

WEEKLY UPDATES ON COMPANY LAW ,SEBI AND RBI

Week 38 – September 18 – September 24, 2017

1

Companies Act 2013 during the week

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

S.No	Date of Issue	Rules/Circular/ Notification/order	Contents thereof	Gist thereof
1	19.09.2017	Rules	Companies (Acceptance of Deposits) Second Amendment Rules, 2017.	<p>In rule 3, in sub-rule (3) proviso which read as follows</p> <p><i>Provided that a private company may accept from its members monies not exceeding one hundred per cent of aggregate of the paid up share capital, free reserves and securities premium account and such company shall file the details of monies so accepted to the Registrar in such manner as may be specified</i></p> <p>for the proviso, the following shall be substituted:</p> <p><i>Provided that a Specified IFSC Public company and</i></p>

				<p><i>a private company may accept from its members monies not exceeding one hundred per cent. of aggregate of the paid up share capital, free reserves and securities premium account and such company shall file the details of monies so accepted to the Registrar in Form DPT-3</i></p> <p><i>Explanation.—For the purpose of this rule, a Specified IFSC Public company means an unlisted public company which is licensed to operate by the Reserve Bank of India or the Securities and Exchange Board of India or the Insurance Regulatory and Development Authority of India from the International Financial Services Centre located in an approved multi services Special Economic Zone set-up under the Special Economic Zones Act, 2005 (28 of 2005) read with the Special Economic Zones Rules, 2006:</i></p> <p><i>Provided further that the maximum limit in respect of deposits to be accepted from members shall not apply to following classes of private companies, namely:—</i></p> <p><i>(i) a private company which is a start-up, for five years from the date of its incorporation;</i></p> <p><i>(ii) a private company which fulfills all of the</i></p>
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				<p><i>following conditions, namely:—</i></p> <p><i>(a) which is not an associate or a subsidiary company of any other company;</i></p> <p><i>(b) the borrowings of such a company from banks or financial institutions or any body corporate is less than twice of its paid up share capital or fifty crore rupees, whichever is less ; and</i></p> <p><i>(c) such a company has not defaulted in the repayment of such borrowings subsisting at the time of accepting deposits under section 73:</i></p> <p><i>Provided also that all the companies accepting deposits shall file the details of monies so accepted to the Registrar in Form DPT-3</i></p>
2	20.09.2017	Rules	Companies (Restriction on number of layers) Rules, 2017	<p>Restriction on number of layers for certain classes of holding companies</p> <p>➤ No company shall have more than two layers of subsidiaries other than, A Non Banking Financial Company which is registered with RBI and considered as systematically important NBFC by RBI; an Insurance Company; a Government company, which are exempt from these rules.</p>

				<ul style="list-style-type: none"> ➤ These rules shall not affect a company from acquiring a company incorporated outside India with subsidiaries beyond two layers as per the laws of such country; ➤ Computing the number of layers under this rule – one layer which consist of one or more WOS or Subsidiaries shall not be taken into account. ➤ This rule shall not be in derogation of the provisions of 186(1) of the CA 2013 which reads as follows <i>‘Without prejudice to the provisions contained in this Act, a company shall unless otherwise prescribed, make investment through not more than two layers of investment companies’</i> ➤ Every company to whom these rules apply and who has on or before the commencement of these rules layers of subsidiaries in excess of the layers specified herein: <ol style="list-style-type: none"> I. shall file CRL -1 disclosing the details within 150 days from date of publication of these rules II. shall not have any additional layers of subsidiaries over and above the layers III. Shall not, incase the layers are
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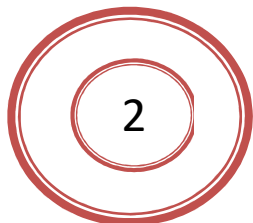
				<p>reduced subsequent to commencement of these rules, have the number of layers beyond the maximum layers as stated in these rules.</p> <p>➤ Company and every officer in default shall be punishable with fine which may extend to Rs. 10,000 and it the contravention continues Rs. 1,000 per day during the period such contravention continues.</p>
3	20.09.2017	Notification	National Advisory Committee on Accounting Standards	The nominee of Institute of Cost Accountants of India has been changed and they shall hold office for a period of two years instead of one as stated earlier.
4	20.09.2017	Notification	Commencement of proviso to section 2(87) of CA2013	<p>Section 2(87) which defines subsidiary company or subsidiary is commenced vide notification dated 20.09.2017. It reads as follows:</p> <p>“subsidiary company” or “subsidiary”, in relation to any other company (that is to say the holding company), means a company in which the holding company—</p> <p>(i) controls the composition of the Board of</p>

