

WEEKLY UPDATES ON COMPANY LAW, SEBI, RBI AND IBC

Week 04-January 17 2022 to January 23 2022

1

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
NIL	

2

SEBI during the week

Act -0; Rules -1; Circulars-0; Press Release-2; General Orders – 0; Guidelines- 0

S. No	Date of Issue	Act/rules/circulars	Subject & Link	Gist thereof
1	17/01/2022	Press Release	<p>Empowering Investors through Investor Charters</p> <p>https://www.sebi.gov.in/media/press-releases/jan-2022/empowering-investors-through-investor-charters_55353.html</p>	<p>SEBI, had published the “Investor Charter” for securities markets. Separate Investor Charters regarding investor related activities of various intermediaries have been developed by SEBI in consultation with the respective entities which have been published in respective website of various intermediaries.</p> <p>As for SEBI’s own charter, efforts have been taken to enhance the effectiveness of investor grievance redressal mechanism. SEBI has been publishing the status of disposal of investor grievances received in SCORES (SEBI Complaints Redress System) on its website on a monthly basis. Details of investor</p>

				<p>grievances, which are pending for more than three months with different intermediaries, are also being published.</p> <p>In case SEBI receives a large number of repeated complaints on any issue, the root causes are analyzed and if required, appropriate policy changes are made to address the issue.</p> <p>SEBI is also examining the possibility of introducing alternate dispute resolution mechanism in various agreements (wherever possible) between the regulated entities and their clients.</p>
2	19/01/2022	Press Release	<p>SEBI Chairman launches “Saa᳚thi” – SEBI’s Mobile App on Investor Education</p> <p>https://www.sebi.gov.in/media/press-releases/jan-2022/sebi-chairman-launches-saa-thi-sebi-s-mobile-app-on-investor-education_55384.html</p>	<p>SEBI launched “Saa᳚thi”–SEBI’s Mobile App on Investor Education which can be downloaded from Play Store and App Store respectively for Android and iOS version. This Mobile App is yet another initiative of SEBI with a view to empowering investors with knowledge about securities market.</p> <p>The SEBI Mobile App aims to create awareness among the investors about the basic concepts of Securities Market, KYC Process, trading and settlement, mutual funds, recent market</p>

				<p>developments, investor grievances redressal mechanism, etc.</p> <p>The App is available in Hindi and English.</p>
3	20/01/2022	Rules	<p>Securities and Exchange Board of India (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 [Last amended on December 31, 2021]</p> <p>https://www.sebi.gov.in/legal/rules/jan-2022/securities-and-exchange-board-of-india-procedure-for-holding-inquiry-and-imposing-penalties-rules-1995-last-amended-on-december-31-2021-55412.html</p>	<p>SEBI has amended the provisions relating to Procedure for Holding Inquiry and Imposing Penalties rules, 1995. Broad outline of the same is given below</p> <p>Appointment of adjudicating officer for holding inquiry:</p> <ul style="list-style-type: none"> Whenever the Board is of the opinion that there are grounds for adjudging under any of the provisions under Chapter VI-A (Penalties and Adjudication) of SEBI Act, it may appoint any of its officers not below the rank of Division Chief to be an adjudicating officer for holding an inquiry for the said purpose. <p>Holding of inquiry:</p> <ul style="list-style-type: none"> Whether any person has committed contraventions as specified in any of sections shall, Board or Adjudicating Officer shall, in the first instance, issue a notice to such person requiring him to show cause within

