

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

**Week 45 - November 04 to November 10, 2019**



**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 MINISTRY OF CORPORATE AFFAIRS
1	<p>MCACMS is an online Compliance Monitoring System (MCACMS Portal) implemented the Ministry of Corporate Affairs for issuing show cause notices and submitting replies from companies / directors for non-compliance under provisions of Companies Act 2013. Show cause notice from MCACMS Portal started sending show cause notices for certain violations by email to the Company / Director / Company Secretary.</p> <p>The Show cause notice will carry a CMS reference Number such as F.No. D/RCXXX/XXX/2019/XX/YY-YY.</p> <p>The notice will carry details of non-compliances under which section the notice is issued for and the timelines for submitting the reply. The Company is required to serve a copy of the said notice to the directors/KMPs and same will be treated as deemed to have been served upon every officer in default of the company in terms of the Companies Act, 2013.</p> <p>The recipient of showcase notice has to submit reply at the portal referring the CMS Reference Number within 15 days from the date the notice. If no reply is filed by the Company / Director, it will be presumed that the company has nothing to say in the matter</p>

and the Register of Companies shall initiate penal action for violation of sections referred in the show cause notice.

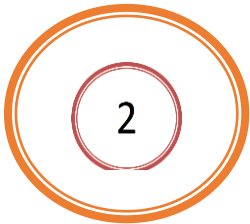
How to file reply to MCACMS Show Cause Notice?

Logon to the Portal at MCACMS Portal and link Reply for Show Cause Notice.

You have to input CMS reference Number in the required column.

An OTP will be sent to the email where the notice is served. Add the OTP and proceed.

You will be directed to a page where you have to add a reply in not more than 500 words. If the reply is more than 500 words, it is advisable to print the same on Company letter head and authenticated by a Director / Company Secretary and attach the same to the portal as a separate file. Also, you can attach the relevant supporting documents as separate files to the portal and submit the reply to MCACMS Show Cause Notice.



## SEBI during the week

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

**Master Circulars-0; Circulars – 7; Press Release –0; Others -0;**

S. No	Date of Issue	Act/rules/circulars....	Subject & Link	Gist thereof
1	04.11.2019	Circular	Enhanced Due Diligence for Dematerialization of Physical Securities	<p>All Listed companies or their RTAs shall provide data of their members holding shares in physical mode, viz the name of shareholders, folio numbers, certificate numbers, distinctive numbers and PAN etc. (hereinafter, static database) as on March 31, 2019, to the Depositories, latest by December 31, 2019. The common format for this data shall be specified jointly by the Depositories and be communicated to Issuer companies / their RTAs.</p> <p>Depositories shall capture the relevant details from the static database as per clause I above and put in place systems to validate any dematerialization request received after December 31, 2019. Accordingly, the depository system shall retrieve the shareholder name(s) recorded against the folio</p>

				<p>number and certificate number in Static Data for each DRN request received after this date and validate the same against the demat account holder(s) name as available in the records of the Depositories.</p> <p>In case of mismatch of name on the share certificate(s) vis-à-vis name of the beneficial owner of demat account, the depository system shall generate flag / alert. In instances, where such flags / alerts have been generated, the following additional documents explaining the difference in name, as prescribed in paragraph 2 (b) of the cited SEBI circular of November 06, 2018, shall be sought, namely</p> <ul style="list-style-type: none"> <li>i. Copy of Passport</li> <li>ii. Copy of legally recognized marriage certificate</li> <li>iii. Copy of gazette notification regarding change in name</li> <li>iv. Copy of Aadhar Card</li> </ul> <p>In the case of complete mismatch of name on the share certificate(s) vis-à-vis name of the beneficial owner of demat account, the applicant may approach the Issuer company / RTA for establishing his title / ownership.</p>
--	--	--	--	--

2	05.11.2019	Circular	Operational Guidelines for FPIs & DDPs under SEBI (Foreign Portfolio Investors), Regulations 2019 and for Eligible Foreign Investors	<p>SEBI issued operational guidelines for foreign portfolio investors (FPI) regulations notified in September.</p> <p>The regulator said that all existing FPIs registered as category III FPIs under the 2014 regulations shall be deemed to have been registered as Category II FPIs under the new regulations.</p> <p>For the sake of clarity, there will be no deemed re-categorization of registration for eligible entities from category III FPI registration under 2014 regulations to category I FPI under the regulations, and said all existing FPIs registered as category II FPIs under the 2014 regulations shall be deemed to have been registered either as category I FPI or category II FPI under the regulations.</p>
3	05.11.2019	Circular	e-KYC Authentication facility under section 11A of the Prevention of Money Laundering Act, 2002 by Entities in the securities market for Resident Investors	<p>The Aadhaar and Other Laws (Amendment) Ordinance, 2019 was promulgated on March 02, 2019 through which a new Section 11A was inserted in chapter IV of the Prevention of Money-Laundering Act, 2002. The Aadhaar and Other Laws (Amendment) Act, 2019 was notified in the Gazette of India on July 24, 2019.</p> <p>The Department of Revenue (DoR), Ministry of Finance issued a circular dated May 09, 2019 on</p>

