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Companies Act 2013 during the week

Rules -0; Circulars -0; Notifications-0; Orders-0; Important Notices -0

S. No	Date of Issue	Rules/Circular/ Notification/Order	Contents thereof	Gist thereof
1			NIL	

S. No	NEWS ON MCA
1.	<p><u>NFRA begins inspections of five audit firms</u></p> <p>The National Financial Reporting Authority (NFRA), the country's sole independent audit regulator, has started inspections of five audit firms. NFRA Chairman Ajay Bhushan Pandey said the inspections will take three weeks to complete and a draft report is expected before the financial year-end. In November, NFRA stated in its guidelines that inspections are intended to identify areas and opportunities for improvement in the audit firm's system of quality control.</p>

	<p>Inspections will consist of a firm-wide review of audit quality (SQC 1) and individual file reviews on a test-check basis to evaluate the level of compliance with applicable auditing standards and quality control policy and processes</p>
<p>2.</p>	<p><u>Competition Bill: Standing Committee on finance quizzes MCA officials on Rs 2,000 cr deal value threshold</u></p> <p>High-profile offshore M&A deals entered by big tech and the modalities involved around reporting them to competition watchdog CCI under the proposed deal value threshold of ₹2,000 crores came in for intense discussion at the final sitting of the Standing Committee on Finance on the Competition Bill. The Parliamentary panel — which is looking into the Competition (Amendment) Bill 2022 —to conclude oral evidence of the Ministry of Corporate Affairs (MCA) on the bill.</p>

2

SEBI during the week

Act -0; Report -0; Circulars-3; Master Circular-0; Notification -0; Regulation- 0

S. No	Date of Issue	Rules/Circular/ Notification/ Order	Contents thereof	Gist thereof
1	28/11/2022	Circular	<p>Procedure for seeking prior approval for change in control</p> <p>https://www.sebi.gov.in/legal/circulars/nov-2022/procedure-for-seeking-prior-approval-for-change-in-control_65523.html</p>	<ul style="list-style-type: none"> SEBI had specified procedure for prior approval for change in control of certain intermediaries including stockbrokers, depository participants and RTAs. Under the provisions, an intermediary should apply online for SEBI's prior approval (SEBI intermediary portal) with details such as the acquirer's name and details, the current and proposed shareholding pattern of the applicant. The prior approval granted by SEBI shall be valid for a period of six months from the date of such approval within which the applicant shall file application for fresh registration pursuant to change in control

				<ul style="list-style-type: none"> The provisions of this circular shall be applicable with effect from December 01, 2022
2	29/11/2022	Circular	<p>Introduction of credit risk based single issuer limit for investment by mutual fund schemes in debt and money market instruments</p> <p>https://www.sebi.gov.in/legal/circulars/nov-2022/introduction-of-credit-risk-based-single-issuer-limit-for-investment-by-mutual-fund-schemes-in-debt-and-money-market-instruments_65574.html</p>	<ul style="list-style-type: none"> To avoid inconsistency in investment by mutual funds in debt instruments of an issuer, irrespective of the scheme being actively or passively managed, SEBI has decided to introduce a similar credit rating based single issuer limit for actively managed mutual fund schemes. As per the seventh schedule of the Mutual fund regulation, A mutual fund scheme shall not invest more than 10% of its NAV in debt and money market securities rated AAA issued by single issuer. This overall investment limit may be extended to 12% of the NAV of the scheme with the prior approval of the Board of Trustees and Board of Directors of the Asset Management Company. The circular shall be applicable for all the new schemes to be launched with effect from date of issuance of the circular. Existing schemes shall be grandfathered from these guidelines till the maturity of the underlying debt and money market securities.

