

**WEEKLY UPDATES ON COMPANY LAW,SEBI, RBI AND IBC**

**Week 33 - August 09<sup>th</sup> 2021 to August 15<sup>th</sup> 2021**

**1**

**Companies Act 2013 during the week**

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

S. No	Date of Issue	Rules/Circular/ Notification/Order	Contents thereof	Gist thereof
NIL				
<b>NEWS ON MCA</b>				
1			Companies to disclose details of Crypto Currency in Financial Statements: The Union Minister of State for Corporate Affairs in a reply to a question in Rajya Sabha said that in order to bring in greater transparency in reporting of financial statements, the Ministry of Corporate Affairs (MCA) vide notification dated 24.03.2021 has amended Schedule III to the Companies Act, 2013 effective from 01st April 2021 to mandate various disclosures by companies in their financial statements including details of Crypto Currency in Financial Statements.	

# 2

## SEBI during the week

**Act -0; Rules -0; Regulations-6; General Orders – 0; Guidelines- 0**

**Master Circulars-0; Circulars –5; Press Release –0 Others -0;**

S. No	Date of Issue	Act/rules/circulars	Subject & Link	Gist thereof
1.	09.08.2021	<b>Regulations</b>	<p>Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (<i>hereinafter referred to as SEBI NCS regulations 2021</i>)</p> <p><a href="https://www.sebi.gov.in/legal/regulations/ug-2021/securities-and-exchange-board-of-india-issue-and-listing-of-non-convertible-securities-regulations-2021_51764.html">https://www.sebi.gov.in/legal/regulations/ug-2021/securities-and-exchange-board-of-india-issue-and-listing-of-non-convertible-securities-regulations-2021_51764.html</a></p>	<p>SEBI notified Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 vide Notification no. SEBI/LAD-NRO/GN/2021/39 dated 09.09.2021.</p> <p>The regulations shall apply to the following:</p> <ol style="list-style-type: none"> <li>1. Issuance and listing of debt securities and non-convertible redeemable preference shares by an issuer by way of public issuance.</li> <li>2. Issuance and listing of non-convertible securities by an issuer issued on private placement basis which are proposed to be listed and</li> </ol>

				<p><b>3.</b> Listing of commercial paper issued by an issuer in compliance with the guidelines framed by RBI.</p>
2.	10.08.2021	<b>Circular</b>	<p>Operational Circular for issue and listing of Non-Convertible Securities (NCS), Securitised Debt Instruments (SDI), Security Receipts (SR), Municipal Debt Securities and Commercial Paper (CP)</p> <p><a href="https://www.sebi.gov.in/legal/circulars/aug2021/operational-circular-for-issue-and-listing-of-non-convertible-securities-ncs-securitised-debt-instruments-sdi-security-receipts-sr-municipal-debt-securities-and-commercial-paper-cp-51761.html">https://www.sebi.gov.in/legal/circulars/aug2021/operational-circular-for-issue-and-listing-of-non-convertible-securities-ncs-securitised-debt-instruments-sdi-security-receipts-sr-municipal-debt-securities-and-commercial-paper-cp- 51761.html</a></p>	<p>This Operational circular provides a chapter-wise framework for the issuance, listing and trading of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities or Commercial Paper. Each chapter of this operational circular contains footnotes corresponding to the respective erstwhile circulars.</p>

3.	13.08.2021	<b>Circular</b>	<p>Disclosure of shareholding pattern of promoter(s) and promoter group entities.</p> <p><a href="https://www.sebi.gov.in/legal/circulars/aug2021/disclosure-of-shareholding-pattern-of-promoter-s-and-promoter-group-entities-51847.html">https://www.sebi.gov.in/legal/circulars/aug2021/disclosure-of-shareholding-pattern-of-promoter-s-and-promoter-group-entities-51847.html</a></p>	<p>Hitherto, the shareholdings of promoter and promoter group entities are collectively disclosed in the shareholding pattern filed with Stock Exchanges. Vide this circular, modified the required and advised the listed entities provide such shareholding, segregated into promoter(s) and promoter group separately.</p>
4.	13.08.2021	<b>Circular</b>	<p>Automation of Continual Disclosures under Regulation 7(2) of SEBI (Prohibition of Insider Trading) Regulations, 2015 - System driven disclosures - Ease of doing business.</p> <p><a href="https://www.sebi.gov.in/legal/circulars/aug2021/automation-of-continual-disclosures-under-regulation-7-2-of-sebi-prohibition-of-">https://www.sebi.gov.in/legal/circulars/aug2021/automation-of-continual-disclosures-under-regulation-7-2-of-sebi-prohibition-of-</a></p>	<p>In line with its earlier circular dated September 09, 2020 SEBI implemented the System Driven Disclosures (SDD) under SEBI (PIT Regulations), 2015 and is live since 1 April 2021. As the continual disclosures are automated SEBI clarified that Companies which complied with requirements of the circular dated September 09, 2020 are not mandated to do the manual filing.</p>

