

WEEKLY UPDATES ON COMPANY LAW, SEBI, RBI AND IBC
Week 27-29nd June to 5th July 2020

1

Companies Act 2013 during the week

Rules -0; Circulars -0; Notifications-2; Orders-0; Important Notices - 0

| S. No | Date of Issue | Rules/Circular / Notification/Order | Contents thereof | Gist thereof |
|-------|---------------|-------------------------------------|--|--|
| 1. | 29.06.2020 | Notification | COMPANIES (Removal of Names of Companies from the Register of Companies) Amendment Rules 2020 | MCA has brought in an amendment allowing Government companies (where entire Paidup capital is held by Government) and 100% wholly owned subsidiaries of such government companies to strike off their companies by providing an indemnity bond in Form STK-3A, by one authorised representative, not below the rank of Under Secretary or its equivalent, in the administrative Ministry or Department of the Government of India or the State Government, as the case may be, on behalf of the company. Earlier such companies were required to provide the Indemnity bond from every Director of the company which has now been relaxed. This is in addition to other documentation requirements as may be prescribed for such strike off. |
| 2. | 29.06.2020 | Notification | Period/Days Of Extension For Names Reserved And Resubmission Of Forms | Period/days of extension for names reserved and resubmission of forms are further extended beyond 30 th June 2020. |

| | | | | Issue description | E-Form | Period/Day of extension |
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| | | | | Names reserved for 20 days in case of New Company Incorporation | SPICE+ Part B | Names expiring on any day between 15th March 2020 to 31st July would be extended by 20 days beyond 31st July 2020. |
| | | | | Names reserved for 60 days for change of name of company. | INC-24 (needs to be filed within 60 days of name reservation) | Names expiring any day between 15th March 2020 - 31st July would be extended by 60 days beyond 31st July 2020. |
| | | | | Extension of RESUBMISSION validity for Companies | SPICE+ Part B Or INC-24 | SRNs where last date of Resubmission falls between (15th March 2020 - 31st July 2020), additional 15 days beyond 31st July 2020 would be allowed. <ul style="list-style-type: none"> • However, for SRNs already marked under NTBR (NOT TO BE TAKEN ON RECORD), extension would be provided on case to case basis. |

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| | | | | Names reserved for 90 days for new LLP incorporation/change of name. | FiLLiP or Form 5 (to be filed within 90 days of name reservation.) | Names expiring any day between 15th March 2020 to 31st July would be extended by 20 days beyond 31st July 2020. |
| | | | | Extension of RESUBMISSION validity for LLPs. | FiLLiP or Form 5 | SRNs where last date of resubmission (RSUB) falls between 15th March 2020 - 31st July 2020, additional 15 days would be allowed from 31st July 2020 for resubmission. <ul style="list-style-type: none"> • In case of SRNs already marked as NOT TO BE TAKEN ON RECORD, extension would be provided on a case to case basis. |

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| | | | | <p>Extension for marking IEPF-5 SRNs to 'Pending for Rejection u/r 7(3)' and 'Pending for Rejection u/r 7(7)'</p> | <p>IEPF -5</p> | <p>SRNs where last date of filing eVerification Report (for both Normal as well as Resubmission filing) falls between 15th March 2020 - 31st July 2020, would be allowed to file the form till 30th Sep 2020.</p> <ul style="list-style-type: none"> • However, for SRNs already marked under 'Pending for Rejection u/r 7(3)' and 'Pending for Rejection u/r 7(7)', extension would be provided on case to case basis. <p>Note: Status of IEPF-5 SRN will not change to 'Pending for Rejection u/r 7(3)' and 'Pending for rejection u/r 7(7)' till 30th Sep'20.</p> |
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| S. No | NEWS ON MCA |
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| <p>Please be aware that MCA21 Ticketing and Voice Help Desk is functional and for MCA21 related issues stakeholders are advised to raise a service complaint/contact Help Desk.</p> | |

2

SEBI during the week

Act -0; Rules -0; Regulations-2; General Orders – 0; Guidelines- 0;

Master Circulars-0; Circulars – 3; Press Release –0; Others -1;

| S. No | Date of Issue | Act/rules/circulars | Subject & Link | Gist thereof | |
|-------|---------------|---------------------|---|---|---|
| 1. | 30.06.2020 | Circular | Relaxation in timelines for compliance with regulatory requirements | Compliance requirements for which timelines were extended | Extended timeline / Period of exclusion |
| | | | | Processing of the demat request form by Issuer / RTA. | Period of exclusion shall be from March 23, 2020 till July 31, 2020. |
| | | | | Processing of the demat request form by the Participants | A 15 - day time period after July 31, 2020 is allowed to Depository / DPs, to clear the back log for processing of the Demat request form |

