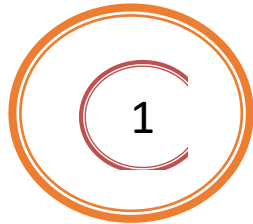


WEEKLY UPDATES ON COMPANY LAW, SEBI, RBI AND IBC

Week 42 – October 14 to October 20, 2019



Companies Act 2013 during the week

Rules - 0; Circulars - 0; Notifications – 4; Orders- 0; Important Notices – 0;

S. No	Date of Issue	Rules/Circular/ Notification/Order	Contents thereof	Gist thereof
1	14.10.2019	Notification	Notification for Delegation of powers to Tribunal -Section 458 read with section 418 of the Companies Act 2013	The Central Government has delegated its powers and functions under sub-section (1) of section 418 of the said Act (hereinafter referred to as the said sub-section) to provide officers and other employees to the Tribunal and the Appellate Tribunal referred to in the said sub-section to the President and Chairperson of the said Tribunal and the Appellate Tribunal, as the case may be, subject to conditions as specified in the recruitment rules of the respective posts as approved and notified by the Central Government.

2	15.10.2019	Notification	Companies (Cost Records and Audit) Amendment Rules, 2019	<p>The Companies who have already filed their Cost Audit Report in form CRA-4 for the financial year 2018-19 with the Central Government before the publication of this notification are not required to file their Cost Audit Report for the said financial year.</p> <p>The forms have also undergone changes.</p>
3	15.10.2019	Notification	Companies (Filing of Documents and Forms in Extensible Business Reporting Language), Amendment Rules, 2019	<p>The XBRL taxonomy which is to be used by entities who are required to furnish cost audit report and other documents to the Central Government under sub-section (6) of section 148 of the Act and rules made there under, has been amended.</p>
4	18.10.2019	Notification	Companies Incorporation Eighth Amendment Rules, 2019	<p>Rule 25 A (<i>Active Company Tagging Identities and Verification (ACTIVE)</i>) has been amended. Now, the ACTIVE non-compliant' company can file e-form DIR-12 in case of appointment as well. Earlier, only cessation of director through e-form DIR-12 was allowed to such companies.</p> <p>Rule 28 (<i>shifting of Registered office within the same state</i>):</p> <ul style="list-style-type: none"> The Regional Director shall examine the application for the change and the application may be put up for orders without hearing and the order either approving or rejecting the application shall be passed within fifteen days of the receipt of application complete in all

				<p>respects.</p> <p>The certified copy of order of the Regional Director, approving the alternation of memorandum for transfer of registered office company within the same State, shall be filed in Form No.INC-28 along with fee with the Registrar of State within thirty days from the date of receipt of certified copy of the order.</p>
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S. No	NEWS ON MINISTRY OF CORPORATE AFFAIRS
1	Form BEN-2 is likely to be revised on MCA21 Company Forms Download page with effect from 20 th October, 2019. Stakeholders are advised to check the latest version before filing.
2	Please note that the DINs which have not complied with the requirement of filing DIR-3 KYC have since been marked as 'Deactivated due to non-filing of DIR-3 KYC'. Such DINs are not allowed to be used for filing any eforms on MCA21 portal. In case the present status of your DIN is 'Deactivated due to non-filing of DIR-3 KYC', you are required to file 'KYC' using eform DIR-3 KYC or DIR-3-KYC-WEB service as applicable with prescribed fee of INR 5000 to re-activate your de-activated DIN.



