

WEEKLY UPDATES ON COMPANY LAW, SEBI, RBI AND IBC

Edition No. 287 Week 31– July 24 2023 to July 30 2023

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Companies Act 2013 during the week

Rules -0; Circulars - 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

Notification – 3; Circulars– 4; Press Release – 1; BSE Circular – 0

S. No	Date of Issue	Rules/Circular/ Notification/ Order	Contents thereof	Gist thereof
1	25-07-2023	Notification	Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) (Second Amendment) Regulations, 2023	<p>The SEBI issued the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) (Second Amendment) Regulation, 2023.</p> <p>Key amendments are as follows:</p> <ol style="list-style-type: none"> 1. Regulation 22D which states “Contribution to the Settlement Guarantee Fund” the following has been amended namely “<i>The contribution to the fund as specified in regulation 37 shall be made by the recognised limited purpose clearing corporation, the clearing members, participants, and issues of the debt securities, in the manner as may be prescribed by the board from time to time.</i>” 2. Regulation 37 which states “Fund To Guarantee Settlement of Trades” the following has been stated namely <ol style="list-style-type: none"> a. Sub-regulation (2) has been amended namely

				<p>“In the event of a clearing member or a participant failing to honour the settlement obligations, the fund shall be utilised to complete the settlement.”</p> <p>b. Sub regulation 3 has been amended namely</p> <p>“The corpus of the fund shall be adequate to meet the settlement obligations arising on account of failure of clearing member(s) or participant(s).”</p>
2	25-07-2023	Notification	Securities and Exchange Board of India (Stockbrokers) (Second Amendment) Regulations, 2023	<p>SEBI has issued Securities and Exchange Board of India (Stockbrokers) (Second Amendment) Regulations, 2023 and it shall come into force from the date of publication in the official Gazette.</p> <p>This amendment primarily focused on the procedural aspects of registration, and aimed to streamline the process. The amendment provides that no separate registration is needed for any person registered with the limited purpose clearing corporation participating in the tri-party repo segment for proprietary trades in corporate bonds. The amendment also brings about additional explanations for better understanding of the regulations.</p> <p>Further, it also gave explanation for the term “participant,” aligning it with the stipulations under the Repurchase Transactions (Repo) (Reserve Bank) Directions, 2018.</p>

3	26-07-2023	Notification	SEBI (Mutual Fund) (Amendment) Regulations, 2023	<p>Earlier, the SEBI vide. Notification dated 26th June 2023 released the SEBI (Mutual Funds) (Amend.) Regulations, 2023 and the same shall come into force from the date of publication in the official Gazette.</p> <p>SEBI, vide present notification, has outlined the effective dates of the specific provisions.</p> <p>SEBI has notified the date of applicability of sub-regulation (XII) of regulation 3 will be effective from 26th July 2023 and on 01st January 2024 several other provisions of Regulation 3 shall come into force.</p>
4	26-07-2023	Circular	Resources for Trustees of Mutual Funds	<p>This circular is applicable to the Trustees who have standing arrangements with independent firms for special purpose audit and/or to seek legal advice.</p> <p>Considering that this standing arrangement needs to be available on a continuous basis – a confirmation is mandated to be provided by the Trustees in the Half Yearly Trustee Reports submitted to SEBI.</p> <p>Further, SEBI has issued the format for Half Yearly Trust Report.</p> <p>This circular shall come into force with immediate effect.</p>
5	27-07-2023	Circular	Mandating Legal Entity Identifier (LEI) for all non – individual Foreign Portfolio Investors (FPIs)	<p>The Legal Entity Identifier (LEI) is a unique code used worldwide to identify distinct entities involved in financial transaction.</p> <p>Earlier the FPIs – who were individuals were required to provide their LEI details in the Common Application Form, on a voluntary basis.</p>

				<p>Vide this circular, SEBI has mandated all the all non-individual FPIs to provide LEI in Common Application Form (CAF) used for KYC, registration and Account opening.</p> <ul style="list-style-type: none"> ➤ Further, all existing FPIs, including those applying for renewal, that have not already provided their LEIs to their Designated Depository Participants (DDPs) will be required to do so within 180 days, failing which their account will be blocked for further purchases until LEI is provided to their DDPs. ➤ All fresh registration would be carried out after receiving the FPIs' respective LEI details. ➤ FPIs are required to ensure that their LEI is active at all times. Accounts of FPIs whose LEI code has expired or lapsed will be blocked for further purchases in the securities market till the time the LEI code is renewed by such FPIs.
6	27-07-2023	Circular	Investment by Mutual Fund Schemes and AMCs in units of Corporate Debt Market Development Fund	<p>SEBI issued this circular regarding investment by MFCs and AMCs in the units of Corporate Debt Market Development Fund (CDMDF) /Fund.</p> <p>CDMDF will act as a backstop facility for purchase of investment-grade corporate debt securities, to instil confidence among the participants in the corporate debt market during times of stress. In this regard SEBI has come out with the guidelines for the fund.</p> <p>Further, CDMDF would be launched as a close ended scheme with an initial tenure of 15 years from the date of its initial closing.</p>