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| | | | | Submission of half yearly Internal Audit Report (IAR) by DPs for half year ended on 31st March 2020. | July 31, 2020, for half year ended on March 31, 2020. |
| | | | | Redressal of investor grievances | Period of exclusion shall be from March 23, 2020 till July 31, 2020. |
| | | | | Transmission of securities. | A 15 -day time period after July 31, 2020 is allowed to Depository / DPs, to clear the backlog. |
| | | | | Closure of demat account | |
| 2. | 30.06.2020 | Circular | Collection of stamp duty on issue, transfer and sale of units of AIFs | Registrars to an Issue and/or Share Transfer Agents" (RTA) registered under the Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 are directed to comply with the applicable provisions of the Indian Stamp Act, 1899 and the Rules made thereunder regarding collection of stamp duty on sale, transfer and issue of units of AIFs w.e.f. July 01, 2020. | |
| | | | | <ul style="list-style-type: none"> Where RTA is already appointed by AIFs – RTA shall collect the stamp duty on issue, transfer and sale of units of AIFs as stated. | |

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| | | | | <ul style="list-style-type: none"> Where RTA have not been appointed by AIFs – Company shall appoint RTA, at the earliest, but not later than July 15, 2020 <p>as the provisions of the amended Indian Stamp Act, 1899 and the Rules made thereunder are to be implemented and enforced w.e.f. July 01, 2020.</p> <p>Till such time RTA are appointed, as an interim measure, AIFs shall keep the applicable stamp duty on issue, transfer and sale of units of AIFs in a designated bank account.</p> <p>AIFs shall transfer the said amount to RTA upon appointment for onward remittance to States / Union Territories as per the provisions of Indian Stamp Act, 1899 and the Rules made thereunder.</p> |
| 4. | 30.06.2020 | Others | Extension of Timeline for submission of public comments on the Report of the Working Group on Social Stock Exchange | SEBI had put up the Report on the working group of Social stock exchange for public comments on 01-06-2020. The last date for submission of comments has been extended from 30 th June, 2020 to 15 th July, 2020 |
| 5. | 30.05.2020 | Circular | Relaxation from compliance to REITs and InvITs due to the CoVID- | It has been decided to further extend the due date for regulatory filings and compliances for REIT and InvIT for the period ending March 31, 2020 by a month, over and above the extended timelines specified vide circular No. |

| | | | 19 virus pandemic- Amendment | SEBI/HO/DDHS/CIR/P/2020/42 (one month over and above the timelines, prescribed under SEBI Regulations). Original due date was within three months from the end of the financial year which is now extended upto 31 st August 2020 | | | | | | | | | | |
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| 6. | 01.07.2020 | Regulation | SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2020 - | <p>The amendment provides for an optional pricing (Special Pricing norms with lockin period of 3 years) in the case of Preferential issue in respect of Equity shares by listed companies.</p> <p>This option is available between July 01, 2020 (or from the date of notification of this regulation, whichever is later) and December 31, 2020.</p> <p>Pricing norm shall be uniform for all allotments arising out of the above option.</p> | | | | | | | | | | |
| 7 | 01.07.2020 | Regulation | Securities And Exchange Board Of India(Substantial Acquisition Of Shares And Takeovers) (Third Amendment) Regulations, 2020 | <p>Following are the amendments:</p> <ul style="list-style-type: none"> Deposit in Escrow Account <table border="1" style="margin-left: 40px;"> <thead> <tr> <th colspan="2" style="text-align: center;">Existing</th> </tr> <tr> <th colspan="2" style="text-align: center;">For all Open offers</th> </tr> <tr> <th style="text-align: center;">Open offer consideration</th> <th style="text-align: center;">Escrow amount</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">First 500 Cr</td> <td style="text-align: center;">25% of consideration</td> </tr> <tr> <td style="text-align: center;">On balance</td> <td style="text-align: center;">10% of balance consideration</td> </tr> </tbody> </table> | Existing | | For all Open offers | | Open offer consideration | Escrow amount | First 500 Cr | 25% of consideration | On balance | 10% of balance consideration |
| Existing | | | | | | | | | | | | | | |
| For all Open offers | | | | | | | | | | | | | | |
| Open offer consideration | Escrow amount | | | | | | | | | | | | | |
| First 500 Cr | 25% of consideration | | | | | | | | | | | | | |
| On balance | 10% of balance consideration | | | | | | | | | | | | | |

