

WEEKLY UPDATES ON COMPANY LAW, SEBI, RBI AND IBC

Week 30–20th July to 26th July 2020

1

Companies Act 2013 during the week

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

S. No	Date of Issue	Rules/Circular/ Notification/Order	Contents thereof	Gist thereof
1	24/07/2020	Rules	Companies (Indian Accounting Standards) Amendment Rules, 2020	MCA has notified Companies (Ind AS) Amendment Rules, 2020 which shall come into force on the date of their publication in the Official Gazette. Primarily there are amendment in Ind AS 1 (Presentation of Financial Statements), Ind AS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), Ind AS 10 (Events after the Reporting Period), Ind AS 34 (Interim Financial Reporting), Ind AS 37 (Provisions, Contingent Liabilities and Contingent Assets), Ind AS 103 (Business Combinations), Ind AS 107 (Financial Instruments: Disclosures), Ind AS 109 (Financial Instruments) and Ind AS 116 (Leases).

S. No	NEWS ON MCA
1.	

2

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.	22/07/2020	Circular SEBI/HO/IMD/DF3/CI R/P/2020/130	Circular on Transaction in Corporate Bonds/Commercial Papers through RFQ platform and enhancing transparency pertaining to debt schemes	SEBI, based on Mutual Fund Advisory Committee (MFAC) recommendation, instructed mutual funds to undertake at least 10 per cent of their total secondary markets trades by value in the corporate bonds by placing/seeking quotes through one-to-many mode on the RFQ (Request for Quote) from October 1, 2020.
2.	23/07/2020	Circular SEBI/HO/ISD/ISD/CIR /P/2020/133	Allowing Offer for Sale (OFS) and Rights Entitlements (RE) transactions during trading window closure period	In addition to the transactions mentioned in Prohibition of Insider trading Regulation, SEBI through this notification directs that trading window restrictions shall not apply in respect of Open Offer sale (OFS) and Rights Entitlements (RE) transactions carried out in accordance with the framework specified by the Board from time to time.

3.	23/07/2020	Circular SEBI/HO/ISD/ISD/CIR /P/2020/135	Reporting to Stock Exchanges regarding violations under Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 relating to the Code of Conduct (CoC)	<p>SEBI directs the listed company to inform the violations of PIT Regulations relating to CoC as per the revised format to the Stock Exchanges.</p> <ul style="list-style-type: none"> • Any amount collected by the listed companies, intermediaries and fiduciaries for violation of CoC under PIT Regulations shall be remitted to the SEBI for credit to the Investor Protection and Education Fund (IPEF). • Such amounts shall be credited to the IPEF through online mode or by way of a demand draft (DD) in favour of the SEBI payable at Mumbai
4.	24/07/2020	Circular SEBI/HO/CFD/DIL1/C IR/P/2020/136	Relaxations relating to procedural matters - Issues and Listing	<p>Previously SEBI vide Circular No SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, granted one time relaxation pertaining to Rights Issue opening upto July 31, 2020.</p> <p>Validity of relaxations has been extended and shall be applicable for Rights Issues opening upto December 31, 2020</p> <p>Previous validity: till 31st July 2020</p> <p>Extended Validity : 31st December 2020</p>

NEWS ON SEBI

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1.	<p><u>SEBI Order In the matter of Filatex Fashions Limited</u></p> <p>In the matter of Filatex Fashions Limited, SEBI has imposed penalty of Rs. 2.5 lakh on Divya Fashion for failure on its part to comply with the relevant provisions of law. It was alleged that no disclosure was made by Divya Fashion under Regulation 29(2) read with Regulation 29(3) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.</p>
2.	<p><u>Informal Guidance</u></p> <p><u>Query of applicant</u></p> <p>The company (“applicant”) had sought clarification as to , whether the applicant, acting as registered Stock Broker under SEBI Stock Broker Regulations ,1992 is permitted to fund securities to be issued under SEBI (Share based Employee Benefits) regulation, 2014 by a Listed company to its employees who propose to avail cashless option.</p> <p><u>Response by SEBI</u></p> <p>SEBI guided that, the company may permit the stock brokers (“the applicant”) to fund the payment of exercise price which shall be adjusted against sale proceeds of some or all shares. SEBI further made it clear that there is no maximum limit specified under the regulations for funding.</p>

3

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
NIL				

S. No	NEWS ON RBI
1.	<p><u>Demand for currency could rise despite digitization, says RBI study</u></p> <p>Demand for currency rises in a low interest rate environment and falls when the rates are high, a Reserve Bank of India (RBI) staff study has found. The country, therefore, will have to live with higher currency in circulation in the coming days despite higher penetration of digital transactions, it has pointed out.</p>

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.	<p><u>NCLAT opens window to let firms exit resolution process — and settle</u></p> <p>In a step that could give debtors significantly more elbow room to settle, the National Company Law Appellate Tribunal (NCLAT) has held that a company can exit the insolvency process even if an interim resolution professional has been appointed and a moratorium has been imposed by the National Company Law Tribunal (NCLT) under Insolvency and Bankruptcy Code (IBC). This provides a new window of opportunity for companies to come out of the corporate insolvency resolution process (CIRP) midway through the formalities and settle with lenders.</p>

