

**WEEKLY UPDATES ON COMPANY LAW, SEBI, RBI AND IBC**

**Week 28– July 5<sup>th</sup> 2021 to July 11<sup>th</sup> 2021**

**1**

**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
			NIL	

S. No	NEWS ON MCA
	NIL

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## SEBI during the week

**Act -0; Rules -0; Regulations-0; General Orders – 0; Guidelines- 0**

**Master Circulars-0; Circulars – 2; Press Release –0 Others -0;**

S. No	Date of Issue	Act/rules/circulars	Subject & Link	Gist thereof
1	05/07/2021	Circular	<p><a href="https://www.sebi.gov.in/legal/circulars/jul-2021/issue-of-no-objection-certificate-for-release-of-1-of-issue-amount_50898.html">Issue of No Objection Certificate for release of 1% of Issue amount</a></p> <p><a href="https://www.sebi.gov.in/legal/circulars/jul-2021/issue-of-no-objection-certificate-for-release-of-1-of-issue-amount_50898.html">https://www.sebi.gov.in/legal/circulars/jul-2021/issue-of-no-objection-certificate-for-release-of-1-of-issue-amount_50898.html</a></p>	<p>As present SEBI norms, the issuer company has to deposit 1 per cent of the issue amount of the securities offered to the public with the designated stock exchange. For release of the said amount it has to submit an application for obtaining a 'No Objection Certificate' from SEBI. SEBI vide this circular reduced the time period to two months, from four months at present, to submit the said application. However NOC is subject to condition that all issue related complaints have been resolved by the Merchant Banker(MB)/ issuer and that MB submits a certificate confirming that Self Certified Syndicate Banks unblocked ASBA accounts.</p>
2	06/07/2021	Circular	<p><a href="https://www.sebi.gov.in/legal/circulars/jul-2021/standard-operating-procedure-">Standard Operating Procedure for listed subsidiary company desirous of getting delisted through a Scheme of Arrangement wherein the listed parent holding company and the listed subsidiary are in the same line of business</a></p> <p><a href="https://www.sebi.gov.in/legal/circulars/jul-2021/standard-operating-procedure-">https://www.sebi.gov.in/legal/circulars/jul-2021/standard-operating-procedure-</a></p>	<p>SEBI, in June 2021 notified provisions relating to delisting of a listed subsidiary through a scheme of arrangement, where in both listed parent and listed subsidiary are in the 'same line of business'. Through this SOP, the criteria required to be fulfilled by holding and subsidiary for 'Same line of Business' has been provided. Summary of which is as follows:</p> <p>a) Activities of both Companies are under same 3 digit NIC Code 2008.</p>

			<p><a href="#"><u>for-listed-subsi-dary-com-pa-ny-desirous-of-getting-delisted-through-a-scheme-of-arrangement-wherein-the-listed-parent-holding-com-pa-ny-and-the-listed-subsi-dary-are-in-the-s- 50926.html</u></a></p>	<p>b) Not less than 50% of operating revenue and 50% of the net tangible assets invested, of both entities, are from /in same line of business as per last audited annual financial results.</p> <p>c) In case of change of name within the last one year, at least 50% of consolidated revenue for the preceding one full year has to be earned by it from the activity indicated by its new name.</p> <p>Both entities to give self-certification on they being in the same line of business. All of the above mentioned criteria should be certified by the Statutory Auditor and SEBI Registered Merchant Banker.</p> <p>The shares of both entities have to be listed for at least 3 years and the subsidiary company shall be a listed subsidiary of the listed holding company for a period of 3 years.</p>
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S. No	NEWS ON SEBI
1	SEBI has proposed to offer an employee stock ownership plan (ESOP) to non-permanent employees and non-executive directors of listed companies. Through its Expert Group report, it has suggested amending the definition of "employee" and relaxations with respect to the quantum of sweat equity shares that can be issued by new-age companies listed on the Innovators Growth Platform in the Share-Based Employee Benefits (SBEB) Regulations.

