

WEEKLY UPDATES ON COMPANY LAW, SEBI, RBI AND IBC

Week 09 – February 24, 2020 to March 01, 2020

1

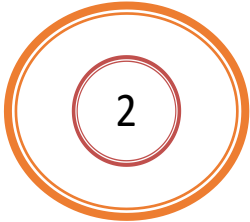
Companies Act 2013 during the week

Rules -1; Circulars - ; Notifications –0; Orders-1 ; Important Notices -0

S. No	Date of Issue	Rules/Circular/ Notification/Order	Contents thereof	Gist thereof
1	28.02.2020	Rules	Companies (Appointment and Qualification of Directors)Amendment Rules,2020	<p>MCA through this amendment brought in following changes to the rules:</p> <ul style="list-style-type: none"> ○ Time extended for Independent directors registration by 2 months. Previously 29th February 2020 was the last date for registration. Through this notification it is extended till 30th April 2020. ○ The amendment further amends the criteria which shall be met by directors for writing the online proficiency self-assessment test. ○ It is further clarified that for the purpose of calculation of ten years not only company but the

				<p>body corporate directorships shall also be included.</p> <p>This rule shall come into force on the date of publication in the Official Gazette.</p>
2	25.02.2020	Order	Companies (Auditor's Report) Order, 2020	<p>This order will be applicable to all the companies along with foreign companies and will come into action on the date of publication in the Official gazette.</p> <p>The Companies (Auditor's Report) Order, 2020 elaborated on all the elements which are to be included in the auditor's report. Order also mentions that, if any of the questions has an unfavourable remark or qualified, the auditor's report shall also state the basis for such unfavourable or qualified answer, as the case may be.</p>

S. No	NEWS ON MCA
1.	<p><u>Companies Act may be tweaked to allow private cos to list abroad</u> The government may permit unlisted Indian companies to list overseas. The rules are likely to be changed through an amendment to the Companies Act, 2013 and may be tabled in the current session of Parliament, the report said.</p>
2	<p><u>Auditor Cannot Be Debarred For 5 Years Under Section 140 (5) Of The Companies Act 2013 In Absence Of Evidence: NCLAT</u> The NCLAT has set aside an order passed by NCLT in a matter relating to debarring of an auditor for a period of 5 years. The court while allowing the appeal held that though he was negligent, there was no material on record to infer that the auditor had acted fraudulently or misused his position as a statutory auditor.</p>
3	<p><u>Whistle-Blowers complaints ought to be considered by auditors</u> The Ministry of Corporate Affairs (MCA) has mandated auditors to consider whistleblower complaints against companies in their audit process</p>



SEBI during the week

Act -0; Rules -0; Regulations-0; General Orders – 0; Guidelines- 0;

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

S. No	Date of Issue	Act/rules/circulars....	Subject & Link	Gist thereof
1	27.02.2020	Circular	Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015- Amendments	<p>In order to further streamline the operations at IFSC, following amendments are brought in to SEBI (IFSC) Guidelines, 2015:-</p> <ul style="list-style-type: none"> ○ Previously any recognised entity desirous of operating in IFSC, may form a company to provide such financial services. <p>But with this amendment, any SEBI registered intermediary (except trading member or clearing member) or its international associates in collaboration with such SEBI registered intermediary may provide financial services, in IFSC, without</p>

				<p>even forming a separate company, subject to the approval of Board.</p> <ul style="list-style-type: none"> ○ Circular further amends the reporting format of financial statements that is to be filed with exchange.
2	26.02.2020	Circular	Facilitating transaction in Mutual Fund schemes through the Stock Exchange Infrastructure	Through this Circular, market regulator SEBI allowed investors to directly buy and sell mutual funds through stock exchanges without going through stock brokers or mutual fund distributors. The regulator further directed exchanges, clearing corporations and depositories to set up the infrastructure required for this purpose.
3	25.02.2020	Press release	Inclusion of Mauritius in the FATF list of “jurisdictions under increased monitoring	The Financial Action Task Force (FATF) has placed Mauritius in the list of jurisdictions under increased monitoring, commonly referred to as the grey list. There have been apprehensions among market participants whether inclusion of Mauritius in the 'grey list' would have an effect on the registration of foreign portfolio investors (FPIs) from Mauritius. Through this press release, market regulator Securities and Exchange Board of India (SEBI) clarified that , FPIs from Mauritius will continue to be eligible for registration with increased monitoring as per FATF norms.