2.	IBBI has Published the Panel of IPs prepared in accordance with 'Insolvency Professionals to act as Interim Resolution Professionals, Liquidators, Resolution Professionals and Bankruptcy Trustees (Recommendation) Guidelines, 2020' for the period from July 1, 2020 to November 25, 2020.
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5

Others during the week

NSE-; BSE-0; DIPP-0; Finance Ministry-1; Others -0;

S. No	Date of Issue	Rules/Circular/ Notification/Order	Contents thereof	Gist thereof
1	24/07/2020	Ministry of Finance- Notification	Extension of validity period of small account	As per Prevention of Money laundering Rules 2005, small account shall remain operational between 1st April, 2020 and 30th June 2020 A small account under the rules stands for savings account in a banking company where - (i) the aggregate of all credits in a financial year does not exceed rupees one lakh, (ii) the aggregate of all withdrawals and transfers in a month does not exceed rupees ten thousand, and (iii) the balance at any point of time does not exceed rupees fifty thousand The Central Government hereby extend the period for which small account shall remain operational till 30th September 2020 .

MSME NEWS	
1	<p><u>MSME promoters undergoing insolvency proceedings may be able to retain control of company</u></p> <p>PROMOTERS OF Medium, Small and Micro Enterprises (MSMEs) will be able to retain control of their companies, even as they undergo insolvency proceedings, under a special insolvency framework for MSMEs, according to government officials. The proposed framework for MSMEs will follow a “debtor in control” model for insolvency proceedings, while ordinarily the corporate insolvency resolution process follows a “creditor in control” system. Financial creditors and operational creditors would not be able to initiate insolvency proceedings under the new framework and there may also be some other relaxations under the new framework.</p>
E-COMMERCE NEWS	
1.	<p><u>Consumer Protection Act: Class action suit provision to keep e-commerce firms on toes for product defects</u></p> <p>E-commerce companies like Amazon and Flipkart will now have to keep an even closer eye on the quality of goods sold on its marketplace with the introduction of the provision for class action lawsuits in the newly notified Consumer Protection Act, 2019. The act, which also covered e-commerce sector, provided for recalling of goods that are not safe or dangerous to use, reimbursing the price of the goods, or discontinuing “of practices which are unfair and prejudicial to consumers’ interest,” the act noted. It included setting up of a central authority called Central Consumer Protection Authority (CCPA) to look into such class action lawsuits for matters pertaining to violation of consumer rights or unfair trade practices or false or misleading advertisements impacting.</p>
BANKING SECTOR & NBFCs RELATED NEWS	
1.	<p><u>Government plans to reduce number of state-owned banks to five</u></p>

	The first part of the plan would be to sell majority stakes in Bank of India, Central Bank of India, Indian Overseas Bank, UCO Bank, Bank of Maharashtra and Punjab & Sind Bank, leading to an effective privatisation of these state-owned lenders, a government official said.
2	The Reserve Bank of India has invited comments / suggestions on the "Report of the Committee for Analysis of QR (Quick Response) Code" from all stakeholders and members of public which may be forwarded on or before August 10, 2020.
OTHERS	
1.	<p><u>Tough to get companies' moratorium dues by March 31: Bankers</u></p> <p>Bankers warn that many businesses may not be able to square their positions by March 2021 with regards to dues relating to the ongoing moratorium period, because of the delay in demand resumption. Several bankers are now saying that more time may need to be given to businesses to repay both the principal and interest amounts pertaining to the moratorium. At present, borrowers who opted for the moratorium are much more indebted than they would have been had there been no lockdown. At the same time, they do not have the turnover to support the higher debt. Current rules require borrowers to repay their additional dues pertaining to the moratorium period by March 2021.</p>
2.	<p><u>Prior approval must for sale, pledge of over 5 pc equity in insurance company: IRDAI</u></p> <p>IRDAI on Thursday said sale, purchase and pledge of equity in excess of 5 per cent of an insurance company's paid-up capital will need the regulator's prior approval, and any violation of the guidelines will attract action. Issuing a clarification on the "transfer of share of the insurance companies", the Insurance Regulatory and Development Authority of India (IRDAI) said the provisions related to sale and purchase of equity will also apply on creation of pledge or any other kind of encumbrance over shares of an insurance company by its promoters. It further said 'fit and proper' norms should be followed for sale and purchase of equity above 1 per cent and up to 5 per cent of the paid-up capital. The regulator said, "Where the transfer of shares by the transferor, cumulative with his relatives, associate enterprises and persons acting in concert will/is likely to exceed 5 per cent of the paid-up share capital, such transferor shall seek the prior approval of the IRDAI."</p>
4.	<p><u>Financial Watchdog Imposes 7-Year Ban On Former Deloitte Partner Over II&FS Unit Audit</u></p> <p>The National Financial Regulatory Authority (NFRA) on Wednesday imposed a seven-year audit ban on a former partner of Deloitte's India unit for lapses in the audit of an infrastructure lender whose debt defaults sparked a credit crisis in 2018.</p>

5. GST e-invoicing for businesses with Rs. 500 Crores turnover from 1st October, 2020

The government will notify a new GST e-invoice scheme under which businesses with turnover of Rs. 500 crore and above will be required to generate all invoices on a centralised government portal starting October 1st, 2020.



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