			<a href="#">insider-trading-regulations-2015-system-driven-disclosures-ease-of-doing-business_51848.html</a>	
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5.	13.08.2021	<b>Circular</b>	<p>Tendering of shares in open offers, buy-back offers and delisting offers by marking lien in the demat account of the shareholders</p> <p><a href="https://www.sebi.gov.in/legal/circulars/ug-2021/tendering-of-shares-in-open-offers-buybacks-and-delisting-offers-by-marking-lien-in-the-demat-account-of-the-shareholders_51849.html">https://www.sebi.gov.in/legal/circulars/ug-2021/tendering-of-shares-in-open-offers-buybacks-and-delisting-offers-by-marking-lien-in-the-demat-account-of-the-shareholders_51849.html</a></p>	<p>Under the existing mechanism, the shares tendered by the shareholders are required to be directly transferred to the account maintained by the Clearing Corporation and different tendering processes are being adopted by Depositories.</p> <p>It has now been decided that a lien shall be marked against the shares of the shareholders participating in the tender offers. Upon finalization of the entitlement, only accepted quantity of shares shall be debited from the demat account of the shareholders. The lien marked against unaccepted shares shall be released.</p> <p>This revised mechanism shall be applicable to all the tender offers for which Public Announcement is made on or after October 15,2021.</p>
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6.	13.08.2021	<b>Regulations</b>	<p>Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2021</p> <p><a href="https://www.sebi.gov.in/legal/regulations/aug-2021/securities-and-exchange-board-of-india-issue-of-capital-and-disclosure-requirements-third-amendment-regulations-2021_51884.html">https://www.sebi.gov.in/legal/regulations/aug-2021/securities-and-exchange-board-of-india-issue-of-capital-and-disclosure-requirements-third-amendment-regulations-2021_51884.html</a></p>	<p>The following amendments were carried out in SEBI ICDR Regulations</p> <ul style="list-style-type: none"> <li>• The following part of definition of “promoter group” has been omitted  “any body corporate in which a group of individuals or companies or combinations thereof acting in concert, which hold twenty per cent. or more of the equity share capital in that body corporate and such group of individuals or companies or combinations thereof also holds twenty per cent. or more of the equity share capital of the issuer and are also acting in concert”</li> <li>• SEBI has relaxed provisions with respect to locked-in period as specified in below table</li> </ul> <table border="1" data-bbox="1391 1233 2107 1409"> <thead> <tr> <th data-bbox="1391 1233 1624 1353">Particulars</th> <th data-bbox="1624 1233 1859 1353">Amendment</th> <th data-bbox="1859 1233 2107 1353">Prior to amendment</th> </tr> </thead> <tbody> <tr> <td data-bbox="1391 1353 1624 1409">Minimum</td> <td data-bbox="1624 1353 1859 1409">a period of</td> <td data-bbox="1859 1353 2107 1409">three years from</td> </tr> </tbody> </table>	Particulars	Amendment	Prior to amendment	Minimum	a period of	three years from
Particulars	Amendment	Prior to amendment								
Minimum	a period of	three years from								

				promoters' contribution (reg 16 for IPO and Reg 115 for FPO )	<b>eighteen months</b> from the date of allotment	the date of commencement of commercial production or date of allotment
				promoters' holding in excess of minimum promoters' contribution (reg 16 for IPO and Reg 115 for FPO )	<b>six months</b> from the date of allotment in the initial public offer	<b>One year</b> from the date of allotment
				Pre-issue capital held by persons other than the promoters (reg 17)	<b>six months</b> from the date of allotment	<b>earlier one year</b> from the date of allotment

