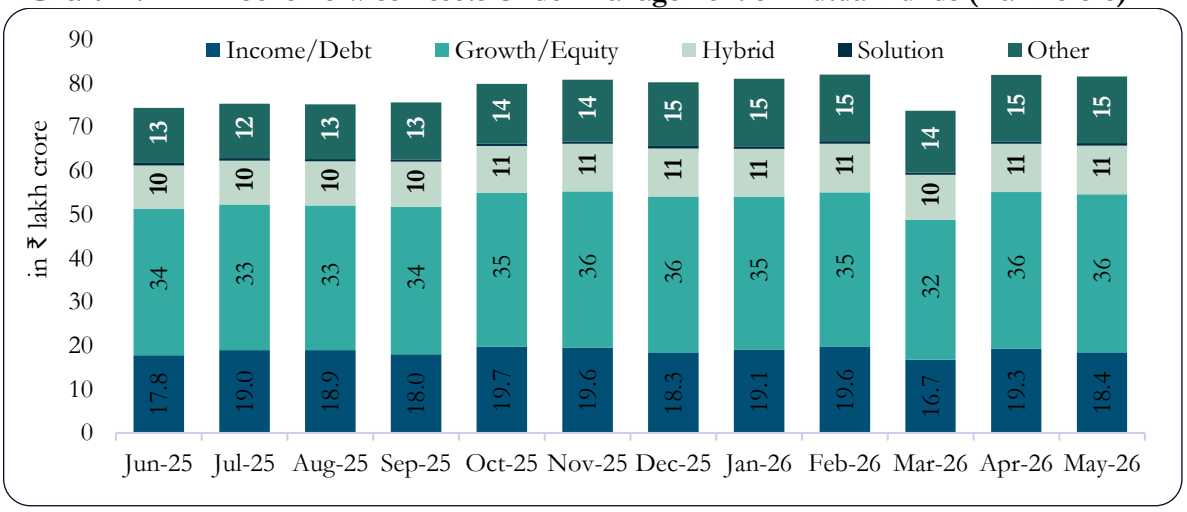
[2] *FPIs' net investment included investments in mutual funds starting from September 2024.*
[3] *Includes Domestic Mutual Funds, Banks, Financial Institutions, Insurance Companies, Pension Funds and Others*

V. Fund Management Activities

A. Mutual Funds (*Annexure Tables Nos. 53 to 54*)

- The AUM of the mutual fund industry stood at ₹81.6 lakh crore at the end of May 2026, reflecting a 13 per cent y-o-y growth. However, AUM in May 2026 was lower than the level recorded in April 2026.
- During May 2026, the industry experienced an overall net outflow of ₹64,021 crore, driven by net outflows from income/debt oriented schemes, and reduced net inflows into most other scheme categories.

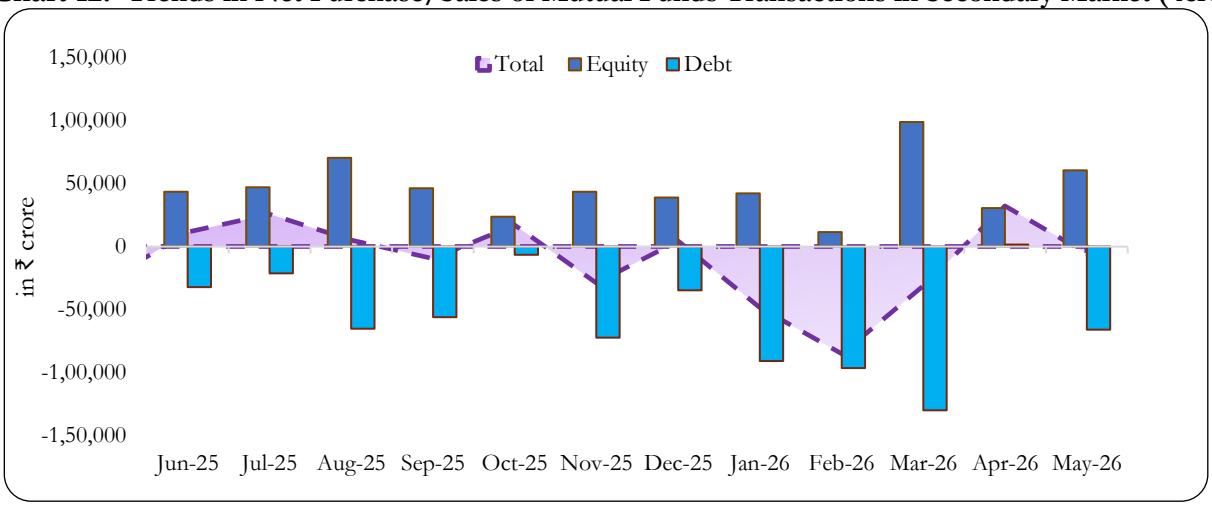
Chart 11: Scheme-wise Assets Under Management of Mutual Funds (₹lakh crore)



Source: SEBI

- In May 2026, the industry invested a net of ₹60,597 crore in equity segment, while ₹65,994 crore were withdrawn from the debt segment.

