

WEEKLY UPDATES ON COMPANY LAW ,SEBI AND RBI

Week 1 – January 01 – January 07, 2018

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Companies Act 2013 during the week

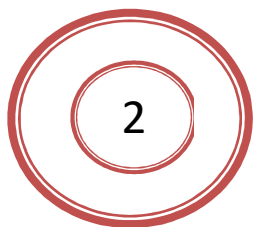
Rules - 0; Circulars - 0; Notifications – 0; Orders- 0; Important Notices - 7

S.No	Date of Issue	Rules/Circular/ Notification/order	Contents thereof	Gist thereof

S.No.	GENERAL IMPORTANT NOTICES	Remarks
1	<p>A new name reservation service is being developed and is likely to be deployed on 26th January, 2018. Therefore w.e.f. 00:00 hours on 06-01-2018, INC-1 will not be available on the MCA Portal. Stakeholders are advised to submit INC-1 application till 23:59 hours of 05-01-2018. Stakeholders who reserved names using INC-1 are requested to use SPICe for incorporation immediately. However, resubmission of INC-1 is allowed till 23:59 hours of 11-01-2018. INC-7 form is likely to be discontinued w.e.f 10.01.2018 in case the name reserved using INC-1 is to be used for incorporation through SPICe form, users should file the form latest by 17.01.2018. It is requested that SPICe should be filed with due care as it will be allowed only one resubmission which has to be completed latest by 25.01.2018. Stakeholders may plan accordingly.</p>	1 & 2 & 3 to be read together
2	<p>MCA is proactively designing a Front Office service (replacing INC-1 eform with Web-Form) for Name Reservation and Change of Name for companies capturing only absolutely essential information from the applicants. The said service is likely to be rolled out on 26th January 2018.</p>	
3	<p>It is proposed to mandate SPICe (with necessary provision for incorporating Producer Companies) as the only form for incorporation of companies w.e.f. 26th January, 2018. Accordingly, INC-7 would be deprecated for incorporation of companies. A detailed notification and FAQs relating thereto would be made available as and when the same is notified. Stakeholders may kindly take note and plan accordingly.</p>	
4	<p>It is proposed to reengineer the process of allotment of DIN by allotting DIN to individuals only at the time of their appointment as Directors (If they do NOT</p>	-

	possess a DIN) in companies. DIR-3 Application for Director Identification Number) would be applicable for the allotment of DIN to individuals in respect of existing companies only and shall be filed by the existing company in which the proposed Director is to be appointed. Further, DINs to the proposed first Directors in respect of new companies would be mandatorily required to be applied for in SPICe forms (subject to a ceiling of 3 new DINs) only. It is also proposed to modify DIR-3 to permit allotment of upto 2 new DINs (since SPICe provides for upto 3 new DINs) only in respect of 'Producer Companies'. A separate notification would be issued for the same and stakeholders may plan accordingly.	
5	To facilitate corresponding changes in LLP eforms due to deprecation of DIR-3, it is proposed to temporarily suspend issuance of allotment of new DINs for Designated Partners/Partners of LLPs w.e.f 26th January 2018 till 31st March 2018. Stakeholders may kindly take note and plan accordingly.	-
6	Stakeholders of Condonation of Delay Scheme (notified vide General Circular No.16/2017 dated 29th December 2017) may kindly note that the process for 'reactivating' the DINs in system in respect of disqualified Directors is in progress and they may check the status of the relevant DINs by 12th January 2018 . However, they are requested to be ready with necessary 'overdue documents' for filing purposes. Stakeholders may further note that the scheme is not applicable for those Directors who may have been associated with a company which was struck off under Section 248(1) of the Companies Act-2013 and such DINs shall be activated only upon receipt of orders for revival of the said company as per due process laid down under Section 252 of the Companies Act-2013.	-
7	New version of XBRL Validation Tool with IND-AS taxonomy related changes will be available for Beta Testing shortly. Software Vendors are requested to	-

	incorporate the required changes in their tagging tools accordingly.IND-AS Taxonomy and Business Rules are available on XBRL portal.	
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SEBI during the week

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

Master Circulars-0; Circulars –4; Press Release – 0; Others - 0

S.No	Date of Issue	Act/rules/circulars....	Subject & Link	Gist thereof
1	03.01.2018	Circular No.: SEBI/HO/CDMRD/DM P/CIR/P/2018/1	Transaction Charges by Commodity Derivatives Exchanges https://www.sebi.gov.in/legal/circulars/jan-2018/transaction-charges-by-commodity-derivatives-exchanges-37258.html	SEBI vide its circular No. SEBI/HO/CDMRD/DMP/CIR/P/2016/82 dated September 07, 2016 had prescribed norms to be followed by the commodity derivatives exchanges while levying transaction charges for the commodity derivatives trade Clause 1. b revised as follows 1.b The Exchanges will ensure that the ratio between highest to lowest transaction charges in the turnover slab of any contract is not more than 2:1 Effective – 30 days from the date of circular