3	30/11/2022	Circular	<p>Standardization of timelines for listing of securities issued on a private placement basis</p> <p>https://www.sebi.gov.in/legal/circulars/nov-2022/review-of-timelines-for-listing-of-securities-issued-on-private-placement-basis-chapter-vii-of-the-operational-circular-issued-under-sebi-issue-and-listing-of-non-convertible-securities-regulation-65659.html</p>	<ul style="list-style-type: none"> • Markets regulator SEBI reduced the timeline for listing of debt securities issued on a private placement basis to three days (T +3). • Currently, the timeline is four days (T +4) and the latest move would also expedite the availability of securities for trading by the investors. • Sebi has listed out the steps involved in pre-listing and post-listing along with relevant timelines, both through Electronic Book Provider (EBP) platform and otherwise. This is to provide more clarity and standardization in the process of issuance and listing of such securities on the private placement basis. • The new guidelines would come into effect from January 1, 2023, • Under the EBP mechanism, an issuer wishing to list non-convertible securities or municipal debt securities will have to ensure receipt of in-principle approval from the stock exchange prior to the date of providing the placement memorandum and term sheet to the EBP. • It has set a timeline of T-2 or T-5 day for such approval under the EBP platform while the same would be prior to T day for non-EBP platform.
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S.No	NEWS ON SEBI
1	<p>Extension of timeline for implementation of Standardized industry classification by CRAs</p> <ul style="list-style-type: none"> The Market Data Advisory Committee (MDAC), a standing committee constituted by SEBI, comprising of representatives from stock exchanges, depositories and other market participants, examined the existing industry classification structures, across sectors, and developed a harmonised four level industry classification framework for adoption by all stakeholders and for all relevant processes/ purposes in Indian securities market A circular was released by SEBI, for implementing the standardized industry classification by September 30, 2022 which was later extended to November 30, 2022 Based on the representation received from CRAs, it has been decided to further extend the date of applicability of the standardized industry classification till December 15, 2022.
2	<p>Inclusion of Equity Exchange Traded Funds as list of eligible securities under Margin Trading Facility</p> <ul style="list-style-type: none"> Based on the feedback received from market participants, recommendation of Secondary Market Advisory Committee (SMAC) of SEBI and taking into account the emergence of Exchange Traded Funds (ETFs) as an investment product with various advantages such as transparency, diversification, lower cost, etc., SEBI has decided to allow units of Equity Exchange Traded Funds (Equity ETFs) categorized as Group-I security as an eligible security for Margin Trading Facility (MTF) as well as an eligible collateral under MTF. <p>According to SEBI, in order to avail MTF, initial margin required shall be VaR + 3 times (i.e. Value at risk plus 3 times) of applicable ELM (Extreme loss margin) for Group I stocks available for trading in the F&O Segment and VaR + 5 times of applicable ELM for Group I stocks other than F&O stocks and units of Equity ETFs. The applicable VaR and ELM for the aforementioned purpose must be the same as in the cash segment for a particular stock, as per the guidelines set</p>

	by SEBI. The initial margin payable by the client to the stock broker shall be in the form of cash, cash equivalent, or Group I equity shares or units of Group I Equity ETFs.
3	<p><u>Sebi asks MFs to be vigilant against fraud groups on the Telegram app, take action if needed</u></p> <p>SEBI has asked mutual fund houses to be vigilant against dubious groups misrepresenting themselves as registered fund managers on the messenger platform Telegram. The word of caution from the regulator comes following observations of such acts on the platform where certain groups have been misusing and misrepresenting some asset management companies.</p>
4	<p><u>SEBI introduces a mechanism of net settlement of cash, Futures, and Options segment upon expiry</u></p> <p>Securities and Exchange Board of India (SEBI) introduced the mechanism of net settlement of cash and Futures and Options (F&O) segment upon expiry of stock derivatives. The move is aimed at providing better alignment of cash and derivatives segment, mitigation of price risk in certain cases and netting efficiencies for market participants</p>
5	<p><u>Market regulator Sebi plans simplified BRSR, ESG rating regulations</u></p> <p>The Securities and Exchange Board of India (Sebi) plans to simplify the framework around the Business Responsibility and Sustainability Report (BRSR), and also provide a road map for environmental, social, and corporate governance (ESG) auditing and rating. These changes would be based on the recommendations made by a committee formed by the capital markets regulator on ESG regulations, said Sebi Chairperson Madhabi Puri Buch. Speaking at a seminar organized by National Productivity Council, Buch noted at international forums, Sebi has been discussing that emerging economies like India should have an independent view on ESG matters, apart from global standards.</p>
6	<p><u>Sebi sets up three panels to push market reforms, ease of doing business</u></p> <p>The Securities and Exchange Board of India (Sebi) has set up three separate committees in a fresh push towards reforming the capital markets and improving the ease of doing business. All three committees will be widely represented by various stakeholders and touch upon key areas such as foreign portfolio investors (FPIs), takeover code, and the newly-introduced concept of social stock exchanges.</p>