				<p>procedure for processing of applications under section 11A of the Prevention of Money Laundering Act, 2002 (“PMLA”), for use of Aadhaar authentication services by entities other than the Banking companies. In terms of the said circular, if the Central Government is satisfied with the recommendations of the Regulator and Unique Identification Authority of India (“UIDAI”) and reporting entity complies with such standards of privacy and security under the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 (“Aadhaar Act”), and it is necessary and expedient to do so, it may by notification, permit such entity to carry out authentication of the Aadhaar number of clients using e-KYC authentication facility.</p>
4	06.11.2019	Circular	Reporting of changes in terms of investment	<p>In partial modification to Para 9.1.1. of SEBI circular dated September 24, 2019 on conditions to be adhered to by Mutual Funds, while making any change to terms of an investment, it shall read as follows:</p> <p>Any changes to the terms of investment, including extension in the maturity of a money market or debt security, shall be reported to valuation agencies and SEBI registered Credit</p>

				Rating Agencies (CRAs) immediately, along-with reasons for such changes.
5	07.11.2019	Circular	Creation of segregated portfolio in mutual fund schemes	In partial modification to SEBI Circular dated December 28, 2018 on ' <i>Creation of segregated portfolio in mutual fund schemes</i> ', it has been decided to permit creation of segregated portfolio of unrated debt or money market instruments by mutual fund schemes of an issuer that does not have any outstanding rated debt or money market instruments, subject to conditions.
6	08.11.2019	Circular	Introduction of Cross-Margining facility in respect of offsetting positions in co-related equity Indices	In order to facilitate efficient use of collateral by market participants, it has been decided to extend cross margining facility to off-setting positions in highly co-related equity indices.
7	08.11.2019	Circular	Streamlining the Process of Public Issue of Equity Shares and convertibles- Extension of time lime for implementation of Phase II of Unified Payments Interface with Application Supported by Blocked Amount	<p>Extension of time lime for implementation of Phase II of Unified Payments Interface with Application Supported by Blocked Amount till March 31, 2020.</p> <p>The revised timelines for the existing T+6 environments are placed at Annexure 1 to the circular.</p> <p>The modalities and the date for T+3 listing shall be intimated later.</p>

S. No	NEWS ON SECURITIES EXCHANGE BOARD OF INDIA
1	SEBI has issued clarifications on Insider Trading in the form of FAQs.
2	SEBI has enhanced the government norms for Credit Rating Agencies (CRAs).
3	SEBI has issued Circular in relation to e-KYC Authentication facility under section 11A of the Prevention of Money Laundering Act, 2002 by Entities in the securities market for Resident Investors.
4	<p>SEBI has issued Informal Guidance in the matter of Goldcrest Corporation Limited</p> <p>The company had sought clarification on whether a compulsorily delisted company, its Whole-time Directors, its promoters and companies which are promoted by either one of them shall be restricted from accessing the securities market or seek listing of equity shares for a period of ten years.</p> <p>SEBI confirmed their understanding. However, when the promoters of such company cease to have any direct or indirect shareholding, management participation and cease to be involved in the company, such entity shall no longer be subject to the restriction.</p>
5	<p>SEBI tightened rules on participatory notes (p-notes), or offshore derivative instruments issued by brokers to foreign investors not registered locally, while easing some operational norms for select overseas funds.</p> <p>SEBI said that foreign portfolio investors (FPI) would have to make separate registrations for issuing p-notes for underlying derivatives. However, this requirement is waived for p-notes against underlying cash equities.</p>



3

**RBI during the week**

**Notifications - 1; 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	04.11.2019	Notification	Guidelines on Compensation of Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staff	The Guidelines as set out in the annex to the circular will be applicable for pay cycles beginning from/after April 01, 2020. All applications for approval of appointment/re-appointment or approval of remuneration/revision in remuneration of Whole Time Directors (WTDs)/ Chief Executive Officers (CEOs) shall be submitted with full details as prescribed in Appendix 1 to the notification.
2	08.11.2019	Press Release	Furthering Digital Payments	Digital payments constituted a high 96% of total non-cash retail payments during the period October 2018 to September 2019. During the same period, the National Electronic Funds Transfer (NEFT) and Unified Payments Interface (UPI) systems handled

