

WEEKLY UPDATES ON COMPANY LAW, SEBI, RBI AND IBC

Edition No. 234 - Week 30 - July 18 2022 to July 24 2022

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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; Report -0; Circulars-2; Press Release-1; Notification -0; Regulation- 0

Master Circulars-0; Circulars - 0; Press Release -0 Others -0;

S. No	Date of Issue	Act/rules/circulars	Subject & Link	Gist thereof
1	18/07/2022	Circular	<p>Levy of Goods & Services Tax (GST) on the fees payable to SEBI</p> <p>https://www.sebi.gov.in/legal/circulars/jul-2022/levy-of-goods-and-services-tax-gst-on-the-fees-payable-to-sebi 60880.html</p>	<p>The GST Council in its meeting held on June 28 and June 29, 2022, recommended to withdraw the exemption granted to services by SEBI and the same has been notified vide Notification No.4/2022 dated 13th July, 2022.</p> <p>All Market Infrastructure Institutions, Companies who have listed / are intending list their securities, other intermediaries and persons who are dealing in the securities market, are hereby informed that the fees and other charges payable to SEBI shall be subject to GST at the rate of 18% with effect from July 18, 2022.</p>

2	19/07/2022	Press Release	<p>Shri Pramod Rao takes charge as Executive Director, SEBI</p> <p>https://www.sebi.gov.in/sebiweb/home/HomeAction.do?doListingAll=yes#:~:text=Shri%20Pramod%20Rao%20takes%20charge%20as%20Executive%20Director%2C%20SEBI</p>	<p>Capital markets regulator SEBI announced that Mr. Pramod Rao has taken charge as its executive director. He will handle the department of debt and hybrid securities as well as the enquiry and adjudication department. Mr. Rao took charge as executive director at SEBI on July 15, 2022. Before this assignment, he held the position of Group General Counsel at ICICI Bank and provided strategic oversight to the legal function of the ICICI group.</p>
3	20/07/2022	Circular	<p>Entities allowed to use e-KYC Aadhaar Authentication services of UIDAI in Securities Market as sub-KUA</p> <p>https://www.sebi.gov.in/legal/circulars/jul-2022/entities-allowed-to-use-e-kyc-aadhaar-authentication-services-of-uidai-in-securities-market-as-sub-kua_61047.html</p>	<p>Capital markets regulator SEBI issued directives for subKYC user agencies to provide Aadhaar authentication services to their clients for the purpose of know your customer (KYC). This comes as the government last week notified 155 entities as subKUAs (KYC user agencies) to use Aadhaar authentication services of the UIDAI (Unique Identification Authority of India)</p>

S. No	NEWS ON SEBI
1	<p>SEBI proposes regulatory framework for online bond platforms: Capital markets regulator SEBI proposed a regulatory framework for the online bond platforms that are selling listed debt securities. Under the proposal, bond platforms should register as stock brokers (debt segment) with the SEBI or be run by SEBI-registered brokers, according to a consultation paper. This will also enhance the confidence among investors, particularly non-institutional investors, as the platforms would be provided by SEBI-regulated intermediaries. Additionally, the stock-broker regulations will be applicable to these entities, which would govern their code of conduct and other aspects related to their operations and risk management.</p>
2	<p>Informal Guidance Sought by Club Millionaire Financial Services Pvt. Ltd. regarding shareholding in CDSL and treatment as Person Acting in Concert for a SEBI registered Portfolio Manager</p> <p>Gist:</p> <p>Club Millionaire Financial Services Pvt. Ltd is a registered portfolio manager with SEBI</p> <p>Q: Whether a Portfolio Manager(PM) and its client, who is an acquirer are to be considered as Person Acting in Concert and is he accountable for the securities held by PMS (Portfolio Management Service) investors outside its PMS arrangement?</p> <p>A: A person with a common objective or purpose of acquisition of shares or voting rights in, or exercising control over a target company, pursuant to an agreement or understanding , formal or informal, directly or indirectly cooperate for acquisition of shares or voting rights in, or exercise of control over the target company. Therefore, a PM along with its clients shall be deemed to be persons acting in concert, unless the contrary is established. If the securities are purchased outside the PMS arrangement, the PM and its client may not be said to PACs.</p> <p>Q: Is it required to obtain prior approval of the board to acquire above 5% of the total paid up equity capital of CDSL, in the capacity as a portfolio manager?</p>

A: A person who is eligible under regulation 21(1) and 21(2) of the DP regulations is required to obtain a prior approval of SEBI for acquiring or holding more than 5% of paid up equity share capital in a depository.

Prior approval of the board is required only when the holding exceeds 5%, pursuant to the agreement between the portfolio manager and the client.

