

WEEKLY UPDATES ON COMPANY LAW, SEBI, RBI AND IBC  
Edition No.261 Week 05- January 23 2023 to January 28 2023

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	<p><b><u>New competition law likely to open up settlement route for cartels</u></b></p> <p>In a relief to industry, the government has accepted a parliamentary panel’s recommendation on allowing cartels to opt for the settlement scheme under the Competition Amendment Bill, according to official sources. The proposed Bill seeks to introduce a clause for settlement and commitment that offers any enterprise against which an inquiry has been initiated to file an application for settlement. The Parliamentary Committee on Finance had suggested including cartels in the scope for settlement “as a pragmatic recourse to the whole process”.</p>

**2** **US, Singapore, UK lead in offshore business presence in India**

The US, Singapore, and the UK have the maximum business presence in India in terms of operations by active foreign companies, followed by China and Hong Kong which together come in fourth place. A foreign company is defined under the Companies Act as an entity incorporated outside India that has a place of business in India whether by itself or through an agent. Any company incorporated in India with foreign investment is regarded as an Indian company.

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**SEBI during the week**

**Act -0; Report -0; Circulars-0; Master Circular-0; Notification -0; Regulation- 0;  
Press Release - 1**

S. No	Date of Issue	Rules/Circular/ Notification/ Order	Contents thereof	Gist thereof
1	25/01/2023	Press Release	SEBI underlines the need for analysis and disclosure of risks of trading in F&O <a href="https://www.sebi.gov.in/media/press-releases/jan-2023/sebi-underlines-the-need-for-analysis-and-disclosure-of-risks-of-trading-in-fando_67542.html">https://www.sebi.gov.in/media/press-releases/jan-2023/sebi-underlines-the-need-for-analysis-and-disclosure-of-risks-of-trading-in-fando_67542.html</a>	<ul style="list-style-type: none"> <li>• SEBI has conducted a study analyzing the trends in both participation and in profits and losses of individual traders in the equity F&amp;O segment.</li> <li>• The working group had representation from academia, clearing corporations, brokers, and market experts.</li> <li>• The major findings of the study are:               <ul style="list-style-type: none"> <li>➤ Increase of over 500% in number of individual traders in equity F &amp; O segment in FY 2021-22 as compared to FY 2018-19</li> <li>➤ 9 out of 10 individual traders in the equity F&amp;O segment incurred net losses during both the years FY 2018-19 and FY 2021-22.</li> <li>➤ The average absolute net loss of a loss maker was over 15 times the net profit made by a profit maker</li> </ul> </li> </ul>

				<p>➤ Over and above the net trading losses incurred, loss makers expended an additional 28% of net trading losses as transaction costs.</p> <p>SEBI will shortly issue guidelines in respect of additional risk disclosures required to be made by brokers and exchanges to investors.</p>
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S.No	NEWS ON SEBI
1	<p><b><u>NSE co-location case: NSE to pay Rs 100 crore in penalties to SEBI for lapses</u></b></p> <p>The National Stock Exchange (NSE) will have to pay Rs.100 crore in penalties to capital markets regulator SEBI (Securities and Exchange Board of India) for lapses in a case registered in May 2018 in relation to an alleged co-location trading scam. The Securities Appellate Tribunal (SAT) slashed the disgorgement order of Rs. 625 crore in the NSE co-location case. Instead, the NSE was asked to pay ₹100 crore towards SEBI's investor protection fund for its failure on the due diligence front.</p>
2	<p><b><u>Former Sebi-chief Damodaran launches midcap corporate governance index ATOM</u></b></p> <p>Airawat Indices Pvt Ltd, a joint venture firm founded by former SEBI Chairman M Damodaran and Decimal Point Analytics, has launched a new index ATOM, comprising 30 midcap companies listed on stock exchanges. ATOM (Airawat Touchstone MidCap Index) is a thematic index designed to serve investors seeking to invest in "well-governed mid-cap companies". The joint venture has selected these 30 midcap companies from the AMFI's (Association of Mutual Funds in India) list of midcap 150 stocks as the starting point of its scoring methodology.</p>
3	<p><b><u>Standard Operating Process under SEBI (PIT) Regulations, 2015 for ensuring compliance with Structured Digital Database (SDD)</u></b></p> <p>The Bombay Stock Exchange has released a Notice with reference to Reg 3(5) and 3(6) of SEBI (PIT) Regulations, 2015 which inter alia required SDD to be maintained by the company. The listed entities to whom the provisions of Regulation 24A of SEBI(LODR) Regulations, 2015 are applicable, the Secretarial</p>

	<p>Auditor of those entities shall also specifically confirm compliance with the requirement of SDD by the listed entities in its Annual Secretarial Audit Report. Listed companies are advised to bring to the knowledge of their Secretarial Auditor the above requirement. In case of non – compliance with Reg 3(5) and 3(6) of SEBI (PIT) Regulations, 2015, the name of the compliance officer will also be displayed on the “Get Quote” page of the Exchange website, wherein the non compliance with SDD would also be mentioned</p> <p><a href="https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20230125-9">https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20230125-9</a></p>
4	<p><b><u>Sebi may probe short selling to hammer down Indian markets: Report</u></b></p> <p>Markets regulator, SEBI is likely to probe short selling in the Indian stock markets in the last few days. Indian markets have been under an onslaught in the last few trading sessions and a probe will ascertain the role of short sellers in bringing the market down. According to a SEBI discussion paper, short selling - the sale of a security that the seller does not own -- is one of the long-standing market practices, which has often been the subject of considerable debate and divergent views in most of the securities markets across the world.</p>
5	<p><b><u>Companies should avoid greenwashing in BRSR reporting</u></b></p> <p>The SEBI has laudably made reporting called Business Responsibility and Sustainability Reporting (BRSR) in May 2021 covering environmental, social, and governance mandatory aspects for the top 1000 listed companies w.e.f from the financial year 2022-23 and on a voluntary basis for the Financial Year. The three domains of the reporting requirements, namely, environmental, social, and governance pose significant challenges in measurement, and, in assessing impact inter-se and with financial results. Understandably, FY 22- 23 being the first year, the compliance of the SEBI requirements, as BRSR for the year of a few of the companies suggests, has been more in a letter than spirit and lacks clarity, reliability, and transparency.</p>

