

**WEEKLY UPDATES ON COMPANY LAW, SEBI, RBI AND IBC**  
**Week 39 – September 21, 2020 to September 27, 2020**

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**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				

S. No	NEWS ON MCA
1.	<p><b>Corporate Affairs Ministry plans corporate profiling, behavior analysis to identify non-compliant entities</b>            To identify non-compliant corporate entities, the government is planning to use data analytics and artificial intelligence for corporate profiling, behavior analysis as well as fraud analysis and alerts. Various technical capabilities will be used to keep a tab on non-compliant entities through the Corporate Affairs Ministry’s portal MCA 21.</p>
2.	<p><b>Modi govt’s crackdown on shell firms: Nearly 4 lakh companies struck off</b>            More than 3.82 lakh companies were stuck of the Registrar of Companies (RoCs) in the past three years for failing to submit their annual returns for two years or more. The Ministry of Corporate Affairs had removed the names of these companies from the official records following the “Special Drive for identification and strike of Shell Companies,” Minister of State, Finance and Corporate Affairs Anuraj Singh Thakur said in the Rajya Sabha on Sunday. “After following due process of law as provided under Section 248 of the Companies Act, 2013 read with the Companies(Removal of Names of Companies from the Register of Companies) Rules, 2016, there are 3,82,581 number of Companies were stuck of during the last three years,” Thakur said in a written reply to a question in the Upper House.</p>

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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 –1; Others -0**

S. No	Date of Issue	Act/rules/circulars....	Subject & Link	Gist thereof
1.	23-09-2020	Circular	Guidelines for Investment Advisors <a href="https://www.sebi.gov.in/legal/circulars/sep-2020/guidelines-for-investment-advisers_47640.html">https://www.sebi.gov.in/legal/circulars/sep-2020/guidelines-for-investment-advisers_47640.html</a>	SEBI vide this circular issued guidelines to investment advisors (IAs) which interalia prescribed process for client level segregation of advisory and distribution activities, Risk profiling, Audit, Non Individual IAs registration, maintenance of records and qualification criteria for IAs etc.,Vide this circular SEBI has capped the advisory fees charged at 2.5% of assets under advice, or ₹1,25,000 if it is a flat fee.
2.	23-09-2020	Circular	System-Driven Disclosures (SDD) under SEBI (SAST) Regulations, 2011 <a href="https://www.sebi.gov.in/legal/circulars/sep-2020/system-driven-disclosures-sdd-under-sebi-sast-regulations-">https://www.sebi.gov.in/legal/circulars/sep-2020/system-driven-disclosures-sdd-under-sebi-sast-regulations-</a>	SEBI has vide various circulars stated the process for System Driven Disclosures (SDD) under SEBI SAST and PIT regulation. It also prescribed the steps to be followed by depositories, SEs and RTAs for implementation of SSD. Vide circular dated 09-09-2020 SEBI detailed the procedure for SSD implementation under SEBI PIT regulations, wherein it required that capturing of PAN of entities (Promoters, designated employees, Directors

			<a href="#">2011_47632.html</a>	etc.,) be done from the listed companies itself. To align the practice, SEBI vide this circular has communicated that the procedure for capturing PAN of the promoters from listed companies as prescribed in the earlier circular (for PIT regulations) be used for SAST disclosures too.
3.	23-09-2020	Press Release	<p>Rationalization of Eligibility criteria and Disclosure requirements for Rights Issues</p> <p><a href="https://www.sebi.gov.in/media/press-releases/sep-2020/rationalization-of-eligibility-criteria-and-disclosure-requirements-for-rights-issues_47638.html">https://www.sebi.gov.in/media/press-releases/sep-2020/rationalization-of-eligibility-criteria-and-disclosure-requirements-for-rights-issues_47638.html</a></p>	<p>SEBI has decided to amend SEBI (ICDR) Regulations, 2018 to rationalise eligibility criteria and disclosure requirements for Rights Issues. The key amendments interlia include</p> <ul style="list-style-type: none"> <li>• Detailed disclosures by entities which do not meet eligibility conditions,</li> <li>• Rationalisation of disclosure requirements</li> <li>• For rights issue below Rs. 50 Cr(earlier 10 Cr) Draft LOO not to be filed with SEBI for comments.</li> <li>• Entities with pending SCN wrt adjudication, prosecution proceedings and audit qualifications eligible to make fast track rights issue.</li> </ul> <p>The amendments will be effective from the date it is notified in the Gazette</p>

