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Companies Act 2013 during the week

Rules -0; Circulars -2; Notifications-0; Orders-0; Important Notices -0

S. No	Date of Issue	Rules/Circular/ Notification/Order	Contents thereof	Gist thereof
1	26/07/2022	Circular	<p>Clarification on spending of CSR funds for "Har Ghar Tiranga" campaign- reg.</p> <p>https://www.mca.gov.in/bin/dms/getdocument?mds=dXH1ziMu%252FmN%252BB SRL HN9evw%253D%253D&type=open</p>	<p>Spending of CSR funds for the activities related to mass scale production and supply of the National Flag, outreach and amplification efforts and other related activities, are eligible CSR activities under item no. (ii) of Schedule VII of the Companies Act, 2013 pertaining to promotion of education relating to culture.</p> <p>The companies may undertake the aforesaid activities, subject to fulfillment of the Companies (CSR Policy) Rules, 2014 and related circulars/ clarifications issued by the Ministry thereof, from time to time.</p>

2	26/07/2022	Circular	<p>CBDT notification for PAN integration with LLP incorporation form FiLLip</p> <p>https://www.mca.gov.in/bin/dms/getdocument?mids=kvBTyn49INIMUOv%252B38VTDg%253D%253D&type=open</p>	<p>The Central Board of Direct Taxes vide its notification dated July 26, 2022 has notified the procedure of PAN application and allotment through Simplified Proforma for incorporating Limited Liability Partnerships (LLPs) electronically (Form: FiLLIP) of the Ministry of Corporate Affairs.</p> <p>Director General of Income-tax (Systems) laid down applicable form, format and procedure for Permanent Account Number (PAN) application filing by LLPs</p>
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S. No	NEWS ON MCA
1.	<p>The government is working on defining the scope of ‘management services’ that statutory auditors are prohibited from undertaking for their audit clients, according to a person familiar with the development. The absence of a definition in law has become a matter of dispute between some audit firms and the regulator National Financial Reporting Authority (NFRA). NFRA has taken the view that since there is no definition of management services in the Companies Act, it is to be understood in its literal meaning—that is, services performed by the auditor for the management, as per an audit quality review report issued by the regulator. However, some of the auditors prefer a narrower definition.</p>

2

SEBI during the week

Act -0; Report -0; Circulars-7; Press Release-1; Notification -0; Regulation- 1

S. No	Date of Issue	Rules/Circular/ Notification/ Order	Contents thereof	Gist thereof						
1.	25/07/2022	Regulation	<p>Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2022</p> <p>https://www.sebi.gov.in/legal/regulations/jul-2022/securities-and-exchange-board-of-india-alternative-investment-funds-third-amendment-regulations-2022_61156.html</p>	<p>SEBI has amended Alternative Investment Funds as follows:</p> <table border="1"> <thead> <tr> <th>Clause</th> <th>SEBI AIF Regulations, 2022</th> <th>SEBI AIF Regulations, 2012 (earlier)</th> </tr> </thead> <tbody> <tr> <td>16 (4)(a) condition to social venture funds</td> <td>75% of the investible fund to be invested in unlisted securities or partnership interest social ventures or in units of social ventures</td> <td>75% of the investible fund to be invested in unlisted securities or partnership interest social ventures.</td> </tr> </tbody> </table>	Clause	SEBI AIF Regulations, 2022	SEBI AIF Regulations, 2012 (earlier)	16 (4)(a) condition to social venture funds	75% of the investible fund to be invested in unlisted securities or partnership interest social ventures or in units of social ventures	75% of the investible fund to be invested in unlisted securities or partnership interest social ventures.
Clause	SEBI AIF Regulations, 2022	SEBI AIF Regulations, 2012 (earlier)								
16 (4)(a) condition to social venture funds	75% of the investible fund to be invested in unlisted securities or partnership interest social ventures or in units of social ventures	75% of the investible fund to be invested in unlisted securities or partnership interest social ventures.								

