

September 2022 | Issue

Vedanam

A Monthly Newsletter By Mehta & Mehta



Why Vedanam?

We, Mehta & Mehta present you with our monthly newsletter which cover regulatory updates, case laws and study articles. We hereby release our September, 2022 issue.



Learning gives Creativity,
Creativity leads to Thinking,
Thinking provides Knowledge,
Knowledge makes you Great.

INDEX

I. MINISTRY OF CORPORATE AFFAIRS UPDATES	
A.	MCA Circulars and Notifications
1.	<u>MCA Circular on Extension of time for filing e-form DIR-3 KYC and web-form DIR-3-KYC-WEB without fee upto 15.10.2022- 28th September, 2022</u>
2.	<u>Notification u/s 55(2) of the Insolvency & Bankruptcy Code, 2016- 05th September, 2022</u>
3.	<u>Companies (Specification of Definition Details) Amendment Rules, 2022 - 15th September, 2022</u>
4.	<u>Companies (Corporate Social Responsibility Policy) Amendment, Rules, 2022 - 20th September, 2022</u>
5.	<u>MCA Circular on Extension of time for filing e-form DIR-3 KYC and web-form DIR-3-KYC-WEB without fee upto 15.10.2022- 28th September, 2022</u>
II. SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) UPDATES	
A.	SEBI CIRCULARS AND NOTIFICATIONS
1.	<u>SEBI circular on Performance/return claimed by unregulated platforms offering algorithmic strategies for trading- 02nd September, 2022</u>
2.	<u>SEBI Circular on framework on Social Stock Exchange - 19th September, 2022</u>
3.	<u>SEBI circular on Issue and listing of Commercial Paper by listed REITs - 22nd September, 2022</u>
4.	<u>SEBI circular on Issue and listing of Commercial Paper by listed InvITs - 22nd September, 2022</u>
5.	<u>SEBI Circular Modification in the Operational Guidelines for FPIs, DDPs and EFIs pertaining to FPIs registered under Multiple Investment Managers (MIM) structure - 26th September, 2022</u>
6.	<u>SEBI Circular Modification in Daily Price Limits (DPL) for Commodity Futures Contracts - 27th September, 2022</u>
7.	<u>SEBI circular on amendment to guidelines for preferential issue and institutional placement of units by a listed REIT- 28th September, 2022</u>
8.	<u>SEBI circular on amendment to guidelines for preferential issue and institutional placement of units by a listed InvITs- 28th September, 2022</u>
9.	<u>SEBI circular on Two-Factor Authentication for transactions in units of Mutual Funds - 30th September, 2022</u>

10.	<u>SEBI circular on amendment to guidelines and extension of timeline for implementation of Standardized industry classification by Credit Rating Agencies (CRAs) - 30th September, 2022</u>
B.	ORDERS/ CASE LAWS/ ANOUNCEMENT
1.	<u>SEBI fines Rs 7 Lakh on seven individuals for violation of insider trading norms - 20th September, 2022</u>
2.	<u>Future Enterprises defaults in payment of interest on NCD for Rs. 15.73 crore - 20th September, 2022</u>
III.	<u>OTHER UPDATES/ CASE LAWS</u>
1.	INSOLVENCY LAW
2.	RBI UPDATES
IV.	KNOWLEDGE SHARING
1.	<u>APPOINTMENT OF MANAGING DIRECTOR, WHOLE-TIME DIRECTOR OR MANAGER - SECTION 196 OF COMPANIES ACT, 2013</u>

Disclaimer: All views in this Newsletter are expressed by the concerned individuals only and are not the views of the Department or the Company.

I. MINISTRY OF CORPORATE AFFAIRS (“MCA”) UPDATES:

A. MCA CIRCULARS AND NOTIFICATIONS:

1. MCA order on Extension of time for filing e-form DIR-3 KYC and web-form DIR-3-KYC-WEB without fee upto 15.10.2022- 28th September, 2022

MCA, vide its order dated 28th September, 2022 decided to allow filing of e-form DIR-3 KYC and web-form DIR-3-KYC-WEB without payment of fee upto 15th October. 2022.

MCA further added in the circular that extension has been provided after Ministry received representations.

Link to the Circular:

<https://www.mca.gov.in/bin/dms/getdocument?mds=2itVg%252FZQrw%252FU4s9JXtbS1w%253D%253D&type=open>

GO UP

2. Notification u/s 55(2) of the Insolvency & Bankruptcy Code, 2016- 05th September, 2022

MCA vide its circular dated 05th September, 2022 made amendment in clause (b) of the notification dated 14th June, 2017 of the Government of India.

Clause b of the circular dated 14th June, 2017 shall be substituted as:	“(b) a Startup (other than the partnership firm) as defined in the notification of the Government of India in the Ministry of Commerce and Industry number G.S.R. 127(E), dated the 19 th February, 2019, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), dated the 19 th February, 2019 and as amended from time to time; or”
---	---

Link to the Notification:

<https://www.mca.gov.in/bin/dms/getdocument?mds=x1IxpYyaOG99lx4MU4GSAw%253D%253D&type=open>

GO UP

3. **Companies (Specification of Definition Details) Amendment Rules, 2022 - 15th September, 2022**

MCA vide its notification dated 15th September, 2022, made amendments to the Companies (Specification of Definition Details) Rules, 2014. These rules may be called as Companies (Specification of Definition Details), Rules, 2022.

Sr. No.	Part/Chapter/Section /Sub-section(s) in the Companies Rules, 2014 Modifications	Part/Chapter/Section /Sub-section(s) in the Companies Rules, 2014 Modifications	Analysis
1.	Clause (t) of Sub-rule (1) is substituted under rule 2 of Companies (Specification of Definition Details) Rules, 2014	“(t) For the purposes of sub-clause (i) and sub-clause (ii) of clause (85) of section 2 of the Act, paid up capital and turnover of the small company shall not exceed rupees four crore and rupees forty crore respectively.”.	With this amendment, threshold for paid up capital and turnover of small company has been increased up to rupees four crore and forty crore respectively which previously was up to rupees two crore and twenty crore respectively.

Link to the Notification:

<https://www.mca.gov.in/bin/dms/getdocument?mcs=tiMs9IFJ8xuPm%252B%252F0xc6fUw%253D%253D&type=open>

GO UP

4. Companies (Corporate Social Responsibility Policy) Amendment, Rules, 2022 – 20th September, 2022

MCA vide its notification dated 20th September, 2022, made amendments to the Companies (Corporate Social Responsibility Policy) Rules, 2016. These rules may be called as Companies (Corporate Social Responsibility Policy) Amendment, Rules, 2022. This Notification will come into force from the date of publication in Official Gazette.

Sr. No.	Part/Chapter/Section /Sub-section(s) in the Companies Rules, 2014 Modifications	Part/Chapter/Section /Sub-section(s) in the Companies Rules, 2014 Modifications	Analysis
1.	in rule 3, - in sub-rule (1), after the proviso, the following proviso shall be inserted	“Provided further that a company having any amount in its Unspent Corporate Social Responsibility Account as per sub-section (6) of section 135 shall constitute a CSR Committee and comply with the provisions contained in sub-sections (2) to (6) of the said section.”;	Every company including its holding or subsidiary, and a foreign company defined under clause (42) of section 2 of the Act having its branch office or project office in India, which fulfills the criteria specified in sub-section (I) of section 135 of the Act shall comply with the provisions of section 135 of the Act and these rules:
	sub-rule (2) shall be omitted.	Every company which ceases to be a company covered under subsection (1) of section 135 of the Act for three consecutive financial years shall not be required to (a) constitute a CSR Committee; and (b) comply with the provisions contained in [sub-section (2) to (6)] of the said section, till such time it meets the criteria specified in	Provided that net worth, turnover or net profit. of a foreign company of the Act shall be computed

Sr. No.	Part/Chapter/Section /Sub-section(s) in the Companies Rules, 2014 Modifications	Part/Chapter/Section /Sub-section(s) in the Companies Rules, 2014 Modifications	Analysis
		sub-section (1) of section 135.	<p>in accordance with balance sheet and Profit and loss account of such company prepared in accordance with the provisions of clause (a) of sub-section (1) of section 381 and section 198 of the Act.</p> <p>Provided further that a company having any amount in its Unspent Corporate Social Responsibility Account as per sub-section (6) of section 135 shall constitute a CSR Committee and comply with the provisions contained in sub-sections (2) to (6) of the said section.</p>

Sr. No.	Part/Chapter/Section /Sub-section(s) in the Companies Rules, 2014 Modifications	Part/Chapter/Section /Sub-section(s) in the Companies Rules, 2014 Modifications	Analysis
2.	in rule 4, for sub-rule (1), the following sub-rule shall be substituted	<p>'(1) The Board shall ensure that the CSR activities are undertaken by the company itself or through, -</p> <p>(a) a company established under section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 80 G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company; or</p> <p>(b) a company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government; or</p> <p>(c) any entity established under an Act of Parliament or a State legislature; or</p> <p>(d) a company established under section 8 of the Act, or a registered public trust or a registered</p>	<p>A company established under section 8 of the Act, or a registered public trust or a registered society which has exemption under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 along with approval under 80G shall be eligible to undertake CSR activities on behalf of other companies. Further, an explanation is added to clarify the meaning of the term "entity" under clause (c).</p>

Sr. No.	Part/Chapter/Section /Sub-section(s) in the Companies Rules, 2014 Modifications	Part/Chapter/Section /Sub-section(s) in the Companies Rules, 2014 Modifications	Analysis
		<p>society, exempted under sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 or registered under section 12A and approved under 80 G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.</p>	
3.	in rule 8, in sub-rule (3), in clause (c),-	<p>(i) for the words “five percent”, the words “two per cent.” shall be substituted;</p> <p>(ii) for the words “whichever is less”, the words “whichever is higher” shall be substituted</p>	<p>A Company undertaking impact assessment may book the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed two percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is higher.</p>

Link to the Notification:

<https://www.mca.gov.in/bin/dms/getdocument?mcs=1Wt3uUYzV0rGCr2Vxa8ztQ%253D%253D&type=open>

GO UP

5. MCA Circular on Extension of time for filing e-form DIR-3 KYC and web-form DIR-3-KYC-WEB without fee upto 15.10.2022- 28th September, 2022

MCA, vide its Circular dated 28th September, 2022 decided to allow filing of e-form DIR-3 KYC and web-form DIR-3-KYC-WEB without payment of fee upto 15th October, 2022.