2	03.01.2018	<p style="text-align: center;">Circular No.: CFD/DIL3/CIR/2018/2</p>	<p style="text-align: center;">Circular on Schemes of Arrangement by Listed Entities and (ii) Relaxation under Sub-rule (7) of rule 19 of the Securities Contracts (Regulation) Rules, 1957”</p>	<p>SEBI Circular No.CFD/DIL3/CIR/2017/21 dated March 10, 2017 has laid down the framework for Schemes of Arrangement by Listed Entities and relaxation under Rule 19 (7) of the Securities Contracts (Regulation) Rules, 1957</p> <p>In order to expedite the processing of draft schemes and to prevent misuse of schemes to bypass regulatory requirements, it has been decided to make certain amendments.</p> <p>(I) Not applicable for merger of WOS or its division to its parent</p> <p>(II) Valuation report and Fairness opinion shall be provided by Independent Chartered Accountant and SEBI Merchant Banker respectively.</p> <p>(III) Shareholding of pre-scheme public shareholding and QIB of unlisted entity, in post scheme merged company on fully diluted basis shall be not less than 25%.</p>
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				<p>(IV) The compliance requirement after the Scheme is Sanctioned by the Hon'ble High Court / NCLT (hereinafter referred to as "Approved Scheme") has been repealed</p> <p>(V) In case of a scheme involving merger of a listed company or its</p> <p>(VI) Division into an unlisted entity, the entire pre-scheme share capital of the unlisted issuer seeking listing shall be locked in as per para III(A)(3)</p> <p>(VII) Requirement of Listing of specified shares within 30 days repealed</p> <p>(VIII) Ensure Listing and trading of securities within 60 days of receipt of order.</p>
3	04.01.2018	Circular No.: SEBI/HO/IMD/DF3/C IR/P/2018/04	Benchmarking of Scheme's performance to Total Return Index	Mutual Funds are required to disclose the name(s) of benchmark index/indices with which the AMC and trustees would compare the performance of the scheme in scheme related

				<p>documents.</p> <p>SEBI has come up with benchmarking of scheme in order to enable investors to compare the scheme vis a vis an appropriate benchmark.</p> <p>The circular shall be applicable to all schemes of mutual funds from February 01, 2018.</p>
4	05.01.2018	<p>Circular No.: SEBI/HO/DDHS/CIR/ P/2018/05</p>	<p>Electronic book mechanism for issuance of securities on private placement basis</p> <p>https://www.sebi.gov.in/legal/circulars/jan-2018/electronic-book-mechanism-for-issuance-of-securities-on-private-placement-basis-37295.html</p>	<p>SEBI vide circular No. CIR/IMD/DF1/48/2016 dated April 21, 2016, mandated usage of electronic book mechanism for issuance of debt securities on private placement basis</p> <p>The revisions made to the existing framework are aimed at further streamlining the procedure for private placement of debt securities, allowing private placement of other classes of securities which are in the nature of debt securities and enhancing transparency in the issuance, resulting in better discovery of price. The revised guidelines for the Electronic Book Mechanism are placed at Schedule -A annexed to this circular.</p> <p>Schedule A is given in the link</p>

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RBI during the week

Notifications - 2; Master Directions – 2; Master Circulars – 0; Circular - 0; Press Release - 0

S.No	Date of Issue	Notifications/Master Directors/Master Circulars	Subject & Link	Gist thereof
1	04.01.2018	Notification	Submission of Financial Information to Information Utilities	This is applicable to all Asset Reconstruction companies too, in accordance with IBC code 2016.
2	04.01.2018	Notification	Refinancing of External Commercial Borrowings – By overseas branch of Indian Banks	Earlier this was not allowed. Now in order to provide a level playing field, refinancing of ECB allowed for corporates of AAA rating or Navaratna or Maharatna PSUs provided the outstanding maturity of the original borrowing is not reduced and all-in-cost of fresh ECB is lower than the existing ECB
3	04.01.2018	Notification – Master	Master Direction – Foreign Investment in India	This Master Direction lays down the modalities as to how the foreign

		Direction	<p>https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11200&Mode=0#AP</p> <p>Master Direction – Reporting - https://rbi.org.in/Scripts/NotificationUser.aspx?Id=10202&Mode=0</p>	<p>exchange business has to be conducted by the Authorised Persons with their customers/ constituents with a view to implementing the regulations framed.</p> <p>Instructions issued on Foreign Investment in India and its related aspects under the FEMA have been compiled in this Master Direction. The list of underlying circulars/ notifications which form the basis of this Master Direction is furnished in the Appendix (link provided).</p> <p>Reporting instructions can be found in Master Direction on Reporting (Master Direction No. 18 dated January 1, 2016). The person/ entity responsible for filing such reports shall be liable for payment of late submission fee for any delays in reporting.</p>
4	04.01.2018	Master Director	Master Direction – Direct Investment by Residents in Joint Venture (JV) / Wholly Owned	Master direction is updated by incorporating the changes issued

			<p>Subsidiary (WOS) Abroad</p> <p>https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10637#F@</p>	<p>earlier on October 20, 2016 and January 25,2017.</p>
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