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| | | | | <p>Conditional offer</p> <p>100% of the consideration payable in respect of minimum level of acceptance or</p> <p>50% of the consideration payable under the open offer whichever is higher.</p> <ul style="list-style-type: none"> • Escrow deposits <ul style="list-style-type: none"> ○ Following deposits are allowed <ul style="list-style-type: none"> ▪ Cash ▪ Bank Guarantee ▪ Equity shares ○ Pursuant to amendment, for Indirect Acquisitions Open offer - Deposit of securities shall not be permitted • Non-payment of Open offer consideration <ul style="list-style-type: none"> ○ As per regulation 18 (10) the acquirer shall, within ten working days from the last date of the tendering period shall make payment of consideration to the shareholders who have accepted the open offer |
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| | | | | <ul style="list-style-type: none"> ○ Presently, incase Acquirer not paid the consideration within the said period owing to non-receipt of Statutory Approvals, SEBI can extend subject to payment of interest ○ Pursuant to amendment - incase Acquirer not paid the consideration within the said period owing to other reasons, acquirer has to pay interest @ 10% p.a. ○ In case the delay was not attributable to any act of omission or commission of the acquirer, or due to the reasons or circumstances beyond the control of acquirer, SEBI may grant waiver from the payment of interest <ul style="list-style-type: none"> • Completion of acquisition through bulk and block deals during the open offer period <p>Presently, the Acquirer is not permitted to complete the transaction triggering the open offer until expiry of the open offer. The only exceptions were that the acquirer may act upon the agreement</p> |
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| | | | | <p>or an acquirer may acquire shares of through preferential issue or through the stock exchange settlement process, other than through bulk deals or block deals.</p> <p>Pursuant to the amendment, completion of acquisition through stock exchange settlement process for all types of transactions including bulk deals and block deals is allowed.</p> <p>Rationale :</p> <ol style="list-style-type: none"> 1. The Acquirer will be able to directly acquire significant stake in the target company through stock exchanges instead of negotiating through the off-market route; and 2. The Acquirer will be able to complete the acquisition quickly instead of placing small orders for a longer period of time. |
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3

RBI during the week

**Notifications -3; 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 | 01.07.2020 | Press Release | Indian Stamp Act, 1899 Amendments and Rules made thereunder | <ul style="list-style-type: none"> • With the objective of bringing uniformity in the stamp duty levied on securities transactions across states, the Government of India amended the Indian Stamp Act 1899 (revised Act), through Finance Act, 2019, and the relevant Stamp Rules, 2019, were notified on December 10, 2019. • The revised Act has come into effect from July 1, 2020. • Under the revised Act, CCIL (Clearing Corporation of India Limited) has been appointed as collecting agent for foreign exchange, interest rate and credit |

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| | | | | derivative transactions which are reported to it. |
| 2 | 01.07.2020 | Notification | Special liquidity scheme for NBFCs/HFCs | <p>Government has approved a scheme to improve the liquidity position of NBFCs/HFCs through a Special Purpose Vehicle (SPV) to avoid any potential systemic risks to the financial sector.</p> <p>To be eligible under the Scheme, the following conditions should be met:</p> <ol style="list-style-type: none"> 1) NBFCs including Microfinance Institutions that are registered with the RBI under the Reserve Bank of India Act, 1934, excluding those registered as Core Investment Companies; 2) Housing Finance Companies that are registered under the National Housing Bank Act, 1987; 3) CRAR/CAR of NBFCs/HFCs should not be below the regulatory minimum, i.e., 15% and 12% respectively as on March 31, 2019; 4) The net non-performing assets should not be more than 6% as on March 31, 2019; |