MCA further added in the circular that extension has been provided after Ministry received representations.

Link to the Circular:

<https://www.mca.gov.in/bin/dms/getdocument?mcs=2itVg%252FZQrw%252FU4s9JXtbS1w%253D%253D&type=open>

GO UP

II. SECURITIES AND EXCHANGE BOARD OF INDIA UPDATES:

1. SEBI CIRCULARS AND NOTIFICATION

1. SEBI circular on Performance/return claimed by unregulated platforms offering algorithmic strategies for trading- 02nd September, 2022

SEBI vide its Circular dated 02nd September, 2022 came out with certain restrictions for Stock Brokers who provide services relating to algorithmic trading. These restrictions have been made by SEBI in order to prevent acts and instances of mis-selling and to protect the interest of investors in the securities market.

4. SEBI in the circular said that, stock Brokers who provide services relating to algorithmic trading shall not:

- 4.1 directly or indirectly make any reference to the past or expected future return/performance of the algorithm; and/or
- 4.2 directly or indirectly associate with any platform providing any reference to the past or expected future return/performance of the algorithm.
- 4.3 Stock brokers who are directly/indirectly referring to any past or expected future return/performance of an algorithm or are associated with any platform providing such reference, shall remove the same from their website and/or disassociate themselves from the platforms providing such references, as the case may be, within seven days from the date of this circular.

SEBI, came out with this decision after it has come to the notice of the SEBI that some unregulated platforms are offering algorithmic trading services/strategies to investors for automated execution of trades. Such services and strategies are being marketed with “claims” of high returns on investment. Further, “ratings” have been assigned to the strategies, which could lead to investors being lured by such claims. This may amount to mis-selling of such services and strategies to investors.

Further, Stock exchanges are directed to :

- take necessary steps and put in place necessary systems and procedures for implementation of the above provisions;
- make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above provisions;
- bring the provisions of this circular to the notice of stock brokers and disseminate the same on their website;
- monitor compliance of this circular by taking confirmation from stock brokers that they are compliant with clause 4.1 and 4.2 of this circular

along with the proof of the same; and shall submit a compliance report to SEBI in this regard within 60 days from the date of this Circular.

The provisions of this circular shall be applicable with immediate effect and to all Recognized Stock exchanges and Stock Brokers through Recognized Stock exchanges.

<i>Link to the Circular:</i>
https://www.sebi.gov.in/legal/circulars/sep-2022/performance-return-claimed-by-unregulated-platforms-offering-algorithmic-strategies-for-trading_62628.html

GO UP

2. SEBI Circular on framework on Social Stock Exchange - 19th September, 2022

SEBI, vide its circular dated 19th September, 2022 came out with framework on Social Stock exchange specifying minimum requirements to be met by a Not for Profit Organization for registration with SSE in terms of Regulation 292F of the ICDR Regulations. This circular is applicable to all Recognized Stock exchanges, Recognized Depositories, Merchant Bankers and Brokers registered with SEBI, Social Enterprises, Social Impact Fund Registered with SEBI and Social Audit Firms of Chartered Accountants of India.

A. Minimum requirements to be met by a Not for Profit Organization (NPO) for registration with SSE in terms of Regulation 292F of the ICDR Regulations		
Broad Parameter	Indicator	Details
Legal Requirements		
Entity is registered as an NPO	Registration certificate valid at least for next 12 months at the time of seeking registration with SSE	Entities must be registered in India as one of the below: a. a charitable trust registered under the public trust statute of the relevant state; b. a charitable trust registered under the Societies Registration Act, 1860 c. a charitable trust registered under the

		Indian Trusts Act, 1882 d. a company incorporated under section 8 of the Companies Act, 2013
Disclose if NPO is owned and/or controlled by government or private	Governing document (MoA & AoA/ Trust Deed/ Bye-laws/ Constitution)	Disclose if NPO is owned and/or controlled by government or private
Exemption under Income Tax Act	Registration Certificate under section 12A/12AA/12AB under Income Tax Act, 1961	Registration Certificate under section 12A/12AA/12AB to be valid for at least the next 12 months. Does not have a notice or ongoing scrutiny by Income Tax.
Registration with Income Tax as an NPO	IT PAN	Valid IT PAN
Age of the NPO	Registration certificate	Minimum 3 years
Deduction under Income Tax Act, 1960	Valid 80G registration under Income Tax Act, 1961.	Entity to ensure whether tax deduction is available or not to investors.
Eligible to be Social Enterprise	Requirements with Regulation 292E of ICDR Regulations	As may be specified by SSE
Minimum Fund Flows		
Annual Spending in the past financial year	Receipts or Payments from Audited accounts/ Fund Flow Statement	Must be at least Rs. 50 lakhs
Funding in the past financial year	Receipts from Audited accounts/ Fund Flow Statement	Must be at least Rs. 10 lakhs

B. Minimum Initial Disclosure Requirement for NPOs raising funds through the issuance of Zero Coupon Zero Principal Instruments in terms of Regulation 292K(1) of the ICDR Regulations

1. SSE under the guidance of SSE Governing Council (SGC) shall mandate the structure of the draft fund raising document/ final fund raising document. SSE shall host such requirements on its website.
2. SSE shall ensure that the documents contain the following minimum disclosures:
 - a. Vision
 - b. Target Segment
 - c. Strategy
 - d. Governance
 - e. Management
 - f. Operations
 - g. Finance
 - h. Compliance
 - i. Credibility
 - j. Social Impact
 - k. Risks

C. Annual disclosure by NPOs on SSE which have either raised funds through SSE or are registered with SSE in terms of Regulation 91C of the LODR Regulations

The following disclosures would be made by the NPOs on an Annual Basis (i.e.) within 60 days from end of Financial Year:

1. Disclosure on General Aspects
2. Disclosure on Governance Aspects
3. Disclosure on Financial Aspects
4. A guidance note in respect of the above aspects in provided at Annexure I of this circular.
5. SSE may specify additional parameters that may be required to be disclosed by NPO on annual basis.

D. Disclosure of Annual Impact Report by all Social Enterprises which have registered or raised funds using SSE in terms of Regulation 91E of the LODR Regulations

1. All Social Enterprises will have to provide duly audited Annual Impact Report (AIR) to SSE within 90 days from the end of Financial Year.
2. The AIR shall capture the qualitative and quantitative aspects of the social impact generated by the entity.
3. In case an NPO is only registered without listing any security, the AIR must cover the NPO's significant activities, intervention, programs or projects during the year and the methodology for determination of significance must be explained.
4. For a Social Impact Fund where the underlying recipients of funds are SEs which have registered or raised funds using SSE, must disclose an overall AIR for the fund covering all investee/grantee organizations where the fund is deployed.
5. The AIR should at a minimum, cover the aspects described below.
 - a. Strategic Intent and Planning
 - b. Approach
 - c. Impact Score Card
6. A guidance note in respect of the above aspects is provided at Annexure II of this circular.
7. SSE may specify additional parameters that may be required to be disclosed by SE in its AIR.
8. The AIR shall be audited by Social Auditors and the SEs shall disclose the report of the Social Auditor along with AIR.

E. Statement of utilisation of funds in terms of 91F of the LODR Regulations

Listed NPO shall submit statement of utilisation of funds to SSE, as mandated under Regulation 91F of the LODR Regulations, within 45 days from the end of quarter.

2. This circular is issued in exercise of powers conferred by Section 11(1) of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market and shall come into effect immediately.

3. A copy of this circular is available on SEBI website at sebi.gov.in under the categories “Legal Framework/ Circulars”.

Link to the Circular:

https://www.sebi.gov.in/legal/circulars/sep-2022/framework-on-social-stock-exchange_63053.html

GO UP

3. SEBI circular on Issue and listing of Commercial Paper by listed REITs - 22nd September, 2022

SEBI vide its circular dated 22nd September, 2022 came out with conditions for issuing of listed commercial papers by listed REITs as following :

- i. REITs shall abide by the guidelines prescribed by Reserve Bank of India for issuances of commercial papers.
- ii. REITs shall abide by the conditions of listing norms prescribed by SEBI under SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and circulars issued thereunder.
- iii. The issuance of listed CPs shall be within the overall debt limit permitted under SEBI (Infrastructure Investment Trusts) Regulations, 2014

Further it is to be noted that in terms of Reserve Bank Commercial Paper Directions, 2017 dated 10th August, 2022 Real Estate Investment Trust (REIT) having net worth of INR 100 Crore or higher are eligible to issue commercial paper.

This Circular is applicable to all Real Estate Investment Trust (REIT), Parties to REITs, Recognised Stock Exchanges, Depositories, and Merchant Bankers.

Link to the Circular:

https://www.sebi.gov.in/legal/circulars/sep-2022/issue-and-listing-of-commercial-paper-by-listed-reits_63264.html

GO UP

4. SEBI circular on Issue and listing of Commercial Paper by listed InvITs - 22nd September, 2022

SEBI vide its circular dated 22nd September, 2022 came out with conditions for issuing of listed commercial papers by listed InvITs as following :

- i. InvITs shall abide by the guidelines prescribed by Reserve Bank of India for issuances of commercial papers.
- ii. InvITs shall abide by the conditions of listing norms prescribed by SEBI under SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and circulars issued thereunder.
- iii. The issuance of listed CPs shall be within the overall debt limit permitted under SEBI (Infrastructure Investment Trusts) Regulations, 2014

Further it is to be noted that in terms of Reserve Bank Commercial Paper Directions, 2017 dated 10th August, 2022 InvIT having net worth of INR 100 Crore or higher are eligible to issue commercial paper.

This Circular is applicable to all Infrastructure Investment Trust (“InvITs”), Parties to InvITs, Recognised Stock Exchanges, Depositories, and Merchant Bankers.

