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Companies Act 2013 during the week

Rules -0; Circulars -1; Notifications-0; Orders-0; Important Notices -0

S. No	Date of Issue	Rules/Circular/ Notification/Order	Contents thereof	Gist thereof
1	20/09/2022	Circular	The Companies (Corporate Social Responsibility Policy) Amendment Rules, 2022 https://www.mca.gov.in/bin/dms/getdocume nt?mds=1Wt3uUYzV0rGCr2Vxa8ztQ%253D%253D&type=open	<p>A) Effective date: 20-09-2022</p> <p>b) Gist of amendment:</p> <ul style="list-style-type: none"> • A Company having unspent CSR amount shall constitute CSR committee and comply with provisions of section 135 of Companies Act, 2013 • A Company undertaking impact assessment may book the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed 2%(earlier 5%) of the total CSR expenditure for that financial year or 50 lakh rupees, whichever is higher (earlier, lower of the two was the

				<p>eligible expenditure)</p> <ul style="list-style-type: none"> • Eligible entities through which CSR can be carried out are now extended to entities which fall under specified categories of trusts/institutions as mentioned under 10(23C)(iv) to 10(23C)(via) of IT Act, 1961 • Format for the Annual Report on CSR Activities to be included in the Board's Report has been revised, the revised format is forming in the enclosed circular
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S. No	NEWS ON MCA
	NIL

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SEBI during the week

Act -0; Report -0; Circulars-4; Press Release-0; Notification -0; Regulation- 0

S. No	Date of Issue	Rules/Circular/ Notification/ Order	Contents thereof	Gist thereof
1	19/09/2022	Circular	<p>Validation of Instructions for Pay-In of Securities from Client demat account to Trading Member (TM) Pool Account against obligations received from the Clearing Corporations</p> <p>https://www.sebi.gov.in/legal/circulars/sep-2022/validation-of-instructions-for-pay-in-of-securities-from-client-demat-account-to-trading-member-tm-pool-account-against-obligations-received-from-the-clearing-corporations_63032.html</p>	<p>A) Effective date: 25-11-2022</p> <p>b) Gist of amendment: SEBI issues guidelines on Validation of Instructions for Pay-In of Securities from Client demat account to Trading Member (TM) Pool Account against obligations received from the Clearing Corporations.</p> <p>Applicability: All depositories and recognized Stock Exchanges and CCs.</p> <ul style="list-style-type: none"> • Depositories, prior to executing actual transfer of the securities for Pay in from client demat account to TM Pool Account, should validate the transfer instruction received through the available channels either initiated by clients themselves or by the Power of Attorney or Demat Debit and Pledge Instruction holder against the

				<p>client-wise net delivery obligation received from CCs</p> <ul style="list-style-type: none"> • Depositories must validate the transfer instructions with the CC based on Unique Client Code('UCC'), TM, Clearing Member('CM'), Exchange ID, International Securities Identification Number('ISIN'), quantity, settlement details • When the instructions are matched, they must be carried out by the Depositories and such securities will be debited from client's Demat account and credited to linked TM Pool account on or before the settlement day
2	21/09/2022	Circular	<p>Firewall between Credit Rating Agencies and their Affiliates</p> <p>https://www.sebi.gov.in/sebiweb/home/HomeAction.do?doListingAll=yes#:~:text=Firewall%20between%20Credit%20Rating%20Agencies%20and%20their%20Affiliates</p>	<p>(i) Effective date : 01st January 2023</p> <p>(ii) Applicability : Credit Rating agencies</p> <ul style="list-style-type: none"> • SEBI asked credit rating agencies (CRAs) to formulate a policy on firewall practices with the non-rating entities and document the same in their internal operational manuals. • Such a policy will have to be ratified by the board of directors of the CRAs. • The policy on firewall practices should cover the nature and extent of sharing of infrastructure, employees and resources between the CRA and the non-rating entity, including specification on whether such arrangement is temporary.

3	22/09/2022	Circular	<p>Issue and listing of Commercial Paper by listed REITs/InvITs</p> <p>https://www.sebi.gov.in/legal/circulars/ep-2022/issue-and-listing-of-commercial-paperby-listed-reits_63264.html</p> <p>https://www.sebi.gov.in/legal/circulars/ep-2022/issue-and-listing-of-commercial-paperby-listed-invits_63263.html</p>	<ul style="list-style-type: none"> • SEBI vide its two separate circulars has provided that, REITs/InvITs having net worth of INR 100 Crore or higher are eligible issue listed commercial papers subject to the guidelines prescribed by Reserve Bank of India for issuances of commercial papers and shall abide by the conditions of listing norms prescribed by SEBI under SEBI (Issue and Listing of Nonconvertible Securities) Regulations, 2021. • The issuance of listed CPs shall be within the overall debt limit permitted under SEBI (Real Estate Investment Trusts) Regulations, 2014 and SEBI (Infrastructure Investment Trusts) Regulations, 2014.
4	19/09/2022	Circular	<p>Framework on Social Stock Exchange</p> <p>SEBI Framework on Social Stock Exchange</p>	<p>SEBI vide this circular had notified Framework on Social Stock Exchange (“SSE”) which covers the following aspects</p> <ul style="list-style-type: none"> • 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 • 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 • Annual disclosure by NPOs on SSE which have either raised funds through SSE or are registered with SSE in terms of Regulation 91C

