

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

**Week 51 -14<sup>th</sup> December to 20<sup>th</sup> December 2020**

**1**

**Companies Act 2013 during the week**

**Rules -0; Circulars -0; Notifications-2; Orders-1; Important Notices -0**

S. No	Date of Issue	Rules/Circular/ Notification/Order	Contents thereof	Gist thereof
1	17.12.2020	Notification	<a href="#">Amendments in Companies (Compromises, Arrangements and Amalgamations) Rules, 2016</a>	<p>Section 236 of Companies Act, 2013 allows an acquirer who acquired 90% stake in a Company to purchase the remaining stake in the Company, subject to the process mentioned therein. MCA vide this notification prescribes the process relating to purchase of minority shareholding held in demat form. Summary of the process is as follows</p> <ul style="list-style-type: none"> <li>• Within 2 weeks from the receipt of money from the acquirer, the Company has to verify the details of minority shareholders holding shares in demat form</li> <li>• Company to send notice to the shareholders intimating cutoff date (shall not be earlier than one</li> </ul>

				<p>month after the date of sending of the notice) on which shares shall be debited from their Company, unless shares are credited to acquirer's account. This notice to be simultaneously published in one English and one Vernacular newspaper</p> <ul style="list-style-type: none"> <li>• Company to inform depositories the notice and submit few declaration</li> <li>• Depositories shall make the transfer of shares of the minority shareholders, who have not, on their own, transferred their shares in favour of the acquirer, into the designated DEMAT account of the company on the cut-off date and intimate the company</li> <li>• Company shall immediately disburse the price of the shares so transferred, after deduction of stamp duty</li> <li>• Upon disbursal of price, depository will transfer shares from Company's demat account to Acquirers demat account.</li> </ul>
2	18.12.2020	Notification	<a href="#"><u>Companies (Appointment and Qualification of Directors) Rules, 2014</u></a>	MCA had prescribed that Independent Directors required to pass the online proficiency self-assessment test for inclusion of their name in data bank and exempted few categories of Directors. MCA has now relaxed few conditions.

				<ul style="list-style-type: none"> <li>• Time limit extended for passing online proficiency self-assessment test from one year to two year from the date of inclusion of his name in the data bank</li> <li>• <b>Exemption from the above test</b> - Can be availed if a person has served as Director or KMP in the following, for period of three years (earlier ten years) <ul style="list-style-type: none"> <li>➤ Body corporate listed on any recognized stock exchange or in a country which is member State of FATF on Money laundering and the regulator of the securities market in such member state is a member of IOSC or</li> <li>➤ Bodies corporate incorporated outside India having paid up capital of US\$ 2 million or more</li> <li>➤ Statutory corporations set up under an Act of Parliament or any State Legislature carrying on commercial activities or</li> <li>➤ In the pay scale of Director or above in the Ministry of Corporate Affairs or the Ministry of Finance or Ministry of Commerce and Industry and Ministry of Heavy Industries and Public Enterprises and having experience in handling the matters relating to corporate laws or securities laws or economics laws.</li> <li>➤ In the pay scale of Chief General Manager or above in SEBI or RBI or IRDA or PFRDA and having</li> </ul> </li> </ul>
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				<p>experience in handling the matters relating to corporate laws or securities laws or economics laws. Earlier only listed Company, Unlisted Public company with PSC of ten crore or more or listed body corporate were recognized for the purpose of exemption</p> <p>➤ Criterial for passing in the above test relaxed from Sixty percent to Fifty percent</p>
<b>3</b>	<b>17-12-2020</b>	<b>Order</b>	<b><u>Companies (Auditor's Report) Order, 2020</u></b>	Companies (Auditor's Report) Order, 2020, will be applicable for the financial years commencing on or after the 1st April, 2021 (earlier 1 <sup>st</sup> April 2020)
<b>NIL</b>				

<b>S. No</b>	<b>NEWS ON MCA</b>
	<b>NIL</b>

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**SEBI during the week**

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

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

S. No	Date of Issue	Act/rules/circulars.	Subject & Link	Gist thereof
NIL				

S. No	NEWS ON SEBI
1	<p><b>SEBI at its Board Meeting, inter-alia, took the following decisions</b></p> <ul style="list-style-type: none"> <li>➤ Approved following amendments to MF Regulations               <ul style="list-style-type: none"> <li>○ MF Sponsors not fulfilling profitability criteria while making application, shall be eligible to sponsor subject to having a net-worth of not less than INR 100 Cr. This network of the AMC has to be maintained till the time AMC makes profit for 5 consecutive years.</li> <li>○ Segregation and ring-fencing of assets and liabilities of mutual fund scheme</li> </ul> </li> <li>➤ Approved changes in Minimum Public Shareholding norms for listed companies going CIRP. CIRP, companies will be mandated to have at least 5% public shareholding at the time of their admission to dealing on stock exchange. This has to enhance to 10% and 25% within 12 months and 36 months respectively.</li> <li>➤ Approved exemption of Minimum Promoters’ Contribution and the subsequent lock in requirements for the issuers making a Further Public Offer subject to fulfilment of few conditions.</li> </ul>

