

WEEKLY UPDATES ON COMPANY LAW, SEBI, RBI AND IBC

Edition No.250 Week 46- November 07 2022 to November 13 2022

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
1.	<p>Companies will get off the hook for minor breaches of the law</p> <p>The ministry of corporate affairs plans to withdraw prosecution proceedings in specified cases, not involving serious breach of law to eliminate avoidable litigation and improve efficiency in the system, said a person in the know. Accordingly, prosecution proceedings pending for two years or more for defaults that could lead to the removal of a company's name from records will be withdrawn. Also, prosecution proceedings pending for at least five years other than those arising from inquiries, inspections, and investigations where notices remain unserved and offenses involved are compoundable will get the benefit of the government's move.</p>

2

SEBI during the week

Act -0; Report -0; Circulars–2; Master Circular-2; Notification –0; Regulation- 5

S. No	Date of Issue	Rules/Circular/ Notification/ Order	Contents thereof	Gist thereof
1	07/11/2022	Master Circular	<p>Master Circular on the redressal of investor grievances through the SEBI Complaints Redress System (SCORES) platform</p> <p>https://www.sebi.gov.in/sebiweb/home/HomeAction.do?doListingAll=yes#:~:text=Master%20Circular%20on%20the%20redressal%20of%20investor%20grievances%20through%20the%20SEBI%20Complaints%20Redress%20System%20(SCORES)%20platform</p>	<ul style="list-style-type: none"> SCORES platform has given the option of one-time review in case the complainant is not satisfied with the grievance resolution they can opt for review of the extent of the redressal, within 15 days from the date of closure of the complaint on SCORES. The complaint shall be lodged on SCORES within one year from the date of cause of action, subject to certain conditions. SEBI reserves the right to reject a complaint lodged on SCORES, if the date of cause of action is more than one-year-old and/or the complainant has not taken up the complaint with the concerned entity prior to the said date

2	07/11/2022	Master Circular	<p>Master Circular on issuance of No Objection Certificate (NOC) for release of 1% of Issue Amount</p> <p>https://www.sebi.gov.in/legal/master-circulars/nov-2022/master-circular-on-issuance-of-no-objection-certificate-noc-for-release-of-1-of-issue-amount-64744.html</p>	<p>SEBI issued master circular on issuance of No Objection Certificate (NOC) for release of 1% of Issue Amount</p> <ul style="list-style-type: none"> • Issuer, before the opening of the subscription list, is mandated to deposit with the designated stock exchange (DSE), 1% of the issue size available for subscription to the public. This amount of 1% shall be released to the issuer after obtaining the NOC from SEBI. • Issuer is required to apply on its letterhead addressed to SEBI for the purpose of obtaining the NOC from SEBI after the expiry of 2 months from the date of listing on the latest stock exchange which permitted listing. • Application for NOC shall be filed by the Post Issue Lead Merchant Banker (PILMB), provided that all issue-related complaints have been resolved by the PILMB/issuer, with the concerned designated office of SEBI under which the registered office of the issuer falls. • On the date of application for NOC, the bank guarantees, if any, which form part of the 1% deposit by the issuer shall have a residual validity of a minimum of 2 months • Application for NOC shall be considered incomplete by SEBI if the application for NOC is not accompanied by a confirmation by PILMB that all the accounts in ASBA have been 'unblocked'.
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				<ul style="list-style-type: none"> SEBI shall issue the NOC after satisfying itself that the complaints arising from the issue received on SEBI Complaint Redress System (SCORES) against the issuer have been resolved to its satisfaction; Issuer has been submitting Action Taken Reports on the complaints; Fees due to intermediaries associated with the issue process including ASBA Banks have been paid by the issuer.
3	09/11/2022	Regulations	Securities and Exchange Board of India (Payment of Fees) (Amendment) Regulations, 2022 https://www.sebi.gov.in/sebiweb/home/HomeAction.do?doListingAll=yes#:~:text=Securities%20and%20Exchange%20Board%20of%20India%20(Payment%20of%20Fees)%20(Amendment)%20Regulations%2C%202022	<p>The following amendment has been made by SEBI to the circular regarding payment of fees and it came into force from 1st Nov 2022.</p> <ol style="list-style-type: none"> In the SEBI (Foreign Portfolio Investors) Regulations, 2019, - Earlier the registration fees for Foreign portfolio investor belonging to Category I and II shall pay registration fees of US \$ 3000 and US \$300, respectively at the time of submission of the Form to the designated depository participant. Now this has been revised to US \$2500 and US \$250 respectively. Earlier The foreign portfolio investor shall collect the regulatory fee of US \$ 1000 from every subscriber of offshore derivative instrument issued by it and deposit the same with the Board by way of electronic transfer in the designated bank account of the Board. Now it has been revised to US \$800 In the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000