Chart 12: Trends in Net Purchase/Sales of Mutual Funds Transactions in Secondary Market (₹crore)

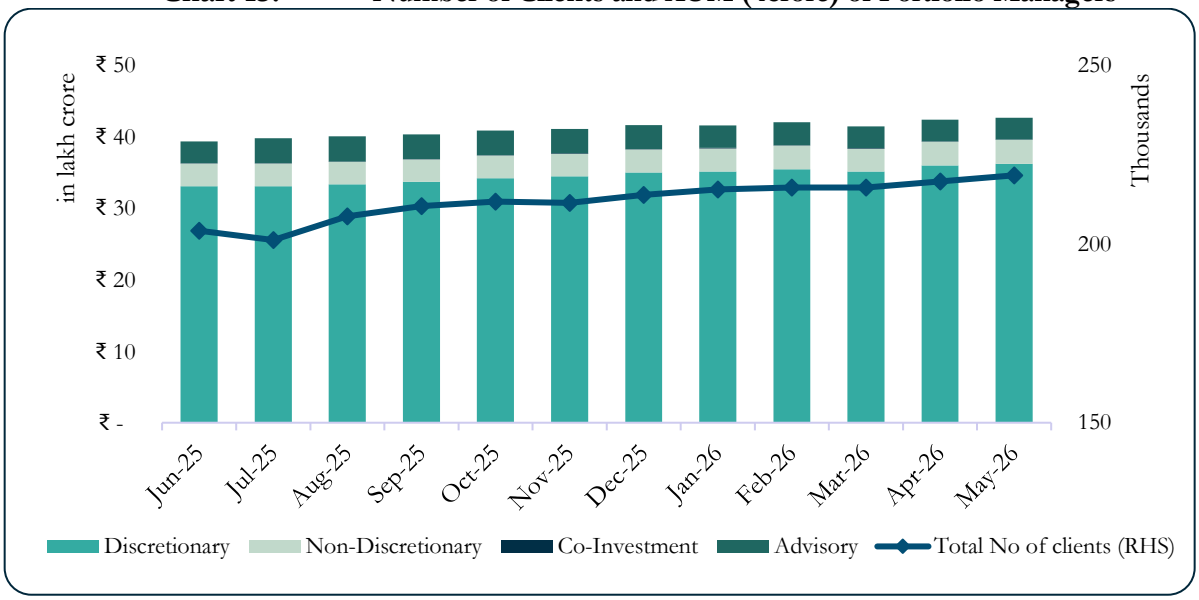


Source: SEBI

B. Portfolio Management Services (*Annexure Table No 55*)

- The total AUM in the portfolio manager industry stood at ₹42.6 lakh crore in May 2026.

Chart 13: Number of Clients and AUM (₹crore) of Portfolio Managers



Source: SEBI

Introduction of Revised WPI Series (Base Year: 2022-23) and New Producer Price Indices

- The Ministry of Commerce & Industry has updated India's inflation tracking framework by replacing the existing Wholesale Price Index (WPI) base year from 2011-12 to 2022-23. To ensure a smooth transition, the revised WPI will be published alongside the newly introduced Producer Price Indices (PPIs) for five years before being discontinued, a phase-out that supports a broader alignment with international best practices and International Monetary Fund (IMF) recommendations. This updated framework introduces three independent new price index series with 2022-23 base year: The Output Producer Price Index (OPPI), the Trial Input Producer Price Index (IPPI), and the Service Producer Price Index (Service PPI) covering seven distinct services.
- A major highlight of this overhaul is the introduction of dual-sided producer pricing tracking through Output and Input PPIs, which collectively explain how raw material inflation is passed downstream into finished goods. The weights for both the output and trial input indices are mapped using the Supply and Use Tables from the 2022-23 National Accounts. WPI, Output PPI and Service PPI are being compiled on the basis of Basic Price (which excludes Net Tax and Trade & Transport Margin), whereas trial Input PPI is being compiled using Purchaser's Price since industries purchase input from market.