				<p>Directors; or</p> <p>(ii) exercises or controls more than one-half of the total share capital either at its own or together with one or more of its subsidiary companies:</p> <p>Provided that such class or classes of holding companies as as may be prescribed shall not have layers of subsidiaries beyond such numbers as may be prescribed. (Effective from 20-09-2017)</p> <p><i>Explanation.</i>—For the purposes of this clause,—</p> <p>(a) a company shall be deemed to be a subsidiary company of the holding company even if the control referred to in sub-clause (i) or sub-clause (ii) is of another subsidiary company of the holding company;</p> <p>(b) the composition of a company’s Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the directors;</p> <p>(c) the expression “company” includes any body corporate;</p>
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				(d) "layer" in relation to a holding company means its subsidiary or subsidiaries (Effective from 01-04-2014)
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GENERAL IMPORTANT NOTICES	Remarks
The last date for submission of research proposal for "Funding of Research Studies and Workshops conference, etc. under the CDM plan Scheme" is now extended up to 29th September, 2017	Self Explanatory
MCA's Monthly corporate Bulletin on Corporate Sector – August 2017	<p>http://mca.gov.in/Ministry/pdf/MIB_AUG_2017_15092017.pdf</p> <p>The report contains the following:</p> <ul style="list-style-type: none"> (i) REGISTERED COMPANIES AS ON 31st AUGUST 2017 (ii) TREND OF REGISTRATION OF NEW COMPANIES (iii) REGISTRATION OF NEW COMPANIES DURING AUGUST 2017 (iv) Summary Statement on Companies in India as on 31st August 2017 (v) State/UT-wise Status of Companies Registered as on 31st August 2017 (vi) Economic Activity-wise Active Companies as on 31st August 2017

	<ul style="list-style-type: none">(vii) Economic Activity-wise One Person Company(viii) Number of Companies Registered during the months (month wise for the last two years)(ix) Registration of New Companies during August 2017(x) Activity-wise New Companies Registered during August 2017
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SEBI during the week

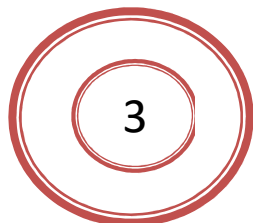
Act -0; Rules -0 ; Regulations- 0; General Orders – 0; Guidelines- 0;

Master Circulars-0; Circulars – 2; Press Release - 0

S.No	Date of Issue	Act/rules/circulars....	Subject & Link	Gist thereof
1	21.09.2017	CIRCULAR No.: SEBIHOMIRSDMIRSD 1CIRP2017104	Integration of broking activities in Equity Markets and Commodity Derivatives Markets under single entity	Through these amendments, restriction on stock brokers dealing in securities (other than commodity derivatives) to deal in commodity derivatives has been done away with. Similarly, restriction on stock brokers dealing in commodity derivatives to deal in other securities has also been done away with. Therefore, post these amendments, a stock broker can deal in commodity derivatives and other securities under a single entity, thereby facilitating ease of doing business.
2	21.09.2017	CIRCULAR No.: SEBI/HO/MRD/DSA/ CIR/P/2017/103	Clarification to SEBI (IFSC) Guidelines, 2015 - Liquidity Enhancement Scheme (LES)	It is clarified that the exemption granted to stock exchanges at IFSC for the introduction of LES shall be applicable to all the products traded in IFSC.

3	21.09.2017	<p align="center">Circular No.: CFD/DIL3/CIR/2017/105</p>	<p>Schemes of Arrangement by Listed Entities and (ii) Relaxation under Sub-rule (7) of Rule 19 of the Securities Contracts (Regulation) Rules, 1957</p>	<p>SEBI had vide its Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 had relaxed the requirements by listed entities to be fulfilled, before submission of a Scheme of arrangement/amalgamation/merger/reconstruction/reduction in capital. The requirements were given in annexure 1 to the above mentioned circular (http://www.sebi.gov.in/legal/circulars/mar-2017/circular-on-schemes-of-arrangement-by-listed-entities-and-ii-relaxation-under-sub-rule-7-of-rule-19-of-the-securities-contracts-regulation-rules-1957_34352.html)</p> <p>SEBI vide this circular has revised the clause III (A)(1)(b) of Annexure 1 which read as:</p> <p><i>At least twenty five per cent of the post scheme paid up share capital of the transferee entity shall comprise of shares allotted to the public shareholders in the transferor entity;</i></p> <p align="center">TO</p> <p><i>At least twenty five per cent of the post-scheme paid up share capital of the transferee entity shall comprise of shares allotted to the public shareholders in the transferor entity;</i></p>
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				<p><i>Provided that an entity which does not comply with the above requirement may satisfy the following conditions:</i></p> <ol style="list-style-type: none"> <i>i. The entity has a valuation in excess of Rs.1600 crore as per the valuation report;</i> <i>ii. The value of post-scheme shareholding of public shareholders of the listed entity in the transferee entity is not less than Rs.400 crore;</i> <i>iii. At least ten percent of the post-scheme paid up share capital of the transferee entity comprises of shares allotted to the public shareholders of the transferor entity; and,</i> <i>iv. The entity shall increase the public shareholding to at least 25% within a period of one year from the date of listing of its securities and an undertaking to this effect is incorporated in the scheme</i>
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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	13.09.2017	Press Release	Shri Rajiv Kumar, Secretary, Department of Financial Services, nominated on RBI Central Board	The Government of India has nominated Shri Rajiv Kumar, Secretary, Department of Financial Services, Ministry of Finance, Government of India, New Delhi as a Director on the Central Board of Directors of Reserve Bank of India vice Ms Anjuly Chib Duggal. The nomination of Shri Rajiv Kumar is effective from September 12, 2017 and until further orders.

* RBI issues press release on various matters on a daily basis. Only those relevant for a corporate is being mentioned herein.



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