Swift India
CORPORATE SERVICES LLP

Swift e-Bulletin

Edition 19th 23-24

Week – September 04th to September 09th

<u>Quote for the week:</u>

"Happiness cannot be pursued; it must ensue"

– *Viktor E. Frankl (Austrian psychiatrist)*

Introduction

We welcome you to our weekly newsletter!

The 'Swift e-Bulletin' - weekly newsletter, covers all regulatory updates and critical judgements passed during the week. We hope that you liked our previous editions and found it to be of great value in its content. We want this newsletter to be valuable for you so, please share your feedback and suggestions to help us improve.

Further, various regulatory authorities have been proactive in bringing significant regulatory changes in recent challenging times. This week's newsletter covers various circulars/notifications issued by certain regulatory authorities such as the Securities and Exchange Board of India ("SEBI") and International Financial Services Centres Authority ("IFSCA")

The Regulatory authorities provided various updates/relaxations, some of which being:

- SEBI vide Circular dated September 06, 2023 issued clarification regarding investment of Mutual Fund schemes in units of Corporate Debt Market Development Fund ("CDMDF").

- SEBI vide Circular dated September 04, 2023 issued mechanism for sharing of information by Credit Rating Agencies (“CRAs”) to Debenture Trustees (“DTs”).

We have prepared a comprehensive summary for quick reference of the aforesaid updates and Judgements / orders issued during the week of September 04th to September 09th.

Thank you,
Swift team

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REGULATORY UPDATES

SEBI

1. **SEBI vide Circular dated September 06, 2023 issued clarification regarding investment of Mutual Fund schemes in units of Corporate Debt Market Development Fund ("CDMDF").**

- This Circular has reference to the earlier Circular **SEBI/HO/IMD/PoD2/P/CIR/2023/129** dated July 27, 2023 on Investment by mutual fund schemes in units of CDMDF.

- Association of Mutual Funds in India (**"AMFI"**) requested SEBI that for calculation of asset allocation limits, the base maybe considered as net asset excluding of investment in units of CDMDF.

- SEBI through this Circular has clarified that for calculation of asset allocation limits of mutual fund schemes in terms of Part IV of Chapter 2 on '**Categorization and Rationalization of Mutual** Fund Schemes' of Master Circular for Mutual Funds issued by SEBI dated May 19, 2023, investment in units of CDMDF shall be excluded from base of net assets.

- The said Circular shall come into force with immediate effect.

To read the Circular in detail, please click here.

2. **SEBI through its Press Release no. 20/2023 mandates payment to SEBI Investor Protection and Education Fund ("IPEF") only through online mode**

- SEBI through this Press Release has mandated that payment to SEBI IEPF A/c can hereafter be made only through online mode.

- In this regard, a link has been provided on the Homepage of SEBI website under the head "**Click here to make payment to SEBI IPEF**" which enables the remitter to make the payment through Net banking, NEFT/RTGS, Debit cards and UPI.

- Remittances to SEBI IPEF shall be made by providing the requisite information like name of the payer, PAN, Mobile number, email ID, the purpose for which payment is made, the amount to be paid, etc.

To read the Press Release in detail, please click here.

3. **SEBI (Credit Rating Agencies) Regulations, 1999 ("CRA Regulations") and Circulars issued thereunder require sharing of certain information from CRAs to Debenture Trustees (DTs)**

- Under the CRA Regulations and Circulars issued thereunder require sharing of certain information from CRAs to DTs.

- Due to the large quantum of information submitted daily by CRAs to DTs, as well as short timelines mandated for disclosure of this information by DTs, it is essential that the data shared by CRAs be structured and submitted in a specified format for easier accessibility and analysis of the submitted data and hence an excel template has been placed as Annexure to this circular wherein CRAs shall use the same template for their daily submissions of rating revisions to DTs.

- Such submissions shall be sent by CRAs to DTs on the same day as the day of rating revisions and monitoring of this circular shall be done in terms of half-yearly internal audit for CRA's.

- The said Circular shall be applicable ***with effect from October 01, 2023***.

To read the Circular in detail, please click here.