SEBI during the week

**Act -0; Rules -0; Regulations-0; General Orders – 0; Guidelines- 0;
Master Circulars-1; Circulars – 4; Press Release –0; Others -0;**

S. No	Date of Issue	Act/rules/circulars....	Subject & Link	Gist thereof
1	15.10.2019	Master Circular	Guidelines on Anti-Money Laundering (AML) Standards and Combating the Financing of Terrorism (CFT) /Obligations of Securities Market Intermediaries under the Prevention of Money Laundering Act, 2002 and Rules framed there under	Pursuant to amendments made to the PMLA and Rules made thereunder, updated guidelines in the context of recommendations made by Financial Action Task force (FATF) on anti-money laundering standards is enclosed. These guidelines have been divided into two parts; the first part is an overview on the background and essential principles that concern combating Money Laundering (ML) and Terrorist Financing (TF). The second part provides a detailed account of the procedures and obligations to be followed by all registered intermediaries to ensure compliance with AML/CFT directives. These guidelines shall also apply to registered intermediaries' branches and subsidiaries located abroad, especially, in

				countries which do not or insufficiently apply the FATF Recommendations, to the extent local laws and regulations permit. When local applicable laws and regulations prohibit implementation of these requirements, the same shall be brought to the notice of SEBI
2	18.10.2019	Circular	Resignation of statutory auditors from listed entities and their material subsidiaries	<p>The conditions to be complied with upon resignation of the statutory auditor of a listed entity/material subsidiary w.r.t. limited review / audit report as per SEBI LODR Regulations, areas under:</p> <p>A. All listed entities/material subsidiaries shall ensure compliance with the following conditions while appointing/re-appointing an auditor:</p> <p>(i) If the auditor resigns within 45 days from the end of a quarter of a financial year, then the auditor shall, before such resignation, issue the limited review/ audit report for such quarter.</p> <p>(ii) If the auditor resigns after 45 days from the end of a quarter of a financial year, then the auditor shall, before such resignation, issue the limited review/ audit report for such quarter as well as the next</p>

				<p>quarter.</p> <p>(iii) Notwithstanding the above, if the auditor has signed the limited review/audit report for the first three quarters of a financial year, then the auditor shall, before such resignation, issue the limited review/audit report for the last quarter of such financial year as well as the audit report for such financial year.</p> <p>B. Other conditions relating to resignation shall include:</p> <p>(i) Reporting of concerns with respect to the listed entity/its material subsidiary to the Audit Committee:</p> <p>a. In case of any concern with the management of the listed entity/material subsidiary such as non-availability of information / non-cooperation by the management which may hamper the audit process, the auditor shall approach the Chairman of the Audit Committee of the listed entity and the Audit Committee shall receive such concern directly and immediately without specifically waiting for the quarterly Audit Committee meetings.</p> <p>b. In case the auditor proposes to resign, all</p>
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				<p>concerns with respect to the proposed resignation, along with relevant documents shall be brought to the notice of the Audit Committee. In cases where the proposed resignation is due to non-receipt of information/ explanation from the company, the auditor shall inform the Audit Committee of the details of information / explanation sought and not provided by the management, as applicable.</p> <p>c. On receipt of such information from the auditor relating to the proposal to resign as mentioned above, the Audit Committee / board of directors, as the case may be, shall deliberate on the matter and communicate its views to the management and the auditor.</p> <p>(ii) Disclaimer in case of non-receipt of information: In case the listed entity/its material subsidiary does not provide information required by the auditor, to that extent, the auditor shall provide an appropriated disclaimer in the audit report, which may be in accordance with the Standards of Auditing as specified by ICAI/NFRA.</p>
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				<p>The listed entity/ material subsidiary shall ensure that the conditions as mentioned in 6(A) and 6(B) above are included in the terms of appointment of the statutory auditor at the time of appointing/re-appointing the auditor. In case the auditor has already been appointed, the terms of appointment shall be suitably modified to give effect to 6(A) and 6(B) above.</p> <p>The practicing company secretary shall certify compliance by a listed entity with 6(A) and 6(B) above in the annual secretarial compliance report issued in terms of SEBI Circular no. CIR/CFD/CMD1/27/2019 dated February 08, 2019.</p> <p>C. Obligations of the listed entity and its material subsidiary:</p> <p>(i) Format of information to be obtained from the statutory auditor upon resignation: Upon resignation, the listed entity / its material subsidiary shall obtain information from the Auditor in the format as specified in Annexure A to this Circular. The listed entity shall ensure disclosure of the same under Sub-clause (7A) of Clause A in Part</p>
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				<p>A of Schedule III under Regulation 30(2) of SEBI LODR Regulations.</p> <p>(ii) Co-operation by listed entity and its material subsidiary: During the period from when the auditor proposes to resign till the auditor submits the report for such quarter / financial year as specified above, the listed entity and its material subsidiaries shall continue to provide all such documents/information as may be necessary for the audit / limited review.</p> <p>(iii) Disclosure of Audit Committee's views to the Stock Exchanges: Upon resignation of the auditor, the Audit Committee shall deliberate upon all the concerns raised by the auditor with respect to its resignation as soon as possible, but not later than the date of the next Audit Committee meeting and communicate its views to the management. The listed entity shall ensure the disclosure of the Audit Committee's views to the stock exchanges as soon as possible but not later than twenty-four hours after the date of such</p>
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				<p>Audit Committee meeting.</p> <p>In case an entity is not mandated to have an Audit Committee, then the board of directors of the entity shall ensure compliance of this circular.</p>
3	15.10.2019	Notification	Cyber Security & Cyber Resilience framework for Stock Brokers / Depository Participants - Clarifications	<p>Following guidelines are being issued for submission of report / information and the timelines:</p> <ol style="list-style-type: none"> a. Format for submitting the reports is attached as Annexure. b. For the quarter ended on September 30, 2019, quarterly reports shall be submitted by stock brokers / depository participants not later than November 30, 2019 as per the format specified. c. Effective from quarter ending on December 31, 2019, the time period for submission of the report shall be 15 days after the end of the quarter. d. The mode of submission of such reports by the stock brokers/ depository participants maybe prescribed by Stock Exchanges / Depositories. <p>With regard to periodic audit as specified in paragraph 58 of Annexure 1 of the SEBI circular</p>

