

WEEKLY UPDATES ON COMPANY LAW,SEBI, RBI AND IBC

Week 12 - March 14 2022 to March 20 2022

Companies Act 2013 during the week

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

S. No	Date of Issue	Rules/Circular/ Notification/Order	Contents thereof	Gist thereof
1	12/03/2022	Notification	<p>Login related Informational Message for the existing V2 users having V2 login IDs and Passwords</p> <p>https://www.mca.gov.in/content/mca/global/en/notifications-tender/news-updates/updates.html</p>	<p>MCA has notified the Login related Informational Message which is as follows:</p> <ul style="list-style-type: none"> • No need to re-register on V3 portal • To login : The existing users may use their respective V2 user IDs and Password for the first time • After Login : To access the services of filing LLP forms in V3, the users need to upgrade their profile from Registered to Business user (option available on top right corner) • For Company related filings in V2: the Users are required to use Login to 'Company Filings' option on the login page with their existing V2 credentials only.

S. No	NEWS ON MCA
1	<p>More than 3.82 lakh companies struck off till financial year 2020- 21 in Special Drives taken by Registrar of Companies</p> <p>Under the Special Drives taken by Registrar of Companies, 3,82,875 number of companies were struck off u/s 248 (1) of the Companies Act till the financial year 2020-21.</p> <p>There is no definition of the term “Shell Company” in the Companies Act, 2013 (the Act). It normally refers to a company without active business operation or significant assets, which in some cases are used for illegal purpose such as tax evasion, money laundering, obscuring ownership, benami properties etc.</p> <p>The Special Task Force set up by the Government to look into the issue of “Shell Companies” has, inter-alia, recommended the use of certain red flag indicators as alerts for identification of suspected Shell Companies.</p>

2

SEBI during the week

Act -0; Report -0; Circulars-2; Press Release-0; Regulations -1; Guidelines- 0

S. No	Date of Issue	Act/rules/circulars	Subject & Link	Gist thereof
1	15/03/2022	Circular	<p>Discontinuation of usage of pool accounts for transactions in the units of Mutual Funds: Clarifications with respect to Circulars dated October 4, 2021</p> <p>https://www.sebi.gov.in/legal/circulars/mar-2022/discontinuation-of-usage-of-pool-accounts-for-transactions-in-the-units-of-mutual-funds-clarifications-with-respect-to-circulars-dated-october-4-2021_56887.html</p>	<ul style="list-style-type: none"> • SEBI came out with certain clarifications on transactions in the units of mutual funds and has also given guidelines for authentication in case of redemption of units. • The clarifications pertain to transactions in units of mutual funds on stock exchange platforms and also for entities including online platforms other than exchanges. • Now the regulator has said onetime mandates in favour of SEBI-recognized clearing corporations may be accepted. • Existing mandates being used for mutual fund transactions can continue to remain in the name of the stock brokers / clearing members, subject

				<p>to the condition that they ensure that payment aggregators (PA) put in place mechanisms wherein the beneficiary of the mandate can only be an approved account.</p> <ul style="list-style-type: none"> • Stock Exchanges/ Clearing Corporations shall provide investor grievance redressal / arbitration mechanism to clients against stock brokers/ clearing members, in case of breach of these conditions or misuse of funds by the PA appointed by the stock brokers/ clearing members or by the stock brokers/clearing members with respect to mandates accepted in respect of Mutual Fund transactions • AMCs shall be liable to the unit holders for breach of these conditions or misuse of funds by PA or OTM holder with respect to mandates covering Mutual Fund transactions.
2	16/03/2022	Regulations	<p>Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2022</p> <p>https://www.sebi.gov.in/legal/regulations/mar-2022/securities-and-exchange-board-of-india-</p>	<ul style="list-style-type: none"> • SEBI has made amendments in Alternative Investment funds stating that the Category III Alternative Investment Funds cannot invest more than 10% of the investable funds in an Investee Company, directly or through investment in

			<p>alternative-investment-funds-second-amendment-regulations-2022_56966.html</p>	<p>units of other Alternative Investment Funds</p> <ul style="list-style-type: none"> • The large value funds for accredited investors of Category III Alternative Investment Funds may invest up to 20% of the investable funds in an Investee Company, directly or through investment in units of other Alternative Investment Funds. • For investment in listed equity of an Investee Company, Category III Alternative Investment Funds may calculate the investment limit of ten per cent of either the investable funds or the net asset value of the scheme . • Large value funds for accredited investors of Category III Alternative Investment Funds may calculate the investment limit of twenty per cent of either the investable funds or the net asset value of the scheme, subject to the conditions specified by the Board from time to time.
3	17/03/2022	Circular	<p>Revision in Orders Per Second limit for algorithmic trading in Commodity Derivatives Segment of the Stock Exchange</p> <p>https://www.sebi.gov.in/legal/circulars/mar-2022/revision-in-orders-per-second-limit-for-</p>	<ul style="list-style-type: none"> • SEBI had issued broad guidelines on algorithmic trading for Commodity Derivatives segment of Stock Exchanges • Earlier the Stock Exchange placed limit on the numbers of orders per second from a particular