	<ul style="list-style-type: none"> <li>➤ Approved amendments requiring Investment Advisers (IA) to seek membership of a body recognized by SEBI for administration and supervision of IAs</li> <li>➤ Approved amendments to provide certain exemptions to AIFs in respect of Investment Committee members conditional upon capital commitment of at least INR 70 Crore from each investor accompanied by a suitable waiver</li> <li>➤ Approved amendments to the SEBI (Intermediaries) Regulations 2008, to avoid the duplicity of proceedings before the Designated Authority and the Designated Members</li> <li>➤ Approved to repeal SEBI (Central Database of Market Participants) Regulations, 2003.</li> </ul>
2	<p>SEBI in 2019 had created Innovators Growth Platform (IGP) framework under ICDR Regulations to encourage and facilitate capital raising and listing of startups and other new-age firms which are intensive in use of technology. Based on feedback and suggestions received from market participants and stakeholders, SEBI is revisiting the existing regulatory norms applicable to IGP. Accordingly, a <a href="#">consultation paper</a> has been floated for seeking comments on proposed changes for IGP framework. Last date for giving comments on consultation paper is January 11, 2021. Mumbai December 17, 2020</p>
3	<p><b>SEBI gives certain relaxations to NRIs on holding depository receipts</b> : SEBI issued certain relaxations to non-resident Indians in respect of holding of depository receipts (DRs) issued by India-listed companies. NRIs can now hold DRs issued by the company under the employee stock option schemes, bonus issue and rights issue, the regulator said. In October 2019, the Securities and Exchange Board of India (Sebi) barred NRIs from buying DRs issued by India-listed companies. This restriction will not apply in the case of issue of DRs to NRIs, pursuant to share-based employee benefit schemes that are implemented by a company in terms of Sebi (Share Based Employee Benefits) rules, the regulator said in a circular. In addition, the restriction would also not apply in the case of issue of DRs by the company to NRIs following a bonus issue or a rights issue.</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 Directions/Master Circulars	Subject & Link	Gist thereof
1	14-12-2020	Notifications	<a href="#">Opening of Current Accounts by Banks - Need for Discipline</a>	RBI vide its notification dated August 6, 2020., laid down restrictions on opening of current accounts. RBI vide this notification permitted banks to open specific accounts which are stipulated under various statutes and instructions of other regulators/regulatory departments, without any restrictions placed in terms of the above-mentioned circular dated August 6, 2020.

S. No	NEWS ON RBI
1	<p><b>Legal entities under centralized KYC now</b> : The Reserve Bank of India (RBI) extended the applicability of centralized know your customer (KYC) registry to legal entities, from individual accounts, effective 1 April 2021. Banks, non-banks, and other entities regulated by RBI have been uploading the KYC data pertaining to all individual accounts opened on or after 1 January 2017 on to the centralized KYC registry (CKYCR). The objective of KYC is to prevent banks from being used by criminal elements for money laundering or terrorist financing activities. KYC procedures also enable banks to understand their customers and their financial dealings better, which in turn help them manage risks prudently. RBI said that as the central registry is fully-operational for individual customers, it has been decided to extend it to legal entities (LEs).</p>



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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 IBC
1	<p>Insolvency professionals appointed under the Insolvency and Bankruptcy Code (IBC) may not find it all that easy to contract out their duties to third party consultants or advisors (including non-Insolvency Professional Entity) during corporate insolvency resolution process (CIRP) if the latest IBBI discussion paper is anything to go by. The Insolvency and Bankruptcy Board of India (IBBI), which has released the discussion paper on ‘Engagement of “professionals” in a corporate Insolvency Resolution Process’, has invited public comments on several questions including whether only a person having an authorisation from the regulator of a profession to practice the profession may be appointed as a “professional” by an IP in a CIRP.</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
<b>MSME NEWS</b>	
1	The Central Board of Indirect Taxes and Customs (CBIC) issued the measures to facilitate MSME for AEO T1 & T2 accreditation. The Board in line with the Prime Minister’s Atma Nirbhar Bharat Abhiyaan to support MSMEs against the challenges of the COVID-19 pandemic, has examined the difficulties faced by MSMEs while applying for AEO accreditation . The CBIC has decided to relax the entire gamut of compliance and security requirements for MSMEs. The relaxation has been carried out to ensure that the MSMEs are facilitated through rationalized compliance requirements and minimum but effective security requirements. The Board has decided to facilitate MSMEs by further relaxing the current accreditation process and reducing the compliance burden for their AEO accreditation.



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