Link to the Circular:

https://www.sebi.gov.in/legal/circulars/sep-2022/issue-and-listing-of-commercial-paper-by-listed-invits_63263.html

GO UP

5. SEBI Circular Modification in the Operational Guidelines for FPIs, DDPs and EFIs pertaining to FPIs registered under Multiple Investment Managers (MIM) structure - 26th September, 2022

SEBI vide its Circular dated 26th September, 2022 made modification in the Operational Guidelines for FPIs, DDPs and EFIs pertaining to FPIs registered under Multiple Investment Managers (MIM) structure. SEBI on 05th November, 2019 had issued Operational Guidelines for FPIs, DDPs and EFIs (hereinafter referred to as OG) under the SEBI (Foreign Portfolio Investors), Regulations 2019.

Sr. No.	Part/Chapter/Section /Sub-section(s)	New guidelines (SEBI Circular dated 26 th September, 2022)	Old guidelines	Comment
1.	Replaced clause (i) of Para 4 of Part A of the Operational Guidelines	<p>“Where an entity engages multiple investment managers (MIM) for managing its investments, the entity can obtain multiple FPI registrations mentioning name of Investment Manager for each such registration. Such applicants can appoint different DDPs for each such registration. Investments made under such multiple registrations shall be clubbed for the purposes of monitoring of investment limits”</p>	<p>Where an entity engages multiple investment managers (MIM) for managing its investments, the entity can obtain multiple FPI registrations mentioning name of Investment Manager for each such registration. There should be external investment managers in case of MIM structures and such applicants can appoint different DDPs for each such registration. Investments made under such multiple registrations shall be clubbed for the purposes of monitoring of</p>	<p>Due to this amendment, the requirement which previously was for entities who wants to obtain multiple FPI registrations mentioning name of Investment Manager for each such registration to have external investment managers in case of MIM structures have been removed.</p>

Sr. No.	Part/Chapter/Section /Sub-section(s)	New guidelines (SEBI Circular dated 26 th September, 2022)	Old guidelines	Comment
			investment limits.	

This circular shall be applicable to all Foreign Portfolio Investors, Custodians and Designated Depository Participants, Depositories, recognized Stock Exchanges and Clearing Corporations in International Financial Services Centre, recognized Stock Exchanges/ Clearing Corporations.

Link to the Circular:

https://www.sebi.gov.in/legal/circulars/nov-2019/operational-guidelines-for-fpis-and-ddps-under-sebi-foreign-portfolio-investors-regulations-2019-and-for-eligible-foreign-investors_44870.html

GO UP

6. SEBI Circular Modification in Daily Price Limits (DPL) for Commodity Futures Contracts - 27th September, 2022

SEBI vide its Circular dated 27th September, 2022 made modification in the norms for Daily Price Limits (DPL) for Commodity Futures Contracts. The exchanges have informed that closing price on domestic exchange differs from closing price on international exchange/s (after necessary currency conversion), because of difference in methodology of calculation of closing price. Due to such difference in closing price, the aggregate DPL range on domestic exchange may lag behind (either upwards or downwards) the prices on international exchange in next trading session.

Sr. No.	Part/Chapter/Section /Sub-section(s)	New norms (SEBI Circular dated 27 th September, 2022)	Old norms	Comment
1.	Substitution of para 7.4 of norms for Daily Price Limits (DPL)	“7.4 In case the price movement in the international	In case the price movement in the international	Due to this amendment, now the problem

Sr. No.	Part/Chapter/Section /Sub-section(s)	New norms (SEBI Circular dated 27 th September, 2022)	Old norms	Comment
	for Commodity Futures Contracts	<p>markets is more than the aggregate DPL or if international price is beyond aggregate DPL range (after appropriate currency conversion) when compared with closing price on previous day on domestic exchange, the same maybe further relaxed in stages of 3% by the Exchange with cooling off period of 15 minutes. For such instances, the Stock Exchanges shall give appropriate notice to the market along with all the relevant details and</p>	<p>markets is more than the aggregate DPL, the same maybe further relaxed in stages of 3% by the Exchange with cooling off period of 15 minutes. For such instances, the Stock Exchanges shall immediately inform the Integrated Surveillance Department (ISD) of SEBI about any such relaxation of DPLs beyond Aggregate DPL, along with all the relevant details and justification for the same.</p>	<p>related to difference of closing price on domestic exchange and international exchange will be resolved.</p>

Sr. No.	Part/Chapter/Section /Sub-section(s)	New norms (SEBI Circular dated 27 th September, 2022)	Old norms	Comment
		justification for the same."		
2.	Substitution of para 7.5 of norms for Daily Price Limits (DPL) for Commodity Futures Contracts	"7.5 Only in the event of exceptional circumstances, where there is extreme price movement, beyond the initial slab of the DPL, in the international markets, during trading hours or after the closure of trading on domestic exchanges, the stock exchanges can relax the DPL directly by the required level, by giving appropriate notice to the market, as per para 7.4. above."	Only in the event of exceptional circumstances, where there is extreme price movement, beyond the initial slab of the DPL, in the international markets, during trading hours or after the closure of trading on domestic exchanges, the stock exchanges can relax the DPL directly by the required level, by giving appropriate notice to the market and also inform the Integrated Surveillance Department (ISD) of SEBI immediately, as per para 7.4. above.	This Clause has been substituted in order to maintain parity between para 7.4 and para 7.5 of norms for Daily Price Limits (DPL) for Commodity Futures Contracts.

Further, the stock exchanges shall inform SEBI of all such instances of relaxation of DPL pursuant to Para 7.4 and Para 7.5 above, under Para 10 of Section I in the Monthly Development Report being submitted as per SEBI Circular dated 09th December, 2015.

It is clarified that breach of slab is not essential for implementation of Clause 7.4 and Clause 7.5 of SEBI Circular dated 11th January, 2021.

This circular shall be effective immediately and shall be applicable to all the Managing Directors / Chief Executive Officers of All Exchanges having Commodity Derivatives Segment.

<u>Link to the Circular:</u>
https://www.sebi.gov.in/legal/circulars/sep-2022/circular-on-modification-in-daily-price-limits-dpl-for-commodity-futures-contracts_63404.html

GO UP

7. SEBI circular on amendment to guidelines for preferential issue and institutional placement of units by a listed REIT- 28th September, 2022

SEBI vide its Circular dated 28th September, 2022 amended guidelines for preferential issue and institutional placement of units by a listed REIT. These guidelines were first issued by SEBI vide its circular dated 27th November, 2019.

Sr. No.	Part/Chapter/Section/Sub-section(s)	Old guidelines (SEBI Circular 27 th November, 2019)	New guidelines (SEBI Circular dated 26 th August, 2022)	Comment
1.	Modification in Clause 2.2 of SEBI Circular dated 27 th November, 2019	Units of the same class, which are proposed to be allotted have been listed on a stock exchange for a period of at least six months prior to the date of	"2.2 Units of the same class, which are proposed to be allotted have been listed on a stock exchange for a period of at least six	Due to this amendment, condition pertaining to minimum listing period of 12 months has been removed for issuance of

Sr. No.	Part/Chapter/Section/Sub-section(s)	Old guidelines (SEBI Circular 27 th November, 2019)	New guidelines (SEBI Circular dated 26 th August, 2022)	Comment
		issuance of notice to its unit holders for convening the meeting to pass the resolution in terms of clause 2.1 above: Provided in case of issuance of units through "institutional placement" the minimum listing period required shall be 12 months.	months prior to the date of issuance of notice to its unit holders for convening the meeting to pass the resolution in terms of clause 2.1 above:"	units through "institutional placement".
2.	Modification in Clause 4.2 of Annexure II of SEBI Circular dated 27 th November, 2019	4.2. No allotment shall be made, either directly or indirectly, to any institutional investor who is a sponsor(s) or manager, or is a person related to, or related party or associate of, the sponsor(s) or the manager	"4.2 No allotment shall be made, either directly or indirectly, to any institutional investor who is a sponsor(s) or manager, or is a person related to, or related party or associate of, the sponsor(s) or the manager	Due to this amendment, now for any allotment of unit for unsubscribed portion in the institutional placement to sponsor can be made subject to following condition : a. at least ninety percent

Sr. No.	Part/Chapter/Section/Sub-section(s)	Old guidelines (SEBI Circular 27 th November, 2019)	New guidelines (SEBI Circular dated 26 th August, 2022)	Comment
			<p>Provided that allotment of units can be made to the sponsor for un-subscribed portion in the institutional placement subject to following conditions</p> <p>a. at least ninety percent of the issue size has been subscribed</p> <p>b. objects of the issue is acquisition of assets from that sponsor</p> <p>c. units allotted to sponsor shall be locked in</p>	<p>of the issue size has been subscribed</p> <p>b. objects of the issue is acquisition of assets from that sponsor</p> <p>c. units allotted to sponsor shall be locked in as per Clause 3 of Annexure I.</p> <p>d. unitholders approval shall be taken for unsubscribed portion being allotted to</p>

Sr. No.	Part/Chapter/Section/Sub-section(s)	Old guidelines (SEBI Circular 27 th November, 2019)	New guidelines (SEBI Circular dated 26 th August, 2022)	Comment
			as per Clause 3 of Annexure I. d. unitholders approval shall be taken for unsubscribed portion being allotted to sponsor”	sponsor”

This circular shall be applicable to all Real Estate Investment Trusts (“REITs”), Parties to REITs, Recognised Stock Exchanges, Depositories and Merchant Bankers.

