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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	27/5/2022	Circular	<p>Relaxation in paying additional fees in case of delay in filing Form 11(Annual Return) by Limited Liability Partnerships up to 30th June, 2022</p> <p>https://www.mca.gov.in/bin/dms/getdocument?mds=bPU6zFGIKpt0gBxXLV99nw%253D%253D&type=open</p>	<p>MCA has extended timelines for filing of Annual Return (Form-11) by Limited Liability Partnerships without paying additional fees up to 30th June 2022.</p> <p>This was done with a view to promote ease in transition from LLP V2 to V3.</p>

S. No	NEWS ON MCA
1.	Company law tweaks to raise governance: The government is set to introduce amendments to the Companies Act in the winter session of Parliament to raise the bar on corporate governance, especially in hiring for board positions and handling resignations of auditors and top executives.

2

SEBI during the week

Act -0; Report -0; Circulars-1; Press Release-0; Notification -0; Guidelines- 0

Master Circulars-1; Circulars – 0; Press Release –0 Others -2;

S. No	Date of Issue	Act/rules/circulars	Subject & Link	Gist thereof
1	25/5/22	Circulars	Simplification of procedure and Standardization of formats of documents for issuance of duplicate securities certificates https://www.sebi.gov.in/legal/circulars/may-2022/simplification-of-procedure-and-standardization-of-formats-of-documents-for-issuance-of-duplicate-securities-certificates_59173.html	In a view to make issuance of Duplicate securities more investor friendly SEBI has simplified the procedure and documentation requirements- <ul style="list-style-type: none"> a) Security holder to Submit to Registrar to an issue and Share Transfer Agents (RTA) a copy of FIR including e-FIR/Police complaint/ Court injunction order/copy of plaint (where the suit filed has been accepted by the Court and Suit No. has been given), necessarily having details of the securities, folio number, distinctive number range and certificate numbers. b) Newspaper advertisement regarding the loss of Securities for wide circulation c) Affidavit and Indemnity bond as per the format prescribed by SEBI There shall be no requirement to comply with if the Value of securities as on date of application does not exceed 5 lakhs

				<p><u>For RTA</u></p> <ul style="list-style-type: none"> a) In case of non-availability of Certificate Nos./Distinctive Nos./ Folio nos., the RTA upon written request by the security holder shall provide the same, to the security holder only where the signature and the address of the security holder matches with the RTA / listed company's records b) If the same is not satisfied then the security holder has to complete a KYC process c) RTA to seize and deface Fake / forged / stolen certificates where duplicate certificate is issued and keep in custody in the manner authorized by the Board of the company <p><u>Exemptions</u></p> <ul style="list-style-type: none"> a) No requirement to submit surety for issuance of duplicate securities b) An overseas securities holder, in lieu of documents mentioned in Para (a) of this circular shall be permitted to provide self-declaration of the security certificates lost/misplaced/stolen. <p>As mandated vide SEBI Circular dated January 25, 2022, duplicate Securities shall be issued in dematerialized mode only</p>
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sno	NEWS ON SEBI
1	<p><u>Informal Guidance Sought by Guardian Capital Investment Advisors Private Limited under the SEBI (Investment Advisers) Regulations, 2013</u></p> <p>SEBI has provided Informal guidance to Guardian Capital investment Advisors Private Limited on March 04, 2022 who had sought an interpretative letter under the SEBI (Informal Guidance) Scheme, 2003 (the “Scheme”) with respect to segregation of client for investment advisory and distribution services.</p> <p><u>SEBI’S INFORMAL GUIDANCE:</u></p> <p>Regulation 22 of the SEBI (Investment Advisers) Regulations,2013 (the “IA Regulations”) states that Non-individual investment adviser shall have client level segregation at group level for investment advisory and distribution services</p> <p>Explanation:</p> <p>(i) The same client cannot be offered both advisory and distribution services within the group of the non-individual entity.</p> <p>(ii) A client can either be an advisory client where no of the received at the group level or distribution services client where no advisory fee is collected from the client at the group level. ”</p> <p>Further, relevant provisions of the SEBI Circular dated September 23, 2020 states as under</p> <ol style="list-style-type: none"> 1. Existing clients, who wish to take advisory services, will not be eligible for availing distribution services within the group/family of IA and vice versa 2. A new client will be eligible to avail either advisory or distribution services within the group/family of IA. 3. However, the option to avail either advisory services or distribution services shall be made available to such client at the time of on boarding <p>The client shall have discretion to continue holding assets prior to the applicability of this segregation under the existing advisory/distribution arrangement. The client shall not be forced to liquidate/switch such existing holdings.</p>

<p>2</p>	<p><u>SEBI issues new norms for constitution, disclosure of passive funds</u></p> <p>The Securities and Exchange Board of India (Sebi) announced changes to guidelines for passive funds, aiming to boost exchange-traded funds (ETFs). For debt ETFs and index funds, the market regulator capped group-level exposure at 25 per cent. The cap will not apply when it comes to investment in public sector entities.</p>
<p>3</p>	<p><u>Schemes of arrangement: SEBI mulls framework for entities that have only listed their debt securities</u></p> <p>“When a listed issuer undergoes restructuring, it impacts investors, irrespective of the security invested in. Hence a holder of debt securities/ NCRPS’ is impacted as much as a holder of specified securities; this necessitates affording a similar protection to the former. Markets regulator SEBI proposed introducing a framework for ‘schemes of arrangement’ for entities that have only listed their debt securities. Scheme of arrangement is a court-approved agreement between a company and its shareholders or creditors.</p>