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**RBI during the week**

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

S. No	Date of Issue	Notifications/Master Directors/Master Circulars	Subject & Link	Gist thereof
1	25/01/2023	Press Release	<p><b>RBI releases Discussion Paper on Securitization of Stressed Assets Framework (SSAF)</b></p> <p><a href="https://www.rbi.org.in/pressreleases">Reserve Bank of India - Press Releases (rbi.org.in)</a></p>	<ul style="list-style-type: none"> <li>As part of the Statement on Developmental and Regulatory Policies released on September 30, 2022, RBI had introduced a discussion paper on SSAF (<b>Securitization of Stressed Assets Framework</b>)</li> <li>The Discussion paper broadly covers nine relevant areas of the framework including asset universe, asset eligibility, minimum risk retention, regulatory framework for special purpose entity and resolution manager, access to finance for resolution manager, capital treatment, due diligence, credit enhancement, and valuation.</li> <li>It draws upon similar frameworks introduced in other jurisdictions, while trying to keep it structurally</li> </ul>

				<p>aligned with the framework for securitization of standard assets.</p> <ul style="list-style-type: none"> <li>• RBI has invited comments from the Stakeholders.</li> </ul>
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S. No	NEWS ON RBI
1	<p><b>Govt, RBI must tie up to uproot illegal digital lending apps: DLAI</b></p> <p>Top executives of the Digital Lending Association of India (DLAI) have urged the government and the Reserve Bank of India (RBI) to come together to crack down on unregulated digital lending apps, which continue to have a presence in some form.</p>

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**IBC during the week**

**Notifications -0; Master Directions –0; Circulars –0; Press Release –0; Others – 0**

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

S. No	NEWS ON IBC
1	<p><b><u>No Condonation Beyond 45 Days, IBC Overrides Limitation Act: NCLAT Chennai</u></b></p> <p>The National Company Law Appellate Tribunal (“NCLAT”), while adjudicating an appeal filed in M/s. Platinum Rent A Car (India) Pvt. Ltd. v M/s. Quest Offices Limited, has held that Section 238 of IBC overrides Section 12 of the Limitation Act, 1963. The Bench declined to condone a delay of 55 days in filing of the appeal, which was caused due to time taken to obtain a certified copy of the order. The Bench further held that Rules of Procedure neither create any right in favour of a person nor create a Cause of Action.</p> <p>The Bench observed that an appeal can be filed before NCLAT against an order passed by the Adjudicating Authority within 30 days of such order. The permissible delay for filing of an appeal is 15 days under IBC. Therefore, the prescribed time to file a reply can be of maximum 45 days in total.</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				

S.No	GENERAL NEWS
1	<p><b><u>Kerala forms panel to frame policy on ESG goals-based investment</u></b></p> <p>The State government of Kerala was working on a first-of-its-kind policy to promote environmental, social and governance (ESG) investments in order to draw more investors to Kerala. The Minister, inaugurating a seminar on corporate social responsibility and ESG, said a three-member committee chaired by Akshay Mangla of Said Business School, University of Oxford, C.J. George of Geojit Financial Services, and Dinesh Nirmal of IBM Software had been formed to formulate the policy. The seminar was organised by the Associated Chambers of Commerce and Industry of India.</p>
2	<p><b><u>Women-owned entrepreneurs form ‘only 20%’ of MSME businesses: Joint Secretary MSME</u></b></p> <p>National-level livelihood promoting organization ACCESS Development Services, along with NITI Aayog hosted the Livelihoods India Summit on 23<sup>rd</sup> January 2023. The keynote speakers present on the first day of the event talked in detail about the significance of the MSME sector in the Indian economy, along with the role of women entrepreneurs in the domestic MSME sector.</p>

3	<p><b><u>Uniform departmental GST audit norms to be implemented in 2023</u></b></p> <p>The governments at the Centre and state/UT levels are in talks to issue uniform guidelines for its tax officers for GST audits. Further, the GST scrutiny will be conducted predictably or transparently for taxpayers, as reported by an anonymous person with knowledge of the development to the press. The state and central governments will adopt these audit principles, which they will likely finalize in 2023 after the GST Council’s approval. These guidelines will highlight the length and depth at which the officials across India must conduct GST audits. It would outline the authority and responsibilities of the GST auditor from the department or appointed by the department.</p>
4.	<p><b><u>Accelerating TReDS adoption to reduce the cost of capital for MSMEs - Credit and Finance for MSMEs:</u></b></p> <p>India’s 6.3 crore MSMEs sector contribute significantly towards the socio-economic development of the country. The sector has contributed 30 percent to India’s GDP and has created 11.10 crore jobs. With an increase in the number of MSMEs by a CAGR of 18.5 percent from 2019-2020, MSME exports surged 21.8 percent from \$155.9 billion during FY20 and 31.9 percent from \$143.9 billion during FY21 to \$190 billion during FY22 (according to Annual MSME report 2021-22).</p>

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### Update on Regulated Sector

S.No	Sector	Update
		NIL



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