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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>RBI stipulates four-tier regulatory structure for Urban Co-Operative Banks</p> <p>The Reserve Bank of India (RBI) on July 19, 2022 prescribed a four-tier regulatory structure for Urban Cooperative Banks (UCBs), accepting the recommendation of an expert committee constituted last year to suggest changes aimed at strengthening the sector. In February last year, RBI constituted the committee headed by former Deputy Governor N S Vishwanathan to examine issues in the Urban Cooperative Banking sector, provide a medium-term road map and suggest measures for faster resolution of UCBs, among others.</p>

2	<p>Deendayal Antyodaya Yojana - National Rural Livelihoods Mission (DAY-NRLM) - The Ministry of Rural Development (MoRD), Government of India launched the National Rural Livelihood Mission (NRLM) by restructuring Swarnajayanti Gram Swarajgar Yojana (SGSY) with effect from 01st April.</p> <p>NRLM was renamed as DAY-NRLM (Deendayal Antyodaya Yojana - National Rural Livelihoods Mission) w.e.f. March 29, 2016.</p> <p>The DAY-NRLM is the flagship program of Government of India for promoting poverty reduction through building strong institutions of the poor, particularly women, and enabling these institutions to access a range of financial services and livelihoods. The key features of DAY-NRLM, annexures and other specifications has been detailed in the circular of the link provided.</p>
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IBC during the week

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

S. No	Date of Issue	Notifications/Master Directors/Master Circulars	Subject & Link	Gist thereof
1	14/07/2022	Notification	Appointment of Whole Time Member in IBBI https://egazette.nic.in/WriteReadData/2022/237330.pdf	In exercise of the powers conferred by section 189 of the Insolvency and Bankruptcy Code, 2016, the Central Government appointed Shri Jayanti Prasad, as a Whole time member of the Insolvency and Bankruptcy Board of India for a period of five years from the date of assumption of charge of the post i.e. with effect from the 5th July, 2022 or upto the age of sixty-five years or until further orders, whichever is the earliest.

S. No	NEWS ON IBC
1.	<p>Forensic Audit- Trap For Corporate Debtors IBC was framed with the motive to restructure or revive a Corporate Debtor. The code lays down the procedure to conduct resolution insolvency and liquidation proceeding in time bound manner. One of those includes Preferential Transactions covered under section 43 of the IBC and other related like undervalued transactions and extortionate credit transactions covered under section 45 & 50 of the IBC. Every year billions are lost due to fraud and corruption which results into inefficiencies, aborted projects, financial challenges, organizational failure, etc. Often fraud occurs because of poorly designed controls and weak governance. However, Due to implementation of forensic audits under Insolvency & Bankruptcy, Code 2016 frauds are easily detected. Wherein, the forensic auditor does examination of the financial statements on the basis of any kind of Preferential Transactions, undervalued transactions, or extortionate credit transactions, if any taken place in the Corporate.</p>
2	<p>Defaulting firm's debt includes both principal and interest: NCLAT said last week that debt owed by a defaulting company includes both the principal amount and the interest on it. Total amount for maintainability of the claim will include both principal debt amount as well as interest on delayed payment, which was stipulated in the invoice itself in the present case. “The ratio laid down in this judgment was much needed. This will come as a relief to many creditors,” said Srinivas Kotni, managing partner at Lexport, a law firm. NCLAT’s judgment, published on July 15, is about Chiranjilal Yarns Trading, a lender, and Bombay Rayons Fashions Ltd, a borrower. Between March 2017 and January 2020, Chiranjilal supplied goods to Bombay Rayons for Rs2,02,26,017 under nine invoices. Bombay Rayons paid three invoices with delay, partly paid for one, and didn’t pay for the rest.</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	20/07/2022	Others	Implementation of mandatory mentioning of HSN codes in GSTR-1 https://www.gst.gov.in/newsandupdates/read/548	It is mandatory for the taxpayers to report minimum 4 digits or 6 digits of HSN Code in Table-12 of GSTR-1 on the basis of their Aggregate Annual Turnover (AATO) in the preceding Financial Year. To facilitate the taxpayers, these changes are being implemented in a phase-wise manner on GST Portal which is detailed in the circular of the link provided.
2.	20/07/2022	Others	Introducing new Table 3.1.1 in GSTR-3B for reporting supplies u/s9(5) https://www.gst.gov.in/newsandupdates/read/548	Electronic Commerce Operator (ECO) is required to pay tax on supply of certain services notified by the government such as Passenger Transport Service, Accommodation services, Housekeeping Services & Restaurant Services, if

			dupdates/read/549	<p>such services are supplied through ECO. For reporting of such supplies a new Table 3.1.1 is being added in GSTR-3B as per Notification No. 14/2022 – Central Tax dated July 05, 2022 wherein both ECOs and registered persons can report their supplies made under section 9(5) respectively.</p>
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	GENERAL NEWS
1.	NIL

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Update on Regulated Sector

S.No	Sector	Update
1.		NIL



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