- **Key features of the new WPI series**
  i. Expanded Basket: Total tracking items increased from 697 to 957
  ii. New Energy sources: Nuclear, solar and wind energy are integrated into the electricity basket.
  iii. Improved Methodology for Derivation of Weights: Weights are mapped via the Supply and Use Tables of the 2022-23 National Accounts using Gross Value of Output (GVO). This captures domestic production significance more accurately than net traded values.
  iv. Statistical Refinements: Short-term formulation replaces the older long-term indexing model. Targeted Mean Imputation replaces the 'Carry Forward' approach for handling missing data.

- **Provisional Estimates for May 2026**

i. Under the new base year 2022-23, WPI inflation increased to 9.68 per cent in May 2026 on y-o-y basis basis), compared to 8.26 per cent in April 2026, with the index hitting 109.9.

ii. The Output PPI for all commodities and the trial Input PPI for Manufacturing Sector stood at 109.6 and 104.9 respectively.

iii. The quarterly Service PPIs for Q4 of FY 2025-26 and final estimates for Q3 of FY 2025-26 are tabulated below. Of the seven services mentioned in the table below, the Securities Transaction Service Price Index (STPI), computed by SEBI, measures the average change in cost (brokerage, commissions, fees etc.) of the financial services in securities market. The product basket for securities market consists of primary market activity, secondary market activity and asset management activities.

S. No.	Service PPI	2025-26	
		Q3	Q4
1	Securities Transaction Service Price Index	89.2	91.7
2.a	Banking Service Price Index	102.2	100.9
2.b	Banking Service Contribution Index	132	129.7
3	Management of Pension Funds Service Price Index	106.3	103.8
4	Insurance Service Price Index	102	102.8
5	Telecom Service Price Index	112.2	112.2
6	Railway Service Price Index	102.6	103.3
6.a	Railway Freight Service Price Index	103.2	103.2
6.b	Railway Passenger Service Price Index	101.3	103.5
7	Air (Passenger) Service Price Index	107.3	106.9

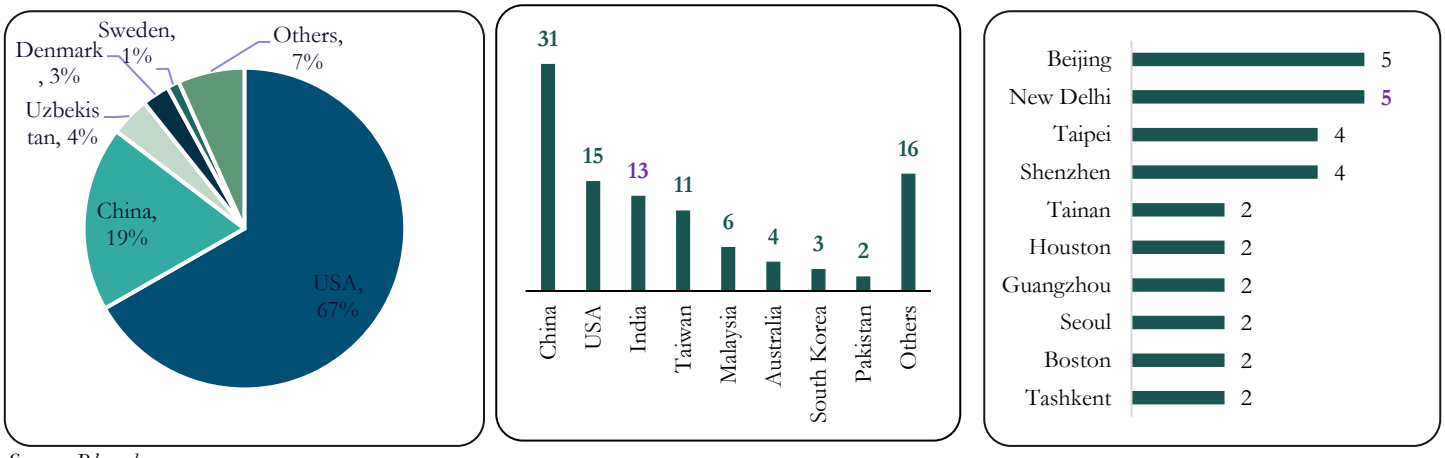
PERFORMANCE REVIEW: INDIA AND GLOBAL MARKETS

- According to the World Bank's June 2026 Global Economic Prospects report, the continued conflict in Middle-east has led to surge in energy prices, triggering inflationary pressures and expectation of monetary policy tightening. The geopolitical stress also elevated volatility across financial markets. Although vigorous AI related investment infused optimism to markets oriented towards emerging technologies, for major commodity importing countries - equity prices declined, bond yields increased and severe capital outflows have put the exchange rates under pressure. Amid these developments, global growth is projected to decelerate to 2.5 per cent in 2026, down from 2.9 per cent in 2025, marking its weakest pace since the COVID-19 pandemic. Prospects for emerging and developing economies also turned weaker with projected growth rate of 3.6 percent in 2026 from 4.4 percent in 2025.