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| | | | | <p>5) They should have made net profit in at least one of the last two preceding financial years (i.e. 2017-18 and 2018-19);</p> <p>6) They should not have been reported under SMA-1 or SMA-2 category by any bank for their borrowings during last one year prior to August 01, 2018;</p> <p>7) They should be rated investment grade by a SEBI registered rating agency;</p> <p>8) They should comply with the requirement of the SPV for an appropriate level of collateral from the entity, which, however, would be optional and to be decided by the SPV.</p> <ul style="list-style-type: none"> ○ Under the scheme a Special Purpose Vehicle (SPV) would be set up to manage a Stressed Asset Fund (SAF) of the NBFCs/HFCs. ○ The SPV will issue securities, which would be guaranteed by the Government of India and purchased by the Reserve Bank of India (RBI) only. ○ The SPV will issue securities, which would |
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| | | | | be guaranteed by the Government of India and purchased by the Reserve Bank of India (RBI) only. |
| 2 | 01.07.2020 | Notification | Distressed Assets Fund - Subordinate Debt for Stressed MSMEs | A Credit Guarantee Scheme for Subordinate Debt (CGSSD) has been launched under which guarantee coverage would be provided to Scheduled Commercial Banks which are Member Lending Institutions (MLIs) of CGTMSE for facilitating support to stressed MSMEs. |
| 3 | 02.07.2020 | Notification | Credit flow to Micro, Small and Medium Enterprises Sector | Government of India has notified new criteria for classifying the enterprises as Micro, Small and Medium enterprises which information has been disseminated by RBI to banks |

| S. No | NEWS ON RBI |
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| 1. | On a review of current and evolving liquidity and market conditions, the Reserve Bank has decided to conduct simultaneous purchase and sale of government securities under Open Market Operations (OMO) for ₹10,000 crores each on July 02, 2020. |

4

IBC during the week
Notifications - 1; 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 |
|------|---------------|---|---|---|
| 1 | 01.07.2020 | Notification | Insolvency and Bankruptcy Board of India (Insolvency Professionals) (Second Amendment) Regulations, 2020 | Henceforth IPE can provide Support services to any insolvency professional whether or not they are partners/Directors of the IPE. |

| S. No | NEWS ON INSOLVENCY AND BANKRUPTCY CODE |
|-------|---|
| 1. | NCLT Mumbai orders reference to arbitration in Indus Biotech Private Limited v. Kotak India Venture Fund an insolvency petition under the IBC. |
| 2. | IBBI proposes a limiting number of assignments handled by IPs An Insolvency Professional has significant responsibilities during a corporate resolution process under the Insolvency and Bankruptcy Code (IBC). IBBI, a key institution in implementing the Code, has now proposed restricting the number of assignments taken by an Insolvency Professional (IP) at a given point of time to a maximum of five |
| 3. | Lockdown halts insolvency process Lenders who have put on sale assets worth thousands of crores under the insolvency process are finding it difficult to complete deals because of the lockdown. Bidders are reluctant to put in a firm bid as physical visits and informal talks with the management are not happening. |

5

Others during the week

NSE-; BSE-0; DIPP-0; Finance Ministry-0; Others -0;

| S. No | Date of Issue | Rules/Circular/ Notification/Order | Contents thereof | Gist thereof |
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| S.No | MSME NEWS |
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| 1 | Consolidated notification on MSME classification and registration hailed To overcome the challenge faced by MSME enterprise in accessing to capital, most major capital markets have established a separate exchange for SME segment |

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| 2 | <p>Govt mulling rules to address issue of delayed payments to MSME The government will soon come up with rules to tackle the issue of delayed payments to micro, small and medium enterprises (MSMEs), although an imminent solution is unlikely, Union Minister Nitin Gadkari has said</p> |
| 3 | <p>The Ministry launches an online portal for MSME registration The Ministry of Micro, Small and Medium Enterprises (MSMEs) on Tuesday launched a new portal for MSME registration. The new process of classification and registration of enterprises starts on July 1</p> |
| GENERAL NEWS | |
| 1 | <p>100% physical check of imports: Non-Chinese companies like Apple may be exempt Foreign companies such as Apple that import finished goods or inputs from China to India could be spared the recently imposed 100% physical check of shipments from that country</p> |
| 2 | <p>DGFT to launch new digital platform for delivery of services The commerce ministry's foreign trade arm DGFT is launching a digital platform for delivery of services like issuance of Import-Export Code (IEC), a move aimed at promoting ease of doing business for traders.</p> |
| 3 | <p>Kerala: K-RERA to introduce virtual hearing from July, number of registrations cross 100 in the state K-RERA (Kerala real estate regulatory authority) will launch virtual hearing from July onwards to redress rising number of complaints regarding real estate projects; especially those of emergency nature.</p> |



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