				<p>dated December 03, 2018, it has been decided that auditors qualified in certain certifications can audit the systems of depository participants and stock brokers to check the compliance of Cyber Security and Cyber Resilience provisions.</p> <p>The periodicity of audit for the purpose of compliance with Cyber Security and Cyber Resilience provisions for depository participants shall be annual.</p>
4	15.10.2019	Notification	Cyber Security & Cyber Resilience framework for KYC Registration Agencies	SEBI's High Powered Steering Committee - Cyber Security decided that the framework on Cyber Security and Cyber Resilience be made applicable for KRAs. The framework placed at Annexure A of the Notification, would be required to be complied by the KRAs with regard to Cyber Security and Cyber Resilience. KRAs are directed to take necessary steps to put in place systems for implementation of this circular by January 01, 2020.
5	15.10.2019	Notification	Cyber Security & Cyber Resilience framework for Qualified Registrars to an Issue / Share Transfer Agents	<p>Following guidelines are being issued for submission of report / information and the timelines:</p> <ol style="list-style-type: none"> a. Format for submitting the reports is attached as Annexure to the notification. b. For the quarter ended on September 30,

				<p>2019, quarterly reports shall be submitted by QRTAs not later than November 30, 2019 as per the format specified.</p> <p>c. Effective from quarter ending on December 31, 2019, the time period for submission of the report shall be 15 days after the end of the quarter.</p> <p>d. The mode of submission of reports by QRTAs to SEBI shall be through email.</p>
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S. No	NEWS ON SECURITIES EXCHANGE BOARD OF INDIA
1	<p>Informal guidance given by SEBI in the matter of Apollo Tricoat Tubes Limited under SEBI (Prohibition of Insider Trading) Regulations, 2015:</p> <p>In Apollo Tricoat Tubes Limited, one of the promoters of the company, ceased to be a director with effect from 12 June 2018 and his shareholding fell from 23.77% in June 2018 to 13.34% in June 2019. Various documents issued by the company clarified that Mr. Agarwal was not acting as a promoter and was uninterested in the management and control of the company. Apollo Tricoat's concern was that because Mr. Agarwal continued to be classified as a promoter, even though he in fact ceased to act as one, he is bound by the code of conduct under the PIT Regulations, which will impeded his ability to trade in the shares of the company. The company's request to SEBI for informal guidance was on the ground that Mr. Agarwal ceased to act as a promoter in fact, although he has not been formally reclassified from a promoter to a public shareholder. Given that he is not involved in the day-to-day</p>