Link to the Circular:

https://www.sebi.gov.in/legal/circulars/sep-2022/amendments-to-guidelines-for-preferential-issue-and-institutional-placement-of-units-by-a-listed-reit_63452.html

GO UP

8. **SEBI circular on amendment to guidelines for preferential issue and institutional placement of units by a listed InvITs- 28th September, 2022**

SEBI vide its Circular dated 28th September, 2022 amended guidelines for preferential issue and institutional placement of units by a listed InvITs. These guidelines were first issued by SEBI vide its circular dated 27th November, 2019

Sr. No.	Part/Chapter/Section/Sub-section(s)	Old guidelines (SEBI Circular 27 th November, 2019)	New guidelines (SEBI Circular dated 26 th August, 2022)	Comment
1.	Modification in Clause 2.2 of SEBI Circular dated 27 th November, 2019	Units of the same class, which are proposed to be allotted have been listed on a stock exchange for a period of at least six months prior to the date of issuance of notice to its unit holders for convening the meeting to pass the resolution in terms of clause 2.1 above: Provided in case of issuance of units through "institutional placement" the minimum listing period required shall be 12 months.	"2.2 Units of the same class, which are proposed to be allotted have been listed on a stock exchange for a period of at least six months prior to the date of issuance of notice to its unit holders for convening the meeting to pass the resolution in terms of clause 2.1 above:"	Due to this amendment, condition pertaining to minimum listing period of 12 months has been removed for issuance of units through "institutional placement".
2.	Modification in Clause 4.2 of Annexure II of SEBI	4.2. No allotment shall be made, either directly or	"4.2 No allotment shall be made, either directly or	Due to this amendment, now for any allotment of

Sr. No.	Part/Chapter/Section/Sub-section(s)	Old guidelines (SEBI Circular 27 th November, 2019)	New guidelines (SEBI Circular dated 26 th August, 2022)	Comment
	Circular dated 27 th November, 2019	indirectly, to any institutional investor who is a sponsor(s) or manager, or is a person related to, or related party or associate of, the sponsor(s) or the manager	<p>indirectly, to any institutional investor who is a sponsor(s) or manager, or is a person related to, or related party or associate of, the sponsor(s) or the manager</p> <p>Provided that allotment of units can be made to the sponsor for un-subscribed portion in the institutional placement subject to following conditions</p> <p>e. at least ninety percent of the issue size has been subscribed</p> <p>f. objects of the issue is acquisition of assets from that sponsor</p>	<p>unit for un-subscribed portion in the institutional placement to sponsor can be made subject to following condition :</p> <p>e. at least ninety percent of the issue size has been subscribed</p> <p>f. objects of the issue is acquisition of assets from that sponsor</p> <p>g. units allotted to sponsor shall be locked in as per Clause 3 of Annexure I.</p> <p>h. unitholders approval shall be taken for unsubscribed portion being</p>

Sr. No.	Part/Chapter/Section/Sub-section(s)	Old guidelines (SEBI Circular 27 th November, 2019)	New guidelines (SEBI Circular dated 26 th August, 2022)	Comment
			<p>g. units allotted to sponsor shall be locked in as per Clause 3 of Annexure I.</p> <p>h. unitholders approval shall be taken for unsubscribed portion being allotted to sponsor”</p>	allotted to sponsor”

This circular shall be applicable to all Infrastructure Investment Trusts (“InvITs”), Parties to InvITs, Recognised Stock Exchanges, Depositories and Merchant Bankers.

Link to the Circular:

https://www.sebi.gov.in/legal/circulars/sep-2022/amendments-to-guidelines-for-preferential-issue-and-institutional-placement-of-units-by-a-listed-invite_63450.html

GO UP

9. SEBI circular on Two-Factor Authentication for transactions in units of Mutual Funds – 30th September, 2022

SEBI vide its Circular dated 30th September, 2022 extended Two-Factor authentication for mutual fund subscription transactions by further modifying clause 4.4 of SEBI Circular 04th October, 2021 and 15th March, 2022 where SEBI introduced various measures to prevent third-party payments and to safeguard the interest of unitholders.

Sr. No.	Part/Chapter/Section/Sub-section(s)	Old guidelines (SEBI Circular 04 th October, 2021)	New guidelines (SEBI Circular dated 30 th September, 2022)	Comment
1.	Modification in Clause 4.4 of SEBI Circular dated 04 th October, 2021	<p>“4.4. In case of redemption of units, Two-Factor Authentication (for online transactions) and signature method (for offline transactions) shall be used for authentication. One of the Factors for such Two-Factor Authentication for non demat redemption shall be a One-Time Password sent to the unit holder at his/her email/ phone number registered with the AMC. In case of demat redemption, process of authentication as laid down by the Depositories shall be followed.”</p>	<p>“4.4. In case of subscription and redemption of units, Two-Factor Authentication (for online transactions) and signature method (for offline transactions) shall be used for authentication. One of the Factors for such Two-Factor Authentication for non-demat transaction shall be a One-Time Password sent to the unit holder at his/her email/ phone number registered with the AMC/RTA. In case of demat transaction, process of Two-Factor authentication as laid down by the Depositories shall be followed. It is also clarified that in case of mandates/</p>	<p>Due to this amendment, now Two-Factor Authentication will also be applicable on subscription of securities which previously was only during the case of redemption. Further, It is also clarified that in case of mandates/ systematic transactions the requirement of Two-Factor Authentication shall be applicable only at the time of registration of mandate/ systematic transactions.</p>

Sr. No.	Part/Chapter/Section/Sub-section(s)	Old guidelines (SEBI Circular 04 th October, 2021)	New guidelines (SEBI Circular dated 30 th September, 2022)	Comment
			<p>systematic transactions the requirement of Two-Factor Authentication shall be applicable only at the time of registration of mandate/ systematic transactions."</p>	

AMFI's best practice guidelines issued for AMCs with regard to Two-Factor authentication for redemption transactions of Mutual Funds shall be revised suitably to include subscription transactions of Mutual Funds. It shall be mandatory for all AMCs to follow such guidelines.

All other requirements of the Circular dated 04th October, 2021 and SEBI Circular dated 15th March, 2022 shall remain unchanged.

Implementation Schedule:

- Based on discussions with stakeholders, it has been decided that the provisions of this Circular shall be applicable with effect from 01st April, 2023.
- The AMCs, AMFI, recognized Stock Exchanges, Depositories, recognized Clearing Corporations and Registrar to an Issue and Share Transfer Agents shall take necessary steps for implementing the circular, including putting required processes and systems in place to ensure compliance with the provisions of this circular.
- AMFI shall furnish by 14th October, 2022, the activity wise schedule for implementation so as to ensure compliance with para 2 above. AMFI shall also furnish progress report on implementation of provisions of this circular to SEBI on a bi-monthly basis, starting from 01st December, 2022.

This circular shall be applicable to all Mutual Funds, Asset Management Companies ('AMCs'), Recognized Stock Exchanges, Depositories Association of Mutual Funds in India ('AMFI'), Trustee Companies/Boards of Trustees of Mutual Funds and Registrar to an Issue and Share Transfer Agents('RTAs').

[Link to the Circular:](#)

https://www.sebi.gov.in/legal/circulars/sep-2022/two-factor-authentication-for-transactions-in-units-of-mutual-funds_63557.html

GO UP

10. SEBI circular on amendment to guidelines and extension of timeline for implementation of Standardized industry classification by Credit Rating Agencies (CRAs) - 30th September, 2022

SEBI vide its circular dated 30th September, 2022 provided extension of the date of applicability of the standardized industry classification to 30th November, 2022. SEBI further added that the extension has been provided after receiving representation from CRAs.

Further, as the standardized industry classification will be reviewed and published by Stock Exchanges on periodical basis, in view of same, the Annexure A of Circular No. SEBI/HO/MIRSD/CRADT/CIR/P/2022/42 dated 01st April, 2022 stands deleted and CRAs are directed to follow the standardized industry classification published by Stock Exchanges from time to time.

Monitoring: Monitoring of implementation of standardized industry classification shall be done in terms of the half-yearly internal audit for CRAs, mandated under Regulation 22 of the SEBI (Credit Rating Agencies) Regulations, 1999 and circulars issued thereunder.

It is to be noted that this circular is applicable to all Credit Rating Agencies (CRAs) registered with SEBI and all Recognised Stock Exchanges.

[Link to the Circular:](#)

<https://www.sebi.gov.in/legal/circulars/sep-2022/amendment-to-guidelines-and-extension-of-timeline-for-implementation-of-standardized-industry-classification-by-credit-rating-agencies-cras-63573.html>

GO UP

B. ORDERS/ CASE LAWS/ ANNOUNCEMENT

1. SEBI fines Rs 7 Lakh on seven individuals for violation of insider trading norms - 20th September, 2022

SEBI, vide its order dated 20th September, 2022 imposed penalty worth Rs. 7 Lakhs on seven individuals for violation of Prohibition of Insider Trading (PIT) regulations and the Company's code of conduct. During the investigation, SEBI found several non-compliances with PIT rules by the individuals from April, 2018 to March, 2019.

Further, it is to be noted that during their employment at Titan, Seven individuals transacted with the securities of the Company and failed to make necessary disclosures required under PIT regulations as transactions exceeded the market value of Rs 10 lakh.

GO UP

2. Future Enterprises defaults in payment of interest on NCD for Rs. 15.73 crore - 20th September, 2022

Future Enterprises Limited has made default in payment of interest on NCD for Rs. 15.73 crore. In a regulatory filing Future Enterprises said that "The Company is unable to service its obligation in respect of interest on Non-Convertible Debentures".

Debentures of the Company are categorised as secured and have a coupon rate of 9.60% per annum. The total amount of securities issued was Rs 352 crore and the gross principal amount on which the default has occurred is Rs 327 crore. Due date for payment of interest was 20th September, 2022 for the period starting from 21st March, 2022 to 19th September, 2022.

