Swift e-Bulletin

Edition 22nd 23-24

Week – October 09th to October 13th

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

“Play by the rules but be ferocious”

– ***Phil Knight.*** *(co-founder and chairman emeritus of Nike, Inc.)*

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 Circular dated October 10, 2023 issued extension in timeline for compliance with qualification and experience requirements under Regulation 7 (1) of SEBI (Investment Advisers) Regulations, 2013.

- SEBI vide Circular dated October 12, 2023 issued Master Circular on Know Your Client (KYC) norms for the securities market.

We have prepared a comprehensive summary for quick reference of the aforesaid updates and Judgements / orders issued during the week of October 09th to October 13th.

Thank you,
Swift team

REGULATORY UPDATES

SEBI

1. **SEBI vide Circular dated October 10, 2023 issued extension in timeline for compliance with qualification and experience requirements under Regulation 7 (1) of SEBI (Investment Advisers) Regulations, 2013.**

- SEBI vide SEBI (Investment Advisers) (Amendment) Regulations, 2020 amended regulation 7 of SEBI (Investment Advisers) Regulations, 2013 specifies the qualifications and experience requirements for investment advisers and provides that an individual investment adviser or principal officer of a non-individual investment adviser registered under these regulations and persons associated with investment advice shall comply with the enhanced qualification and experience requirements specified in regulation 7(1) within a period of three years, i.e., by September 30, 2023.

- In view of the emerging landscape of the domain of investment advice and based on the representation received from various stakeholders, SEBI has amended the first proviso to regulation 7 (1) of SEBI (Investment Advisers) Regulations, 2013 has been amended with effect from September 30, 2023 vide the SEBI (Investment Advisers) (Amendment) Regulations, 2023 dated October 09, 2023.

- It is now specified that the timeline to comply with the enhanced qualification and experience requirements under regulation 7 (1) is extended to September 30, 2025.

- Further BSE Administration & Supervision Limited is directed to bring the provision of this circular to the notice of its members and also disseminate the same on its website.

- The said Circular is applicable to all registered Investment Advisers and BSE Administration & Supervision Limited.

To read the Circular in detail, please click here.

2. **SEBI vide Master Circular dated October 12, 2023 issued Know Your Client (KYC) norms for the securities market.**

- SEBI has been issuing various Circulars/Directions from time to time on Know Your Client (KYC) norms to be followed by intermediaries in the securities market.

- In order to enable the users to have access to all the applicable Circular/Directions at one place, this Master Circular on the captioned subject is being issued.

- The said Master Circular is a compilation of the circulars/directions issued by SEBI up to September 30,2023 on the captioned subject and includes certain modifications to align such circulars/directions with the provisions of the Prevention of Money Laundering (Maintenance of Records) Rules, 2005 and the SEBI [KYC (Know Your Client) Registration Agency] Regulations, 2011.

- The provisions of the said Master Circular shall come into force from the date of its issue.

- Further, any modifications/updation in existing KYC records, shall be effected in line with the provisions of this Circular by December 31, 2023.

- All circulars for the purpose of KYC as listed in Appendix shall stand rescinded/modified as indicated therein.

- The said Master Circular is issued with the approval of the Competent Authority.

- The said Master Circular shall be applicable to all intermediaries registered with SEBI under Section 12 of SEBI Act, recognised stock exchanges, association of mutual funds in India, association of portfolio managers in India and BSE administration & supervision Limited.

To read the Master Circular in detail, please click here.

3. SEBI vide Notification dated October 09, 2023 amended the Investment Advisors Regulations.

- Pursuant to the amendment these Regulations will be called as Securities and Exchange Board of India (Investment Advisers) (Amendment) Regulations, 2023.

- The amendment pertains to first Proviso Regulation 7(1); following are the miniscule changes laid by the amendment

    - after the words “Provided that” and before the words “investment adviser”, the word ”the” shall be inserted;
    - after the words “investment advice” and before the words “comply with”, the word “shall” shall be inserted;
    - the word “such” appearing after the words “comply with”, shall be substituted with the words “the”; and
    - for the words “three years”, the words “such time as may be specified by the Board” shall be substituted.