				The application fees payable amounts to US \$ 2100 and Registration fees amounts US \$ 8500
4	09/11/2022	Regulations	<p>Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011</p> <p>https://www.sebi.gov.in/legal/regulations/nov-2022/securities-and-exchange-board-of-india-substantial-acquisition-of-shares-and-takeovers-regulations-2011-last-amended-on-november-9-2022-64907.html</p>	<p>Key highlights of the Notification are Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations:</p> <p>In Regulation 8(2)(d) for determining the offer price of acquisition of shares, a proviso is inserted stating that the price determined as per clause (d) shall not apply in the case of disinvestment of a public sector undertaking by the Central Government or a State Government, as the case may be. This proviso shall apply only in case of a change in control in the public sector undertaking.</p> <p>In Regulation 8(3)(e) for determining the offer price of acquisition of shares, a proviso is inserted stating that the price determined as per clause (e) shall not apply in the case of disinvestment of a public sector undertaking by the Central Government or a State Government, as the case may be. This proviso shall apply only in case of a change in control in the public sector undertaking.</p> <p>Regulation 22(2) pertaining to Completion of acquisition is amended to include, in addition to cash consideration, the provision of unconditional and irrevocable bank guarantee issued in favour of the manager to the open offer by any scheduled commercial bank, subject to the approval of</p>

				<p>the Reserve Bank of India. Further, the bank guarantee shall only be issued by such scheduled commercial banks having “AAA” rating from a credit rating agency registered with the Board, on any of its long-term debt instrument.</p>
5	10/11/2022	Circular	<p>Applicability of GST on fees remitted to SEBI - Revision in Chapter - XX of Operational Circular Operational Circular dated August 10, 2021</p> <p>https://www.sebi.gov.in/legal/circulars/nov-2022/applicability-of-gst-on-fees-remitted-to-sebi-revision-in-chapter-xx-of-operational-circular-operational-circular-dated-august-10-2021_64852.html</p>	<p>(‘SEBI’) has issued circular revising the Chapter XX of Operational Circular for issue and listing of Non-Convertible Securities (‘NCS’), Securitized Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper -Applicability of GST on fees remitted to SEBI. The provisions of this circular will come into force with immediate effect.</p> <p>SEBI vide circular dated 18-07-2022, notified that the following will be subject to GST at the rate of 18% (w.e.f. 18-07-2022):</p> <ul style="list-style-type: none"> • Market Infrastructure Institutions; • Intermediaries registered with SEBI; • Companies which have listed/ are intending to list their securities on the Stock Exchange; • Persons who are dealing in the securities market; <p>Accordingly, the amendments were made in the format in paragraph (b) of Chapter XX (Bank account details for payment of fees):</p> <p>The remittance particulars are to be provided to the email ID ” od-ddhs@sebi.gov.in” immediately after the remittance is made, in the format provided in the circular</p>

