SEBI introduces key changes to regulatory framework governing Infrastructure Investment Trusts

The Securities and Exchange Board of India (SEBI) vide its Gazette Notification No. CG-MH-E-17042026-271878 dated April 16, 2026, has notified the Securities and Exchange Board of India (Infrastructure Investment Trusts) (Amendment) Regulations, 2026, introducing key changes to the regulatory framework governing Infrastructure Investment Trusts (InvITs).

A significant change has been made to the definition of "liquid assets", with SEBI refining the eligibility criteria for investments in liquid mutual fund schemes. The amendment now permits investment in units of liquid mutual funds having a credit risk value of at least 10 and falling under Class A-I or Class B-I under the prescribed risk matrix, thereby aligning the framework with updated risk classification norms.

The regulations also introduce important clarifications regarding Special Purpose Vehicles (SPVs). In the context of Public-Private Partnership (PPP) projects, SEBI has provided that where acquisition or holding structures are restricted by government or concession agreements, the usual SPV requirements may not apply, subject to specified conditions.

Further, the amendments clarify that an SPV holding an infrastructure project will retain its SPV status even after termination or conclusion of the concession agreement, provided it continues to meet conditions specified by SEBI. This change is aimed at providing continuity and regulatory certainty in infrastructure investments.

In addition, SEBI has expanded the permissible investment avenues by allowing InvITs to invest in such SPVs and has aligned corresponding provisions under Regulation 18. The threshold for credit risk value in certain investment instruments has also been reduced from 12 to 10, along with inclusion of Class B-I instruments, thereby widening the investment universe for InvITs.

The amendments further provide flexibility in utilisation of funds by allowing deployment not only for development of infrastructure projects but also for other purposes as may be specified by SEBI.