				<p>of the LODR Regulations</p> <ul style="list-style-type: none"> • 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 • Statement of utilisation of funds in terms of 91F of the LODR Regulations
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S.No	NEWS ON SEBI
1	<p>SEBI looks to boost surveillance of social media, other platforms through web intelligence tool</p> <p>SEBI is looking to boost surveillance of social media and other platforms through a web intelligence tool using artificial intelligence and data analytics to probe violations of various securities laws by individuals, groups and other entities.</p> <p>The capital markets regulator has invited Expression of Interest (EOI) from solution providers to implement, install and maintain a 'Web Intelligence Tool', according to a public notice</p>
2	<p><u>For "Insider Trading", Mere Possession Of Sensitive Information Not Enough; Actual Profit Motive Essential:</u></p> <p>The Supreme Court has held that merely because a person was in possession of unpublished price-sensitive information at the time go trading in securities it cannot be held that the transaction becomes the mischief of "insider trading" unless it is established that there was an intention to take advantage of the information. A distress sale of shares will not become "insider trading" merely because the person was in possession of unpublished price-sensitive information. "An attempt by the insider to encash the benefit of the information is not exactly the same as mens rea. Therefore, the Court can always test whether the act of the insider in dealing with the securities, was an attempt to take advantage of or encash the benefit of the information in his possession" the Court held,</p>

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RBI during the week

Notifications - 1; Master Directions –0; Master Circulars –0; Press Release -3;

S. No	Date of Issue	Notifications/Master Directors/Master Circulars	Subject & Link	Gist thereof
1	19/09/2022	Notification	<p>Compliance Function and Role of Chief Compliance Officer (CCO)- Urban Cooperative Banks</p> <p>https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12389&Mode=0</p>	<p>RBI circular on Compliance Function and Role of Chief Compliance Officer (CCO)- Urban Cooperative Banks shall be applicable to all UCBs under Tier 3 and Tier 4 categories except UCBs under All Inclusive Directions (AID) UCBs under Tier 1 and Tier 2 categories shall continue to be governed under the existing guidelines</p> <p>The UCBs under Tier 4 category shall put in place a Board-approved policy and a Compliance Function, including the appointment of a Chief Compliance Officer (CCO), based on specified framework</p> <p>The UCBs under Tier 3 category shall implement the same latest by October 1, 2023</p>

2	19/09/2022	Press Release	<p>RBI Working Paper No. 12/2022: Predicting Exchange Rate in India: A Nonparametric Causality-in-Quantiles Approach</p> <p>https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=54390</p>	<p>Reserve Bank of India placed on its website a Working Paper titled “Predicting Exchange Rate in India: A Non-parametric Causality-in-Quantiles Approach” under the Reserve Bank of India Working Paper Series.</p> <p>This paper examines the relationship between the INR/USD exchange rate, and the crude oil and gold prices, domestic and global stock prices, volatility index (VIX) and net foreign portfolio investments under various foreign exchange market conditions.</p>
4	19/09/2022	Press Release	<p>RBI Working Paper No. 13/2022: Is Implied Volatility Index (VIX) a Forward Looking Indicator of Stock Market Movements in India</p> <p>https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=54391</p>	<p>RBI on its website a Working Paper titled “Is Implied Volatility Index (VIX) A Forward-Looking Indicator of Stock Market Movements in India?” under the Reserve Bank of India Working Paper Series.</p> <p>The paper examines the relationship between the implied volatility index (VIX) and stock market movements in India over the last decade.</p> <p>The size of the return also influences the relative change in the implied volatility index.</p>

5	21/09/2022	Press Release	<p>RBI Working Paper No. 14/2022: Monetary Policy Independence under a Flexible Exchange Rate Regime – The Indian Case</p> <p>https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=54401</p>	<p>The Reserve Bank of India placed on its website a Working Paper titled “Monetary Policy Independence under a Flexible Exchange Rate Regime – The Indian Case” under the Reserve Bank of India Working Paper Series.</p> <p>There is a high degree of sterilisation of the increase in money supply that results from forex market interventions in India & Forex market interventions during surges in capital flows to contain the INR volatility lead to an increase in M3, which however is found to be neither inflationary nor elicits a policy rate response by the RBI; this points to RBI’s monetary policy independence not facing much constraints from its exchange rate policy and financial openness.</p>
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S. No	NEWS ON RBI
	NIL