6	11/11/2022	Circular	<p>Handling of Clients' Securities by Trading Members(TM) / Clearing Members (CM)</p> <p>https://www.sebi.gov.in/legal/circulars/nov-2022/handling-of-clients-securities-by-trading-members-tm-clearing-members-cm- 64900.html</p>	<p>SEBI, with regard to securities that have not been paid for in full by the clients (unpaid securities), a separate client account titled – “client unpaid securities account” shall be opened by the TM/CM.</p> <p>Unpaid securities shall be transferred to such “client unpaid securities account” from the pool account of the concerned TM/CM.</p> <ul style="list-style-type: none"> • The securities kept in the ‘client unpaid securities account’ shall either be transferred to the Demat account of the respective client upon fulfillment of the client’s funds obligation or shall be disposed of in the market by TM/CM within five trading days after the pay-out. • All the securities received in the pay-out, shall be transferred to the Demat account of the respective clients directly from the pool account of the TM/CM within one working day of the pay-out. • With regard to the unpaid securities, such securities shall be transferred to the respective client’s Demat account followed by the creation of an auto-pledge with the reason “unpaid”, in favor of a separate account titled – “client unpaid securities pledgee account”, which shall be opened by TM/CM.
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				<ul style="list-style-type: none"> • After creating the pledge, a communication (email / SMS) shall be sent by TM/CM informing the client about their funds' obligation and the right of TM/CM to sell such securities in event of failure by the client to fulfill their obligation. • If the client fulfills its fund's obligation within five trading days after the pay-out, TM/CM shall release the pledge so that the securities are available to the client as a free balance and if the client does not fulfill its fund's obligation, TM/CM shall dispose of such unpaid securities in the market within five trading days after the pay-out. TM/CM, before disposing of the securities, shall give an intimation via email /SMS to the client, one trading day before such sale. • All the existing "client unpaid securities accounts" shall be wound up on or before April 15, 2023. The securities lying in such accounts shall either be disposed of in the market or be transferred to the client's Demat account by the TM/CM accordingly, failing which such accounts shall be frozen for debit and credit. <p>The provisions of this circular will come into force on March 31, 2023</p>
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7	11/11/2022	Regulation	<p>Securities and Exchange Board of India (Infrastructure Investment Trusts) (Second Amendment) Regulations, 2022</p> <p>https://www.sebi.gov.in/legal/regulations/nov-2022/securities-and-exchange-board-of-india-infrastructure-investment-trusts-second-amendment-regulations-2022_64909.html</p>	<p>SEBI has amended Infrastructure investment trusts as follows:</p> <p>In Regulation 14 which states “Issue of units and allotment”, sub-regulation (5A) has been inserted namely: -</p> <p>“No InvIT shall undertake any activity under Chapter VIA”</p> <ul style="list-style-type: none"> • In Regulation 17 which states “Delisting of units and winding up of the InvIT” under sub-regulation (6) which further states “After delisting of its units, the InvIT shall surrender its certificate of registration to the Board and shall no longer undertake the activity of an InvIT”. The proviso has been omitted. • Regulation 22 which states “Rights and meetings of unit holders” regulation (5B) has been omitted. <p>This shall come into force from January 01, 2023</p>
8	11/11/2022	Regulations	<p>Securities and Exchange Board of India (Real Estate Investment Trusts) (Amendment) Regulations, 2022</p> <p>https://www.sebi.gov.in/legal/regulations/nov-2022/securities-and-exchange-board-of-india-real-estate-investment-trusts-amendment-regulations-2022_64911.html</p>	<p>SEBI has amended Real estate investment trusts as follows which came into force from 9th November 2022:</p> <p>In regulation 11, sub-regulation (3) has been substituted with the following sub-regulation, namely-</p> <p>“(3) The sponsor(s) and sponsor group(s) shall collectively hold a minimum of fifteen percent of the total units of the REIT for a period of at least three</p>

				<p>years from the date of listing of such units pursuant to initial offer on a post-issue basis:</p> <p>Provided that any holding of the sponsor(s) and sponsor group(s) exceeding the minimum holding, shall be held for a period of at least one year from the date of listing of such units.”</p> <ul style="list-style-type: none"> • In regulation 11, after sub-regulation (3), the sub-regulation (4) has been inserted, namely- <p>“(4) Notwithstanding anything contained in any contract or agreement, the sponsor(s) and the sponsor group(s) shall continue to be liable to the REIT, trustees, and unit holders for all acts of commission or omission, representation or covenants related to the formation of the REIT and the sale or transfer of assets or holdco or SPV to the REIT.”</p>
9	11/11/2022	Regulation	<p>Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) (Second Amendment) Regulations, 2022</p>	<p>SEBI has amended the Issue and Listing of Non-Convertible Securities . As per this amendment, it has been notified that no person shall act as an online bond platform provider without a certificate of registration from the Board as a stock broker under the Securities and Exchange Board of India (Stock Brokers) Regulations, 1992.</p>

