

WEEKLY UPDATES ON COMPANY LAW, SEBI, RBI AND IBC
Week 41– 05th October 2020- 11th October 2020

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Companies Act 2013 during the week
Rules -0; Circulars -0; Notifications-; 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>Delhi HC issues notice in challenge to Section 177(9), 177(10) Companies Act for not mandating constitution of vigil mechanism The Delhi High Court has issued notice in a petition seeking a direction to strike down Section 177(9) and Section 177(10) of the Companies Act, 2013 insofar as they do not mandatorily require all companies to constitute a vigil mechanism. (Manoj Kumar Garg vs UOI)</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 –0; Others -1

S. No	Date of Issue	Act/Rules/Circulars	Subject & Link	Gist thereof																
1.	05-10-2020	Circular	Standardization of timeline for listing of securities issued on a private placement https://www.sebi.gov.in/legal/circulars/oct-2020/standardization-of-timeline-for-listing-of-securities-issued-on-a-private-placement-basis-47790.html	SEBI vide this circular stipulated following timeline for issue of Debt Securities / Non-Convertible preference shares on private placement basis under SEBI ILDS, SEBI NCPRS, SEBI SDI and SEBI ILDM Regulations <table border="1" data-bbox="1346 874 2063 1281"> <thead> <tr> <th>S.no</th> <th>Details of Activities</th> <th>Due date</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Closure of issue</td> <td>T day</td> </tr> <tr> <td>2</td> <td>Receipt of funds</td> <td rowspan="2">To be completed by T+2 trading day</td> </tr> <tr> <td>3</td> <td>Allotment of securities</td> </tr> <tr> <td>4</td> <td>Issuer to make listing application to Stock Exchange(s)</td> <td rowspan="2">To be completed by T+4 trading day</td> </tr> <tr> <td>5</td> <td>Listing permission from Stock Exchange(s)</td> </tr> </tbody> </table>	S.no	Details of Activities	Due date	1	Closure of issue	T day	2	Receipt of funds	To be completed by T+2 trading day	3	Allotment of securities	4	Issuer to make listing application to Stock Exchange(s)	To be completed by T+4 trading day	5	Listing permission from Stock Exchange(s)
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				SEBI has also prescribed the penalties for delay in																

				<p>listing of securities issued on privately placement basis beyond the timelines specified above.</p> <p>This circular shall come into force with effect from 01/12/2020.</p>
2.	06-10-2020	Circular	<p>Issuance, listing and trading of Additional Tier 1 (AT 1) instruments</p> <p>https://www.sebi.gov.in/legal/circulars/oct-2020/issuance-listing-and-trading-of-perpetual-non-cumulative-preference-shares-pncps-and-innovative-perpetual-debt-instruments-ipdis-perpetual-debt-instruments-pdis-commonly-referred-to-as-additi-47805.html</p>	<p>Additional Tier 1 (AT 1) instruments are issued and listed under framework given under SEBI (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013("NCRPS Regulations"). Considering the nature and contingency impact of these AT1 instruments additional framework prescribed under this circular which includes the following</p> <ul style="list-style-type: none"> • Only QIBs are allowed to participate in the issuance. • Allotment size - not be less than Rs.1 Crore. • Trading lot size - Rs.1 Crore. • Additional disclosures
3.	08-10-2020	Notification	<p>Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2020</p> <p>https://www.sebi.gov.in/legal/regulations/oct-2020/securities-and-exchange-board-of-india-listing-obligations-and-disclosure-</p>	<p>Following are the gist of the amendments made</p> <ul style="list-style-type: none"> • Debt listed entities <ul style="list-style-type: none"> ○ 100% asset cover as per offer document/ Information Memorandum and/or Debenture Trust Deed to be maintained ○ Exemption given to regulated financial sector entities removed

