

WEEKLY UPDATES ON COMPANY LAW, SEBI, RBI AND IBC
Week 24– 08th June to 14th June 2020

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Companies Act 2013 during the week

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

S. No	Date of Issue	Rules/Circular/Notification/Order	Contents thereof	Gist thereof
1	05.06.2020 (released on 08.06.2020)	Notifications	Companies (Share Capital and Debentures) Amendment Rules 2020	<p>Start up definition as defined under DIPP Notification dated 19th February 2019 will be considered instead of 17th February 2016 definition.</p> <p>Start up companies were allowed to issue sweat equity share not exceeding 50% of the paid up capital upto 5 years from date of incorporation, however the same has been amended to 10 years.</p> <p>Considering the representations received from various NBFCs and the ongoing liquidity crunch in the economy of the Country along with added impact of COVID disruption, the Ministry of Corporate Affairs has amended the provisions of Rule 18 of Companies (Share</p>

				<p>Capital and Debenture) Rules, 2014 vide notification dated 5th June, 2020 [2]to exempt listed companies coming up with private placement of debt securities from the requirement of creation of deposit in scheduled bank.</p> <p>Please note that the aforesaid shall be applicable only after publication of the notification in the official gazette which is till date awaited.</p>
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S. No	NEWS ON MCA
1)	<p>An important Proposal for Auditors reforms has been moved by MCA.</p> <p>The Consultation paper dated February 2020 highlighted the proposed changes in the audit practice It aims at revamping the practice of simultaneous carrying on audit and non-audit by large firms. The need to regulate big four accountancy firms are specifically noted.</p>

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SEBI during the week

Act -0; Rules -0; Regulations-0; General Orders – 0; Guidelines- 1;

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

S. No	Date of Issue	Act/rules/circulars....	Subject & Link	Gist thereof
1.	08-06-2020	Circular	<p>Relaxation from compliance with certain provisions of the SEBI (Issue and Listing of Debt Securities) Regulations, 2008 and SEBI (Non-Convertible Redeemable Preference Shares) Regulations, 2013 and certain SEBI Circulars due to the COVID -19 virus pandemic</p> <p>https://www.sebi.gov.in/legal/circulars/jun-2020/relaxation-from-compliance-with-certain-provisions-of-the-sebi-issue-and-listing-of-debt-securities-</p>	<p>Due to COVID 19 pandemic, SEBI vide Circular dated 23-03-2020 had specified guidelines for relaxation of compliance with certain provisions of SEBI LODR regulations and other SEBI Circulars.</p> <p>In view of the above circular, the SEBI has decided to extend the relaxation provided in the Circular for issuers who intend or propose to list these NCD / NCRPS / CP for disclosure of Financial results to another month.</p> <p>In this view, the Cut-off date for issuance of NCD / NCRPS /CPs is extended to on or before 30-06-2020, granting 91 days as a period of relaxation.</p>

			regulations-2008-and-sebi-non-convertible-redeemable-preference-shares-regulations-2013-and-ce-46788.html	
2.	09-06-2020	Circular	<p>Relaxations from certain provisions of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 in respect of Further Public Offer</p> <p>https://www.sebi.gov.in/legal/circulars/jun-2020/relaxations-from-certain-provisions-of-the-sebi-issue-of-capital-and-disclosure-requirements-regulations-2018-in-respect-of-further-public-offer-46791.html</p>	<p>SEBI circular dated 21-04-2020 issues relaxations in eligibility conditions related to Fast Track Rights Issue in wake of developments due to COVID 19.</p> <p>In continuation, it has decided to provide relaxation to Fast Track Further Public Offer as contained in SEBI (ICDR) Regulations.</p> <p>The Relaxations are applicable for FPOs that open on or before 31-03-2021.</p>
3.	10-06-2020	Informal Guidance	<p>Informal Guidance request of Mirza International Limited relating to reclassification of promoters under SEBI (LODR) Regulations, 2015</p>	<p>The Guidance was sought whether the married Daughters of the MD/WTD holding 10% of the total voting rights in a listed entity, living separate life and not being involved in the management of the company can be reclassified from 'Promoter and Promoter Group' to 'Public' category u/r. 31A of LODR Regulations.</p>