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IBC during the week

Notifications -1; Master Directions –0; Master Circulars –0; Press Release –2;

S. No	Date of Issue	Notifications/ Master Directors/Master Circulars	Subject & Link	Gist thereof
1	20/09/2022	Press Release	Insolvency and Bankruptcy Board of India amends the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016 and Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulations, 2017 https://ibbi.gov.in/uploads/press/03d27e5e5dc4803aeda40f44e0050152.pdf	<p>IBBI notified the Insolvency and Bankruptcy Board of India (Liquidation Process) (Second Amendment) Regulations, 2022 and Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) (Second Amendment) Regulations, 2022 on 16th September, 2022.</p> <p>The amendment in Liquidation Regulations make the following major modifications:</p> <ul style="list-style-type: none"> The Committee of Creditors (CoC) constituted during Corporate Insolvency Resolution Process (CIRP) shall function as Stakeholders Consultation Committee (SCC) in

				<p>the first 60 days.</p> <ul style="list-style-type: none"> • After adjudication of claims and within 60 days of initiation of process, the SCC shall be reconstituted based upon admitted claims. • The liquidator has been mandated to conduct the meetings of SCC in a structured and time bound manner with better participation of stakeholders. • The scope of mandatory consultation by liquidator, with SCC has been enlarged. • Now, SCC may even propose replacement of liquidator to the Adjudicating Authority (AA) and fix the fees of liquidator, if the CoC did not fix the same during CIRP. • If any claim is not filed during liquidation process, then the amount of claim collated during CIRP shall be verified by the liquidator • In case COC decides to explore Scheme of arrangement or compromise, the Liquidator can file an application with the NCLT only in such case. • Event based timelines stipulated for auction process. • Before dissolution, SCC shall advice the Liquidator on the
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				<p>manner in which the proceedings of avoidance or fraudulent transactions shall be pursued after closure.</p> <p>IBBI had also laid down the manner and period for retention of record relating to the Liquidation and Voluntary Liquidation Process.</p>
2	20/09/2022	Press Release	<p>The Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) (Fifth Amendment) Regulations, 2022</p> <p>https://ibbi.gov.in/uploads/legalframwork/7540b8435110194d0d71f4e1c98e965a.pdf</p>	<p>IBBI has amended “the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) which shall come into force with effect from October 01, 2022.</p> <p>Regulation 31A has been inserted stating the provisions pertaining to regulatory fees as under:</p> <p>A regulatory fee calculated at the rate of 0.25% of the realizable value to creditors under the resolution plan approved under section 31, shall be payable to the Board, where such realizable value is more than the liquidation value:</p> <p>Provided that this sub-regulation shall be applicable where resolution plan is approved under section 31, on or after 1st October 2022.</p>

3	20/09/2022	Notification	<p>IBBI (Insolvency Professionals) (Third Amendment) Regulations, 2022</p> <p>https://ibbi.gov.in/uploads/legalframwork/da9495e9d4766c4da095a622a6c3b8ec.pdf</p>	<p>IBBI has amended the Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016 which shall come into effect from 01st October, 2022</p> <ul style="list-style-type: none"> • Regulation 7(2)(c) has been substituted by increasing the registration for individual professional to Rs. 25,000/- and Rs. 2,00,000/- for an Insolvency Professional Entity to be paid every five years after the year of registration and to be paid before 30th April of the year in which it falls due. • Increase in percentage of professional fee to be paid to the board from 0.25% to 1%. The said fee is to be paid along with newly inserted Form G of Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016 • The Regulatory Fee as per Regulation 31A(2) of the IBBI(CIRP) Regulation 2016, must be paid within 30 days from end of each quarter or upon closure of the process whichever is earlier along with Form EA. • Revision of Application fee of Insolvency Professional Entity has been increased from Rs. 50,000/- to Rs. 2,00,000/-
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S. No	NEWS ON IBC
1.	<p>SUPREME COURT : IBC proceedings can be initiated against both if two borrowers fall within ambit of corporate debtors</p> <p>If two corporate bodies fall within the ambit of corporate debtors, there is no reason why insolvency proceedings cannot be initiated against both under the IBC, the Supreme Court. The top court also observed that a resolution's approval in respect of one borrower cannot "certainly discharge" a co-borrower. A two-judge bench comprising of Justice Indira Banerjee and Justice J K Maheshwari delivered its verdict on a plea against a National Company Law Appellate Tribunal (NCLAT) judgment which had dismissed an appeal against an order of the adjudicating authority, the National Company Law Tribunal (NCLT), Mumbai.</p>



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Others during the week

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

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

	GENERAL NEWS
	NIL

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Update on Regulated Sector

S.No	Sector	Update
		NIL



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