3

RBI during the week

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

S. No	Date of Issue	Notifications/Master Directors/Master Circulars	Subject & Link	Gist thereof
1	25/5/2022	Press Release	Reserve Bank cancels Certificate of Registration (CoR) of five NBFCs due to irregular lending practices https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=53763	In exercise of the powers conferred under Section 45-IA (6) (iv) of the Reserve Bank of India Act, 1934, the Reserve Bank has cancelled the Certificate of Registration (CoR) issued to five Non-Banking Financial Companies (NBFCs). The same have been cancelled on account of violation of RBI guidelines on outsourcing and Fair Practices Code in their digital lending operations undertaken through third party apps which was considered detrimental to public interest. These companies were also not complying with the extant regulations pertaining to charging of excessive interest and had resorted

				to undue harassment of customers for loan recovery purposes.
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S. No	NEWS ON RBI
1	<p><u>RBI-constituted panel to review customer service standards in banks, NBFCs</u></p> <p>The RBI said it has set up a committee to evaluate the efficacy, adequacy and quality of customer service in banks, NBFCs, and other entities regulated by it. The six-member committee headed by former RBI deputy governor B P Kanungo has been asked to submit a report within three months from the date of its first meeting.</p>

4

IBC during the week

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

S. No	Date of Issue	Notifications/Master Directors/Master Circulars	Subject & Link	Gist thereof									
1	23/5/2022	Circular	Review of circulars https://www.ibbi.gov.in/uploads/legalframwork/e2f51931db6d2895b10df3d69021f8ae.pdf	<p>The IBBI (Insolvency and Bankruptcy Board of India) has observed that certain circulars are no longer required on account of being already provided in IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 or IBBI (Insolvency Professionals) Regulations, 2016 as the case may be. After reviewing the circulars, it has been decided to rescind the following circulars, with immediate effect.</p> <table border="1"> <thead> <tr> <th>S.No</th> <th>Subject</th> <th>Date of circular</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Confidentiality of Information</td> <td>23rd Feb 2018</td> </tr> <tr> <td>2.</td> <td>Appt. of Authorised representative of Class of Creditors</td> <td>13th July 2018</td> </tr> </tbody> </table>	S.No	Subject	Date of circular	1.	Confidentiality of Information	23 rd Feb 2018	2.	Appt. of Authorised representative of Class of Creditors	13 th July 2018
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1.	Confidentiality of Information	23 rd Feb 2018											
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				3.	Notice for meetings of COC	10 th August 2018
				4.	Voting in CoC	14 th September 2018
				5.	Circular - Retention of records relating to Corporate Insolvency Resolution Process	06 th January 2021
				6.	Clarification - Consideration of matters/issues by the committee of creditors on request by members of the committee	16 th April 2021

S. No	NEWS ON IBC
1.	<p><u>Non-payment of TDS not a ground for initiation of insolvency process</u></p> <p>The National Company Law Appellate Tribunal (NCLAT) has held that dues on account of non-payment of TDS cannot be a ground to initiate insolvency proceedings against any company. Setting aside an order of the Kolkata bench of NCLT, the appellate tribunal said "the process of Insolvency & Bankruptcy Code (IBC) cannot be utilized" for recovery of TDS dues by an operational creditor of the company.</p>
2.	<p><u>IBC AND RBI Guidelines Are 'Disjoint Sets', "There Is No Question Of One Prevailing Over The Other": NCLT Kolkata Dismisses Application Filed By SREI</u></p> <p>The National Company Law Tribunal ("NCLT"), Kolkata Bench, while adjudicating an application filed in Reserve Bank of India v SREI Infrastructure Finance Ltd., has held that the Insolvency and Bankruptcy Code, 2016 ("IBC") and the RBI Guidelines do not prevail over each other as they have different scope and purpose. The NCLT does not have jurisdiction to adjudicate upon an audit conducted under RBI guidelines.</p>
3.	<p><u>CIRP Cannot Be Initiated Solely For Interest Amount, If The Principal Amount Is Discharged:</u></p> <p>NCLT Delhi while adjudicating a petition filed in Saraf Chits Private Limited & Anr. v KAD Housing Private Limited, has held that Corporate Insolvency Resolution Process ("CIRP") cannot be initiated against a Corporate Debtor solely on the basis of the unpaid amount of interest, where the entire principal amount has already been discharged by the Corporate Debtor. The order was passed on 23.05.2022.</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

1.	<p><u>Higher stress in Agri, MSME, retail segments:</u> Large banks see slippages rise in Q4 : Most large banks reported an increase in fresh bad loans on a sequential basis for the quarter ended March 2022. A clutch of 17 banks reported slippages worth Rs 53,512 crore in Q4FY22, 28% higher compared with the third quarter of FY22. Although the trend is partly attributable to the lumpy Future Retail exposure slipping during Q4, higher stress in the Agri, MSME and retail segments made a significant contribution to banks' bad loan pie.</p>
2.	<p><u>E-commerce must for MSMEs to grow exports, tap into international markets: Experts Trade, import and export for MSMEs:</u> Exports through e-commerce has become mandatory to a large extent for MSME exporters looking for an affordable gateway to international markets, according to experts speaking at Financial Express Online's SMExports Summit 2022. India crossed \$400 billion in exports during the financial year 2021-22 to enhance its share in global trade. This came at a time when crores of MSMEs, which account for nearly half of the country's exports, were continuing to recover from the Covid crisis. This was over and above the traditional complexities in the supply chain, investments, cross-border payments, technology, and demand uncertainty that had arguably limited the export potential of MSMEs.</p>



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