				If the majority of the issue proceeds excluding the portion of offer for sale is proposed to be utilized for capital expenditure, then the lock-in period shall be three year and one year respectively.
7.	13.08.2021	<b>Regulations</b>	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2021 <a href="https://www.sebi.gov.in/legal/regulation/s/aug-2021/securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-fourth-amendment-regulations-2021-51885.html">https://www.sebi.gov.in/legal/regulation/s/aug-2021/securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-fourth-amendment-regulations-2021-51885.html</a>	For listed entity which has listed its non-convertible debt securities or non-convertible redeemable preference shares or both, following disclosures from Financial results are omitted <ul style="list-style-type: none"> <li>a) Credit rating</li> <li>b) Asset cover available</li> <li>c) previous due date for the payment of interest/ dividend along with payment details</li> <li>d) next due date for the payment of interest/ dividend</li> </ul> Listed entities need not send Half yearly communication to holders of non-convertible securities.
8.	13.08.2021	<b>Regulations</b>	Securities and Exchange Board of India (Substantial Acquisition of	Reg 29(1) of SEBI (SAST) regulations, 2011 provides for disclosure of acquisition and disposal.



			<p>Shares and Takeovers) (Second Amendment) Regulations, 2021</p> <p><a href="https://www.sebi.gov.in/legal/regulations/aug-2021/securities-and-exchange-board-of-india-substantial-acquisition-of-shares-and-takeovers-second-amendment-regulations-2021-51886.html">https://www.sebi.gov.in/legal/regulations/aug-2021/securities-and-exchange-board-of-india-substantial-acquisition-of-shares-and-takeovers-second-amendment-regulations-2021-51886.html</a></p>	<ul style="list-style-type: none"> <li>• Clarity with respect to “Acquirer &amp; person acting in concert” is brought into the Regulations vide this amendment.</li> <li>• Continual disclosures as per Reg 30 of SEBI (SAST) Regulations is now omitted</li> <li>• Disclosure requirement with respect to encumbered shares shall not be applicable where such encumbrance is undertaken in a depository</li> </ul>
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9.	13.08.2021	<b>Regulations</b>	<p>Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021</p> <p><a href="https://www.sebi.gov.in/legal/regulations/aug-2021/securities-and-exchange-board-of-india-share-based-employee-">https://www.sebi.gov.in/legal/regulations/aug-2021/securities-and-exchange-board-of-india-share-based-employee-</a></p>	<p>The provisions of these regulations shall apply to the following: -</p> <ul style="list-style-type: none"> <li>(i) employee stock option schemes;</li> <li>(ii) employee stock purchase schemes;</li> <li>(iii) stock appreciation rights schemes;</li> <li>(iv) general employee benefits schemes;</li> </ul>
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			<a href="#">benefits-and-sweat-equity-regulations-2021-51889.html</a>	<p>(v) retirement benefit schemes; and</p> <p>(vi) sweat equity shares.</p> <p>The provisions of these regulations shall apply to any company whose equity shares are listed on a recognised stock exchange in India and who seeks to issue sweat equity shares or has a scheme:-</p> <p>(i) for direct or indirect benefit of employees;</p> <p>(ii) involving dealing in or subscribing to or purchasing securities of the company, directly or indirectly; and</p> <p>(iii) satisfying, directly or indirectly, any one of the following conditions: -</p> <p>(a) the scheme is set up by the company or any other company in its group.</p> <p>(b) the scheme is funded or guaranteed by the company or any other company in its group.</p> <p>(c) the scheme is controlled or managed by the company or any other company in its group</p>
10.	13.08.2021	<b>Regulations</b>	Securities and Exchange Board of India (Alternative Investment Funds) (Fourth	<ul style="list-style-type: none"> <li>• Definition of “Debt Fund” amended to include investments in securitized debt instruments</li> </ul>