		<p>https://www.sebi.gov.in/sebiweb/home/HomeAction.do?doListingAll=yes#:~:text=Securities%20and%20Exchange%20Board%20of%20India%20(Issue%20and%20Listing%20of%20Non%2DConvertible%20Securities)%20(Second%20Amendment)%20Regulations%2C%202022</p>	<p>A person acting as an online bond platform provider without the certificate of registration on or prior to the date of this regulation coming into force, may continue to do so for a period of three months from the date of this regulation coming into force or such other time period as may be specified by the Board, or if it has made an application for grant of a certificate of registration within the specified period, till the disposal of such application by the Board</p> <p>The term “online bond platform provider” means any person operating or providing an online bond platform and “online bond platform” means any electronic system, other than a recognised stock exchange or an electronic book provider platform, on which the debt securities which are listed or proposed to be listed, are offered and transacted.”</p>
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S.No	NEWS ON SEBI
1	<p>SEBI closes 107 cases under settlement mechanism in FY22; collects Rs 59 crores</p> <p>As many as 107 applications pertaining to flouting of securities law were settled with capital markets regulator SEBI fetching Rs 59 crore through settlement charges in 2021-22. This was way lower than 216 applications disposed of by passing appropriate settlement orders and the regulator collected Rs 68.23 crore in 2020-21, according to the latest disclosure made by SEBI in its annual report. The settlement orders were passed in cases related to alleged violations of AIF (Alternative Investment Funds) as well as mutual fund norms, insider trading rules, PFUTP (Prohibition of Fraudulent and Unfair Trade Practices) and LODR</p>

	<p>(Listing Obligations and Disclosure Requirements) rules, among others. Under the settlement mechanism, an alleged wrongdoer can settle a pending case with the regulator without admission or denial of guilt by paying a settlement fee. The settlement mechanism is a tool for ensuring speedy and efficient resolution of disputes.</p>
<p>2</p>	<p>Separate MII functions into three verticals, recommends SEBI expert panel</p> <p>An expert group constituted by the Securities and Exchange Board of India (SEBI) to strengthen governance at market infrastructure institutions (MIIs) has suggested the creation of three distinct verticals to avoid conflict of interest. These include critical operations; regulatory, compliance and risk management and other functions such as business development. The committee has recommended that in terms of hierarchy, the key managerial personnel (KMPs) of all three verticals will be at par. However, in terms of resource allocation and utilisation, the functions under the first two verticals separately should be given higher priority. MIIs are considered to be the pillars of the stock market ecosystem. These include stock exchanges, clearing corporations and depositories.</p>
<p>3.</p>	<p>SEBI seeks to protect public shareholders' interests during CIRP</p> <p>The Securities and Exchange Board of India (SEBI) has proposed a framework to protect the interests of public equity shareholders in case of listed companies undergoing insolvency proceedings. In a discussion paper, the capital markets regulator has proposed that public equity shareholders should get an opportunity to acquire shares of the entity created, following the completion of the corporate insolvency resolution process (CIRP). SEBI has said the price offered to these shareholders should be the same as the one agreed upon by the resolution applicant. The framework, once in effect, will help small stakeholders get an opportunity to participate in the revival process of the company going through insolvency.</p>

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RBI during the week

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

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

S. No	NEWS ON RBI
1	<p>Municipal corps should explore land-based models to raise funds : RBI</p> <p>The Municipal Corporations (MC) in the country need to explore different innovative bond and land based financing mechanisms to augment their resources, said a Reserve Bank of India’s study. In a first ever comprehensive analysis of Municipal finances, it said MCs need to adopt sound and transparent accounting practices with proper monitoring and documentation of various receipt and expenditure items. The study on the theme -- ‘Alternative Sources of Financing for Municipal Corporations’ covered 201 municipal corporations (MCs) across all States.</p>

2	<p>The liquidity in the banking system has turned to a surplus in November as the demand for cash seen during the festive season tapers and also on likely increase in government spending. During the first three days of the month, the Reserve Bank of India (RBI) absorbed a daily average of Rs. 71,090 crore from the banking system. This compares with a daily average injection of Rs. 58,213.98 crore between October 20 and October 31, 2022, when the liquidity situation tightened on account of higher demand for cash during the festival season, GST and other tax related outflows and the Reserve Bank's intervention in the foreign exchange market to contain volatility in the rupee.</p>
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IBC during the week

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

S. No	Date of Issue	Notifications/ Master Directors/Mast er Circulars	Subject & Link	Gist thereof
1	09/11/2022	Circular	IBBI Circular-Review of Regulations https://ibbi.gov.in/uploads/legalframwork/3d3dcfb09fe6865c8b7489af1a2b7b09.pdf	<p>The IBBI conducted an exercise of review of regulations and circulars. It is observed by IBBI that certain circulars are no longer required on account of being already provided in the IBBI (Insolvency Professionals) Regulations, 2016 or the IBBI (Model Bye-Laws and Governing Board of Insolvency Professional Agencies) Regulations, 2016 or the IBBI (Information Utilities) Regulations, 2017, as the case may be. Accordingly, the IBBI decided to rescind circulars and it has been listed as the Annexure of the circular, with immediate effect.</p>