					<p>or in securities of social enterprises.</p> <p>Provided that an existing social impact fund may invest the remaining investable funds in securities of not-for-profit organizations registered or listed on a social stock exchange with the prior consent of at least 75% of the investors by value of their investment.</p>	
				(b) proviso	<p>The amount of grant that may be accepted by the fund from any person should not be less than Rs.10 lakh</p>	<p>The amount of grant that may be accepted by the fund from any person should not be less than Rs.25 lakh</p>
				(ba)	<p>a social impact fund or</p>	

				<p>Insertion</p> <p>schemes of a social impact fund launched exclusively for a not-for-profit organization registered or listed on a social stock exchange, shall be permitted to deploy or invest hundred percent of the investable funds in the securities of not-for-profit organizations registered or listed on a social stock exchange.</p>
2	25/07/2022	Circular	<p>Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2022</p> <p>https://www.sebi.gov.in/legal/regulations/jul-2022/securities-and-exchange-board-of-india-issue-of-capital-and-disclosure-</p>	<p>SEBI has amended Issue of Capital and Disclosure Requirements</p> <p>1. Applicability:</p> <ul style="list-style-type: none"> To a Not-for-profit Organization seeking to get registered and raise funds through a SSE. A For Profit Social Enterprise seeking to be identified as a Social Enterprise under the provisions of this Chapter.

			<p>requirements-third-amendment-regulations-2022_61171.html</p>	<ol style="list-style-type: none"> 2. SSE will be accessible only to institutional investors and non-institutional investors. Every SSE will constitute a Social Stock Exchange Governing Council to have an oversight on its functioning. 3. This chapter also covers the eligibility conditions for being identified as a Social Enterprise. 4. A Not-for-Profit Organization must mandatorily seek registration with a SSE before it raises funds through a SSE. 5. Other features covered under this chapter are: <ul style="list-style-type: none"> • Fund raising by social enterprise; • Ineligibility for raising of funds; • Issuance of Zero Coupon Zero Principal Instruments; • Eligibility for issuance of Zero Coupon Zero Principal Instruments; • Procedure for public issuance of Zero Coupon Zero Principal Instruments by a Not-for-Profit Organization; • Procedure for private issuance of Zero Coupon Zero Principal Instruments by a Not-for-Profit Organization; • Contents of the fund-raising document; • Deemed compliance with Securities Contracts (Regulation) Rules, 1957;
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				<ul style="list-style-type: none"> Termination of listing of Zero Coupon Zero Principal Instruments from the Social Stock Exchange.
3	25/07/2022	Circular	<p>Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2022</p> <p>https://www.sebi.gov.in/legal/regulations/jul-2022/securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-fifth-amendment-regulations-2022_61169.html</p>	<p>SEBI vide this amendment has included Chapter IX A – Obligations of Social Enterprises which shall be applicable for the following entities</p> <ol style="list-style-type: none"> For Profit Social Enterprise whose designated securities are listed on the applicable segment of the Stock Exchange(s); a Not for Profit Organization that is registered on the Social Stock Exchange(s); <p>Social Enterprise whose designated securities are listed on the Social Stock Exchange(s) or the Stock Exchange(s), as the case may be, shall frame a policy for determination of materiality, duly approved by its board or management, as the case may be, which shall be disclosed on the Social Stock Exchange(s) or the Stock Exchange(s).</p> <p>A listed Not for Profit Organization shall submit to the SSE, the statement in respect of utilisation of the funds raised, on a quarterly basis:</p>
4	27/07/2022	Press Release	<p>SEBI signs MoU with the Financial Regulatory Commission, Mongolia</p> <p>https://www.sebi.gov.in/media/press-releases/jul-2022/sebi-signs-mou-with-the-</p>	<p>SEBI signs MoU with the Financial Regulatory Commission</p> <ul style="list-style-type: none"> To strengthen cross border co-operation in the area of securities regulation Facilitate mutual assistance

			financial-regulatory-commission-mongolia_61242.html	<ul style="list-style-type: none"> • contribute towards efficient performance of the supervisory functions • aid in sharing technical domain knowledge • Enable effective enforcement of the laws and regulations governing the securities markets • SEBI is also a signatory to the Multilateral MoU (MMoU) and Enhanced MMoU (EMMoU) of the International Organization of Securities Commissions (IOSCO)
5	27/07/2022	Circular	<p>Implementation of Circular on ‘Guidelines in pursuance of amendment to SEBI KYC (Know Your client) Registration Agency (KRA) Regulations, 2011’</p> <p>https://www.sebi.gov.in/sebiweb/home/HomeAction.do?doListingAll=yes#:~:text=Implementation%20of%20Circular%20on%20%2E2%80%98Guidelines%20in%20pursuance%20of%20amendment%20to%20SEBI%20KYC%20(Know%20Your%20client)%20Registration%20Agency%20(KRA)%20Regulations%2C%202011%E2%80%99</p>	<p>Capital markets regulator SEBI extended the deadline by three months to November 1, 2022, for commencing the validation of all KYC records by KYC Registration Agencies (KRAs).</p> <p>This is the second time, when the Securities and Exchange Board of India (SEBI) has extended the deadline.</p> <p>Initially, such agencies were required to independently validate the Know your Client or KYC records of all clients by July 1, 2022, which was extended till August 1, 2022.</p> <p>The regulator has received requests from the KRAs to extend the timelines.</p>

