

WEEKLY UPDATES ON COMPANY LAW, SEBI, RBI AND IBC

Edition No.248 Week 44- October 24 2022 to October 30 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.	Prosecutions under the Companies Act to dip: 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. 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pending for two years or more for defaults that could lead to the removal of a company’s name from records will be withdrawn.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 the government’s move.

2

SEBI during the week

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

S. No	Date of Issue	Rules/Circular/ Notification/ Order	Contents thereof	Gist thereof
1	27/10/2022	Circular	<p>Block Mechanism in demat account of clients undertaking sale transactions – Clarification</p> <p>https://www.sebi.gov.in/legal/circulars/oct-2022/block-mechanism-in-demat-account-of-clients-undertaking-sale-transactions-clarification_64384.html</p>	SEBI made the facility of block mechanism mandatory for all Early Pay-In Transactions. In view of the representations received from Depositories and Custodians, it is clarified that the block mechanism shall not be applicable to clients having arrangements with custodians registered with SEBI for clearing and settlement of trades.
2	28/10/2022	Circular	<p>Addendum to SEBI Circular on Development of Passive Funds</p> <p>https://www.sebi.gov.in/legal/circulars/oct-2022/addendum-to-sebi-circular-on-</p>	SEBI issued a circular (no. SEBI/HO/IMD/DOF2/P/CIR/2022/69) dated May 23, 2022, on “Development of passive funds”.

		<p><u>development-of-passive-funds_64432.html</u></p>	<p>The mentioned circular prescribed that in respect of units of ETFs, direct transaction with AMCs shall be facilitated for investors only for transactions above a specified threshold of INR 25 Cr.</p> <p>Subsequently, feedback was received from stakeholders expressing certain challenges with respect to implementation of the above clause. Considering the same, it has been decided that the applicability of clause 2(IV)(A) of the circular shall be with effect from May 01, 2023.</p>
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S.No	NEWS ON SEBI
1.	<p>SEBI Chief Mrs Madhabi Puri Buch said that the regulator has developed a market surveillance and analytical system that will detect complicated and layered cases of insider trading, front running and other market manipulations. This system has been developed in house by pool of SEBI Officials</p> <p>The algorithms developed are able to detect the violations that was taking place at broker level or at the fund house level.</p>
2	<p>A mechanism is being put in place in the National Stock Exchange and the Bombay Stock Exchange to mitigate the risks of cyber-attacks, with the new system expected to go live in March next year, SEBI Chairperson Madhabi Puri Buch. Everyone is worried about cyber security and want to ensure that stock exchanges and depositories in the country have good disaster recovery (DR) plans in place.</p>
3	<p>With the aim of increasing participation, the Securities and Exchange Board of India (Sebi) reduced the face value of debt securities, including non-convertible debentures, issued on a private placement basis to Rs 1,00,000 from Rs 10,00,000 earlier. The capital market regulator received requests from various market participants with respect to the reduction in the face value. In particular, non-institutional investors consider the high ticket size as a deterrent, which restricts their ability to access the market for corporate bonds.</p>

3

RBI during the week

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

S. No	Date of Issue	Notifications/Master Directors/Master Circulars	Subject & Link	Gist thereof
1	27/10/2022	Notification	<p>Designation of 10 individuals as ‘Terrorists’ under Section 35 (1) (a) of the Unlawful Activities (Prevention) Act (UAPA), 1967 and their listing in the Schedule IV of the Act- Reg</p> <p>https://www.rbi.org.in/Scripts/NotificationUser.aspx#:~:text=Designation%20of%2010%20individuals%20as%20%E2%80%98Terrorists%E2%80%99%20under%20Section%2035%20(1)%20(a)%20of%20the%20Unlawful%20Activities%20(Prevention)%20Act%20(UAPA)%2C%201967%20and%20t</p>	<p>RBI has amended Master Direction on Know Your Customer: The procedure laid down in the UAPA (Unlawful Activities (Prevention) Act) Order dated February 2, 2021 (Annex II of this Master Direction) shall be strictly followed and meticulous compliance with the Order issued by the Government shall be ensured.</p> <p>Details of accounts resembling any of the individuals/entities in the lists shall be reported to FIU-IND apart from advising Ministry of Home Affairs as required under UAPA notification.</p> <p>Ten individuals who have been declared as ‘Terrorists’ and have been listed in the Schedule IV of the UAPA 1967, under Section 35 (1) (a) of UAPA 1967.</p>

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S. No	NEWS ON RBI
1	<p>RBI reviewing regulation of banks' non-core business</p> <p>The Reserve Bank of India (RBI) is planning to tweak its regulatory framework governing non-banking businesses, including insurance and asset management, undertaken by banks and their group entities. An internal panel, set up by the central bank for this purpose, has recommended a clearer and more explicit segregation of core and non-core businesses of banks and the group entities.</p>

4

IBC 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 IBC
1.	<p><u>NCLAT Issues Directions For Computation Of Limitation In Filing Of Appeals</u></p> <p>The National Company Law Appellate Tribunal ("NCLAT") vide an Order dated 21.10.2022 has issued directions for computation of limitation for filing of appeals before NCLAT. The period of limitation shall be computed from the date of presentation of Appeal as per Rule 22 of the NCLT Rules, 2016. The directions shall be effective from 01.11.2022 onwards.</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	25/10/2022	Notification	<p>Advisory on Filing TRAN forms for Taxpayers from Daman and Diu & Ladakh on GST Portal</p> <p>https://www.gst.gov.in/newsandupdates/read/561</p>	<p>Due to reorganization of the state of Jammu & Kashmir and merger of the Union territories of Dadra and Nagar Haveli and Daman and Diu, the taxpayers of Ladakh and earlier 'Daman and Diu' region have been allotted new GSTINs.</p> <p>There is therefore a doubt as to how to file the TRAN-1 and whether it would be linked with the old TRAN-1 or not.</p> <p>The aggrieved taxpayers of both the abovementioned regions were informed that they can file or revise their TRAN-1 or TRAN-2 Forms only through their newly allotted GSTINs.</p>

2	27/10/2022	Notification	<p>Extension of due date for furnishing return of income for the Assessment Year 2022- 23</p> <p>https://incometaxindia.gov.in/communications/circular/circular-20-2022.pdf</p>	<p>The Central Board of Direct Taxes (CBDT) extends the due date of furnishing of Return of Income under sub-section (1) of section 139 of the Act for the Assessment Year 2022-23, which is 31st October 2022 in the case of assesses referred in clause (a) of Explanation 2 to sub-section (1) of section 139 of the Act, to 07th November, 2022.</p>
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	GENERAL NEWS
	NIL

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Update on Regulated Sector

S.No	Sector	Update
1.	RBI	<p>Bank borrowings: NFRA cautions cos against violating norms on recognizing interest expenses</p> <ul style="list-style-type: none"> Regulator NFRA has directed Companies not to discontinue recognition of Interest expenses on borrowings classified as NPA merely on basis of a likely settlement with or without concessions from banks Such an Accounting treatment would be in contravention of applicable Ind AS. NFRA quoted RBI guidelines wherein the Banks are required to maintain a Memorandum Record of Accrued Interest on loans including loans classified as NPAs Accordingly, the Regulator has released a circular to draw attention of all Companies, Audit committees and Statutory auditors, wherein all companies which are required to follow Ind AS and Audit Committee are advised not to discontinue recognition of Principal or Interest on borrowings declared as NPA.



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