- **Global IPO Activity**: Despite the macroeconomic crosswinds, global primary market activity experienced modest recovery in May 2026, with both deal volume and aggregate fund mobilization increasing compared to preceding months.

Chart 14: Global IPO amount raised, Volume and top Domicile cities of the IPO Firms

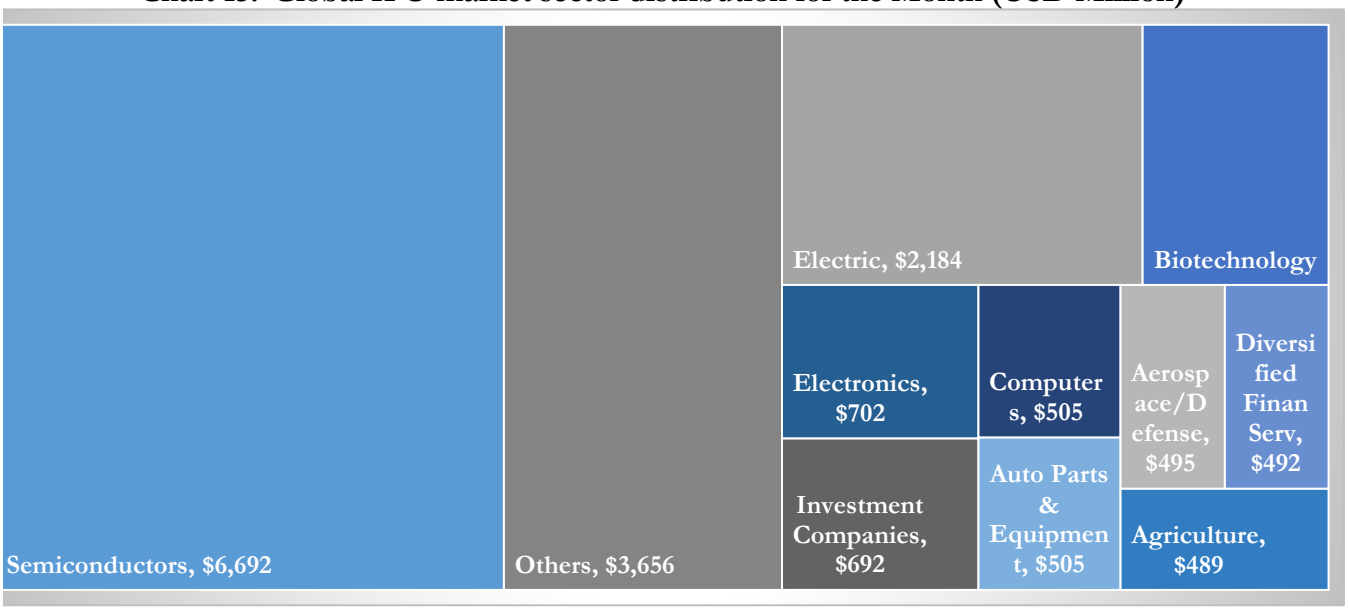
a) Amount raised **b) Number of IPOs** **c) Domicile Cities of IPO Firms**



Source: Bloomberg

- The sectoral composition of global IPOs in May 2026 indicates concentration of capital within the technology and utility landscapes, spearheaded by the semiconductors sector, which dominated with $6,692.11 million across five issuers. This is followed by the Electric sector at $2,184.15 million and Biotechnology at $1,125.55 million.

Chart 15: Global IPO market sector distribution for the Month (USD Million)