			<p>SEBI again extends deadline for commencing KYC record validation by KRAs</p> <p>https://www.sebi.gov.in/legal/circulars/jul-2022/implementation-of-circular-on-guidelines-in-pursuance-of-amendment-to-sebi-kyc-know-your-client-registration-agency-kra-regulations-2011-61220.html</p>	
5	27/07/2022	Circular	<p>Implementation of Circular on ‘Guidelines in pursuance of amendment to SEBI KYC (Know Your client) Registration Agency (KRA) Regulations, 2011’</p> <p>https://www.sebi.gov.in/legal/circulars/jul-2022/implementation-of-circular-on-guidelines-in-pursuance-of-amendment-to-sebi-kyc-know-your-client-registration-agency-kra-regulations-2011-61220.html</p>	<p>SEBI extended the date of the commencement Of KYC Registration from 01-07-2022 till 01-08- 2022 of the following :</p> <p>KYC records of all existing clients (who have used Aadhaar as an OVD) shall be validated within a period of 180 days from 01-08 2022.</p> <p>The validation of all KYC records (new and existing) shall commence from 01-08-2022.</p> <p>This circular has been issued to protect the interests of investors in securities and to promote the development of, and to regulate the securities market. The Circular dated 06-04-2022 was issued by SEBI in pursuance of amendment to SEBI KYC Registration Agency Regulations, 2011 according to which Clause 9 and Clause 13 were to come effect from 01-07-2022.</p>
6	28/07/2022	Circular	Addendum to SEBI Circular on Development	Addendum to SEBI Circular on Development of Passive Funds:

			<p>of Passive Funds</p> <p>https://www.sebi.gov.in/sebiweb/home/HomeAction.do?doListingAll=yes#:~:text=Addendum%20to%20SEBI%20Circular%20on%20Development%20of%20Passive%20Funds</p>	<p>Direct transaction with AMCs shall be facilitated for investors only for transactions above a specified threshold of INR 25 Cr.</p> <p>Feedback was received from stakeholders expressing certain challenges with respect to implementation of the above clause.</p> <p>Considering the same, it has been decided that the applicability of clause 2(IV)(A) of the circular shall be November 01, 2022.</p>
7	29/07/2022	Circular	<p>LODR - Single Operational Circular for listing obligations and disclosure requirements for Non-convertible Securities, Securitized Debt Instruments and/ or Commercial Paper</p> <p>https://www.sebi.gov.in/legal/circulars/jul-2022/lodr-single-operational-circular-for-listing-obligations-and-disclosure-requirements-for-non-convertible-securities-securitized-debt-instruments-and-or-commercial-paper_61345.html</p>	<p>This circular shall come into force with effect from August 1, 2022.</p> <p>The operational circular has superseded the following circulars:</p> <ul style="list-style-type: none"> • Circular dated 27-11-2015 on Format for statements/ reports to be submitted to Stock Exchange by listed entity which has listed its securitized debt instruments. • Circular dated 26-05-2017 on Listing of Non- Convertible Redeemable Preference Shares/ Non- Convertible Debentures through a Scheme of Arrangement. • Circular dated 17-01-2020 on Format for Statement indicating Deviation or Variation in the use of proceeds of issue of listed non-convertible debt securities or listed non- convertible redeemable preference shares. • Circular dated 05-10-2021 on Revised Format for filing financial information.

				<ul style="list-style-type: none"> • Circular dated 14-10-2021 on Revised Formats for Limited Review/ Audit Report for issuers of non-convertible securities. • Circular dated 29-12-2021 on Non-compliance with provisions related to continuous disclosures. • Circular dated 07-01-2022 on Disclosure obligations of listed entities in relation to Related Party Transactions.
8	29/07/2022	Circular	<p>Framework for automated deactivation of trading and demat accounts in cases of inadequate KYCs</p> <p>https://www.sebi.gov.in/legal/circulars/jul-2022/framework-for-automated-deactivation-of-trading-and-demat-accounts-in-cases-of-inadequate-kycs_61407.html</p>	<ul style="list-style-type: none"> • Every address recorded for the purpose of compliance with KYC procedure has to be accurate. • An intermediary has to update the address from time to time <p>Following framework involving stock exchanges(except Commodity Derivatives Exchanges)and depositories (hereinafter collectively referred to as “the MIIs”) is proposed:</p> <p>The MIIs shall forward the signed acknowledgement of its receipt by the concerned addressee or its authorized representative to SEBI within a period of 30 working days from the date of receipt of such instructions from SEBI.</p> <p>If none of the MIIs are –</p> <p>(i) able to deliver the SCN or order, as the case may be, at any of the addresses mentioned in the KYC records linked to any trading/ demat account of the entity; and</p>