			<p>algorithmic-trading-in-commodity-derivatives-segment-of-the-stock-exchange_56977.html</p>	<p>CTCL ID/ATS User-ID not exceeding one hundred and twenty orders per second. Now the same has been permitted upto one hundred and twenty (120) OPS</p> <ul style="list-style-type: none"> • For number of orders exceeding the limit set by the Stock Exchange, the Stock Exchange shall prescribe economic disincentives and inform the same to SEBI. Stock Exchange shall ensure that the limits provided is subject to its ability to handle the load. • The relaxation in limit shall be subject to approval of SEBI. • The circular shall be effective from April 01, 2022.
--	--	--	--	---

S. No	NEWS ON SEBI
1	<p>Informal Guidance sought by YES bank:</p> <p>GIST: YES bank has adopted a referral model for doing business of Alternative Investment Funds (AIF). Employees and their immediate relatives can choose to invest in AIF. Investments made by the Fund manager in AIF schemes on behalf of the Investor (including the DP and their immediate relatives as Investor) may include investment in the Companies whose UPSI is with the Bank and in turn with the DP. However the Investor has no direct/indirect control or influence over the investment making decisions of Fund Manager. Further, the DPs in any manner are not allowed to communicate any form of UPSI available with them with the Fund Manager, which can influence the investment decision of Fund Manager.</p> <p>Q: Whether the units allotted under AIF scheme are covered under the definition of Securities for the purpose of (Prohibition of Insider Trading) PIT Regulations?</p> <p>A: AIF are securities in terms of the provisions of the Securities Contract Regulation Act (SCRA) and covered under the definition of “securities” for the purpose of PIT Regulations.</p> <p>Q: Whether the employees of the bank covered as Designated Persons (DP) and their immediate relatives in terms of PIT Regulations are allowed to invest in AIF (Category I, II & III)?</p> <p>A: The DP having possession of or having access to unpublished price sensitive information (UPSI) is treated as insider. SO the DP employees and their immediate relatives can invest in AIF units by following the compliance with applicable provisions of PIT regulations and AIF regulations.</p>
2	<p>SEBI comes out with list of untraceable defaulters New Delhi: Capital markets regulator SEBI has come out with a list of 25 defaulters, who are found to be untraceable. These defaulters failed to return investors' money or failed to pay fines imposed on them by the regulator for various offences related to the securities market.</p>

3

RBI during the week

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

S. No	Date of Issue	Notifications/Master Directors/Master Circulars	Subject & Link	Gist thereof
1.	14/03/2022	Press No. 1 (2022 Series)	Amendments to Consolidated FDI Policy	<p>DIPP has issued a Press note No. 1, thereby brig</p> <ul style="list-style-type: none"> • Convertible Note' means an instrument issued by a startup company acknowledging receipt of money initially as debt, which is repayable at the option of the holder, or which is convertible into such number of equity shares of such startup company, within a period not exceeding ten years (earlier five years) from the date of issue of the convertible note. • If a declaration is made by a person as per provisions of Companies Act, 2013 or any other applicable law, about a beneficial interest being a held by a Person resident

				<p>outside india, then even though the investment may be made by Resident Indian Citizen, the same shall be counted as Foreign investment.</p> <ul style="list-style-type: none"> • DIPP has included “Share Based Employee benefits” as part of FDI policy (in line with SEBI regulations) • Definition of subsidiary is inserted (in line with companies act, 2013) • Indian Company shall file with Foreign Exchange Department of RBI within 30 days of the Issue of ESOPs or sweat equity shares or shares issued on exercise of ESOPs, a return in the form – ESOP reporting. • The above amendments shall be with effect from FEMA notification.
--	--	--	--	---

S. No	NEWS ON RBI
1	<p>RBI removes pricing caps for microfinance lenders</p> <p>The Reserve Bank of India (RBI) has removed caps on the pricing of small loans given by Non-Banking Financial Company-Microfinance Institutions (NBFC-MFIs), bringing them to the same level as other such lenders, including banks. With this, the underwriting of loans will be done on a risk-based analysis, and a risk premium will be charged based on the borrower.</p>
2	<p>RBI to lay out IT audit guidelines for Paytm Payments Bank Mumbai/ Bengaluru: India's central bank would set the terms of reference for an independent technology audit of Paytm Payments Bank after the regulator banned the onboarding of new customers for alleged violations of customer acquisition and privacy rules that may have included possible data flow to companies of Chinese origin. Founder Vijay Shekhar Sharma denied a media report that alleged data sharing with Chinese entities may have led to the regulatory curbs.</p>

4

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
1	NIL

5

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				

	GENERAL NEWS
	NIL



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

bhuvana.r@akshayamcorporate.com | jayanth.v@akshayamcorporate.com

www.akshayamcorporate.com ;

Mobile: 9789982805 | 9962156708

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. The News items are taken as is provided in various websites and newspapers and the author shall not be held responsible for any of it.