

WEEKLY UPDATES ON COMPANY LAW, SEBI, RBI AND IBC
Week 26 – 22nd June to 28th June 2020

1

Companies Act 2013 during the week

Rules -0; Circulars -0; Notifications-3; Orders-0; Important Notices - 0

S. No	Date of Issue	Rules/Circular / Notification/ Order	Contents thereof	Gist thereof
1.	23.06.2020	Notification	Companies (Appointment and Qualification of Directors) Rules, 2014,	MCA has further extended the last date for registration of particulars of independent directors in the Data bank for further 3 months to 30 th October 2020.
2.	23.06.2020	Notification	Extension of time limit to conduct the Board meeting	<p>Earlier Companies (Meetings of Board and its Powers) Rules, 2014 prohibited following items from being taken up in Board Meeting held via VC or OAVM mode</p> <ol style="list-style-type: none"> 1. the approval of the annual financial statements; 2. the approval of the Board’s report; 3. the approval of the prospectus; 4. the Audit Committee Meetings for consideration of accounts consideration of

				<p>financial statement including consolidated financial statement , if any, to be approved by the Board</p> <p>5. The approval of the matter relating to amalgamation, merger, demerger, acquisition and takeover.</p> <p>However due to covid situation MCA had vide notification dated 19.03.2020 extended relaxation, on holding board meetings even to consider the above mentioned items via VC or OAVM, the same till 30th June 2020.</p> <p>Now vide this circular, MCA has further extended the time period to 30th Sep 2020.</p>
3.	23.06.2020	Notification	Amendment in Schedule VII	The ministry of corporate affairs has included contributions towards the central armed forces and Central Para Ministry Forces veterans and their dependents including widows within the definition of corporate social responsibility.

S. No	NEWS ON MCA

2

SEBI during the week

**Act -0; Rules -0; Regulations-2; 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	22.06.2020	Regulation	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) (Second Amendment) Regulations, 2020	<p>Relaxations for Listed Companies having stressed assets for Preferential Issue</p> <p>In case of frequently traded shares, the price of the equity shares to be allotted pursuant to the preferential issue shall not be less than the average of the weekly high and low of the volume weighted average price of the related equity shares quoted on a recognized stock exchange during the two weeks preceding the relevant date.</p> <p>Upon this amendment, allottees of preferential issue in such eligible companies will be exempted from making an open offer if the acquisition is beyond the prescribed threshold or if the open offer is warranted due to change in control, in terms of Takeover Regulations.</p> <p>Eligible Companies - listed companies which have disclosed default of interest/principal amount</p>

				<p>Companies having Inter – creditor agreement in terms of RBI</p> <p>Companies whose financials/credit instrument has been downgraded to ‘D’ rating</p>
2.	22.06.2020	Regulation	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) (Second Amendment) Regulations, 2020	In order to bring the above mentioned relaxation in point 1, Regulation 10 of SAST has been amended to give effect to the same.
3.	23.06.2020	Circulars	Operational framework for transactions in defaulted debt securities post maturity date/ redemption date under provisions of SEBI (Issue and Listing of Debt Securities) Regulations, 2008	<p>SEBI introduced an operational framework for transactions in defaulted debt securities Accordingly, this circular outlines the operational framework for transactions in defaulted debt securities and also prescribes the obligations of Issuers, Debenture Trustee(s), Depositories and Stock Exchange(s) while permitting such transactions. This comes out after the SEBI received representations from market participants and investors to allow transaction in debt securities where redemption amount has not been paid on maturity or redemption date.</p> <p>The brief procedure of the framework is listed below:</p> <p>1) Procedure under Operational framework:</p>

				<p>Stock Exchanges shall not allow any transactions in defaulted debt securities before the 2 working days prior to their maturity/ redemption date.</p> <p>2) Intimation on status of payment</p> <p>Issuer shall intimate to the stock exchange, & other intermediaries the status of payment of debt securities within 1 working day of payment/redemption date.</p> <p>3) Role of Debenture Trustee</p> <p>4) Default in the payment of redemption amount</p> <p>Within 2 working days from the date of intimation from issuer or DTs that issuer has defaulted on its payment obligations then depository in co-ordination with Stock exchange shall-</p> <ul style="list-style-type: none"> • Update the ISIN Master file, & • Lift the restriction on transactions of such debt securities. • Information regarding this shall be disseminated immediately on website of both depositories and stock exchange. <p>5) Reporting of trade in defaulted debt securities on stock Exchange platform</p>
--	--	--	--	---

				<p>6) Intimation of transactions in defaulted debt securities</p> <p>The Depositories shall send intimation to both parties to the transaction that it is “Transaction in ISIN-defaulted in redemption” immediately.</p> <p>7) Account Statement</p> <p>While sending the periodic account statement to the Demat account holders, Depositories shall highlight in such statements as “ISIN – defaulted in redemption”.</p> <p>8) Continuous assessment of default status</p> <p>The issuer shall inform to SEs, DP, and DTs latest by 2nd working day of April of each financial year on the updated status of payment of the debt securities.</p>
4.	24.06.2020	Circular	Further extension of time for submission of financial results for the quarter/half year/financial year ending 31st March 2020 due to the continuing impact of the CoVID-19 pandemic	<p>Time limit for Submission for Quarterly financial results for listed entities is May 15,2020 and Annual financial results is May 30,2020.</p> <p>Due to covid 19 situation, it was extended till June 31, 2020 vide circular dated 19th March ,2020</p> <p>Further now it has been extended to July, 31, 2020.</p>
5.	25.06.2020	Circular	Further extension of time for submission of Annual	Time limit for Submission for Annual compliance report for listed entity is May 30th 2020