			https://www.sebi.gov.in/sebi_data/commndocs/jun-2020/SEBI%20Informal%20guidance%20Mirza_p.pdf	<p>SEBI had replied stating that “by virtue of the definition ‘Promoter Group’ under the ICDR regulations, the daughters of the promoter are immediate relatives and are a part of promoter group irrespective of them being married and living separate lives.</p> <p>By virtue of Regulation 31A of LODR, in case gift of shares held by a promoter / person belonging to the promoter group. Immediately on such event, the recipient of such shares shall be classified as promoter / Promoter group.</p> <p>The conditions for reclassification of promoter group to public and the procedure are specified under Regulation 31A of LODR. The Regulation 31A (3) (b) (i) specifies the persons seeking reclassification shall not together hold 10% of the total voting rights in the listed entity. Since the daughters together hold 10% of the holding rights, they cannot be reclassified as ‘Public’</p>
4.	12-06-2020	Circular	<p>Clarifications with respect to Circular dated February 05, 2020 on ‘Disclosure Standards for Alternative Investment Funds (AIFs)</p> <p>https://www.sebi.gov.in/legal/circulars/jun-2020/clarifications-</p>	<p>In regards to circular dated 05-02-2020 on Disclosure Standards for Alternative Investment, it is clarified as follows:</p> <p>i) Audit of compliance with terms of PPM as provided in para 5 of the circular to be conducted at the end of every financial year. And the findings</p>

			<p>with-respect-to-circular-dated-february-05-2020-on-disclosure-standards-for-alternative-investment-funds-aifs-46847.html</p>	<p>of the audit and the corrective steps are to be disclosed to the board or trustees and SEBI within 6 months from the end of the financial year.</p> <p>ii) This requirement shall not apply to AIF which have not raised any funds from investors but can submit a certificate from a chartered accountant stating that no funds has been raised. The certificate to be submitted within 6 months from the end of the Financial Year.</p> <p>iii) For Financial year 2019-20, it shall be done within 31-12-2020</p> <p>Further, Para 12 of the circular is amended as “ any association of AIFs, which in terms of membership represents atleast 33% of the AIFs may notify one or more bench mark agencies. With whom AIFs may enter into an agreement for benchmarking process”</p> <p>Due to COVID 19, the timelines for making available the first industry bench mark and AIF level performance versus benchmarks report is extended till 01-10-2020</p>
5.	12-06-2020	Circular	<p>Investment by the sponsor or asset management company in the scheme</p> <p>https://www.sebi.gov.in/legal/circulars/jun-2020/investment-by-the-sponsor-or-asset-</p>	<p>In terms of Regulation 28(4) of SEBI (Mutual Funds) (Amendment) Regulations 2020, the sponsor or Asset Management Company is required to invest not less than 1% of the amount which would be raised in the new fund offer or 50 Lakh Rupees whichever is lesser in such option of the scheme.</p>

			management-company-in-the-scheme 46848.html	<p>It has been decided that the investment shall be made in growth option of the scheme. If growth option not available in a scheme, it shall be made in the dividend reinvestment option of the scheme. In case both options not available, it shall be made in the dividend option of the scheme.</p>
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S. No	NEWS ON SEBI
1)	<p>SEBI relaxes compliance norms for companies planning to list debt securities. SEBI eased compliance norms for companies seeking to list their debts such as NCD & Commercial Papers.</p>

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RBI during the week

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

Press Release –1;

S. No	Date of Issue	Notifications/Master Directors/Master Circulars	Subject & Link	Gist thereof
1.	11 th June 2020	Press Release	<p>RBI Governor meets MD & CEOs of Credit Rating Agencies over Video Conference</p> <p>https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR24825F7B8336D88B43ECBDB7001BB226E777.PDF</p>	<p>RBI Governor held a meeting with MD and CEO of Credit Rating Agencies through Video Conference on 11-06-2020 for discussing the following:</p> <ul style="list-style-type: none"> i. CRA’s assessment of macro-economic situation & outlook on various sector. ii. Perspectives on the overall Financial Health of the entities rated by CRAs. iii. Major factors affecting the credit rating in current context iv. Feedback on way to further strengthening the rating process and engagement with key shareholders.