S. No	NEWS ON SEBI
1.	<p><b>SEBI constitutes a technical group on social stock exchange</b> SEBI on Monday set up a technical group on social stock exchange to develop a framework for on boarding non-profit organizations and for-profit enterprises as well as prescribe disclosure requirements on financials and governance.</p>
2.	<p><b>SEBI put in place a framework to handle near zero, negative prices in commodity futures</b> Markets regulator SEBI on Monday came out with an alternative risk management framework to handle a scenario of ‘near zero’ and negative prices in commodity futures. SEBI noted that in recent times extreme volatility has been observed in commodity prices globally, particularly in the case of crude oil, wherein the prices had unprecedentedly gone down to zero and subsequently even negative.</p>

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**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><b>SBI lays down norms and provisions for corporate loan restructuring under RBI framework</b> State Bank of India (SBI) has listed the norms and provisions for the restructuring of corporate loans under the Reserve Bank of India (RBI) frame work for resolution for Covid-19 related stress. The details were announced on SBI's website via a document listing Frequently Asked Questions (FAQs) for non-personal loans.</p>
2.	<p><b>Positive pay system for cheque payments to come into effect from January1, 2021: RBI</b> In order to check banking fraud, the Reserve Bank of India has decided to introduce from January 1, 2021, the 'positive pay system' for cheque, under which reconfirmation of key details may be needed for payments beyond Rs 50,000. Availing of this facility would be at the discretion of the account holder. However, banks may consider making it mandatory in case of cheques for amounts of Rs 5 lakh and above. Under the positive pay system, the issuer of the cheque will be required to submit electronically, through SMS, mobile app, internet banking or ATM certain minimum details of that cheque like date, name of the beneficiary, payee, amount to the drawee bank.</p>

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**IBC during the week**

**Notifications -3; 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.	23-09-2020	Notification	The Insolvency and Bankruptcy code (Second Amendment) Act, 2020  <a href="https://ibbi.gov.in/uploads/legalframework/c1d0cde66b213275d9cf357b59bab77b.pdf">https://ibbi.gov.in/uploads/legalframework/c1d0cde66b213275d9cf357b59bab77b.pdf</a>	Central Government vide Ordinance dated 5 <sup>th</sup> June 2020 suspended the filing of applications for corporate insolvency resolution process (CIRP) of a corporate debtor, by financial creditor, operational creditor and Corporate Applicant for any default arising on or after 25th March, 2020 for a period of six months. Now, amendment is passed to replace the aforesaid ordinance.
2.	24-09-2020	Notification	Extension of applicability Section 10A of the Insolvency and Bankruptcy Code, 2016  <a href="https://ibbi.gov.in/uploads/legalframework/c1d0cde66b213275d9cf357b59bab77b.pdf">https://ibbi.gov.in/uploads/legalframework/c1d0cde66b213275d9cf357b59bab77b.pdf</a>	The Central Government had vide this Notification extended the applicability of Section 10A for a further period of 3 months from 25-09-2020. As per this notification, no application for corporate