				<p>such period as may be specified in the notice (being not less than fourteen days from the date of service thereof) why an inquiry should not be held against him.</p> <ul style="list-style-type: none"> • Every notice under this section, to any such person, shall indicate the nature of offence alleged to have been committed by him. • While holding an inquiry under this rule, <i>the Board or the adjudicating officer</i>, shall have the power to summon and enforce the attendance of any person acquainted with the facts and circumstances of the case to give evidence or to produce any document which, in the opinion of the <i>Board or the adjudicating officer</i>, may be useful for or relevant to, the subject-matter of the inquiry • If any person fails, neglects or refuses to appear as required, <i>the Board or the adjudicating officer</i> may proceed with the inquiry in the absence of such person after
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				<p>recording the reasons for doing so.</p> <ul style="list-style-type: none"> • If, upon consideration of the evidence produced, <i>the Board or the adjudicating officer</i> is satisfied that the person has become liable to penalty under provisions of the SEBI Act, he may, by order in writing, impose such penalty as he thinks fit • Every order made shall specify the provisions of the Act in respect of which default has taken place and shall contain brief reasons for such decisions. • Every such order shall be dated and signed by the Board or the adjudicating officer <p>SEBI has also laid down the procedure to be following for serving of notice and orders under these provisions</p> <p>The rules shall come into force on the date of their publication in the Official Gazette.</p>
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S. No	NEWS ON SEBI
1	<p>Informal Guidance By HDFC Securities Limited regarding SEBI (Research Analyst) Regulations, 2014:</p> <p>Q:Independent Research Analyst, individual employed as research analyst by research entity or their associates shall not deal or trade in securities that the research analyst recommends or follows within 30 days before 5 days after the publication of a research report. Whether the same is in line with regulation 16(2) and 16 (3) of SEBI (Research Analysts) Regulations, 2014.</p> <p>A: Independent Research Analyst, individual employed as research analyst by research entity or their associates</p> <ul style="list-style-type: none"> - Shall not deal or trade in securities that the research analyst recommends or follows within thirty days before and five days after publication of a research report. - shall not deal or trade directly or indirectly in securities that he reviews in a manner contrary to his given recommendation. <p>Q: Whether Head of research who will only assist the research analyst by reviewing/approving the work done by the analysts and support them in research will also be treated as Research Analyst and whether the trading restriction are applicable in case of Head of Research.</p> <p>A: In terms of extant regulatory framework, 'research analyst' includes any person or entity who is engaged or responsible for preparation and issuance of research report or carrying out research analysis, whether or not such person has been assigned job title of a research analyst. As the key responsibilities of Head of research include providing unbiased fundamental and technical research reports and providing stock recommendation and also responsible for assisting the research analysts by mentoring junior analysts, ensuring consistency of research product, reviewing and approving work by the analysts, he falls under the definition of research analysts and consequently is required to comply with the provisions of RA regulation including Reg 16(2).</p>

2	Bring SEBI under the Ambit of Limitation Act, Requests ANMI : To avoid unnecessary delays in legal matters, a representation from Association Of National Exchanges Members Of India was made to Dept of Economic affairs wanting market regulator Securities and Exchange Board of India (SEBI) to be brought under the ambit of the law of limitation. Several proceedings being initiated by SEBI several years after the alleged violation, resulting in unnecessary hardship and grave prejudice to market participants and affects their ability to respond to such show-cause notices effectively.
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RBI during the week

Notifications -2; Master Directions –0; Master Circulars –0; Press Release -1;

S. No	Date of Issue	Notifications/Master Directors/Master Circulars	Subject & Link	Gist thereof
1	20/01/2022	Press Release	<p>RBI issues regulations under the amended Factoring Regulation Act, 2011</p> <p>https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=53131</p>	<p>RBI has issued regulations Amending Factoring regulation Act, 2011. The Act permits Trade Receivables Discounting System (TReDS) to file the particulars of assignment of receivables transactions with the Central Registry on behalf of the Factors for operational efficiency.</p> <p>The Act empowers the Reserve Bank of India to make regulations prescribing the manner of grant of certificate of registration and for prescribing the manner of filing of assignment of receivables transactions by TReDS on behalf of the Factors.</p> <p>In exercise of the powers, the Bank has issued the following regulations:</p>

				<p>a. Registration of Factors (Reserve Bank) Regulations, 2022 issued vide Notification No. DOR.FIN.080/CGM (JPS) – 2022 dated January 14, 2022 (published in Official Gazette – Extraordinary – Part-III, Section 4 dated January 17, 2022).</p> <p>b. Registration of Assignment of Receivables (Reserve Bank) Regulations, 2022 issued vide Notification No. DOR.FIN.081/CGM (JPS) – 2022 dated January 14, 2022 (published in Official Gazette – Extraordinary – Part-III, Section 4 dated January 17, 2022).</p> <ul style="list-style-type: none"> • Under the provisions of the regulations mentioned above, all existing non-deposit taking NBFC-Investment and Credit Companies (NBFC-ICCs) with asset size of 1,000 crore & above will be permitted to undertake factoring business subject to satisfaction of certain conditions. T • This will increase the number of NBFCs eligible to undertake factoring business significantly. • Other NBFC-ICCs can also undertake factoring business by registering as NBFC-Factor. Eligible companies may apply to the Reserve Bank for seeking registration under the Act.
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				<ul style="list-style-type: none"> Further, in respect of trade receivables financed through a Trade Receivables Discounting System (TReDS), the particulars of assignment of receivables shall be filed with the Central Registry on behalf of the Factors by the TReDS concerned within 10 days.
2	20/01/2022	Notification	<p>The Registration of Factors (Reserve Bank) Regulations, 2022</p> <p>https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12222&Mode=0</p>	<p>The Registration of Factors (Reserve Bank) Regulations, 2022 inter-alia contains the following provisions</p> <ul style="list-style-type: none"> Net Owned Fund : Every company seeking registration as NBFC-Factor shall have a minimum Net Owned Fund (NOF) of ₹5 crore, or as specified by the Reserve Bank from time to time Principal Business Criteria : An NBFC-Factor shall ensure that <ul style="list-style-type: none"> its financial assets in the factoring business constitute at least fifty per cent of its total asset and its income derived from factoring business is not less than fifty per cent of its gross income Registration and matters incidental thereto : An existing NBFC-ICC shall also make application for grant of certificate of Registration subject to certain conditions.