S. No	NEWS ON RBI
1)	RBI proposes deregulation in NPA price discovery The RBI said that the price discovery process may be deregulated during sale of bad loans by financial institutions.
2)	Loan Moratorium Forcing Banks hand to be ruinous SEBI has told SC that the Moratorium passed by RBI would lead the entire economy to standstill and bring chaos.

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IBC during the week

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

Press Release – 0; Others – 2

S. No.	Date of Issue	Notifications/Master Directors/Master Circulars	Subject & Link	Gist thereof
1)	09 th June 2020	Brochure	<p>National online quiz on Insolvency and Bankruptcy Code, 2016</p> <p>https://ibbi.gov.in/uploads/whatsnew/00a5e0f6e25bd377be09d06020aa6e39.pdf</p>	<p>To promote the awareness and understanding of the Insolvency and Bankruptcy Code, the IBBI in collaboration with MyGov.in has launched the National online quiz on IBC 2016.</p> <p>The Quiz is open from 01-07-2020 to 31-07-2020 in quiz.mygov.in and is open to all individuals above the age of 18 except to individuals working in IBBI, service providers under IBC and registered with IBBI and also their immediate family members.</p> <p>The best performer will be given gold medal with Rs. 1,00,000 /- as cash prize, the second best with silver medal and Rs. 50,000 cash prize and finally third with bronze medal and Rs. 25, 000 cash prize. Further besides the first 3, top 10% of the participants will be given</p>

				<p>certificate of merit.</p> <p>The said Brochure also contains the sample quiz questions annexed with it</p>
2)	12 th June 2020	Order	<p>Reconstitution of the Advisory Committee on Corporate Insolvency Resolution and Liquidation Process</p> <p>https://ibbi.gov.in/uploads/whatsnew/c08f41974a0a17f105c2d5e6b89af0fd.pdf</p>	<p>The IBBI has reconstituted the Advisory Committee as per Regulation 3 of the IBBI (Advisory Committee) Regulations, 2017. All the Members constituting the committee will have a term up to 3 years from the date of issue of this order except to 3 members for whom it will end on 24-08-2020.</p>

S. No	NEWS ON INSOLVENCY AND BANKRUPTCY CODE
1)	<p>Why IBC ordinance to suspend insolvency pleas for six months spells trouble. For the Corporates caught in the COVID crisis, the recent amendment of IBC offers respite. The amendment has suspended the fresh initiation of proceedings against a debtor if the default is occurring on or after 25-03-2020</p>
2)	<p>Complete IBC suspension for default may hurt creditors. The ordinance giving perpetual holiday from IBC for defaulters has left banks and investors in a lurch as it has left them only with the recovery options which are ineffective.</p>
3)	<p>Saving viable cost more important than liquidating unviable ones : IBBI Chief. IBBI Chair Person states that it made no sense to save an insolvent firm when one could not save the economy. He states that rescuing a viable firm was more crucial than failing to rescue a unviable one during the current COVID 19.</p>
3)	<p>IBC suspension to provide breathing space to struggling companies: Experts The government decision to shield the corporates from the IBC during COVID 19 will provide breathing space to the business struggling to combat the demand and poor growth prospects.</p>
4)	<p>Suspending some IBC Provisions may not help avoid the cost of an economic shock. In economic domain suspending some IBC Provisions is arguably the most far reaching legislative changes</p>

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Others during the week

NSE-; BSE-; DIPP-; Finance Ministry-; Others -;

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

S. No	GENERAL NEWS
1.	Supreme Court to decide if NBFC can offer Moratorium.
2.	Government proposes to decriminalize bouncing of cheques The government proposal to decriminalize the bouncing of cheques will have raised concerns from bankers.
MSME NEWS	
1)	Why most business, startups trying to register as MSME may not get loans. As many entities register as MSME, most do not stand to the benefits from the governments' relief package.
2)	MSME revival package yet to takeoff as banks wait for RBI Norms. The Scheme providing 20 Lakh crore to stressed MSME was approved on 01-06-2020 almost after one month of the announcement by the Finance Minister.



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