GO UP

III. OTHER UPDATES / CASE LAWS

➤ INSOLVENCY LAW

1. **IBBI Update: Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) (Second Amendment) Regulations, 2022**

Section/ Reg	Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulations, 2017.	Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) (Second Amendment) Regulations, 2022.	Comments
Regulation 3, Initiation of Liquidation after sub-regulation (4), the following sub-regulation shall be inserted		The declaration under sub-regulation (1)(a) or under section 59(3)(a) shall provide that the corporate person has made provision for preservation of its records after its dissolution.	The declaration must provide whether the corporate person has made the provision for preservation of its records after its dissolution

<p>Regulation 41 Preservation of Records</p>	<p>The liquidator shall preserve a physical or an electronic copy of the reports, registers and books of account referred to in Regulations 8 and 10 for at least eight years after the dissolution of the corporate person, either with himself or with an information utility</p>	<p>(1) The liquidator shall preserve copies of all such records which are required to give a complete account of the voluntary liquidation process.</p> <p>(2) Without prejudice to the generality of the obligations under sub-regulation (1), the liquidator shall preserve copies of records relating to or forming the basis of:- (a) his appointment as liquidator, including the terms of appointment; (b) handing over / taking over of the assignment; (c) initiation of voluntary liquidation process; (d) public announcement; (e) claims, verification of claims, and list of stakeholders; (f) engagement of professionals, registered valuers, etc. including work done, reports etc., submitted by them; (g) all filings with the Adjudicating Authority, Appellate Authority, High</p>	<p>The liquidators shall preserve the copies of all the records which are required to give complete account of voluntary liquidation process and documents relating to or forming the basis and preserve the records electronic copy of all records(physical and electronic) for a minimum period of eight years; and a physical copy of records for a minimum period of three years; from the date of dissolution of the corporate person</p>
--	---	---	--

Courts, Supreme Court, whichever applicable and their orders; (h) statutory filings with Board and insolvency professional agencies; (i) correspondence during the voluntary liquidation process; (j) cost of voluntary liquidation process; (k) all reports, registers, documents such as preliminary report, annual status report, final report prior to dissolution, various registers and books, etc. mentioned in Regulation 8 and 10 of principal regulations; and (l) any other records, which is required to give a complete account of the process.

(3) The liquidator shall preserve: (a) electronic copy of all records(physical and electronic) for a minimum period of eight years; and (b) a physical copy of records for a minimum period of three years; from the date of dissolution of the corporate person,

before the Board, the Adjudicating Authority, Appellate Authority or any Court, whichever is later.

(4) In case of replacement of liquidator during the process, the outgoing liquidator shall handover the records under sub-regulation (1) and (2) to the new liquidator.

(5) The liquidator shall preserve the records at a secure place and shall be obliged to produce records as may be required under the Code and the principal regulations.

(6) The liquidator shall, along with the application filed under subsection (7) of section 59 to the Adjudicating Authority, provide the details and manner of preservation of records under subregulation (1) and (2).

Explanation - The records referred to in this regulation

		includes records pertaining to the period of a liquidation process during which the liquidator acted as such, irrespective of the fact that he did not take up the assignment from its commencement or continue the assignment till its conclusion.”	
--	--	--	--

GO UP

2. IBBI Update :Insolvency and Bankruptcy Board of India (Liquidation Process) (Second Amendment) Regulations, 2022

Regulation	Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016.	Insolvency and Bankruptcy Board of India (Liquidation Process) (Second Amendment) Regulations, 2022.	Comments
Reg 2B Compromise or arrangement sub-regulation (1), after the proviso, the following proviso shall be inserted		Provided further that where the recommendation to explore proposal of compromise or arrangement has been made by the committee under regulation 39BA of the Insolvency	The proposal of compromise or arrangement has to be file by the liquidator within thirty days of the order of liquidation.

		and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, the liquidator shall file the proposal within thirty days of the order of liquidation.”	
Reg 4 Liquidator fee after sub-regulation (1), sub-regulation (1A) shall be inserted	sub-regulation (2) In cases other than those covered under sub-regulation (1), the liquidator shall be entitled to a fee	Where no fee has been fixed under sub-regulation (1), the consultation committee may fix the fee of the liquidator in its first meeting.” In cases other than those covered under sub-regulation (1) and (1A) , the liquidator shall be entitled to a fee	The consultation committee can fix the fees of the liquidator in its first meeting After the figure and brackets “(1)”, the word, figure, letter and brackets “ and (1A)” shall be inserted.
Regulation 12 Public Announcement in sub-regulation (2), after clause (b),		Provide that where a stakeholder does not submit its claims during the liquidation process, the claims submitted by such a stakeholder, and duly collated by the interim resolution professional or resolution	If stakeholder does not submit the claim during the liquidation process the claim submitted by such a stakeholder and duly collated by the IRP and RP during CIRP shall be deemed to be submitted under section 38

		professional, as the case may be, during the corporate insolvency resolution process under the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, shall be deemed to be submitted under section 38	
New Reg- 12A is inserted Process Email ID		The liquidator shall operate the process email account handed over to him by the resolution professional in accordance with regulation 4C of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 and in the event of his replacement, the credentials of such email ID shall be handed over to the new liquidator.	The liquidator shall operate the process email account handover by the RP and in case of replacement the credentials of such mail id shall be handed over to new liquidator.
Reg 15 Progress Report	The liquidator shall submit Progress Reports to the	The liquidator shall submit Progress Reports in the format stipulated by the	The words "Progress Reports to the Adjudicating Authority", the

<p>Sub Reg (4)</p>	<p>Adjudicating Authority</p> <p>A Progress Report shall enclose a statement indicating any material change in expected realization of any property proposed to be sold, along with the basis for such change:</p> <p>Provided that this statement shall not be accessible to any person during the course of liquidation, unless permitted by the Adjudicating Authority.</p>	<p>Board, to the Adjudicating Authority and the Board</p> <p>Omitted</p>	<p>words "Progress Reports, in the format stipulated by the Board, to the Adjudicating Authority and the Board" shall be substituted</p> <p>Omitted</p>
<p>Reg 30 Verification of claims</p> <p>New proviso inserted</p>		<p>Provided that the liquidator shall also verify the claims collated during the corporate insolvency resolution process but not submitted during the liquidation process, within thirty days from the last date for</p>	<p>The liquidator shall verify the claims collated during CIRP process but not submitted during the liquidation process within thirty days from the last date for receipt of claims during liquidation process</p>

		receipt of claims during liquidation process and may either admit or reject the claim, in whole or in part	
Reg 31 A Stakeholder Consultation Committee	The liquidator shall constitute a consultation committee within sixty days from the liquidation commencement date, based on the list of stakeholders prepared under regulation 31, to advise him on matters relating to- (a) appointment of professionals and their remuneration under regulation 7; (b) sale under regulation 32, including manner of sale, pre-bid qualifications, reserve price, amount of earnest money deposit, and marketing strategy	The liquidator shall constitute a consultation committee, comprising of all creditors of the corporate debtor, within sixty days from the liquidation commencement date, based on the list of stakeholders prepared under regulation 31, to advise him on matters relating to- (a) remuneration of professionals appointed under regulation 7; (b) sale under regulation 32, including manner of sale, pre-bid qualifications, reserve price, marketing strategy and auction process.; (c) fees of the liquidator; (d) valuation under sub- regulation (2) of regulation 35; (e) the manner in which proceedings in respect of preferential transactions, undervalued	Consultation committee shall comprise of all the creditors of the corporate debtor.

<p>After sub reg(1) new regulation inserted</p> <p>sub-regulation (2)</p>		<p>transaction, extortionate credit transaction or fraudulent or wrongful trading, if any, shall be pursued after closure of liquidation proceedings and the manner in which the proceeds, if any, from these proceedings shall be distributed</p> <p>The committee of creditors under section 21 shall function as the consultation committee with same voting rights till constitution of the consultation committee under sub-regulation (1)”</p> <p>The voting share of a member of the consultation committee shall be in proportion to his admitted claim in the total admitted claim</p> <p>Provided a secured creditor who has not relinquished his</p>	<p>The Committee of creditors shall function as consultation committee with same voting right</p>
---	--	---	---

<p>sub-regulation (3)</p>	<p>The liquidator may facilitate the stakeholders of each class to nominate their representatives for inclusion in the consultation committee.</p>	<p>security interest under section 52 shall not be part of the consultation committee; Provided that the promoters, directors, partners or their representatives may attend the meeting of the consultation committee, but shall not have any right to vote. Provided further that a financial creditor or his representative, if he is a related party of the corporate debtor, shall not have right to vote</p>	<p>The liquidator may facilitate the stakeholders of each class namely financial creditors in a class, workmen, employees, government departments, other operational creditors, shareholders, partners, to nominate their representative for participation in the consultation committee.</p>
<p>sub-regulation (4) new sub reg (4A) is inserted</p>		<p>The liquidator may facilitate the stakeholders of each class namely financial creditors in a class, workmen, employees, government departments, other operational creditors, shareholders, partners, to nominate their representative for participation in the consultation committee.</p>	<p>The representative shall vote in proportion to the voting share of the stakeholders it represent</p>
<p>Sub regulation 6</p>	<p>The liquidator shall convene a meeting of the</p>		<p>The first meeting of consultation committee shall be convene within seven days of the liquidation commencement date</p>

	<p>consultation committee when he considers it necessary and shall convene a meeting of the consultation committee when a request is received from at least fifty-one percent of representatives in the consultation committee.</p>	<p>the representative under sub-regulation (3) or (4) shall vote in proportion to the voting share of the stakeholders it represents</p> <p>The liquidator shall convene the first meeting of the consultation committee within seven days of the liquidation commencement date and may convene other meetings, if he considers necessary, on a request received from one or more members of the consultation committee:</p>	
<p>Sub reg 9</p> <p>Sub reg 10 Proviso</p>	<p>The consultation committee shall advise the liquidator, by a vote of not less than sixty-six percent of the representatives of the consultation committee, present and voting</p>	<p>Provided that when a request is received by the liquidator from members, individually or collectively, having at least thirty three percent of the total voting rights, the liquidator shall mandatorily convene the meeting.</p>	<p>The words "present and voting", the word "voting" shall be substituted</p> <p>The words "mention it in the next progress report", the words "submit the records relating to the said decision, to the Adjudicating Authority and to</p>

<p>New regulation inserted</p> <p>sub</p>	<p>Provided that where the liquidator takes a decision different from the advice given by the consultation committee, he shall record the reasons for the same in writing [and mention it in the next progress report</p>	<p>The consultation committee shall advise the liquidator, by a vote of not less than sixty-six percent of the representatives of the consultation committee, voting</p> <p>Provided that where the liquidator takes a decision different from the advice given by the consultation committee, he shall record the reasons for the same in writing submit the records relating to the said decision, to the Adjudicating Authority and to the Board within five days of the said decision; and include it in the next progress report</p> <p>The consultation committee, after recording the reasons, may by a majority vote of not less sixty-six per cent., propose to replace the</p>	<p>the Board within five days of the said decision; and include it in the next progress report" shall be substituted.</p> <p>The consultation committee by majority of vote not less than 66% propose to replace liquidator and file application after obtaining the consent of the proposed liquidator in Form AA</p>
---	---	--	--