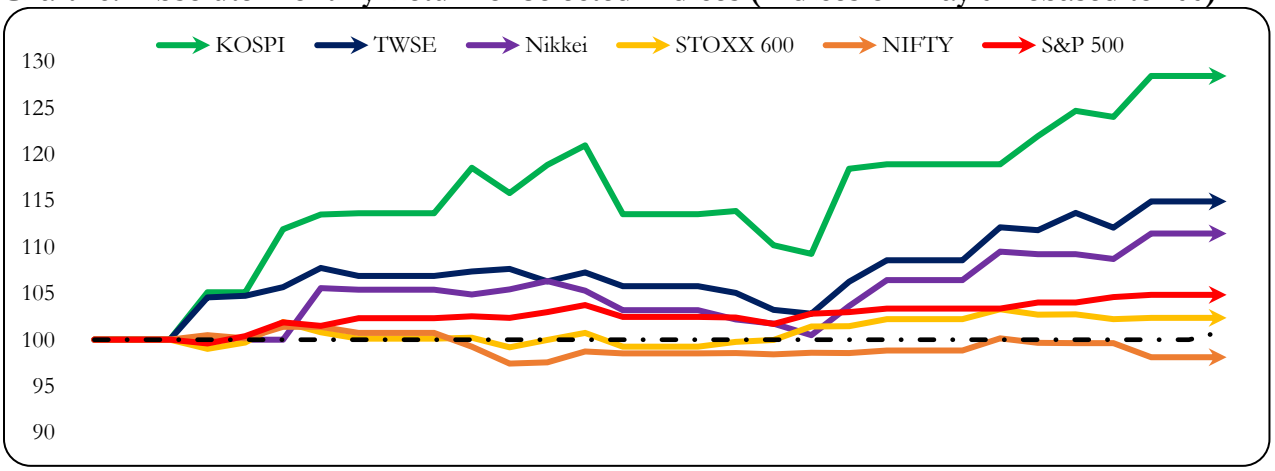


Source: Bloomberg, Industry group and sector classification as per Bloomberg

Performance of Global Equity Indices

- Global equity markets saw broad, widespread gains during May 2026, driven by resilient corporate earnings and a booming global demand for AI and semiconductor hardware. The positive momentum was visible across major economies, with Asian technology hubs showing notable gains. South Korea's KOSPI surged by nearly 28 per cent over the month, emerging as the global leader due to massive demand for advanced memory chips. Japan's Nikkei 225 climbed by 11.2 per cent, breaking past historic records, while Taiwan's TWSE grew 14.6 per cent alongside its regional tech peers.

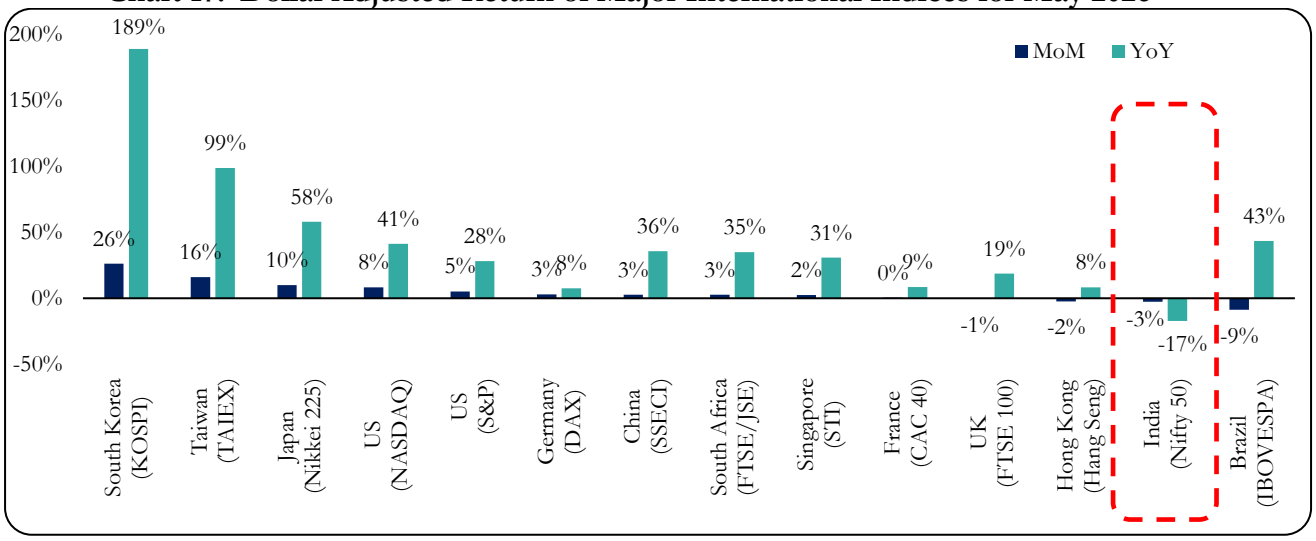
Chart 16: Absolute Monthly Return of Selected Indices (Indices on May 01 rebased to 100)