				<p>The units of CDMDF can be subscribed by asset management companies (AMCs) and specified debt-oriented MF Schemes (excluding overnight funds, gilt funds, and conservative hybrid funds)</p> <p>This circular shall come into force with immediate effect.</p>
7	27-07-2023	Circular	Framework for Corporate Debt Market Development Fund (CDMDF)	<p>The Corporate Debt Market Development Fund (CDMDF) shall comply with the Guarantee Scheme for Corporate Debt (GSCD) which includes the Framework for the CDMDF. The guarantee shall cover debt raised, along with interest accrued and other bank charges thereon, and shall not exceed Rs.30,000 crore and this shall come into force w.e.f 26th July 2023.</p> <p>Further, this circular has also mentioned about the following</p> <ul style="list-style-type: none"> ➤ The list of corporate debt securities which shall be purchased by the fund during normal times ➤ Fees and expenses of the fund during normal times and during market stress, specifically ➤ Method for the purchase of Corporate debt securities during market dislocation ➤ Fair Pricing document to be followed by CDMDF ➤ Loss waterfall accounting to be followed by CDMDF ➤ Disclosure of Net Asset Value of the fund ➤ Purchase allocation and trade settlement of corporate debt securities bought by CDMDF during market dislocation

8	29-07-2023	Press Release	<p>SEBI set an early stage of considering simplification of the process of on-boarding of clients by adoption of risk based approach</p>	<p>As a response to the media articles speculating that SEBI has sought to curb retail participation in derivate markets – SEBI has clarified that there is no proposal to curb retail participation as mentioned.</p> <p>It has further stated that the Stockbrokers shall have documentary evidence of financial capability for all clients for trading in the derivative segment.</p> <p>It is reiterated that proposals which result in any change in the regulatory framework, undergoes a process of comprehensive consultation with all stakeholders including the public, before any decision is taken by the Board.</p>
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S.No	NEWS ON SEBI
NIL	

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RBI during the week

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

S.No	Date of Issue	Rules/Circular/ Notification/ Order/Press release	Subject	Gist thereof
1	25-07-2023	Master Circular	Master Circular – Management of Advances – Urban Cooperative Bank	This Master Circular has been issued to all the primary Urban Co-operative Banks. This Master Circular has consolidated and updated all the instructions/guidelines on the subject issued till date

S.No	NEWS ON RBI
	NIL

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IBC during the week
Press Release – 0; Master Direction – 0; Circulars – 0; Order -0

S.No	Date of Issue	Rules/Circular/ Notification / Order/Press release	Subject	Gist thereof
NIL				

S.No	NEWS ON IBC
NIL	

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Others during the week

DGFT – 1; NCLT – 0; Others – 2

S. No	Date	Rules/Circular/ Notification/Order/ Press Release	Contents thereof	Gist thereof
1	26-07-2023	Notification	General Insurance (Rationalization and Revision of Pay Scales and Other Conditions of Service of Supervisory, Clerical and Subordinate Staff) Amendment Scheme, 2023	This Scheme has been amended giving effect to the inclusion of the clause which now grants ‘Special Leave’ of up to a period of ninety days – to an aggrieved female employee on recommendation of the Internal Complaints Committee during the pendency of inquiry under the Sexual Harassment of Women at Workplace. Especially such leave granted to the aggrieved female employee under this rule shall not be debited against the leave account.
2	27-07-2023	Notification	India International Arbitration Centre (Terms and conditions and salary and allowances payable to Chairperson and Full time Members) Second Amendment Rules, 2023	The Central Government has inserted a proviso which now entitles the Chairperson [who has been judge of the Supreme Court of India or High Court] to a rent free furnished accommodation or house rent allowance at the rate of 27% of their respective basic pay. Further this notification also consists the definition of ‘rent free accommodation’

3	28-07-2023	Notification	Amendment in Export Policy of De-Oiled Rice Bran	Directorate General of Foreign Trade, vide this notification, has stated that the export policy of De-Oiled Rice Bran is amended from 'Free' to 'Prohibited'. This notification shall come into force with immediate effect, and it shall be applicable till 30-11-2023
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S NO	GENERAL NEWS
	NIL

Update on Regulated Sector

S.No	Sector	Update
1	<p>The Biological Diversity (Amendment) Bill, 2022 was passed on the eighth day of the Lok Sabha’s monsoon session</p>	<p>A. Key highlights of the Amendments include the following:</p> <ul style="list-style-type: none"> i. Exemption for AYUSH Practitioners: The Bill exempted registered AYUSH medical practitioners from the requirement of giving prior intimation to State Biodiversity Boards for accessing biological resources for certain purposes. This exemption aimed to facilitate easier access for traditional medicine practitioners to biological resources for medicinal purposes. ii. Exemption for Cultivated Medicinal Plants: The Bill excluded cultivated medicinal plants from the purview of the Biological Diversity Act. This meant that access to cultivated medicinal plants for various purposes would not be subject to the regulations and requirements of the Act. iii. Fast-tracking of Research and Patent Application: The Bill proposed to fast-track the process of research and patent applications related to biological resources. This provision aimed to encourage and expedite research and innovation in the field of biodiversity and its applications. iv. Change in Offences Classification: The Bill proposed to change the nature of violations of the law related to access to biological resources and benefit-sharing with communities. Currently treated as criminal offences that are non-bailable, The Bill decriminalizes all offences under the Act.

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| | | <p>v. Foreign Investment in Biodiversity Research: The Bill allowed foreign investment in research related to biodiversity. However, it stipulated that such investment should be made through Indian companies involved in biodiversity research exclusively.</p> <p>vi. Introduction of Member-Secretary Post: The Bill introduced the post of 'Member-Secretary' to be appointed by the Central Government. The Member-Secretary would serve as the chief coordinating officer and convener of the National Biodiversity Authority (NBA) and assist the Authority in discharging its functions under the Biological Diversity Act.</p> |
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