				<p>252 crore and 874 crore transactions with year on year growth of 20% and 263%, respectively. This rapid growth in the payment systems, inter-alia, has been facilitated by a series of measures taken by the Reserve Bank of India.</p> <p>To further empower every citizen with an Exceptional (e) Payment Experience, and provide her access to a bouquet of options, the Reserve Bank proposes to take the following steps:</p> <ol style="list-style-type: none"> <li>a. Mandate banks not to charge savings bank account customers for online transactions in the NEFT system with effect from January 2020.</li> <li>b. Operationalize the Acceptance Development Fund to increase acceptance infrastructure with effect from January 1, 2020.</li> <li>c. Constitute a Committee to assess the need for plurality of QR codes and merits of their co-existence or convergence from both systemic and consumer viewpoints.</li> <li>d. Permit all authorised payment systems and instruments (non-bank PPIs, cards and UPI) for linking with National Electronic Toll Collection (NETC) FASTags. Going forward,</li> </ol>
--	--	--	--	---

				<p>this will facilitate the use of FASTags for parking, fuel, etc., payments in an interoperable environment.</p> <p>e. Enable processing of e-mandates for transactions through UPI.</p>
--	--	--	--	---

S. No	NEWS ON RESERVE BANK OF INDIA
1	RBI has issued technical specifications for all participants of the Account Aggregator (AA) ecosystem.
2	The Reserve Bank of India (RBI) said it has revised the extant guidelines on liquidity risk management for non-banking finance companies (NBFCs) in order to strengthen and raise the standard of asset liability management (ALM) framework applicable to them. All non-deposit taking NBFCs with asset size of Rs 100 crore and above, systemically important core investment companies and all deposit taking NBFCs irrespective of their asset size will segregate the 1-30 day time bucket in the statement of structural liquidity into granular buckets of 1-7 days, 8-14 days, and 15-30 days.



### 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	The corporate affairs ministry (MCA) is planning to come up with a mechanism to ensure that the assets of corporate debtors under the insolvency resolution process are unencumbered and insulated from attachment by probe agencies.
2	The Insolvency and Bankruptcy Code (IBC) has provided small enterprises in India the window to force large companies to cough up pending dues. Information utility National e-governance Services (NeSL) will now make public the names of companies which default on payments. The details will be shared with all creditors that have exposure to the company. The managing director and chief executive officer (CEO) of NeSL, S Ramann, says it would make banks and other financial institutions that deal with the defaulter company ask questions.

3	The government is mulling a special window to address debt woes of stressed non-banking financial companies under the insolvency law. Persisting liquidity issues in the NBFC space as well as the financial woes of some groups in this sector have raised concerns about the health of the overall financial system. Troubles at Dewan Housing Finance Corporation Ltd (DHFL) and scam perpetrated at Punjab and Maharashtra Co-operative (PMC) Bank have added to the woes.
---	--

S. No	GENERAL NEWS
1	ICAI has published/released Quick Referencer on Indian Accounting Standards
2	Ministry of Labour and Employment published released/ Preliminary draft of the Wages (Central) Rules under Section 67 of the Code on Wages, 2019 -for inputs/ comments/suggestions of all Stakeholders.
3	ICAI has published/released guidance note on Division iii - schedule iii to the companies act, 2013 for NBFC that is required to Comply with IND AS.
4	<p>The Word <b>"PAN"</b> substituted by <b>["PAN" or "Aadhaar Number"]</b> in the Entire Income Tax Laws:  Vide Notification No. 95/2019 dated November-07-2019 <b>*more than Hundreds of Forms, Statements, Audit Reports formats*</b> have been updated so as to give effect that wherever the word Permanent Account Number <b>"(PAN)"</b> has been mentioned, shall be Substituted by the Words, <b>["PAN" or "Aadhaar Number"]</b>.</p> <p>In simple words, now 100% compliances under Income Tax Laws can also be completed with Aadhaar Number of the Taxpayer in the absence of PAN Number of the Taxpayer.</p>
5	<p>Finance minister Nirmala Sitharaman said the government and Reserve Bank are working to resolve the issues being faced by realty sector. Admitting that realty sector has been left out of the booster measures announced earlier, she said the sector has a spillover effect on many sectors, especially the core sector.</p> <p>"The government is very keen and is working very clearly together with the RBI to see how best we can, where necessary, tweak the existing norms to help the people who are affected in the realty sector," she said at an event.</p>
6	Commerce and industry minister Piyush Goyal has warned ecommerce companies of strict action if they don't halt predatory pricing on their platforms, flouting foreign direct investment (FDI) rules. The issue figured in a discussion Goyal had with Amazon India head Amit Agarwal on November 5.



Flat No.7, Door No.10 Madhans,  
South Canal Bank Road,  
Mandavelipakkam, Chennai 600028.

[mail@akshayamcorporate.com](mailto:mail@akshayamcorporate.com)

[www.akshayamcorporate.com](http://www.akshayamcorporate.com); Land Line: 044-43533080

*The Information Contained herein is of general nature and is not intended to address the circumstances of any particular individual or entity.  
The views expressed here are solely those of the author in his private capacity.*