				<ul style="list-style-type: none"> • Conduct of business NBFC-Factors or eligible NBFC-ICCs which have been granted CoR under the Act shall conduct the factoring business in accordance with the Act and rules and regulations framed under the Act or the directions and guidelines issued by the Reserve Bank from time to time. These regulation shall come into force on the date of their publication in the Official Gazette.
3	20/01/2022	Notification	<p>Registration of Assignment of Receivables (Reserve Bank) Regulations, 2022</p> <p>https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12223&Mode=0</p>	<p>Where any trade receivables are financed through a Trade Receivables Discounting System (TReDS); the concerned TReDS on behalf of the Factor shall, within a period of ten days, from the date of such assignment or satisfaction thereof, as the case may be, file with the Central Registry the particulars of</p> <p>(a) Assignment of receivables in favour of a Factor in Form I, which shall be authenticated by the authorized person using a valid electronic signature.</p> <p>(b) Satisfaction of any assignment of receivables on full realization of the receivables in Form II, which shall be authenticated by the authorized person using a valid electronic signature.</p>

				<p>If the particulars referred are not filed within the period specified therein, the Central Registrar may, on being satisfied on an application made in this behalf stating the reasons for the delay, allow the said particulars to be filed within such additional time not exceeding ten days as he may specify, upon payment of the fee as prescribed by GoI in Registration of Assignment of Receivables Rules, 2012, as amended from time to time.</p>
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S. No	NEWS ON RBI
1.	<p>RBI Says Monetary And Credit Conditions Improving In India : The Reserve Bank Of India (RBI) stated in its latest monthly bulletin that the overall economic activity in India remains strong, with upbeat consumer and business confidence and upticks in several incoming high-frequency indicators. On the vaccination front, India has made rapid strides. Alongside, monetary and credit conditions are improving with bank credit picking up in a gradual but sustained manner. India's digital payment ecosystem is also expanding rapidly.</p>

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IBC during the week

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

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

S. No	NEWS ON IBC
	NIL

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Others during the week

NSE-0; BSE-0; DIPP-0; Finance Ministry-0; Others -1;

S. No	Date of Issue	Rules/Circular/ Notification/Order	Contents thereof	Gist thereof
1	19/01/2022	Notification	<p>Extension of validity of Registration of existing enterprises under MSME Act</p> <p>https://egazette.nic.in/WriteReadData/2022/232763.pdf</p>	<p>The Central Government made amendments in the notification of Government of India, Ministry of Micro, Small and Medium Enterprises.</p> <p>According to the notification the existing enterprises registered prior to 30th June, 2020, shall continue to be valid only for a period up to the 31st day of March, 2022.</p>

S. No	GENERAL NEWS
1.	<p>Holding of shareholders', creditors' meeting: NCLAT sets aside NCLT order dismissing Ericsson India's plea</p> <p>The National Company Law Appellate Tribunal (NCLAT) set aside the September 23, 2021 order of the National Company Law Tribunal (NCLT) that dismissed Ericsson India's plea to dispense with the holding of a shareholders' and creditors' meeting, in relation to the scheme of amalgamation with a subsidiary firm. The scheme of amalgamation between Ericsson India Pvt Ltd (transferor company) and Ericsson India Global Services Pvt Ltd (transferee company) was to take place from the appointed date of April 1, 2021</p>
2.	<p>NCLT adjourns Jio's petition seeking RCom's forensic audit reports</p> <p>The National Company Law Tribunal has adjourned a petition filed by a Reliance Jio subsidiary seeking forensic audits of Reliance Communications and Reliance Infratel from the lenders. The court will hear the matter again on March 7.</p> <p>Reliance Projects and Properties, a Reliance Jio subsidiary, had won the race to acquire Reliance Infratel in December 2020, but has moved the court asking India's largest lender State Bank of India to hand over forensic audits which declared Reliance Communications and its subsidiary as a fraud account.</p>
3.	<p>Fintech company LegalPay launches interim finance healthcare-focused fund</p> <p>LegalPay has launched an interim finance healthcare-focused fund for retail investors, according to an official statement. Investors can invest in this fund for as low as ₹10,000 per opportunity in asset-backed legal and debt financing asset classes.</p>
4.	<p>A Successful Bidder Cannot Be Permitted To Wriggle Out Of Its Bid Claiming His Bid To Be A 'Conditional Offer'; NCLAT</p> <p>The NCLAT, Principal Bench consisting of Justice Anant Bijay Singh and Ms. Shreesha Merla in the case of M/s. Visisth Services Limited v. S.V. Ramani held that a Successful Bidder cannot wriggle out of the contractual obligations and withdraw the bid after payment of Earnest Money Deposit (EMD) and seek a refund of the amount on the ground that the offer made by the Bidder was a 'conditional offer'.</p>



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