			Secretarial Compliance Report by listed entities	Due to covid 19 situation, it was extended till June 31, 2020 vide circular dated 19th March 2020. Further now it has been extended to July, 31, 2020.
6.	25.06.2020	Circular	Outcome of SEBI Board Meeting	<p>SEBI Board Meeting - Key outcomes</p> <ul style="list-style-type: none"> • Additional option to the existing pricing methodology for preferential issuance. <ul style="list-style-type: none"> ○ In case of frequently traded shares, SEBI said the price of a preferential issue should not be less than the average of weekly high and low of the volume-weighted average price during twelve or two weeks preceding the relevant date. ○ The specified securities allotted on a preferential basis using the above pricing formula shall be locked-in for a period of three years, it added. • Amendment to Takeovers Regulations <ul style="list-style-type: none"> ○ Acquisition through stock exchange settlement process through bulk and/or block deals shall be permitted during the open offer. ○ For indirect acquisitions where the public announcement of an open offer has been made, 100 percent of the consideration payable under the open offer must be deposited in an escrow account

				<ul style="list-style-type: none"> ○ In case of delays in making open offer due to acts of omission or commission of the acquirer, a 10 interest to be paid to all shareholders who have tendered the shares in the open offer. • Amendment to Insider Trading Regulations <ul style="list-style-type: none"> ○ These include maintaining a structured digital database containing the nature of unpublished price sensitive information and the names of persons who have shared the information. ○ This will involve the automation of the process of filing disclosures to stock exchanges, restriction on the trading window not to be made applicable for transactions as prescribed by SEBI and includes entities to file the non-compliances of Code of Conduct with the stock exchanges.
7.	26.05.2020	Circular	Relaxation of time gap between 2 Board meeting / Audit committee of listed entities	<p>The board of directors and the Audit committee shall meet at least four times a year, with a maximum time gap of one hundred and twenty days between any two meetings.</p> <p>The board of directors and Audit Committee of the listed entity are exempted from observing the maximum stipulated time gap between two meetings for the meetings held or proposed to be held between</p>

				<p>the period December 1, 2019 and June 30, 2020 vide circular dated 19th March 2020.</p> <p>Further, this relaxation of 120 days gap between two meetings is extended till July 31, 2020.</p>
--	--	--	--	--

3

RBI during the week

**Notifications -1; 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	24.06.2020	Notification	Loans Sourced by Banks and NBFCs over Digital Lending Platforms	<p>RBI has issues a notification regarding the Loans Sourced by Banks and NBFCs over Digital Lending Platforms.</p> <p>It has been observed that Banks and NBFCs are seen to be engaging digital platforms to provide loans to their customers either directly through their own digital platforms or through a outsourcing digital platform.</p> <p>Later, there are many complaints registered against such lending platform regarding non-transparent methods to calculate interest, harsh recovery measures, unauthorized use of personal data and bad behavior.</p>

				<p>It is, therefore, reiterated that banks and NBFCs, irrespective of whether they lend through their own digital lending platform or through an outsourced lending platform, must adhere to the Fair Practices Code guidelines issued by the SEBI.</p> <p>It must be noted that outsourcing of any activity by banks/ NBFCs does not diminish their obligations, as the onus of compliance with regulatory instructions rests solely with them.</p>
--	--	--	--	--

S. No	NEWS ON RBI
1.	The RBI will be able to prepare a restructuring or amalgamation scheme for a struggling bank without first placing it under a moratorium, which freezes or limits withdrawals by depositors.

4

IBC during the week
Notifications - 0; Master Directions -0; Master Circulars -0; Circular -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 INSOLVENCY AND BANKRUPTCY CODE
1.	The ability of troubled DHFL to remain a going concern will depend on the resolution process, its auditor has noted. It has also reported a mismatch of 3,018 crores and said the recoverability of inter- corporate deposits of 3,786.24 crores is yet to be ascertained.

5

Others during the week
NSE-; BSE-0; DIPP-0; Finance Ministry-0; Others -1 ;

S. No	Date of Issue	Rules/Circular/ Notification/Order	Contents thereof	Gist thereof
<u>1</u>	<u>26.06.2020</u>	<u>Notification</u>	<u>MSME</u>	<u>A separate note on the said notification is enclosed herewith for immediate understanding.</u>

MSME NEWS
With the pandemic and the subsequent lockdown delivering a blow to the economy, the Government has advised to start-ups to reinvent and change their line of business to tap new opportunities, Addition secretary of MSME and MSME development commissioner reportedly said that small forms will be backed by the government in their efforts
MSME looking to avail fresh loans avail under the government’s ambitious 3 Lakh crore liquidity program for the sectors are running into additional costs in the form of stamp duty, a proposition that many of these businesses are finding difficult said two people aware of the development



Flat No.7, Door No.10 Madhans,
South Canal Bank Road,
Mandavelipakkam, Chennai 600028.
mail@akshayamcorporate.com
www.akshayamcorporate.com;Land Line:044-43533080
Office Mobile: 6382254637

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. The News items are taken as is provided in various websites and newspapers and the author shall not be held responsible for any of it.