7 Sebi overhauls advisory panels on FPIs, social stock exchange

- Capital markets regulator Sebi has restructured its advisory committees pertaining to foreign portfolio investors (FPIs) and the social stock exchange. Rejigging its FPI Advisory Committee, Sebi has said former finance secretary Hasmukh Adhia will now chair the 16-member panel. It was earlier headed by K V Subramanian, former chief economic adviser to the government of India. Chew Hai Jong, Managing Director at GIC, and Michael Drumgoole, Managing Director – Direct Custody and Clearing at JPMorgan, are the new inductees, an update with the Securities and Exchange Board of India (Sebi) showed.
- The committee has been entrusted with the task of advising the capital markets regulator on measures to facilitate ease of doing business by FPIs in India as well as encourage their participation in the bond market.
- With regard to social stock exchange, Sebi has inducted Anil Kumar SG, Founder & CEO, Samunnati Financial Intermediation & Services; Santosh Jayaraman Global Head- Sustainability, HCL Tech; Pushpa Aman Singh, Founder and CEO of GuideStar India; and Hemant Gupta, Managing Director at BIL Ryerson Technology Startup Incubator Foundation, among others.
- The panel is responsible for advising Sebi on the issues pertaining to regulatory framework for social enterprises, suggests the regulator on the matters to be taken up for changes in legal framework for simplification and transparency in systems governing such social enterprises.

3

RBI during the week

Notifications - 1; Master Directions –0; Master Circulars –0; Press Release -1;

S. No	Date of Issue	Notifications/Master Directors/Master Circulars	Subject & Link	Gist thereof
1	29/11/2022	Press Release	Operationalization of Central Bank Digital Currency – Retail (₹-R) Pilot https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=54773	<ul style="list-style-type: none"> • The Reserve Bank of India (RBI) has officially launched its very first digital token called the digital Rupee as part of a pilot. • As a part of the pilot program, RBI has issued a license to four banks — State Bank of India, ICICI Bank, Yes Bank and IDFC First Bank which can currently issue digital Rupee in India. Similarly, four more banks — Bank of Baroda, Union Bank of India, HDFC Bank and Kotak Mahindra Bank will soon be able to distribute digital Rupee in India. • The availability of the digital Rupee has also been limited to Mumbai, New Delhi, Bengaluru, and Bhubaneswar.

				<ul style="list-style-type: none"> Digital Rupee will have a fixed value and is also considered a legal tender in India. Hence, the digital Rupee can be used for making person-to-person (p-to-p) and person-to-merchant (p-to-m) transactions.
2	01/12/2022	Notification	<p>Revised Regulatory Framework for Urban Co-operative Banks (UCBs) – Net Worth and Capital Adequacy</p> <p>https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12418&Mode=0</p>	<ul style="list-style-type: none"> The Reserve Bank of India (RBI) on 1 December announced a four-tiered regulatory framework for categorisation of Urban Co-operative Banks (UCBs). The RBI, in its circular, said given the heterogeneity in the cooperative sector, a tiered regulatory framework is required, adding such framework is needed to balance the spirit of mutuality and co-operation more prevalent in banks of smaller sizes and those with limited area of operation vis-a-vis the growth ambitions of the large-sized UCBs and undertake more complex business activities. The minimum capital to risk weighted assets ratio (CRAR) requirement to be maintained by UCB is as follows: <ul style="list-style-type: none"> Tier 1 UCBs shall maintain, as hitherto, a minimum CRAR of 9 per cent of Risk Weighted Assets (RWAs) on an ongoing basis. Tier 2 to 4 UCBs shall maintain a minimum CRAR of 12 per cent of RWAs on an ongoing basis.