S. No	NEWS ON IBC
1.	<p>NCLT disposes insolvency plea against Gannon Dunkerley : The Mumbai bench of the National Company Law Tribunal (NCLT) has disposed of an insolvency petition filed by Canara Bank against Gannon Dunkerley & Co, as lenders are considering a settlement proposal from the construction and engineering firm. The insolvency petition had been filed by Canara Bank, after Gannon Dunkerley defaulted on dues of more than Rs 43.26 crore. Subsequently, the company approached the consortium of eight lenders, led by State Bank of India, with the settlement proposal.</p>

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Others during the week

NSE-0; BSE-0; DIPP-0; Finance Ministry-0; Others -2;

S. No	Date of Issue	Rules/Circular/ Notification/Order	Contents thereof	Gist thereof
1	05/11/2022	Press release	<p>Central Consumer Protection Authority passes Order against Cloudtail for selling domestic pressure cookers in violation of mandatory BIS standards</p> <p>https://www.pib.gov.in/PressReleasePage.aspx?PRID=1873903</p>	<p>The Central Consumer Protection Authority (CCPA) has passed order against Cloudtail India Pvt. Ltd. for violation of consumer rights and unfair trade practice by selling domestic pressure cookers in violation to mandatory standards prescribed as per Domestic Pressure Cooker (Quality Control) Order, 2020. CCPA initiated suo-moto action against e-commerce platforms for sale of domestic pressure cookers in violation to compulsory standards on its e-commerce platforms. CCPA had issued notice to major e-commerce platforms including Amazon, Flipkart, Paytm Mall, Shopclues and Snapdeal as well as to the sellers registered on these platforms. In the order, CCPA directed Cloudtail to recall the 1,033 units of pressure cookers sold by it and reimburse the prices of the</p>

				recalled pressure cookers to the consumers and submit a compliance report within 45 days. The company was also directed to pay a penalty of ₹1,00,000 for selling domestic pressure cookers to consumers in violation to mandatory standards prescribed under the QCO and violating the rights of consumers.
2	09/11/2022	News	<p>Services to be rendered by Company Secretary in practice pursuant to decision of the Council under Section 2(2)(f) of the Company Secretaries Act, 1980 read with Regulation 168 of the Company Secretaries Regulations, 1982</p> <p>https://www.icsi.edu/media/webmodules/09112022_2_2_f.docx https://www.icsi.edu/media/webmodules/09112022_2_2_f.docx</p>	<p>The Council of the Institute in its 290th meeting held on 14th October, 2022, reviewed its various decisions on the matter and in supersession of all earlier resolutions in this regard passed the Resolutions providing for the services which can be rendered by Company Secretary in practice. Company secretary can provide services to any of the business enterprise or entity, individual, Association of Persons (AOP), proprietor, partnership firm, Limited Liability Partnerships (LLPs), Body Corporate or any other regulatory body or authority</p> <p>The following services can be rendered by Company secretary in practice:</p> <ol style="list-style-type: none"> Services recognized under act, rules, regulations. Act as an auditor for due diligence as per act to provide report Can represent before statutory authority Advisory services in related matters Can act as Insolvency professionals, liquidators, bankruptcy trustees, registered valuers, actuaries, IPR agent, ISO consultant, Tax consultant investment advisor, portfolio manager and

				<p>distributor of Mutual funds, real estate agent, Special Executive Magistrate after obtaining certification</p> <p>f) Render services relating to Corporate Social Responsibility(CSR) and evaluate the CSR activities</p> <p>g) Can render Management Consultancy services</p> <p>h) Can act as advisory in relevant area of business</p> <p>i) to undertake evaluation of papers, act as a paper-setter and other related works</p> <p>j) to hold public elective offices such as M.P., M.L.A., M.L.C., Mayor, Parshad or other elected public offices.</p> <p>k) to become a member/ co-opted member/ nominated member of any university/ educational institution/ statutory body/ Government or semi-government organisation/ Co-operations/ trust/ society/ body corporate and the like.</p> <p>l) to act as a recovery-consultant in banking and financial sector to carry out agricultural and allied activities with the help</p> <p>m) Company Secretary in practice may hold equity shares, contribute capital and become partner/director/whole time director, designated partner / partner of a LLP or partnership firm as per the relevant acts</p>
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	GENERAL NEWS
	NIL

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Update on Regulated Sector

S.No	Sector	Update
		NIL



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