		<p>liquidator and shall file an application, after obtaining the written consent of the proposed liquidator in Form AA of the Schedule II, before the Adjudicating Authority for replacement of the liquidator : Provided that where a liquidator is proposed to be replaced, he shall- (a) continue to work till his replacement; and (b) be suitably remunerated for work performed till his replacement.</p> <p>Provided that where a consultation committee under Regulation 31A has been constituted before the commencement of Insolvency and Bankruptcy Board of India (Liquidation Process) (Second Amendment) Regulations, 2022, the liquidator within thirty days of the commencement of the said Regulations, shall reconstitute the consultation committee as</p>	
--	--	---	--

		required under the said Regulations and provisions provided under amended Regulation 31A shall come into effect only after such constitution.”	
Reg 32 A Sale as a going Concern Sub reg (4)	If the liquidator is unable to sell the corporate debtor or its business under clause (e) or (f) of regulation 32 within ninety days from the liquidation commencement date, he shall proceed to sell the assets of the corporate debtor under clauses (a) to (d) of regulation 32	The liquidator may sell the assets of the corporate debtor under clause (e) of regulation 32 exclusively only at the first auction	The asset of the corporate debtor can be sell by the liquidator exclusively only at the first auction
Reg 32 B Conduct of meetings of the Consultation Committee New reg inserted		Save as otherwise provided under Chapter III of Part II of the Code and these Regulations, the provisions of regulations 18 to 26 of Chapter VI and Chapter VII of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016	

		shall apply mutatis mutandis to meetings of the consultation committee under liquidation proceedings.	
Reg 34 Asset Memorandum Sub reg (1)	On forming the liquidation estate under section 36, the liquidator shall prepare an asset memorandum in accordance with this Regulation within seventy-five days from the liquidation commencement date	For cases under sub-regulation (1) of regulation 35, the liquidator shall, within thirty days from the liquidation commencement date, prepare an asset memorandum in accordance with this regulation based on the information memorandum prepared under section 29, with suitable modifications.”	The liquidator has to prepare the asset memorandum within thirty days of the liquidation commencement date for cases under sub reg (1) of reg 35
Sub reg (2) newly inserted		For cases covered under sub-regulation (2) of regulation 35, the liquidator shall prepare an asset memorandum in accordance with this Regulation within seventy-five days from the liquidation commencement date	The liquidator has to prepare the asset memorandum within seventy five days of the liquidation commencement date for cases under sub reg (2) of reg 35
Sub reg 5	The asset memorandum shall not be accessible to any	The liquidator shall share the	

		person during the course of liquidation, unless permitted by the Adjudicating Authority.	asset memorandum with the Board and members of the consultation committee having voting rights after receiving an undertaking from each member that such member shall maintain confidentiality of the information and shall not use such information to cause an undue gain or undue loss to itself or any other person	Asset memorandum can be share with the board and the member of the consultation committee after taking the undertaking from the each member.
Reg 44 Completion of Liquidation		Provided that where the sale is attempted under sub-regulation (1) of regulation 32A, the liquidation process may take an additional period up to ninety day	Provided that where the sale is attempted under sub-regulation (1) of regulation 32A, the liquidation process may take an additional period up to ninety day	Proviso is omitted
Reg 44A Treatment of Avoidance Transaction New reg inserted			The liquidator shall, on the advice of the consultation committee, provide in the application along with the final report filed under regulation 45 for the manner in which proceedings in respect of avoidance transactions, if any, under	

		Chapter III or fraudulent or wrongful trading under Chapter VI of Part II of the Code, will be pursued after the dissolution or closure of liquidation process and the manner in which the proceeds, if any, from such proceedings shall be distributed	
Reg 45 A Preservation of records		(1) The liquidator shall preserve copies of all such records which give a complete account of the liquidation process. (2) Without prejudice to the generality of the provisions of sub-regulation (1), the liquidator shall preserve copies of records relating to or forming the basis of:- a) his appointment as liquidator, including the terms of appointment; b) handing over and taking over of the assignment; c) admission of corporate debtor into liquidation; d) public announcement; e) the constitution of consultation committee and	The liquidators shall preserve the copies of all the records which are required to give complete account of voluntary liquidation process and documents relating to or forming the basis and preserve the records electronic copy of all records(physical and electronic) for a minimum period of eight years; and a physical copy of records for a minimum period of three years; from the date of dissolution of the corporate person

		<p>minutes of consultation committee meetings during liquidation process; f) claims, verification of claims, and list of stakeholders; g) details of relinquishment or otherwise by secured creditors in liquidation process; h) engagement of professionals, registered valuers, etc. including work done, reports etc., submitted by them; i) Invitation, consideration and approval of plans / proposals / scheme received, in case of going concern sale in liquidation process or compromise or arrangement under section 230 of the Companies Act, 2013; j) all filings with the Adjudicating Authority, Appellate Authority, High Courts, Supreme Court, whichever applicable and their orders; k) statutory filings with Board and insolvency professional agencies; l) correspondence</p>	
--	--	--	--

		<p>during the liquidation process;</p> <p>m) cost of liquidation process; n) all reports, registers, documents such as preliminary report, asset memorandum, progress reports, asset sale report, annual status report, final report prior to dissolution, various registers and books, etc. mentioned in regulations 5 and 6 of these Regulations. o) preferential, undervalued, extortionate credit transactions or fraudulent or wrongful trading. p) any other records, which is required to give a complete account of the process. (3) The liquidator shall preserve: a. electronic copy of all records(physical and electronic) for a minimum period of eight years;and b. a physical copy of records for a minimum period of three years; from the date of dissolution of the corporate debtor</p>	
--	--	--	--

		<p>or closure of the liquidation process or the conclusion of any proceeding relating to the liquidation process, before the Board, the Adjudicating Authority, Appellate Authority or any Court, whichever is later. (4) In case of replacement of liquidator, the outgoing liquidator shall handover the records under subregulation (1) and (2) to the new liquidator and be responsible for preserving the records not handed over, for any reason, to the new liquidator. (5) Where the corporate debtor has been sold as a going concern under clause (e) of regulation 32, the general records of the corporate debtor shall be handed over to the successful buyer. (6) The records of the corporate debtor shall be preserved by the liquidator as per the applicable laws. (7) The liquidator shall preserve the records at a</p>	
--	--	---	--

		<p>secure place and shall be obliged to produce records as may be required under the Code and the Regulations made thereunder.</p> <p>Explanation - The records referred to in this regulation include records pertaining to the period of a liquidation process during which the liquidator acted as such, irrespective of the fact that he did not take up the assignment from its commencement or continued the assignment till its conclusion.</p>	
--	--	--	--

Schedule I

Mode of Sale

after clause (1), the following shall be inserted, namely:-

“(1A) Subject to provisions of regulation 2B, the liquidator shall issue a public notice of an auction for sale under regulation 32 within forty-five days from the liquidation commencement date unless the consultation committee advises to extend the timeline.

(1B) The liquidator shall issue public notice for the next auction, in case of failure of the auction, within fifteen days from the last failed auction unless the consultation committee advises to deviate from the specified time period.

(1C) Notwithstanding anything contained in this Schedule, the liquidator shall complete an auction process within thirty-five days from the issue of public notice for auction

(1D) The liquidator shall provide at least fourteen days from issue of public notice for submission of eligibility documents by prospective bidder.

(1E) The liquidator shall provide to qualified bidder at least seven days, for inspection or due diligence of assets under auction, from the date of declaration of qualified bidder.

(1F) A prospective bidder in an auction process shall deposit earnest money deposit at least up to two days before the date of auction

Sch I Clause 7	The liquidator shall sell the assets through an electronic auction on an online portal, if any, designated by the Board, where the interested buyers can register, bid and receive confirmation of the acceptance of their bid online.	From a date to be notified through circular by the Board, the liquidator shall sell the assets only through an electronic auction platform empanelled by the Board."	The liquidator shall sell the asset only through an electronic auction platform empanelled by the Board.
----------------	--	--	--

GO UP

3. IBBI Update : Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) (Fourth Amendment) Regulations, 2016

Reg	Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.	Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) (Fourth Amendment) Regulations, 2022.	Comments
<p>Reg 4C Process e-mail</p> <p>New reg inserted</p>		<p>The interim resolution professional shall open an email account and use it for all correspondences with stakeholders and in the event of his replacement by a resolution professional, shall handover the credentials of the email to him.</p> <p>The resolution professional shall, in case of his replacement with another resolution professional or a liquidator,</p>	<p>The IRP shall open an email account and use it for all the correspondences with the stakeholders and in case of replacement by resolution professional shall handover the credentials of the email to him.</p> <p>The resolution professional in case of replacement with other resolution professional or liquidator shall hand over the credentials to the other RP</p>

		hand over the credentials of the email to the other resolution professional or the liquidator, as the case may be.”	or the liquidator as the case may be.
Reg 6A Communication to creditors New Reg inserted		The interim resolution professional shall send a communication along with a copy of public announcement made under regulation 6, to all the creditors as per the last available books of accounts of the corporate debtor through post or electronic means wherever the information for communication is available. Provided that where it is not possible to send a communication to creditors, the public announcement made under regulation 6 shall be	The interim resolution professional shall send the communication along with a copy of public announcement made to all creditors

		deemed to be the communicated to such creditors	
Reg 18 Meeting of the Committee After sub - reg (2) Explanation is inserted		For the purposes of sub-regulation (2) it is clarified that meeting (s) may be convened under this sub-regulation till the resolution plan is approved under sub-section (1) of section 31 or order for liquidation is passed under section 33 and decide on matters which do not affect the resolution plan submitted before the Adjudicating Authority."	The meeting can be convened till the resolution plan is approved or the order for liquidation is passed and decide on matters which do not affect the resolution plan submitted before the Adjudicating Authority
Reg 35A Preferential and other transaction Sub reg (3) After sub reg 3 new reg	Where the resolution professional makes a determination under sub-regulation (2), he shall apply to the Adjudicating Authority for appropriate relief on or before the one hundred	Where the resolution professional makes a determination under sub-regulation (2), he shall apply to the Adjudicating Authority for appropriate relief on or before the one hundred and thirtieth day	The resolution professional shall file application to AA for appropriate relief on or before the one hundred and thirtieth day of the insolvency commencement date.