Source: Bloomberg

- In Western markets, indices mirrored this positive trajectory, with the US S&P 500 gaining 5.3 per cent, largely supported by ongoing investments by major tech companies on AI servers and data centers. Supported by steady electricity prices and better than expected corporate profit reports by European companies, STOXX 600 posted a steady return of 2.2 per cent. Global equity markets remained volatile during the first half of May before stabilizing by the end of the month, with India VIX and CBOE VIX indices closing at 16.2 and 15.3 respectively.
- India's weight in MSCI EM index declined to 10.9 per cent at the end of May 2026, a multi-year low since 2021. Furthermore, no Indian company ranked within the top ten constituents of the MSCI EM Index. Driven by the global surge in semiconductor and hardware demand, major domestic large-caps like HDFC Bank and Reliance Industries slipped to the 11th and 12th positions respectively. India notably lacks a comparable structural AI play within its largest benchmark constituents.
- In USD terms, South Korea's KOSPI emerged as the top performer, exhibiting significant growth and peaking at ~8476, yielding a dollar-adjusted return of 26 per cent m-o-m and 189 per cent y-o-y. Taiwan's TAIEX/TWSE followed, posting a dollar-adjusted monthly gain of 16 per cent, while Japan's Nikkei tracked a similar upward trajectory.

Chart 17: Dollar Adjusted Return of Major International Indices for May 2026

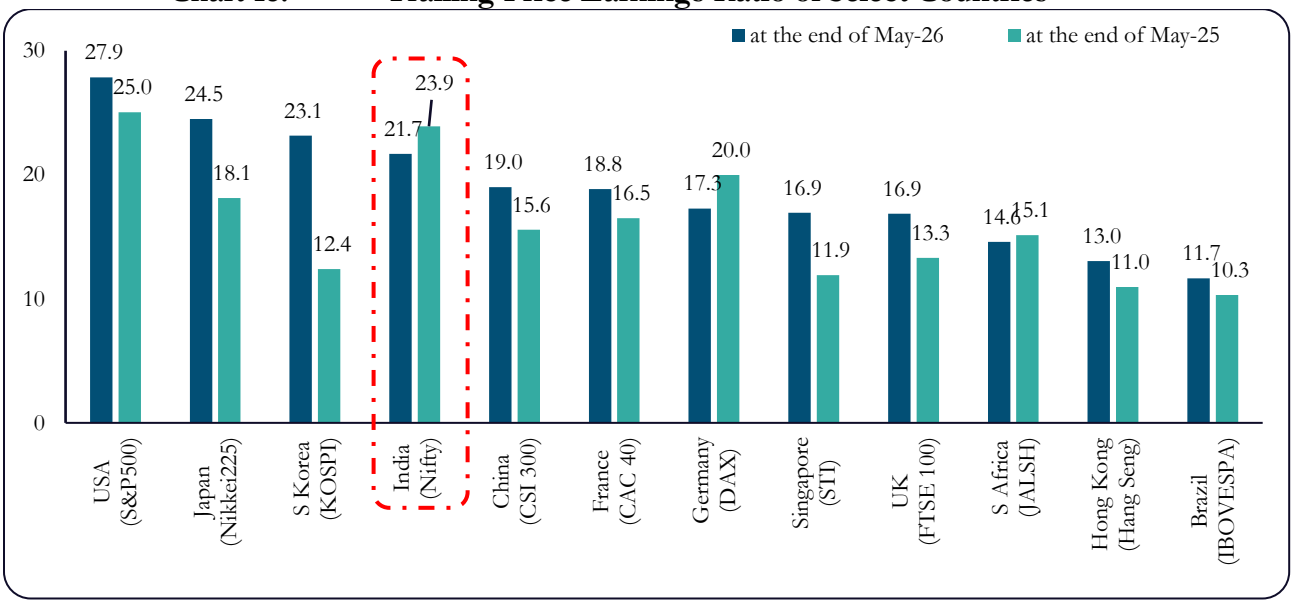


Source: Bloomberg

- At the end of May 2026, India stands at 6th position in global market cap rankings behind Taiwan and narrowly ahead of South Korea, with an equity market cap of $4.9 trillion. While a year ago, India's market cap was roughly three times that of South Korea and twice of Taiwan.

- The United States remained the most expensive major market with a trailing Price-to-Earnings (P/E) multiple of 27.9. This was followed by Japan at 24.5, South Korea at 23.1 and India at a relatively moderated valuation of 21.7.