S. No	NEWS ON SECURITIES EXCHANGE BOARD OF INDIA
1.	<p><u>Sebi asks investment advisers operating in IFSC to have \$700,000 net worth</u> Earlier, the net worth requirement for investment adviser (IA) in IFSC was \$1.5 million.</p>
2	<p><u>Sebi bans transfer of clients' securities to broker accounts</u> Against the backdrop of Karvy Stock Broking Ltd (KSBL) incident, the watchdog has now put in place stringent norms to prevent misuse of clients' securities that are available with trading and clearing members, and depository participants.</p>
3	<p><u>Sebi proposes stricter regulatory framework for corporate bonds, debenture trustees</u> Among other measures, the watchdog has suggested that NBFCs (Non-Banking Financial Companies) create charge on the identified assets for every bond issue. In order to enhance transparency, the regulator has also proposed to mandate minimum disclosures.</p>



RBI during the week

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

Press Release –0;

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

S. No	NEWS ON RESERVE BANK OF INDIA
1	

4

IBC during the week

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

Press Release – 0;

S.No	Date of Issue	Notifications/Master Directors/Master Circulars	Subject & Link	Gist thereof
1	27.02.2020		Guidelines for Appointment of Insolvency Professionals as Administrators under the Securities and Exchange Board of India (Appointment of Administrator and Procedure for Refunding to the Investors) Regulations, 2018	SEBI (Appointment of Administrator and Procedure for Refunding to the Investors) Regulations, 2018, provide for appointment of Insolvency Professional (IP) as administrators when there is a failure to comply with disgorgement or refund order passed by the Board. IBBI and SEBI have mutually agreed upon to use a panel of IPs for appointment as administrators for effective implementation of the Regulation.

				Guideline further explains the eligibility of an IP for being included in the Panel.
--	--	--	--	--

S. No	NEWS ON INSOLVENCY AND BANKRUPTCY CODE
1	<u>Competition Act and Insolvency & Bankruptcy Code: Applying the Failing Firm Defence for Green Channel Approval of cases</u> Section 31 of Insolvency and Bankruptcy Code, 2016 (IBC) provides for approval of a resolution plan. Sub-section (4) says that resolution applicants shall obtain necessary approval as required under any law within one year from the date of the plan being approved.
2	<u>Amendments to insolvency law must be dropped: Homebuyers</u> Homebuyers have demanded that any amendment in the insolvency law that seeks to introduce a minimum threshold for flat buyers to approach the NCLT to initiate proceedings against builders who have defaulted should be dropped.
3	<u>Liquidation of company under IBC some times better than resolution: NCLAT member</u> Liquidation of a company under the Insolvency and Bankruptcy Code (IBC) is sometimes better than a resolution as it throws opportunity for alternative use of its assets and add value to the country.

S. No	GENERAL NEWS
1	<u>Owner of a registered trade mark cannot be changed in a mechanical or a perfunctory manner</u> The Delhi High Court has held that the owner of a registered trade mark cannot be changed in a mechanical or a perfunctory manner, simply upon filing of any Form. (M/s S. K. Cosmetics vs The Controller General of Patents, Designs and Trade Marks and Ors)
2	<u>Bill to bring co-operative banks under RBI regulation to get Parliament nod</u> In a bid to address weaknesses in co-operative banking sector, the Parliament is likely to clear a Bill to amend Banking Regulation Act to bring multi-state co-operative banks under effective regulation of RBI during the Budget session. The proposed legislation will help prevent a repeat of Punjab and Maharashtra Cooperative Bank-like crisis, sources said.



Flat No.7, Door No.10 Madhans,
South Canal Bank Road,
Mandavelipakkam, Chennai 600028.

mail@akshayamcorporate.com

www.akshayamcorporate.com; Land Line: 044-43533080

*The Information Contained herein is of general nature and is not intended to address the circumstances of any particular individual or entity.
The views expressed here are solely those of the author in his private capacity.*