Swift India
CORPORATE SERVICES LLP

Swift e-Bulletin

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Week – November 13th to November 18th

Quote for the week:

"All riches have their origin in mind."
– *Robert Collier* *(American author)*

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 Reserve Bank of India ("RBI")

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

- SEBI vide Circular dated November 17, 2023 issued simplified norms for processing investor's service requests by Registrars to an Issue and Share Transfer Agents ("RTAs") and norms for furnishing PAN, KYC details and nomination.
- RBI has issued regulatory measures towards consumer credit and bank credit to NBFCs dated November 16, 2023.

We have prepared a comprehensive summary for quick reference of the aforesaid updates and Judgements / orders issued during the week November 13th to November 18th.

Thank you,
Swift team

REGULATORY UPDATES

SEBI

1. **SEBI vide Circular dated November 17, 2023 issued simplified norms for processing investor's service requests by Registrars to an Issue and Share Transfer Agents ("RTAs") and norms for furnishing PAN, KYC details and nomination.**

- SEBI vide circular no. SEBI /HO /MIRSD/ MIRSD- PoD 1 /P /CIR /2023/37 dated March 16, 2023 (now rescinded due to issuance of Master Circular for Registrars to an Issue and Share Transfer Agents dated May 17, 2023) had simplified norms for processing investor's service request by RTAs and for furnishing PAN, KYC details and nomination.

- Based on the representations received from the investors and to mitigate unintended challenges on account of freezing of folios and referring frozen folios to the administering authority under the Benami Transactions (Prohibitions) Act, 1988 and/or Prevention of Money Laundering Act, 2002, it has been decided by SEBI to do away with the above provisions and subsequently para 19.2 of the Master Circular for Registrars to an Issue and Share Transfer Agents dated May 17, 2023 has been amended as follows:

  - Reference to the term 'freezing/ frozen' has been deleted

  - Referral of folios by the RTA/listed company to the administering authority under the Benami Transactions (Prohibitions) Act, 1988 and/or Prevention of Money Laundering Act, 2002, has been done away with.

- Stock Exchanges, Depositories, RTAs and listed companies are advised to:

  - comply with the conditions laid down in this circular;

  - make necessary amendments to the relevant byelaws, rules and regulations, operational instructions, as the case may be, for the implementation of the above circular; and

  - bring the provisions of this circular to the notice of their constituents and also disseminate the same on the website.

  - communicate and create awareness amongst stakeholders.

- The Circular shall come into force with immediate effect.

To read the Circular in detail, please click here.

2. **SEBI vide Circular dated November 13, 2023 issued Most Important Terms and Conditions ("MITC")**

- SEBI had prescribed the following uniform documents for formalizing the broker-client relationship, under clause 20 of "Master Circular on stockbrokers" dated May 17, 2023:

    - Account opening form
    - Rights and obligations
    - Risk disclosure documents
    - Guidance note
    - Policies and procedures
    - Tariff sheet

- Through this circular, it has been decided by SEBI that the brokers shall inform a standard MITC which shall be acknowledged by the client.

- The form, nature of communication, documentation and detailed standards for implementation of MITC shall be published on or before January 01, 2024, by the Brokers' Industry Standards Forum (**"ISF"**), under the aegis of stock exchanges, in consultation with SEBI.

- In the event that the ISF is unable to publish the same, as above, in whole or in part, then SEBI, may, at its discretion, publish standards in respect of the same.

- In light of the above, additional clause 20.1.6 may be incorporated in the master circular and 20.4 of the master circular stands amended as under.

    - 20.1.6. MITC
    - 20.4 ....in the future. The client would also be required to give acknowledgement of MITC

- For onboarding of new clients, the date of the implementation and compliance by the market participants shall be April 01, 2024.

- For existing clients, the MITC shall be informed to clients via email or any other suitable mode of communication (which can be preserved) by June 01, 2024.

To read the Circular in detail, please click here.

RBI

1. **RBI has issued regulatory measures towards consumer credit and bank credit to NBFCs dated November 16, 2023**

- Under Governor's Statement dated October 6, 2023 which flagged the high growth in certain components of consumer credit and advising banks and non-banking financial companies (**"NBFCs"**) to strengthen their internal surveillance mechanisms, address the build-up of risks, if any, and institute suitable safeguards, in their own interest.

- The high growth seen in consumer credit and increasing dependency of NBFCs on bank borrowings were also highlighted by governor in the interactions with MD/CEOs of major banks and large NBFCs in July and August 2023, respectively.

- In this context, it has been decided to effect the following measures as under:

  - SEBI been decided to increase the risk weights in respect of consumer credit exposure of commercial banks (outstanding as well as new), including personal loans, but excluding housing loans, education loans, vehicle loans and loans secured by gold and gold jewellery, by 25 percentage points to 125%.

  - It has been decided that the consumer credit exposure of NBFCs (outstanding as well as new) categorized as retail loans, excluding housing loans, educational loans, vehicle loans, loans against gold jewellery and microfinance/SHG loans, shall attract a risk weight of 125%.

  - It has been decided to increase the risk weights on such exposures by 25 percentage points to 150% and 125% for SCBs and NBFCs respectively.

  - It has been decided to increase the risk weights on such exposures of SCBs by 25 percentage points (over and above the risk weight associated with the given external rating) in all cases where the extant risk weight as per external rating of NBFCs is below 100%

To read the Circular in detail, please click here.

2. **RBI dated November 17, 2023 issued a Circular on International Trade Settlement in Indian Rupees (INR) in relation to Opening of additional Current Account for exports proceeds.**

- RBI vide A.P. (DIR Series) Circular No.10 dated July 11, 2022 has put in place additional arrangement or invoicing, payment, and settlement of exports/imports in INR through Special Rupee Vostro Accounts of the correspondent bank(s) of the partner trading country maintained with AD Category-I banks in India.

- In line with the above-mentioned Circular attention of the AD Category – I Bank is also invited to Circular DOR.CRE.REC.23/21.08.008/2022-23 dated April 19, 2022 which briefs about Opening of Current Accounts and CC/OD Accounts by Banks.

- In line with the above Circulars, in order to provide greater operational flexibility to the AD Category – I Banks which are maintaining Special Rupee Vostro Account, they are now permitted to open an additional special current account for its exporter constituent exclusively for settlement of their export transactions.

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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