				<ul style="list-style-type: none"> ○ UCBs in Tier 2 to 4, which do not currently meet the revised CRAR of 12 per cent of RWAs, shall achieve the same in a phased manner. Such UCBs shall achieve the CRAR of at least 10 per cent by March 31, 2024, 11 per cent by March 31, 2025, and 12 per cent by March 31, 2026 ● The minimum net worth criteria for UCBs is also detailed in the circular. ● This circular is applicable to all Primary (Urban) Co-operative Banks. The instructions come into effect from April 1, 2023
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S. No	NEWS ON RBI
1	<p><u>RBI relaxes rules for foreign branches of Indian banks to deal in financial products not permitted in India</u></p> <p>The Reserve Bank of India (RBI) on December 1 relaxed rules for foreign branches or subsidiaries of banks or All India Financial Institutions (AIFIs) to deal in financial products that are not permitted in the domestic market. "The foreign branches/foreign subsidiaries of Indian banks/AIFIs can deal in financial products, including structured financial products, which are not available or are not permitted by the Reserve Bank in the domestic market without prior approval of Reserve Bank.</p>

4

IBC during the week

Notifications -0; Master Directions -0; Circulars -0; Press Release -0;

Press Release -0; Others - 0

S. No	Date of Issue	Notifications/ Master Directors/Mast er Circulars	Subject & Link	Gist thereof
NIL				

S. No	NEWS ON IBC
1	<p><u>NCLT Cannot Assume Power To Declare IBC Provisions, 2016 Regulations As Illegal Or Ultra Vires: Delhi High Court</u></p> <p>The Delhi High Court has ruled that the National Company Law Tribunal (NCLT) cannot assume the power to declare as illegal or ultra vires any of the provisions of Insolvency and Bankruptcy Code (IBC), 2016 or Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate</p>

	Persons) Regulations, 2016. Justice Pratibha M Singh said that the jurisdiction to deal with the validity and legality of the Regulations framed under the IBC is not conferred upon the NCLT.
2	<p><u>Net Worth of Transferor & Transferee Company Being Highly Positive, Consent Of Secured Creditors Not Required For Amalgamation: NCLAT Delhi</u></p> <p>The National Company Law Appellate Tribunal ("NCLAT"), while adjudicating an appeal filed in Lasa Supergenerics Limited v Harishree Aromatics & Chemicals Pvt. Ltd., has held that in cases where the net worth of the Transferor and Transferee Companies are highly positive, it is not required to seek the consent of secured creditor for amalgamation. In place of seeking a No Objection Certificate from the Secured Creditor, the Bench has directed the Secured Creditor to file an objection to the Scheme of Amalgamation, if any, within 30 days.</p>
3	<p><u>Out-of-court settlements become popular, as parties refrain from IBC proceedings</u></p> <p>In cases of loan default, out-of-court deals are becoming the preference among creditors and debtors as parties look for ways to avoid initiation of the Insolvency and Bankruptcy Code (IBC). According to the Insolvency and Bankruptcy Board of India (IBBI), as of September 31, 2022, 23,417 Corporate Insolvency Resolution Process initiation applications, with an aggregate default amount of Rs7.31 lakh crore were resolved before their admission. The development comes as debtors become increasingly concerned about losing control of companies under the CIRP and the <u>length of</u> the resolution process. When the CIRP is initiated, the company's board of directors is dissolved and replaced by a committee of creditors. Following that, the lenders appoint a resolution professional to the company and its resolution process.</p>

5

Others during the week

NSE-0; BSE-0; DIPP-0; Finance Ministry-0; Others -1;

S. No	Date of Issue	Rules/Circular/ Notification/Order	Contents thereof	Gist thereof
1	28/11/2022	Public Notice	Filing of Power of Attorney 2022-11-28 (30) (ipindia.gov.in)	<ul style="list-style-type: none"> Any request for early filing of Patent application made in Form 9 under Patent Act, 1970 shall be accompanied by duly executed Form 26 or Power of Attorney Non-filing of Form 26 or Power of Attorney shall lead to no action in any such request filed through Patent Agent for the early publication till such deficiency is removed