				<p>(ii) Obtain a signed acknowledgement of its receipt from the entity or its authorized representative, then all MIIs shall deactivate all trading and demat accounts</p> <p>Pending pay-in and pay-out obligations and open positions may be permitted to be settled, squared off or closed out, as the case may be, while enforcing the deactivation of trading/ demat accounts of such entities.</p> <p>MIIs shall ensure that the deactivated accounts are not used for dealing in securities market in any manner whatsoever. The framework would also apply to joint accounts.</p> <p>Before de-activating the joint accounts, MIIs shall endeavor to contact the entity through the co-holders for delivery of SCN / order simultaneously</p> <p>An Illustration covering different scenarios is provided as Annexure-A in the circular of the link provided</p>
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S.No	NEWS ON SEBI
1	<p>SEBI revises settlement rules for running accounts</p> <p>SEBI has revised rules on the settlement of running accounts of clients' funds lying with stockbrokers. The regulator said brokers should settle running accounts of clients' funds after considering the end-of-the-day obligation of funds as on the date of settlement across all the exchanges on the first Friday of the quarter. For clients, who have opted for monthly settlement, running accounts should be settled on the first Friday of every month. If the first Friday is a trading holiday, then such settlement should happen on the previous trading day. As per rules, brokers are required to carry out the settlement of funds and securities depending on the mandate of the client. They must maintain a gap of a maximum of 90 or 30 days, as per the choice of the client between two settlements of running account.</p>
2	<p>Nomination for Mutual Fund Unit Holders – Extension of timelines</p> <p>The Securities and Exchange Board of India ('SEBI') has extended the timeline for Nomination for Mutual Fund ('MF') Unit Holders till October 01, 2022 in order to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.</p>

3

RBI during the week

Notifications -4; Master Directions –0; Master Circulars –0; Press Release -0;

S. No	Date of Issue	Notifications/Master Directors/Master Circulars	Subject & Link	Gist thereof
1	26/07/2022	Notification	<p>Board approved Loan Policy – Management of Advances – UCBs</p> <p>https://www.rbi.org.in/Scripts/NotificationU ser.aspx?Id=12361&Mode=0</p>	<p>Primary (Urban) Cooperative Banks (UCBs) are required to lay down, with the approval of their boards, transparent policies and guidelines for credit dispensation, in respect of each broad category of economic activity, keeping in view the credit exposure norms and various other guidelines issued by Reserve Bank from time to time. It has been observed in several UCBs that these policies not only lack comprehensive coverage, but also do not require a periodic review. In order to ensure that the loan policy reflects approved internal risk appetite and remains in alignment with the extant regulations, it is advised that the loan policy of the bank shall be reviewed by the Board</p>

				at least once in a financial year.
2	28/07/2022	Notification	Restriction on Storage of Actual Card Data [i.e. Card-on-File (CoF)] https://www.rbi.org.in/Scripts/NotificationUser.aspx?id=12363&Mode=0	With effect from October 1, 2022, no entity in the card transaction / payment chain, other than the card issuers and / or card networks, shall store CoF data, and any such data stored previously shall be purged.
3	28/07/2022	Notification	Regulation of Payment Aggregator(PA) – Timeline for submission of applications for authorisation – Review https://www.rbi.org.in/Scripts/NotificationUser.aspx?id=12362&Mode=0	<p>RBI has allowed another window to all PAs (existing as on March 17, 2020 who's application got rejected for not satisfying eligible criteria and net worth) to apply to RBI. They can apply by September 30, 2022 and shall have a net worth of ₹15 crore as on March 31, 2022.</p> <p>Their operations shall be permitted to continue till they receive communication from RBI regarding the result of their application. The timeline of March 31, 2023 for achieving the net worth of ₹25 crore shall, however, remain.</p>
4	29/07/2022	Notification	United Nations Security Council Resolutions (UNSCR) 1718 Sanctions Committee on Democratic People's Republic of Korea (DPRK) amends 44 existing entries on its	Ministry of External Affairs (MEA) has informed that on July 26, 2022, the Committee established pursuant to UNSC Resolution has enacted the amendments to 44 entries on its Sanction List of individuals and entities.