Chart 18: Trailing Price Earnings Ratio of Select Countries



Source: Bloomberg

- Japan saw the highest short-term increase in 10-year government bond yields (5.6 per cent m-o-m) in May 2026, driven by West Asia energy crisis. As the world's fourth-largest oil importer, Japan relies on West Asia for approximately 94 per cent of its crude oil. Elevated energy prices have significantly increased imported inflation pressures across the economy. Apart from intensified inflation risks, government's indication of a deficit-financed stimulus through fresh debt issuance, added to the concern on Japan's fiscal sustainability, leading to spike in long duration bond yields.
- South Korea's 10-year government bond yield rose to 3.6 per cent in May 2026, after the central bank held rates steady but signaled a more hawkish stance.
- In May 2026, as measured by the Dollar Index, US Dollar depreciated against the major currencies. Over the month, the US Dollar Index dipped by 0.9 per cent, triggering temporary relief and capital inflows that resulted in the appreciation of Rand and Renminbi.

Table 3: 10-year Government Bond Yield

Country	Yield on May-26	MoM in %	YoY in %
USA	4.44	1.48	0.80
UK	4.81	-3.99	3.55
France	3.55	-3.87	12.35
Germany	2.94	-3.23	17.53
Japan	2.66	5.64	78.70
China	1.71	-2.17	0.59
S Korea	4.08	3.61	45.88
India	7.00	-0.16	11.39
Singapore	2.02	-3.49	-17.00
Brazil	14.11	1.08	0.67
Mexico	9.18	-0.30	-1.49

Table 4: Movement in Currencies over USD

Country	Rate as on May 26	MoM in %	YoY in %
Dollar Index	98.94	-0.9	0.4
Pound	0.74	-1.1	0.0
Euro	0.86	-0.6	2.7
Yen	159.27	-1.7	-10.6
Hon Kong $	7.84	-0.1	0.1
Renminbi	6.77	0.9	6.0
Won	1503.95	-1.8	-8.8
Rupee	95.00	-0.1	-11.0
Singapore $	1.28	-0.3	1.1
Rand	16.23	2.7	9.9
Swiss Franc	0.78	0.1	5.0

Note: All currency rates are against USD;
Negative sign indicates depreciation of the currency against USD

POLICY DEVELOPMENTS IN INDIAN SECURITIES MARKET

During May 2026, SEBI introduced a number of regulatory and developmental measures aimed at strengthening market infrastructure, facilitating investor convenience and improving the efficiency of the securities market ecosystem.

The brief on the major policy initiatives are outlined below:

1. **Advisory on Emerging Advanced Artificial Intelligence (AI) Tools for Vulnerability Detection (like Mythos)**

   The rapid evolution of emerging technologies including AI-driven vulnerability identification tools (E.g. Claude Mythos) has introduced new dimensions of risks for regulated entities. Due to the interconnectedness and interdependency of market participants in the securities market ecosystem, a periodic coordinated approach for vulnerability management, information sharing and monitoring/assessment is required to prevent a cascading impact. A task force, namely cyber-suraksha.ai, was constituted with defined objectives, comprising representatives from MIIs, QRTAs, all QREs, and other related stakeholders Based on the consultation with the taskforce, an advisory was issued by SEBI to all regulated entities, in this regard.

2. **'Significant Indices' under SEBI (Index Providers) Regulations, 2024**

   As specified under the SEBI (Index Providers) Regulations, it was specified that a benchmark or index (including an index of indices) based on listed securities will be classified as a "Significant Index" if the daily average cumulative AUM tracking it across all mutual fund schemes exceeds ₹20,000 crore for each of the past six months, ending on June 30th and December 31st each year. Index providers providing any of the 'Significant Indices' shall register as an index provider with SEBI within six months. This requirement shall not apply to the index providers, if all the 'Significant Indices' provided by them are either indices notified by RBI as 'Significant Benchmarks' or classified by RBI as 'Authorized Benchmarks'

   Circular: May 05, 2026

3. **Discontinuation of Investor Risk Reduction Access (IRRA) Platform**

   Based on stakeholder feedback, SEBI discontinued IRRA with immediate effect, as the platform became largely redundant due to enhanced technological resilience of stock brokers, strengthened business continuity and disaster recovery frameworks, improved cybersecurity measures and the availability of alternative contingency mechanisms.

   Circular: May 07, 2026

4. **Norms for Sharing and Usage of Price Data for Educational Purposes**

   Based on feedback received from various stakeholders and subsequent comments received through public consultation, a time lag of 30 days has been prescribed for both sharing and usage of price data for educational purposes.

   Additionally, NISM was granted the access to market price data with a lag of one day, for the purpose of usage in its simulation lab.

   Circular: May 08, 2026

5. **Permitted Use of Fresh Borrowings for InvITs**

   In order to provide more flexibility, SEBI has clarified and expanded the permissible uses of fresh borrowings for InvITs when their net borrowings exceed 49 per cent of the value of InvIT assets. InvITs with net borrowings above 49% can also borrow for capex, major road maintenance, and debt refinancing, not just acquisition or development of infrastructure projects. Earlier rules had created a funding gap for InvITs needing capital for asset upkeep and debt management, once they crossed the 49 per cent threshold.