Sub reg (2) a		The information memorandum shall highlight the key selling propositions and contain all relevant information which serves as a comprehensive document conveying significant information about the corporate debtor including its operations, financial statements, to the	The information memorandum shall highlight the key selling proposition and contains all the relevant information.
Explanation	assets and liabilities with such description, as on the insolvency commencement date, as are generally necessary for ascertaining their values	prospective resolution applicant and shall contain the following details of the corporate debtor	After the words "assets and liabilities", the words "including contingent liabilities" shall be inserted
After clause i new clauses are inserted	Explanation: 'Description' includes the details such as date of acquisition, cost of acquisition, remaining useful life, identification number,	assets and liabilities including contingent liabilities with such description, as on the insolvency commencement date, as are generally necessary for ascertaining their values	The words "geographical coordinates of fixed assets" shall be inserted before the words "and any other

	<p>depreciation charged, book value, and any other relevant details.]</p>	<p>Explanation: 'Description' includes the details such as date of acquisition, cost of acquisition, remaining useful life, identification number, depreciation charged, book value, geographical coordinates of fixed assets and any other relevant details.]</p> <p>company overview including snapshot of business performance, key contracts, key investment highlights and other factors which bring out the value as a going concern over and above the assets of the corporate debtor such as brought forward losses in the income tax returns, input credit of GST, key employees,</p>	<p>relevant details"</p>
--	---	--	--------------------------

		<p>key customers, supply chain linkages, utility connections and other pre-existing facilities</p> <p>(k) Details of business evolution, industry overview and key growth drivers in case of a corporate debtor having book value of total assets exceeding one hundred crores rupees as per the last available financial statements</p>	
Reg 36 A Invitation for Expression of Interest	The resolution professional shall publish brief particulars of the invitation for expression of interest in Form G of the Schedule at the earliest, not later than seventy-fifth day from the insolvency commencement date, from interested and eligible	The resolution professional shall publish brief particulars of the invitation for expression of interest in Form G of the Schedule at the earliest, not later than sixtieth day from the insolvency commencement date, from interested and eligible prospective resolution applicants to	The words "not later than seventy fifth day", the words "not later than sixtieth day" shall be substituted.

	prospective resolution applicants to submit resolution plans	submit resolution plans	
Regulation 36B Request for resolution plan , after sub-regulation (6) the following sub-regulation shall be inserted		If the resolution professional, does not receive a resolution plan in response to the request under this regulation, he may, with the approval of the committee, issue request for resolution plan for sale of one or more of assets of the corporate debtor	Resolution professional with the approval of committee issue request for resolution plan for sale of one or more of asset of corporate debtor if resolution professional does not receive a resolution plan in response to the request.
Reg 36 C Strategy for marketing of assets of the corporate debtor		The resolution professional shall prepare a strategy for marketing of the assets of the corporate debtor in consultation with the committee, where the total assets as per the last available financial statements exceed one hundred crore rupees	The resolution professional shall prepare a strategy for marketing of asset of the corporate debtor. It cost will be approved by the committee of creditors.

		<p>and may prepare such strategy in other cases.</p> <p>Decision of implementing such strategy along with its cost shall be subject to the approval of the committee.</p> <p>The member(s) of committee may also take measures for marketing of the assets of the corporate debtor</p>	
<p>Reg 37 Resolution plan</p> <p>After clause 1 new clause is inserted</p>		<p>sale of one or more assets of corporate debtor to one or more successful resolution applicants submitting resolution plans for such assets; and manner of dealing with remaining assets</p>	<p>sale of one or more assets of corporate debtor to one or more successful resolution applicants submitting resolution plans for such assets; and manner of dealing with remaining assets</p>
<p>Reg 39BA Assessment of Compromise or Arrangement</p>		<p>While deciding to liquidate the corporate debtor under section 33, the committee shall examine whether to explore</p>	

		<p>compromise or arrangement as referred to under sub - regulation (1) of regulation 2B of the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulation, 2016 and the resolution professional shall submit the committee's recommendation to the Adjudicating Authority while filing application under section 33.</p> <p>Where a recommendation has been made under sub-regulation (1), the resolution professional and the committee shall keep exploring the possibility of compromise or arrangement during the period the application to liquidate the corporate</p>	
--	--	--	--

		debtor is pending before the Adjudicating Authority.	
--	--	--	--

GO UP

➤ RBI UPDATES

1. Rupee Drawing Arrangement - Enabling Bharat Bill Payment System (BBPS) to process cross-border inbound Bill Payments

Government of India has decided to allow foreign inward remittances received under the Rupee Drawing Arrangement (RDA), to be transferred to the KYC compliant bank account of the biller (beneficiary) through Bharat Bill Payment System (BBPS) as announced in Para 6 of the Statement on Developmental and Regulatory Policies issued on August 05, 2022 and subject to the conditions mentioned in Para 3 of A.P. (DIR Series) Circular No.120 dated April 10, 2014.

This Circular is applicable to All Category-I Authorised Dealer Banks and they may bring the contents of this circular to the notice of their constituents concerned.

Link :

[: https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12386&Mode=0](https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12386&Mode=0)

GO UP

2. Exim Bank's GOI-supported Line of Credit of USD 448 million to the Government of Republic of Uzbekistan for Social Infrastructure and Other Development Projects

EXIM Bank has entered into an agreement dated December 10, 2020 with the Government of Republic of Uzbekistan to make available to it, Government of India supported Line of Credit (LoC) of USD 448 million (USD Four Hundred and Forty-Eight Million Only) for the purpose of financing the social infrastructure and other development projects. Export of eligible goods and services from India would be allowed subject to their eligibility under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by the Exim Bank under this agreement. Out of the total credit by Exim Bank under the agreement, goods, works and services of the value of at least 75 per cent of the contract price shall be supplied by the seller from India, and the remaining 25 per cent of goods and services may be procured by the seller for the purpose of the eligible contract from outside India. Under the LoC, the terminal utilization period is 60 months after the scheduled completion date of the Project. Shipments shall be declared in Export Declaration Form / Shipping Bill and no agency commission is payable for such export.

The agreement under the LoC is effective from September 12, 2022 and applicable to all Category - I Authorised Dealer Banks and they may bring the contents of this circular to the notice of their exporter constituents.

Link:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12387&Mod>

GO UP

3. Review of Prudential Norms - Risk Weights for Exposures guaranteed by Credit Guarantee Schemes (CGS)

Government of India has issued Notification regarding Review of Prudential Norms - Risk Weights for Exposures guaranteed by Credit Guarantee Schemes (CGS).

The following has been stated namely: -

It is advised that the risk weight of zero percent shall be applicable in respect of exposures guaranteed under any existing or future schemes launched by Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), Credit Risk Guarantee Fund Trust for Low Income Housing (CRGFTLIH) and National Credit Guarantee Trustee Company Ltd (NCGTC) satisfying the following conditions:

1. Prudential Aspects: The guarantees provided under the respective schemes should comply with the requirements for credit risk mitigation, which inter alia requires such guarantees to be direct, explicit, irrevocable and unconditional;

2. Restrictions on permissible claims: Where the terms of the guarantee schemes restrict the maximum permissible claims through features like specified extent of guarantee coverage, clause on first loss absorption by member lending institutions (MLI), payout cap, etc., the zero percent risk weight shall be restricted to the maximum permissible claim and the residual exposure shall be subjected to risk weight as applicable to the counterparty in terms of extant regulations.

3. In case of a portfolio-level guarantee, the extent of exposure subjected to first loss absorption by the MLI, if any, shall be subjected to full capital deduction and the residual exposure shall be subjected to risk weight as applicable to the counterparty in terms of extant regulations, on a pro rata basis. The maximum capital charge shall be capped at a notional level arrived at by treating the entire exposure as unguaranteed.

Further, any future scheme launched, in order to be eligible for zero percent risk weight, shall provide for settlement of the eligible guaranteed claims within thirty days from the date of lodgement, and the lodgement shall be permitted within sixty days from the date of default.

Link :

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12384&Mode=0>

GO UP

4. **Exim Bank's Government of India supported Line of Credit (LoC) of USD 108.28 million to the Government of the Kingdom of Eswatini (Swaziland) for the purpose of financing construction of new Parliament Building in Eswatini**

Government of India supported Line of Credit (LoC) of USD 108,280,000 (USD One Hundred Eight million and Two Hundred Eighty Thousand only) for the agreement entered between Export-Import Bank of India (Exim Bank) with the Government of the Kingdom of Eswatini (Swaziland), for the purpose of financing the project for construction of new Parliament Building in Eswatini. Export of eligible goods and services from India would be allowed subject to their eligibility under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by the Exim Bank under this agreement. Out of the total credit by Exim Bank under the agreement, goods, works and services of the value of at least 65 per cent of the contract price shall be supplied by the seller from India, and the remaining 35 per cent of goods and services may be procured by the seller for the purpose of the eligible contract from outside India. Under the LoC, the terminal utilization period is 60 months after the scheduled completion date of the Project, shipments shall be declared in Export Declaration Form / Shipping Bill., no agency commission is payable for export.

GO UP

5. **Compliance Function and Role of Chief Compliance Officer (CCO)- Urban Co-operative Banks**

Government of India has introduced certain principles, standards and procedures for compliance functions in UCB, keeping in view the principles of proportionality. Latest by 1 April, 2023, UCBs under Tier 4 category shall put in a place Board-approved policy and a Compliance Function, including the appointment of a Chief Compliance Officer (CCO), based on the Framework given in the Annex and by 1st October, 2023 the UCBs under Tier 3 category shall implement the same.