4. **SEBI vide Circular dated September 04, 2023 issued modified format of Abridged Prospectus for public issues of Non-Convertible Debt Securities and/or Non-Convertible Redeemable Preference Shares.**

- Section 2(1) of the Companies Act, 2013 defines an abridged prospectus as a memorandum containing such salient features of a prospectus as may be specified by the Securities and Exchange Board of India by making regulations in this behalf.

- According to Sec 33(1) of the Companies Act, 2013 the application for issue of any type of securities by the Company should be accompanied by an abridged prospectus.

- Abridged Prospectus means memorandum accompanying the application form for a public issue containing such salient features of a prospectus as specified by the Board as per Sec 2(1)(a) of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 ("NCS Regulations").

- Format of Abridged Prospectus to be followed by in the issue as disclosed under Part B of Schedule I of the NCS Regulations stands revised to provide additional critical information and bring in consistency.

- The revised format is provided for in Annexure -I of the Circular and the instructions for the same are specified in Annexure - II of the said Circular.

- Issuer/ Merchant Bankers/ syndicate members like brokers who are involved in the public issue shall disclose the same on their websites during the period a public issue is kept open and provide a link for downloading Abridged Prospectus shall be provided in issue advertisement for the public issue.

- The Circular shall be effective from October 01, 2023; thereby making it mandatory for all issuers who issue said securities from October 01, 2023 to comply with the format mentioned in Annexure - I and not Part B of Schedule I of the NCS Regulations.

- The issuer/ Merchant Bankers shall insert a **Quick Response (QR) Code** on the ***Last Page*** of the Abridged Prospectus; which when scanned would **lead to the Prospectus**.

- The said **QR Code** is also to be included on the **First Page** of the documents such as front outside cover page, advertisement, etc. as deemed fit by issuer/ Merchant Bankers, which would lead to the **Prospectus or Abridged Prospectus as applicable**.

- The disclosures in Abridged Prospectus are to be true, adequate, accurate and no misstatement in them should be caused; while mentioning only those qualitative statements which can be substantiated by quantative factors.

- The Stock Exchanges are directed to bring the provisions of this Circular to the notice of listed entities and also to disseminate the same on their website.

- The contents of this circular will appropriately be added to Chapter II (Application form and Abridged Prospectus) of the Master Circular dated August 10, 2021, for issue and listing of Non-Convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper, as updated.

To read the Circular in detail, please click here.

IFSCA

1. **IFSCA vide Circular issued Additional AML measures under the International Financial Services Centres Authority (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022.**

- Vide this Circular additional points are added to the additional measures to be complied by all the Regulated Entities specified by International Financial Services Centres Authority (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022 by IFSCA.

- In laid below are the additional measures for Regulated Entities

  - In a cross-border wire transfer where the amount to be transferred is equal to USD 1000, every bank which is an ordering institution shall also comply with the requirements specified in the Clause 7.7.3(a) of the above-mentioned Guidelines.

  - Clause 7.7.3. (b) of the Guidelines shall apply to all Cross-Border Wire Transfers as bundled in batch file.

  - The Intermediary Institution shall be required to take all reasonable measures consistent with straight-through processing, to identify cross-border wire transfers that lack the information required under clause 7.7.6 (a) of the Guidelines.

- All the other provisions of the Original Circular remain unmodified.

To read the Circular in detail, please click here.

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This newsletter provides general information existing at the time of preparation. The newsletter is intended as a news update and Swift India Corporate Services LLP neither assumes nor accepts any responsibility for any loss arising to any person acting or refraining from acting as a result of any material contained in this newsletter. It is recommended that professional advice be taken based on the specific facts and circumstances. This newsletter does not substitute the need to refer to the original pronouncements.

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Call us to explore a topic or let us answer your questions

About Swift

Swift India Corporate Services LLP ("Swift") (Formerly known as SwiftIndiaInc Corporate Services Private Limited) established in the year 2005, is an associate entity of Nishith Desai Associates — Legal & Tax Counseling Worldwide (legal and tax consulting firm).

We are a team of professionals with rich corporate, legal and secretarial backgrounds. We are a premier corporate compliance firm that caters to the needs and demands of our global clients. Swift aims to provide quick and pragmatic corporate solutions alongside high-quality compliances.

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