   Circular: May 15, 2026

6. **Status of SPVs Post Conclusion or Termination of Concession Agreement**

   To provide further flexibility, norms for SPVs holding infrastructure projects whose concession agreements have ended or been terminated have been eased. Such SPVs would continue to retain their classification as SPVs, provided the InvIT exits the investment or acquires a new infrastructure project in the SPV within one year, subject to certain conditions. Additional disclosures have been mandated for InvITs regarding such SPVs, including details of liabilities, pending claims, debt repayment schedules and exit plans.

   Circular: May 15, 2026

7. **Modified Norms for Nomination in Demat Accounts and Mutual Fund Folios**

   The nomination framework for demat accounts and mutual fund folios was revised by introducing streamlined procedures for nomination, modification and cancellation of nominations, opt-out provisions and standardised requirements for online and offline nomination facility.

   Circular: May 29, 2026

HIGHLIGHTS OF DEVELOPMENTS IN INTERNATIONAL SECURITIES MARKET

- **Securities and Exchange Commission (SEC), USA**

  - **SEC Rescinds Policy Regarding Denials of Settlements in Enforcement Actions:** SEC rescinded a policy, codified in Rule 202.5(e) of its informal rules of procedures, stating that when it chooses to settle an enforcement action in which a sanction is imposed, it will not settle unless the defendant or respondent also agrees not to publicly deny the allegations in the complaint or administrative order. The rescission recognizes that the effect on the public interest from such denials may be minimal and that the policy itself may have created an incorrect impression that the Commission is trying to shield itself from criticism.

    Press Release: May 18, 2026

  - **SEC Proposes Rescission of Climate-Related Disclosure Rules**: SEC proposed the rescission of overly burdensome and costly rules that require companies to provide certain climate-related information in their registration statements and annual reports. The Commission's proposal focuses on returning the agency to its core mandate – in line with its legal authority – and restoring a materiality-focused approach to securities regulation.

    Press Release: May 29, 2026

- **Securities and Futures Commission (SFC), Hong Kong**

  - **SFC issues new guidance to help securities issuers prepare for upcoming uncertificated securities market regime:** SFC published a Guidance Note to assist securities issuers with preparing to participate in the uncertificated securities market (USM) regime, which is targeted for launch on 16 November 2026.

    Press Release: May 29 2026

- **European Securities and Markets Authority (ESMA), European Union**

  - **ESMA advances the simplification of EU reporting frameworks for funds and transactions:** In alignment with its broader simplification and burden reduction agenda, the ESMA launched a harmonised approach to funds reporting for streamlined and more efficient transaction

reporting across European markets. The framework is centered on a common and single reporting template designed to remain proportionate for different fund sizes and investment strategies, while meeting supervisory needs. The aim is to reduce duplication, improve data consistency and enhance the usability of data for authorities.

Press Release: May 04, 2026

- **ESMA Consults on a New Simplified Approach to Updating MMF Stress Test Parameters:** ESMA initiated a consultation on a new approach to updating the parameters for stress test scenarios under the Money Market Funds (MMF) framework.

Consultation Paper: May 05, 2026

- **International Organization of Securities Commissions (IOSCO)**

- **IOSCO Publishes Consultation Report regarding Regulatory Considerations and Good Practices on the Evolution of Market Liquidity during the Trading Day and also its Report on Extended Trading Hours:** The 'Report on the Evolution of Market Liquidity' analyses how liquidity is distributed throughout the trading day, the implications of evolving liquidity patterns and auction designs, and the effectiveness of existing regulatory and supervisory approaches. Based on the analyses, a set of good practices is proposed intended to support regulators and trading venues in considering evolving liquidity patterns to help preserve the benefits of efficient and orderly markets. The 'Report on Extended Trading Hours' reviews proposals and practices relating to equity markets across IOSCO jurisdictions and examines their potential benefits and risks.

Press Release: May 21, 2026

- **IOSCO publishes AI Supervisory Toolkit for AI:** The report provides regulators with a practical toolkit to support the supervision and oversight of Artificial Intelligence (AI) based systems used by regulated entities. The report is part of a phased approach to supporting securities markets authorities in considering appropriate regulatory and supervisory responses to AI in capital markets and the potential risks emerging from these technologies, including implications for investor protection, market integrity and financial stability.

Press Release: May 25, 2026

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