This Circular is applicable to all UCBs under Tier 3 and Tier 4 categories¹ except UCBs under All Inclusive Directions (AID). UCBs under Tier 1 and Tier 2 categories shall continue to be governed under the existing guidelines.

GO UP

6. Master Directions on Interest Rate on Deposits

Government of India vide its Circular dated September 16, 2022 provided guidance with reference to the instructions on the Foreign Currency (Non-resident) Accounts (Banks) Scheme contained in Section 19 (h) of the Master Direction - Reserve Bank of India (Interest Rate on Deposits) Directions, 2016 dated March 03, 2016 and Section 18 (h) of the Master Direction - Reserve Bank of India (Co-operative Banks - Interest Rate on Deposits) Directions, 2016 dated May 12, 2016 in terms of which, reference rates for arriving at the interest rates on FCNR (B) deposits shall be quoted / displayed by Foreign Exchange Dealers Association of India (FEDAI).

Further, instructions regarding eligibility for opening of savings account contained in Section 28 (h) and Section 27 (h) of the above-mentioned Master Directions (MDs) dated March 03, 2016 and May 12, 2016, respectively, and item No. 6 in Schedule I of the two MDs have been modified to make them more explicit.

The relevant sections of both the Master Directions on Interest Rate on Deposits have been suitably modified.

Master Direction - Reserve Bank of India (Interest Rate on Deposits) Directions, 2016

Section of MD	Existing Provisions	Amended Provisions
19(h)	The Overnight Alternative Reference Rate ² for the respective currency / Swap rates quoted / displayed by Foreign Exchange Dealers Association of India (FEDAI) shall be used as the reference for arriving at the interest rates on FCNR(B) deposits.	The Overnight Alternative Reference Rate ² for the respective currency / Swap rates quoted / displayed by Financial Benchmarks India Pvt. Ltd. (FBIL) shall be used as the reference for arriving at the interest rates on FCNR(B) deposits.
28	Scheduled commercial banks shall not:	Scheduled commercial banks shall not:

	(h) Open a savings deposit account in the name of entities other than individuals, Karta of HUF and organisations / agencies listed in Schedule-I.	(h) Open a savings deposit account in the name of Government departments / bodies depending upon budgetary allocations for performance of their functions / Municipal Corporations or Municipal Committees / Panchayat Samitis / State Housing Boards / Water and Sewerage / Drainage Boards / State Text Book Publishing Corporations / Societies / Metropolitan Development Authority / State / District Level Housing Co-operative Societies, etc. or any political party or any trading/business or professional concern, whether such concern is a proprietary or a partnership firm or a company or an association and entities other than individuals, Karta of HUF, and organisations / agencies listed in Schedule - I. Explanation For the purposes of this clause, 'political party' means an association or body of individual citizens of India, which is, or is deemed to be registered with the Election Commission of India as a political party under the Election Symbols (Reservation and Allotment) Order, 1968 as in force for the time being.
Item No. 6 Schedule I	Institutions other than those mentioned in section 26(h) and whose entire income is exempt from payment of Income-tax under the Income-Tax Act, 1961.	Institutions other than those mentioned in Section 28(h) and whose entire income is exempt from payment of Income-tax under the Income-Tax Act, 1961.

Master Direction - Reserve Bank of India (Co-operative Banks - Interest Rate on Deposits) Directions, 2016

Section of MD	Existing Provisions	Amended Provisions
18(h)	The Overnight Alternative Reference	The Overnight Alternative Reference Rate ¹ for the respective currency /

	Rate ¹ for the respective currency / Swap rates quoted / displayed by Foreign Exchange Dealers Association of India (FEDAI) shall be used as the reference for arriving at the interest rates on FCNR(B) deposits.	Swap rates quoted / displayed by Financial Benchmarks India Pvt. Ltd. (FBIL) shall be used as the reference for arriving at the interest rates on FCNR(B) deposits.
27	Co-operative banks shall not: (h) Open a savings deposit account in the name of entities other than individuals, Karta of HUF and organisations / agencies listed in Schedule - I.	Co-operative banks shall not: (h) Open a savings deposit account in the name of Government departments / bodies depending upon budgetary allocations for performance of their functions / Municipal Corporations or Municipal Committees / Panchayat Samitis / State Housing Boards / Water and Sewerage / Drainage Boards / State Text Book Publishing Corporations / Societies / Metropolitan Development Authority / State / District Level Housing Co-operative Societies, etc. or any political party or any trading/business or professional concern, whether such concern is a proprietary or a partnership firm or a company or an association and entities other than individuals, Karta of HUF, and organisations / agencies listed in Schedule - I. Explanation For the purposes of this clause, 'political party' means an association or body of individual citizens of India, which is, or is deemed to be registered with the Election Commission of India as a political party under the Election Symbols (Reservation and Allotment) Order, 1968 as in force for the time being.
Item No. 6	Institutions other than those mentioned in section 26(h) and whose entire income is	Institutions other than those mentioned in Section 27(h) and whose entire income is exempt from payment of

Schedule I	exempt from payment of Income-tax under the Income-Tax Act, 1961	Income-tax under the Income-Tax Act, 1961.
------------	--	--

Further, other instructions in this regard shall remain unchanged and the circular is applicable to all Scheduled Commercial Banks (including Regional Rural Banks), Small Finance Banks, Payment Banks, Local Area Banks, Primary (Urban) Co-operative Banks/ DCCBs /State Cooperative Banks.

Link :

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12388&Mode=0>

GO UP

7. RBI Update: Guidelines on Digital Lending

Government of India has made a reference in para 7 of the RBI Press Release “Recommendations of the Working Group on Digital Lending - Implementation” dated August 10, 2022.

Further, Regulated Entities (REs) are advised to ensure that the Lending Service Provider (LSP)/ Digital Lending App (DLA) engaged by them comply with the guidelines contained in this circular and are attached as Annex I and shall be applicable to the ‘existing customers availing fresh loans’ and to ‘new customers getting onboarded’, from the date of this circular.

This Circular is applicable to All Commercial Banks, Primary (Urban) Co-operative Banks, State Cooperative Banks, District Central Co-operative Banks; and Non-Banking Financial Companies (including Housing Finance Companies)

Link :

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12382&Mode=0>

GO UP

8. **RBI Update: Incentive for improving service to non-chest branches**

Government of India clarified regarding the applicability of GST on the service charges levied on cash deposited by non-chest bank branches to the Currency Chests, that service charges mentioned in the circulars RBI/ 2015-16/ 293 DCM (NPD) No. 2564/ 09.40.02/ 2015-16 dated January 21, 2016 and DCM (Plg.) No 2845/ 10.25.007/2018-19 dated May 23, 2019 are exclusive of applicable taxes and to be read as Rs 5 plus applicable taxes and Rs 8 plus applicable taxes per packet, as the case may be.

Link :

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12383&Mode=0>

GO UP

9. **United Nations Security Council Resolutions (UNSCR) 1718 Sanctions Committee on Democratic People's Republic of Korea (DPRK) amends 02 existing entries on its Sanctions List**

Government of India has made a reference in the circular DoR.AML.REC.03/14.06.001/2021-22 dated April 08, 2021 advising Regulated Entities (REs) to adhere to the 'Implementation of Security Council Resolution on Democratic People's Republic of Korea Order, 2017' as amended from time to time by the Central Government and also verify every day, the 'UNSCR 1718 Sanctions List of Designated Individuals and Entities', as hyperlinked in 'Implementation of UNSC Sanctions (DPRK)' webpage of the Ministry of External Affairs (MEA), to take note of the modifications to the list in terms of additions, deletions or other changes.

Further, the Committee established pursuant to UNSC Resolution has enacted the amendments to two (2) entries on its Sanction List of individuals and entities informed by Ministry of External Affairs (MEA) on 14th September, 2022. The changes been made in the existing entries of this Sanction List and pertains to IMO number of individuals / entities. The updated consolidated Sanctions List of individuals and entities is enclosed in the circular.

Further, Regulated Entities (RE) to take note of the aforementioned instructions regarding Security Council Resolution on DPRK and ensure meticulous compliance.

GO UP

IV. KNOWLEDGE SHARING

APPOINTMENT OF MANAGING DIRECTOR, WHOLE-TIME DIRECTOR OR MANAGER – SECTION 196 OF COMPANIES ACT, 2013

- No company shall appoint or employ at the same time a managing director and a manager.
- No company shall appoint or re-appoint any person as its managing director, whole-time director or manager for a term exceeding five years at a time:

Provided that no re-appointment shall be made earlier than one year before the expiry of his term.

- No company shall appoint or continue the employment of any person as managing director, whole-time director or manager who –

(a) is below the age of twenty-one years or has attained the age of seventy years:

Provided that appointment of a person who has attained the age of seventy years may be made by passing a special resolution in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such person;

Provided further that where no such special resolution is passed but votes cast in favour of the motion exceed the votes, if any, cast against the motion and the Central Government is satisfied, on an application made by the Board, that such appointment is most beneficial to the company, the appointment of the person who has attained the age of seventy years may be made.

(b) is an undischarged insolvent or has at any time been adjudged as an insolvent;

(c) has at any time suspended payment to his creditors or makes, or has at any time made, a composition with them; or

(d) has at any time been convicted by a court of an offence and sentenced for a period of more than six months.

Subject to the provisions of section 197 and Schedule V, a managing director, whole-time director or manager shall be appointed and the terms and conditions of such appointment and remuneration payable be approved by the Board of Directors at a meeting which shall be subject to approval by a resolution at the next general meeting of the company and by the Central Government.

Provided that a notice convening Board or general meeting for considering such appointment shall include the terms and conditions of such appointment, remuneration payable and such other matters including interest, of a director or directors in such appointments, if any:

Provided further that a return in the prescribed form shall be filed within sixty days of such appointment with the Registrar.

- Subject to the provisions of this Act, where an appointment of a managing director, whole-time director or manager is not approved by the company at a general meeting, any act done by him before such approval shall not be deemed to be invalid.

GO UP

THANKYOU