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**RBI during the week**

**Notifications – 1 ; Master Directions –0; Master Circulars –0; Circular -0;**

**Press Release – 0**

S. No	Date of Issue	Notifications/Master Directions/Master Circulars	Subject & Link	Gist thereof
1.	07/07/2021	Notification	<a href="https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12126&amp;Mode=0">New Definition of Micro, Small and Medium Enterprises - Addition of Retail and Wholesale Trade</a>  <a href="https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12126&amp;Mode=0">https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12126&amp;Mode=0</a>	Ministry of MSME vide memorandum dated 2 July 2021 included Retail and Wholesale trade as MSMEs for the limited purpose of Priority Sector Lending and they would be allowed to be registered on Udyam Registration Portal. Vide this circular RBI highlighted the said amendments with reference to its earlier circular on Credit flow to Micro, Small and Medium Enterprises Sector.

S. No	NEWS ON RBI
1	<p><b>Review of Instructions on Interest on Overdue Domestic Deposits</b></p> <p>The RBI has decided that if a Term Deposit (TD) matures and proceeds are unpaid, the amount left unclaimed with the bank shall attract rate of interest as applicable to savings account or the contracted rate of interest on the matured TD, whichever is lower. However, the Auto-Renewal of fixed deposits will not be impacted, it will continue for the period less than 10 years from the date of Original term. Thereafter, it will be converted into an Overdue Domestic Deposit account which will be required to be renewed manually thereby attracting the above provisions.</p>

2	<p><b>RBI advises banks to shift away from LIBOR to alternative reference rates</b></p> <p>The Reserve Bank of India (RBI) has encouraged banks and financial institutions to cease entering into new financial contracts that reference LIBOR as a benchmark as soon as practicable and in any case by December 31, 2021. The central bank also advised banks and financial institutions to encourage their customers to cease entering into new London Interbank Offered Rate (LIBOR) referenced contracts. Instead of LIBOR, the central bank asked them to use any widely accepted alternative reference rates (ARR). This directive has been issued to ensure orderly, safe and sound LIBOR transition and considering customer protection, reputational and litigation risks involved, the RBI said in a circular. RBI wants banks/financial institutions to undertake a comprehensive review of all direct and indirect LIBOR exposures and put in place a framework to mitigate risks arising from such exposures on account of transitional issues including valuation and contractual clauses. They may also put in place the necessary infrastructure to be able to offer products referencing the ARR. The central bank underscored that continued efforts to sensitise clients about the transition as well as the methodology and convention changes involved in the alternatives to LIBOR will be critical in this context.</p>
3	<p><b>Send bank staff in sensitive operations on surprise leave: RBI</b></p> <p>The Reserve Bank of India has asked banks to give a 10-day mandatory leave to employees working in sensitive positions like treasury operations and currency chests under modified risk management guidelines. "As a prudent operational risk management measure, the banks shall put in place a 'mandatory leave' policy wherein the employees posted in sensitive positions or areas of operation shall be compulsorily sent on leave for a few days (not less than 10 working days) in a single spell every year, without giving any prior intimation to these employees, thereby maintaining an element of surprise," said RBI in a notification. RBI has given banks six months to comply with these directions. It asked banks to ensure that employees, while on 'mandatory leave', do not have access to physical or virtual resources related to their work responsibilities, with the exception of internal/ corporate email which is usually available to all employees for general purposes.</p>

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**IBC during the week**

**Notifications -0; Master Directions –0; Master Circulars –0; Circular –0;**

**Press Release –0; Others – 0**

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

S. No	NEWS ON IBC
1.	In a first-of-its-kind decision, the National Company Law Appellate Tribunal has ruled that it is empowered to refuse insolvency applications if there are signs of collusion and mala fide intent.

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**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	07/07/2021	Notification	<a href="#">Income Tax (19th Amendment), Rules, 2021</a>	Insertion of Rule 8AC - Computation of short term capital gains and written down value under section 50 where depreciation on goodwill has been obtained has been inserted, vide this amendment.

S. No	General News
	Nil



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