			<p>Amendment) Regulations, 2021  <a href="https://www.sebi.gov.in/legal/regulations/aug-2021/securities-and-exchange-board-of-india-alternative-investment-funds-fourth-amendment-regulations-2021_51911.html">https://www.sebi.gov.in/legal/regulations/aug-2021/securities-and-exchange-board-of-india-alternative-investment-funds-fourth-amendment-regulations-2021_51911.html</a></p>	<ul style="list-style-type: none"> <li>• Definition of “Investible funds” substituted as “<i>corpus of the scheme of Alternative Investment Fund net of expenditure for administration and management of the fund estimated for the tenure of the fund</i>”</li> </ul> <p>For the above purpose “<i>tenure</i>” means the <i>duration of scheme from the day of its launch till last day of the term as specified in the fund documents;</i>”</p> <ul style="list-style-type: none"> <li>• <i>Definition of “unit” substituted as beneficial interest of the investors in the Alternative Investment Fund or a scheme of the Alternative Investment Fund and may be fully or partly paid up</i></li> <li>• <i>AIFs shall now file placement memorandum through merchant banker</i></li> <li>• <i>The Board may communicate its comments, if any, to the merchant banker (earlier applicant) prior to launch of the scheme and the merchant banker shall ensure that the comments are incorporated in the placement memorandum</i></li> </ul>
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				<p><i>prior to launch of the scheme.”</i></p> <ul style="list-style-type: none"> <li>• Now Schemes of Category III Alternative Investment Fund maybe open ended or close ended.</li> <li>• Now AIF shall invest the <i>divestment proceeds pending distribution to investors along with Un-invested portion of the investable funds</i> in liquid mutual funds including Triparty Repo Dealing and Settlement, <i>till the deployment of funds as per the investment objective or the distribution of the funds to investors as per the terms of the fund documents, as applicable</i></li> <li>• Category I AIF shall invest in investee companies, venture capital undertakings, special purpose vehicles, limited liability partnerships, in units of other Category I AIF of the same sub category or in units of Category II AIF as specified in this regulation</li> <li>• At least 75% of the investable funds shall be invested in unlisted equity shares or equity</li> </ul>
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				<p>linked instruments of a venture capital undertaking or in companies listed or proposed to be listed on a SME exchange or SME segment of an exchange</p> <ul style="list-style-type: none"> <li>• Restriction with respect to investment of one third of Investable funds is now omitted</li> <li>• Category I and Category II AIF shall be exempt from Reg 3 (1) and (2) and Reg 4 (1) of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 in respect of investment in companies listed on the SME exchange or SME segment of an exchange pursuant to due diligence of such companies subject to the certain conditions specified therein</li> </ul>
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S. No	NEWS ON SEBI
1	<p>Markets regulator Sebi came out with guidelines for non-convertible debentures with warrants products, whereby it made electronic book platform (EBP) mandatory for the NCDs portion of the issue. The move is aimed at streamlining the procedure of issuance and applicability of EBP mechanism on the NCDs portion. In cases, wherein the size of NCDs portion is above threshold prescribed under the rules, Sebi said "EBP platform mechanism shall be mandatory for NCDs portion of the issue (for both stapled and segregated offer)," according to the circular. Currently, listing of NCDs of Rs 200 crore or above in a year is possible only if such issuance is through the electronic book mechanism.</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 Directions/Master Circulars	Subject & Link	Gist thereof
NIL				

S. No	NEWS ON RBI
1	Indian promoters likely to give personal guarantee on foreign assets : In a major shift from its earlier stance, the Reserve Bank of India (RBI) proposed allowing Indian promoters to issue personal guarantees for overseas firms in which they have acquired a controlling stake, albeit with limits. At the same time, an Indian company can pledge its foreign shareholding to raise funds overseas.

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	12.08.2021	Notification	The Insolvency and Bankruptcy Code (Amendment) Act, 2021.  <a href="https://www.ibbi.gov.in/uploads/legalframework/0150ec26cf05f06e66bd82b2ec4f6296.pdf">https://www.ibbi.gov.in/uploads/legalframework/0150ec26cf05f06e66bd82b2ec4f6296.pdf</a>	The President has approved IBC amendment bill, which was presented in the Lok Sabha to replace an ordinance that amended the insolvency law. Now the Bill has become an IBC (Amendment) Act, 2021. In the Amendment Act, mechanism for pre-packaged resolution for stressed micro, small and medium enterprises (MSMEs) has been introduced.



<b>S. No</b>	<b>NEWS ON IBC</b>
1	Bankrupt companies' prior conduct under lens : With nearly half of the companies in the insolvency process ending up in liquidation, the government is nudging insolvency professionals to investigate the past conduct of these businesses that may have made their rescue harder.

5

**Others during the week**

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

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

S. No	GENERAL NEWS
NIL	



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