GENERAL NEWS	
1	<p><u>Delhi High Court Awards Over ₹2 Crore Damages To Adobe In Trademark Infringement Suit Against Habitual Cyber-Squatter</u></p> <p>The Delhi High Court has awarded over two crores as damages in favour of Adobe, a US-based multinational computer software company while decreeing its suit alleging infringement of its registered trademark 'ADOBE' by one Namase Patel. The cyber squatter is accused of registering confusingly similar domain names in respect of computer software and other IT-related services.</p>
2	<p><u>Budget 2023: Amendments related to CCI, IBC and Companies Act likely to be discussed in the Budget session</u></p> <p>Budget 2023: During the Budget 2023-24 presentation, there will likely be discussions on three major amendments in the parliament. The amendments will be related to the Companies Act, Insolvency Bankruptcy Code (IBC), and the strengthening of the Competition Commission of India (CCI).</p>
3	<p><u>Indian IP Office implements a system of 'dynamic cause list'</u></p> <p>Indian IP Office implemented the system of 'dynamic cause list' for trademarks show cause hearings with effect from 1st December 2022 based on the stakeholder inputs received during the open conference, said the Ministry of Commerce and Industry in a press release. To further strengthen the Intellectual Property (IP) Ecosystem in the country, the Office of Controller General of Patents Designs and Trademarks has launched a daily "Open Conference". It is launched with an aim to facilitate the stakeholders by reducing the requirement of visiting the IP Offices</p>
4	<p><u>Make in Odisha Conclave: Govt signs MoU with BSE, NSE to facilitate MSMEs listing in the stock market</u></p> <p>To enable MSMEs to access capital markets, Odisha has signed MOUs with BSE Ltd (formerly Bombay Stock Exchange) and NSE Ltd National Stock Exchange) for facilitating the listing of medium and small enterprises (MSMEs). Under the aegis of the MOUs, BSE and NSE shall provide handholding to MSMEs to impart training and education required for listing and improving financial credibility.</p>

6

Update on Regulated Sector

S.No	Sector	Update
1	SEBI	<p>SEBI’s Pinaka to scan stock tips on TV shows</p> <ul style="list-style-type: none"> • SEBI has developed a system based on artificial intelligence (AI) scans various stock market shows and builds a database of recommendations made • Television channels typically display suggestions made inhouse or by an external analyst. These include buy or sell calls along with price recommendations and who has made them. More detailed guidance such as stop-loss recommendations are also provided at times • The inhouse system developed by Sebi is called Picture based Information News Accumulator and Key Information Analyser (Pinaka) • Pinaka combs through programming frame by frame and extracts details of such recommendations, processing it into a standard format. • This data is compared with the trading pattern of the person who gave the recommendation.

<p>2</p>	<p>Insurance</p>	<p>Composite license’ leads Centre’s proposals to amend insurance, IRDAI laws</p> <ul style="list-style-type: none"> • The Insurance laws (Amendment) Bill, 2022 has proposed some major changes to the Insurance Act, 1938 and Insurance Regulatory and Development Authority Act, 1999. • The Finance Ministry has proposed issuance of one license for all kind of insurance for new as well as existing insurance companies. Currently, insurers need separate licenses for life, general and standalone health insurance business. • The composite license will facilitate open access for insurers in any line of business. Such insurers will be allowed to enter any segment -- life, health, general. • Presently, the paid-up capital required to start general, life or standalone health insurance business is Rs. 100 Crores and that for reinsurance business is Rs 200 crore. • The proposed amendments suggest that the minimum paid up capital be specified by IRDAI considering the size and scale of operations, class or sub-class of insurance business and the category or type of insurer with a cap on holding by foreign entities. It puts a limit of 26% foreign holding in an insurance cooperative and 74% foreign stakes in an Indian insurance company. • Further, the composition of the General Insurance Council & Life Insurance Council is also sought to be changed. It proposes to provide for a Central Government appointee on the council as opposed to the earlier system of self-regulation. • Additionally, the bill prescribes stiff penalties for insurance agents & companies in cases of omissions and commissions. It also seeks to penalize insurers in cases of violation of code of conduct by the agents. • Ministry of Finance has sought public comments on the Bill till December 15th 2022
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