		<p>Sanctions List</p> <p>United Nations Security Council Resolutions (UNSCR) 1718 Sanctions Committee on Democratic People’s Republic of Korea (DPRK) amends 44 existing entries on its Sanctions List</p>	<p>The changes have been made only in the existing entries of this Sanction List and pertains to address, alias, passport no, date of birth, telephone, fax, email, IMO number, etc. of individuals / entities.</p> <p>The updated consolidated Sanctions List of individuals and entities is enclosed</p>
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S. No	NEWS ON RBI
1	<p>Discussion Paper and results of Survey on Climate Risk and Sustainable Finance: The Reserve Bank of India (RBI) has released on July 27, 2022 a Discussion Paper on Climate Risk and Sustainable Finance. Comments on the Discussion Paper are invited from regulated entities and other stakeholders by September 30, 2022. The comments may be forwarded by email (sfgdor@rbi.org.in) with the subject line “Comments on the Discussion Paper on Climate Risk and Sustainable Finance”.</p>
2	<p>ED tells exporters to realise dues; inflows to buoy rupee</p> <p>Amid pressure on the central bank to calm the currency and preserve foreign exchange reserves, there is a spurt in notices by the Enforcement Directorate (ED) to many companies, including some jewellers and diamond houses, which either failed to bring in money from overseas buyers or whose imports backed by advance payments were stuck.</p> <p>Exporters have to realise earnings within nine months from the date of export while importers who made advance payments to overseas suppliers are required to receive the shipment within a year. Delays in realization and repatriation of export proceeds can slow down the inflow of dollars and add to the pressure on the local currency.</p>

3

Companies face delays in transferring money abroad

Several mid-sized and small Indian companies with overseas units are facing delays in securing regulatory approvals for investments into foreign subsidiaries or payments to offshore investors. The situation, however, isn't as alarming as it was during the so-called Taper Tantrum in 2013 when capital flight from the emerging markets had caused the rupee to dive precipitously.

4

IBC during the week

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

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

S. No	NEWS ON IBC
1	<p>IBC Bill amendments to spur fast resolution of toxic assets: The government will likely incorporate some of the recent suggestions of the Insolvency Law Committee (ILC), especially on the expeditious resolution of toxic assets, in a Bill that is set to amend the Insolvency and Bankruptcy Code (IBC). The IBC Amendment Bill is scheduled to be introduced in the ongoing monsoon session of Parliament. The committee, headed by corporate affairs secretary Rajesh Verma, has suggested changes to the IBC to stipulate that the National Company Law Tribunal (NCLT) should accept or reject a resolution plan in just 30 days. If the adjudicating authority (AA) fails to do so, it has to “record reasons in writing for the same”.</p>

5

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			

6

Update on Regulated Sector

S.No	Sector	Update
1.	Insurance	<p>IRDAI Board Meeting decisions</p> <ul style="list-style-type: none"> • Allowing corporate agents to place commercial lines general insurance covers without any limit on sum insured. • Corporate agents can tie-up with up to 9 insurers each in the general, life, and health insurance sectors. Currently, corporate agents are permitted to distribute products of three insurance companies each in the life, health, and general insurance sector. • Insurance marketing firms (IMF) can also have tie-ups with six insurance companies each in the life, health, and general insurance sector. Currently, they can solicit and procure insurance products of two insurers each in the three sectors. • Major changes to the investment norms of insurers, wherein they are seeking to revise criteria for insurers to invest in debt securities of InVITs & REITs, in AT1 bonds, among other things. • Removing the requirement of insurers taking prior approval for issuing Other Forms of Capital (OFC). The permissible is also going to be expanded, wherein OFC of the insurer has to be lower of 50 per cent of the total paid up equity capital and securities premium; or 50 per cent of the net worth of the insurer.

		<ul style="list-style-type: none">• Prior approval requirement for exercising call option under OFC issue has also been proposed to be removed, subject to the solvency ratio of the insurer not being less than 180 per cent.• As far as expenses of management is concerned, the regulator has proposed a limit on expense of management for general insurers, which should be lower of 30 per cent or expense rate of gross written premium. New players will, however, be exempted from this limit till they attain a certain size, not exceeding 10 years.• For life insurers, the expense of management will be monitored on an overall basis for par and non-par business. And, excess expenses will have to be borne by the shareholders. <p>These are proposals under consideration for amendments to various regulations. These proposals will be put by the regulator for stakeholder consultation, and for comments.</p>
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