			requirements-third-amendment-regulations-2020 47821.html	<ul style="list-style-type: none"> ○ All Covenants to issue and to be shared with debenture trustee ● Listed entities <ul style="list-style-type: none"> ○ Disclosure of Initiation of Forensic audit, included to the list of Mandatory material events to be disclosed. Disclosure to include name of entity and reason for initiating the Audit and the final audit report, with management comments.
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S. No	NEWS ON SEBI
1	<p>SEBI strengthens debenture trustee’s role to protect investors - SEBI has amended debenture trustee norms and ILDS (Issue and Listing of Debt Securities Regulations). Under the new norms, debenture trustees (DTs) would exercise independent due diligence of the assets on which charge is being created. Before creating a charge on the security for the debentures, DTs will exercise independent due diligence to ensure that such security is free from any encumbrance or that it has obtained the necessary consent from other charge-holders if the security has an existing charge. Also, DT would carry out monitoring of the asset cover and obtain mandatory certificate from the statutory auditor on a half-yearly basis.</p>
2	<p>SEBI revamps mutual fund risk-o-meter, renames dividend option SEBI has introduced detailed guidelines for determining the place of a mutual fund on its riskometer tool. The new system introduces a fresh category of ‘very high’ risk. It replaces the old model based simply on a scheme’s category without adequately considering its actual portfolio. The circular goes into effect on 1st Jan 2021. Mutual Funds have to update the riskometer on a monthly basis on their websites and the AMFI website, within 10 days from the end of the month. In case of a change in riskometer position, they have to send out communications to investors. Mutual Funds also have to publish a history of riskometer changes every year. Separately,</p>

	Sebi introduced labelling norms for the dividend options of mutual funds which will come into effect from 1st April 2021. Under the new norms, mutual funds will have to rename dividend options as income distribution cum capital withdrawal.
3	<p>SEBI comes out with framework for limited purpose clearing corps</p> <p>SEBI has come out with a framework for setting-up of a limited purpose clearing corporation, a move aimed at boosting repo trading in corporate bonds. Further, such clearing corporation will have an arbitration mechanism for settlement of disputes or claims arising out of transactions cleared and settled by it. Such clearing corporations are expected to help in guaranteed settlement of tripartite repo trades in all investment grade corporate bonds, including those below AAA-rated in order to boost repo trading in corporate bonds.</p>
4	<p>Revised FAQs on SEBI (Prohibition of Insider Trading) Regulations, 2015</p> <p>Pursuant to amendment in SEBI PIT Regulations, 2015 dated July 17, 2020, SEBI has updated the query on maintenance of structured digital database, in case the designated person is a fiduciary or intermediary.</p>

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RBI during the week

Notifications -0; Master Directions –0; Master Circulars –0; Circular -1;

Press Release –0;

S. No	Date of Issue	Notifications/Master Directors/Master Circulars	Subject & Link	Gist thereof

S. No	NEWS ON RBI
1.	<p>RBI prohibits finance companies to be set up with FDI from Mauritius</p> <p>The Reserve Bank of India (RBI) has declared that finance companies cannot be set up with foreign direct investments (FDI) from Mauritius, reported Economic Times. The decision is in line with the central bank’s recent reluctance to approve applications of non-banking finance companies (NBFC) with funding from the African nation, both due to concerns about round-tripping and to avoid Chinese investments in India. RBI has reportedly told venture capital and private equity funds that NFCs cannot be set up with FDI from Mauritius or any other jurisdiction that doesn’t meet the benchmarks laid down by the Financial Action Task Force (FATF), an international body tasked with preventing money laundering and terror financing.</p>

2. Interest subvention on MSME loans extended until end of March 2021: RBI

The two percent interest subvention scheme for micro, small and medium enterprises (MSMEs) on loans extended by co-operative banks has been extended till March 31 next year, the Reserve Bank of India said on October 7. The terms of the scheme have also been tweaked. The government had announced the 'Interest Subvention Scheme for MSMEs 2018' in November 2018 for scheduled commercial banks for two financial years 2018-19 and 2019-20. It has been extended for the financial year 2020-21. Co-operative banks also became as eligible lending institutions effective from March 3, 2020.

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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.	Once approved by CoC, withdrawal of a successful Resolution Plan not permitted under IBC: NCLAT- The National Company Law Appellate Tribunal has held that once a Resolution Plan has been approved by Committee of Creditors, the successful Resolution Applicant cannot be permitted to withdraw it

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Others during the week
NSE-0; BSE-0; DIPP-0; Finance Ministry-0; Others -0;

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Nil				

S. No	GENERAL NEWS
1.	The Delhi High Court issued notice in a petition to make virtual hearings at National Company Law Tribunal (NCLT) and National Company Law Appellate Tribunal (NCLAT) accessible to the public including Advocates who are not involved in the case being heard



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