			<a href="#">alframework/2987e1e33d62d2e1781c700ee16baa36.pdf</a>	insolvency resolution process (CIRP) of a corporate debtor can be filed, by financial creditor, operational creditor and Corporate Applicant for a default arising on or after 25-03-2020 till 25-12-2020.
3.	24-09-2020	Notification	<p>Insolvency and Bankruptcy (Application to Adjudicating Authority) (Amendment) Rules, 2020</p> <p><a href="https://ibbi.gov.in/uploads/legalframework/27e336abe5b5328297a2ba5b35b39fac.pdf">https://ibbi.gov.in/uploads/legalframework/27e336abe5b5328297a2ba5b35b39fac.pdf</a></p>	<p>Gist of the Amendments</p> <ol style="list-style-type: none"> <li>i. A copy of the application for CIRP filed by Financial creditor, Operational Creditor and Corporate Applicant has to be served to IBBI in addition to Corporate Debtor, by registered post or speed post or by hand or by electronic means, before filing with the Adjudicating Authority.</li> <li>ii. A declaration on the above has to be made in respective application filed and proofs for serving application have to be annexed.</li> <li>iii. IRP has to declare the current assignments handled as part of the written communication filed before NCLT.</li> <li>iv. Operational Creditor along with the application has to annex a declaration, if available, from Bank /FI containing details of amount credited in the last three years to its account on behalf of corporate debtor (Earlier accounts, if available, to be annexed)</li> </ol>

S. No	NEWS ON INSOLVENCY AND BANKRUPTCY CODE
1.	<p><b>Government issued Advisory to PSBs to moot action against personal guarantors of corporate debtors</b>            The Insolvency and Bankruptcy (Application to Adjudicating Authority for Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) Rules, 2019 empowering creditors to file insolvency application against personal guarantors to corporate debtors before the National Company Law Tribunal (NCLT) under the Insolvency and Bankruptcy Code, 2016.</p>
2.	<p><b>Personal guarantors cannot be singled out in IBC, says Telangana HC</b>            A two-judge panel of the Telangana High Court, comprising Chief Justice Raghvendra Singh Chauhan and Justice B Vijayasen Reddy, suspended a notification issued by the Ministry of Corporate Affairs on the implementation of the IBC (Insolvency and Bankruptcy Code) only to personal guarantors.</p>



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**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
1.	<p><b>Landowners cannot be punished in JVs, declares TNRERA</b>            In a relief for landowners who are part of joint venture housing projects, the Tamil Nadu Real Estate Regulatory Authority has ruled that the owners are not party to the case if undivided share (UDS) has been registered for homebuyers.</p>
<b>MSME NEWS</b>	
1.	<p><b>TDS relief expected for MSMEs transacting through e-commerce platforms</b>            The government is considering providing relief to micro, small and medium enterprises (MSMEs) hit by the corona virus pandemic, sparing them from a 1%tax on gross sales through e-commerce platforms, which takes effect on October 1, officials said. The tax exemption limit could be increased from the existing Rs 5lakh for small businesses. The tax deducted at source (TDS) mechanism would continue to check tax evasion by entities using e-commerce platforms to sell goods and services, two officials working in different ministries said, requesting anonymity.</p>
2.	<p><b>Govt forms five task forces to make Indian MSMEs future-ready</b>            The government has constituted five task forces to make India's " micro, small and medium enterprises future-ready and formulate a concrete strategy towards making the country a leading exporter, a top government official said on Thursday. MSME Secretary A K Sharma expressed confidence that it would be on the path of implementing the futuristic initiatives by the start of next year. "We have formed five ministerial task forces that will be headed by our key offers. These five task forces would work for a month in five key areas where we feel that the industry of the country and particularly the MSME sector should head towards," Sharma said at a virtual session organized by FICCI</p>
3.	<p><b>MSMEs bat for opening payment dispute councils to medium enterprise</b>            Ministry of Micro, Small and Medium Enterprises (MSMEs) is considering a proposal to allow medium enterprises to access MSEFCs, an institutional mechanism for settling payment disputes. The industry has argued that allowing medium enterprises to access MSEFCs does not have any financial implications for the government and hence there should not be any problem in it Out of total 6.4 crore MSMEs in the country, 99.45% are micro-enterprises. The small enterprises account for 0.50% and medium firms a measly 0.007% With the change in the definition of MSMEs that substantially raised turn over criteria as the basis for classification, a large number of firms now fall in the 'medium' category.</p>



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