

SEBI Clarifies Cybersecurity and Cyber Resilience Rules for Entities

The Securities and Exchange Board of India (SEBI) vide its **Circular No. SEBI/HO/ ITD-1/ITD_CSC_EXT/P/CIR/2025/119 dated August 28, 2025**, has released technical clarifications for its Cybersecurity and Cyber Resilience Framework (CSCRF). These clarifications address various queries from regulated entities (REs) and update the guidelines to ensure a robust and clear implementation of the framework.

A key part of the new circular is the introduction of the “Principle of Exclusivity” and “Principle of Equivalence” for entities that are regulated by multiple bodies, such as the SEBI and the Reserve Bank of India. These principles aim to streamline compliance by limiting the scope of the CSCRF to systems exclusively used for SEBI-related activities and by accepting equivalent cybersecurity measures followed under another regulator’s framework.

The circular also provides specific technical clarifications, including a revised definition of critical systems, clarifying that mobile application security guidelines are now only recommended, and specifying that audit reports should be submitted in a summary format. Additionally, it updates the categorization thresholds for Portfolio Managers and Merchant Bankers.

The clause on zero-trust security now requires REs to implement strategies such as zero-trust networks, segmentation, high availability, and no single point of failure, with approval from the RE’s IT Committee, thereby replacing the earlier default-deny model. The requirement to resume critical systems within two hours after disruption extends to extreme but plausible scenarios, though REs must exercise judgment to avoid exacerbating risks. Additionally, ISO 27001 certification is recommended but not mandatory.

The criteria and threshold for portfolio managers have been revised, namely;

Small Size REs: INR 3,000 Crore – 10,000 Crore, which was earlier INR 1,000 Crore – 3,000 Crore;

Mid-Size REs: INR 10,000 Crore and above, which was earlier INR 3,000 Crore and above; and

Self-Certification REs: INR 3,000 Crore and below, which was earlier INR 1,000 Crore and below.

Link - <https://www.sebi.gov.in/legal/circulars/aug-2025/technical-clarifications-to-cybersecurity-and-cyber-resilience-framework-cscrf-for-sebi-regulated-entities-res-96329.html>