	<p>management of the company, he is not privy to any insider information. Thus, the company argued that the code of conduct, including the norms relating the closure of the trading window, should not be applicable to him.</p> <p>In providing its informal guidance, SEBI adopted a strict view and stated that Mr. Agarwal continues to be a promoter as he holds more than 10% in the company. Hence, his position as a “designated person” is effectively non-negotiable and the code of conduct, including trading window requirements, will bind him. SEBI, therefore, declined Apollo Tricoat’s invitation to render a broader and more flexible interpretation to the term “designated person” to exclude inactive promoters.</p>
2	<p>The Securities and Exchange Board of India (SEBI) formalised a graded exit load structure on liquid funds.</p> <p>In a letter addressed to Association of Mutual Funds in India (AMFI), SEBI informed that it approved of the proposal on graded exit loads made by the industry body.</p> <p>As per the new structure, holding for one day in liquid fund would draw an exit load of 0.007 per cent, two-day will have 0.0065 per cent exit load, followed by 0.006 per cent, 0.0055 per cent, 0.0050 per cent, 0.0045 per cent for the third, fourth, fifth and sixth day respectively with exit load from the seventh day onwards being nil.</p>

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RBI during the week

Notifications - 1; 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
1	15.10.2019	Notification	On-tap Authorisation of Payment Systems	<p>It has been decided to offer on-tap authorisation for the following entities:</p> <ol style="list-style-type: none"> 1. Bharat Bill Payment Operating Unit (BBPOU). 2. Trade Receivables Discounting System (TReDS). 3. White Label ATMs (WLAs). <p>The capital and other requirements for each of the aforementioned retail payment systems are given in the Annex to the notification.</p>



IBC 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 INSOLVENCY AND BANKRUPTCY CODE
1	Soon, a single homebuyer or just a few of them won't be able to file insolvency application against their real estate developer. In a significant move, the government is planning to amend the Insolvency and Bankruptcy Code (IBC) to stipulate that the number of homebuyers required to file an insolvency case must be at least 100 or they must collectively account for a minimum of 5% of the outstanding debt of the realty developer, whichever is lower. However, they will continue to enjoy the status of financial creditors.

S. No	GENERAL NEWS
1	The IL&FS board has waived a confidentiality clause that had prevented law firm Cyril Amarchand Mangaldas (CAM) from sharing all the details of its engagement with the previous management to facilitate a fairer and quicker probe, which would help fix

	<p>responsibility for what is emerging as India's biggest bankruptcy.</p> <p>A letter from the Serious Fraud Investigation Office (SFIO) to CAM had sought information regarding its scope of engagement, advice, and remuneration at IL&FS and ITNL, and at numerous other Special Purpose Vehicles of the infrastructure financier.</p>
2	<p>The regulator, auditor and management should be held responsible for fraud in Punjab and Maharashtra Co-operative Bank or other banks, Minister of State for Finance Anurag Thakur. Thakur said that in case of PMC Bank, the Reserve Bank of India has allowed withdrawal of Rs 40,000, which covers around 77 per cent of the affected people and they have been assured of up to Rs 1 lakh.</p> <p>"As far as the PMC Bank or any other bank is concerned, it is the job of the regulators first to look into those issues. It is the auditor, who should be held responsible. It is the management of the bank who are dealing on a day to day basis and if any one is involved in fraud, ED has taken action. People have been arrested. Their properties have been attached," Thakur said while responding to queries on crisis at PMC Bank and depositors under stress.</p>



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