Swift e-Bulletin

Edition 29th 23-24

Week – December 04 to December 09

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

"Even if the chances for you to win are very low, try to give at least a tough fight."

– *MS Dhoni* *(Indian cricketer)*

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 December 06, 2023 issued revised framework for computation of Net Distributable Cash Flow (NDCF) by Infrastructure Investment Trusts (InvITs) and Real Estate Investment Trusts (REITs)

- IFSCA vide Circular dated December 04, 2023 issued Framework for Grant of Funds for Research Studies by International Financial Services Centres Authority

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

Thank you,
Swift team

REGULATORY UPDATES

SEBI

1. **SEBI vide circular dated December 06, 2023 issued revised framework for computation of Net Distributable Cash Flow (NDCF) by Infrastructure Investment Trusts (InvITs) and Real Estate Investment Trusts (REITs)**

- Regulation 18(6) of SEBI (Infrastructure Investment Trust) Regulations, 2014 (“**InvIT Regulations**”) and SEBI (Real Estate Investment Trust) Regulations, 2014 (“**REIT Regulations**”), provides that the Net Distributable Cash Flow (“**NDCF**”) shall be computed at the level of InvIT/REIT and Hold Co/SPV.

- Further, the minimum distribution shall be 90% of the NDFC at the trust level as well as the Hold Co/SPV level, subject to applicable provisions in the Companies Act, 2013 or the Limited Liability Partnership Act, 2008. Paragraph F of Chapter 3 of the Master Circular for Infrastructure Investment Trusts and Real Estate Investment Trusts provides an indicative framework for calculating NDCF at SPV level and at the InvIT level/REIT level.

- In order to promote ease of doing business, it has now been decided to standardize the framework for calculation of available NDCF and accordingly, the revised framework for computation of NDCF by InvITs/REIT and its Hold cos/SPVs shall be as per Annexure A of the circular.

- The revised framework shall be applicable with effect from April 01, 2024 and supersedes the framework for calculation of NDCF as provided in Paragraph F of Chapter 3 of the master circular for InvITs/REIT dated July 06, 2023.

To read the circulars on InvITs, please click here.

To read the circulars on REITs, please click here.

IFSCA

1. **IFSCA vide Circular dated December 04, 2023 issued Framework for Grant of Funds for Research Studies by International Financial Services Centres Authority**

- IFSCA vide the said circular aims to bring in domain expertise for conducting fundamental and original research, on topics that are of relevance to IFSCA, for policy formulation, implementation, monitoring, and evaluation, necessary for the development of financial services market including "financial products", "financial services", and "financial institutions" in IFSC.

- The said framework aims at encouraging research in emerging and promising financial disciplines for development of IFSC and mitigating regulatory challenges by developing suitable policy and regulatory framework in an effective and efficient manner.

- The scope of research studies shall include the development of financial services market including financial products, financial services, and financial institutions in IFSC or other ancillary and incidental matters connected with IFSC.

- IFCSA vide the said framework interalia has prescribed the eligibility criteria, Time period and conditions, approval process etc as below:-

  - The applicant must be an academic institution that has achieved a ranking within the top 20 in the Management category, or the top 10 in the Research Institutions category, or the top 10 in the Law category, as per the latest NIRF India Rankings released by the Ministry of Education, Government of India. Further, the applicant institution shall appoint a lead researcher on its behalf to undertake the research study.

  - Research shall be completed within a period of four to six months. However, upon request with due justification, extension of timeline for completing the research report may be granted in a special circumstance, post approval by Expert Committee. Applicant should not have any commercial interest in research studies under this framework.

  - A research proposal received under this framework shall be referred to the EC constituted by IFSCA for appraisal and recommendations.

  - After due consideration of recommendations of EC, IFSCA may approve or reject a proposal in its entirety or in part and may also suggest modifications to any aspect of the proposal. Subsequently, IFSCA shall issue a sanction letter for each approved research proposal.

  - Each research study shall carry an all-inclusive grant of Rupees Ten Lakh (Rs. 10,00,000/-) only (subject to TDS at the applicable rate). Grant shall be disbursed by IFSCA to the institution upon achievement of the milestones i.e., proposal approval, acceptance of the interim report and the acceptance of the final report by the IFSCA on the recommendation of EC.

- IFSCA may also collaborate with any regulatory/ statutory body or any other institution for jointly funding a research grant.

- The IFSCA will have the copyright for each of the completed research. Each research shall carry the disclaimer that the views in the document are those of the author and not of IFSCA.

- It will be the absolute responsibility of the researcher and institution to keep the data being shared, if any, by IFSCA as confidential. Under no circumstances shall it be shared with any other entity or be used for any purpose other than carrying out research. All such data shared by IFSCA and the report shall be treated as intellectual property of IFSCA.

To read the circular in detail please click here

DISCLAIMER The contents of this newsletter should not be construed as legal opinion. View detailed disclaimer.

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.

+91 22 6669 5000

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.

Swift India Corporate Services LLP

Regd. Office: 91-92 B, Mittal Court, Nariman Point, Mumbai 400 021, India
LLPIN: AAH-4705, registered under the Limited Liability Partnership Act, 2008
Tel +91 22 6669 5000, Fax +91 22 6669 5001

www.swiftindiallp.com