- The amended Regulations have come into force from September 30, 2023.

To read the Notification in detail, please click here.

4. **SEBI vide Notification dated October 09, 2023 amended the Listing Obligations and Disclosure Requirements Regulations.**

- Pursuant to the amendment these Regulations will be termed as (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2023.

- The above mentioned amendment has modified First Proviso of Regulation 30(11)
  - the symbols, words and numerals "(with effect from October 1, 2023)" appearing after the words and numerals "the top 100 listed entities" shall be omitted;

  - the symbols, words and numerals "(with effect from April 1, 2024)" appearing after the words and numerals "the top 250 listed entities", shall be substituted with the symbol and words ",with effect from the date as may be specified by the Board"

- The amended Regulations have come into force from **October 01, 2023**.

To read the Notification in detail, please click here.

IFSCA

1. **IFSCA vide Press Release dated October 10, 2023 seeking suggestions towards review of IFSCA (Fund Management) Regulations, 2022.**

- The Hon'ble Union Finance Minister announced that, "To simplify, ease and reduce cost of compliance, financial sector regulators will be requested to carry out a comprehensive review of existing regulations. For this, they will consider suggestions from public and regulated entities"

- IFSCA (Fund Management) Regulations, 2022, which were notified in April 2022, culminated pursuant to an extensive consultative process, comprising of deliberations by an Expert Committee as well as public consultation.

- IFSCA has recently constituted 'Fund Management Advisory Committee, with a view to seek guidance in navigating complex policy challenges related to the fund management industry.

- The Committee, amongst other things, is expected to lay a long-term plan for the orderly growth and development of the fund management industry in IFSC. The Committee is also expected to advise IFSCA on new products or services, untoward market practices, etc.

- IFSCA hereby further invites suggestions for review of IFSCA (Fund Management) Regulations, 2022 from public and regulated entities, latest by October 31, 2023.

- These suggestions should be provided in a MS Word or MS Excel file as per the format mentioned in the said press release.

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

2. **IFSCA vide Circular dated October 12, 2023 issued the Modifications under the International Financial Services Centres Authority (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022.**

- The said Circular has made modifications in line with the Guidelines issued vide notification IFSCA/2022-23/GN/GL001 dated October 28, 2022 for specifying additional AML/CFT/KYC measures and clarifications.

- Following inter-alia includes the modifications

    - In **Clause 1.3.38** of the Guidelines after the words 'effective supervision.' the following is to be inserted

      "Explanation: Physical presence means meaningful mind in the form of senior management located within an IFSC. The existence simply of a local agent or low-level staff does not constitute physical presence."

- In **Clause 5.4.9** after point (ii), the following is to be inserted

  "(iii) in relation to life insurance policies, the Regulated Entity should be required to take reasonable measures to determine whether the beneficiaries and/or, where required, the beneficial owner of the beneficiary, are PEPs. This should occur, at the latest, at the time of the payout. Where higher risks are identified, financial institutions should be required to inform Senior Management before the payout of the policy proceeds, to conduct enhanced scrutiny on the whole business relationship with the policyholder, and to consider making a Suspicious Transaction Report."

- After **Clause 5.6(b)**, the following is to be inserted

  "(c) The Regulated Entities shall specifically apply enhanced due diligence measures, proportionate to the risks, to business relationships and transactions with natural and legal persons (including financial institutions) from countries for which this is called for by the FATF."

- After **Clause 7.2** the following is to be inserted

  "7.2A. The Regulated Entity shall verify the information pertaining to its customer where there is a suspicion of ML/TF."

- In sub clause (b) of clause 7.7.6 of the Guidelines, after the words '**at least six years**' the words "**or for such period as prescribed under the applicable laws**" shall be omitted;

- All the other Guidelines and Circulars issued in line thereunder shall remain unchanged.

To read the Circular in detail, please click here.

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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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