Swift e-Bulletin

Week – January 06th to January 11th

Quote for the week:

““We are what our thoughts have made us; so take care about what you think. Words are secondary. Thoughts live; they travel far.”

– Swami Vivekananda (*Indian monk and philosopher*)

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 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 Securities and Exchange Board of India (“**SEBI**”), Reserve Bank of India **(“RBI”),** Insolvency and Bankruptcy Board of India **(“IBBI”)**, SEBI Order and Order of High Court and Supreme Court.

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

- **SEBI vide circular dated January 10, 2025, issued Procedure for seeking waiver or reduction of interest in respect of recovery proceedings initiated for failure to pay penalty.**

- **IBBI vide circular dated January 10, 2025 issued Mandatory Use of eBKray Auction Platform for Liquidation Processes.**

We have prepared a comprehensive summary for quick reference of the aforesaid updates and Judgements/ orders issued during the week of January 06th to January 11th.

Thank you, Swift team

SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI)

1. **SEBI vide circular dated January 10, 2025, issued Procedure for seeking waiver or reduction of interest in respect of recovery proceedings initiated for failure to pay penalty.**

   - SEBI vide this circular delegated the power to waive or reduce the interest levied only in respect of recovery proceedings initiated for failure to pay penalty, to the Competent Authority provided hereunder:

     - Panel of Executive Directors of SEBI, where the amount of interest sought to be waived or reduced is less than Rs. 2 crores;

     - Panel of Whole-time Members, in other cases

   - In following cases the waiver or reduction of interest shall not be applicable in the following cases and the same shall be returned forthwith

     - Where interest for failure to remit fees to the Board is levied on the intermediaries in accordance with respective intermediary regulations;

     - Where the interest on the amount directed to be disgorged or refunded is levied in accordance with the orders passed under section 11, 11B, 11(4) of the SEBI Act

   - Procedure for application:

     - Along with supported documents application seeking waiver or reduction of interest may be forwarded to the Recovery Officer having the necessary jurisdiction in following cases in format specified in Annexure A attached to the above circular

       - Payment of such amount has caused or would cause genuine hardship to the assessee

       - default in the payment of the amount on which interest has been paid or was payable under the said sub-section was due to circumstances beyond the control of the assessee; and

       - the assessee has co-operated in any inquiry relating to the assessment or any proceeding for the recovery of any amount due from him:

     - The application for waiver or reduction of interest may only be sought for the period subsequent to the service of the notice of demand and may be filed only in the cases where the principal amount due under the notice of demand stands fully paid.

     - Recovery Officer shall place the complete application before the Competent Authority for consideration.

     - Within a period of twelve months from the end of the month in which the complete application is received the order accepting or rejecting the application shall be placed. However, for applications pending as on the date of issuance of this circular, order accepting or rejecting the application, either in full or in part, shall be passed within a period of twelve months from the end of the month of the issuance of this circular.

- Every order shall be passed after providing opportunity of being heard to the applicant.

- An application that is not complete in all respects or does not conform to the requirements of this circular shall be returned to the applicant.

▪ The circular shall be applicable to all persons against whom recovery proceedings are initiated.

▪ This circular shall be applicable with immediate effect.

To read the circular in detail, please click here.

2. SEBI vide circular dated January 08, 2025, issued Guidelines for Investment Advisers.

▪ Update on Regulation 8 pertaining to deposit requirement by IA, based on maximum number of clients, is as under–

Number of clients	**Deposit**
Up to 150 clients	INR 1 Lakh
151 to 300 clients	INR 2 Lakh
301 to 1000 clients	INR 5 Lakh
1001 clients and above	INR 10 Lakh

The deposit shall be maintained with a scheduled bank marked as lien in favor of Investment Adviser Administration and Supervisory body (IAASB)

▪ Update on Regulation 9 pertaining to Registration both as Investment Adviser and Research analyst, is as under-

- An individual or partnership firm registered as a research analyst may be granted certificate of registration subject to complying with the rules/regulations/reporting requirements under each of these regulations viz. IA Regulations and RA Regulations separately and provide an undertaking stating that it shall maintain arms-length relationship between its activity as IA and RA and shall ensure that its investment advisory services and research services are clearly segregated from each other.

▪ Update on Regulation 7 pertaining to Registration as part-time investment adviser, is as under-

- Part-time IAs shall be required to have similar qualification and certification requirements as prescribed under IA regulations for full-time IAs and provide an undertaking stating that it shall maintain arms-length relationship between its activity as IA and other activities and shall ensure that its investment advisory services are clearly segregated from all its other activities at all stages of client engagement.

- The part-time IA shall disclose the nature of other activities to their clients and shall ensure that there is no conflict of interest between its IA activity and its other business activities or employment.

- The update also gives details on who shall and shall not be considered eligible for registration as a part-time IAs and who shall be required to register as such.

▪ Update on Regulation 2(1)(s) pertaining to Designation as 'principal officer', is as under-

  - A partnership firm registered as an investment adviser, where no partner of the firm has the minimum qualification and certification requirements provided under the Regulations, shall apply for registration as an investment adviser in the form of a limited liability partnership or a body corporate latest by September 30, 2025.

▪ Update on Regulation 20 pertaining to Appointment of an independent professional as Compliance Officer, is as under-

  - A non-individual IA may appoint an independent professional who is a member of ICAI or ICSI or ICMAI or any other professional body specified by SEBI and who holds certifications from NISM by passing NISM-Series-X-A, NISM-Series-X-B, NISM-Series-X-C and NISM-Series-III-A.

  - The principal officer shall submit an undertaking to IAASB/SEBI to the effect that he shall be responsible for monitoring the compliance.

▪ The circular also provides clarity in activities that can be undertaken by IAs, that is, scope of investment advice, as under-

  - IAs may also provide financial planning services to their clients and comprehensive financial planning may include the investment advice related to products or services not under the purview of SEBI.

  - For the products and services not under the purview of SEBI, IA shall make disclosure to the client and take appropriate declaration and undertaking and that no recourse is available to them with SEBI for their grievances related. Such disclosure shall be made and undertaken taken while onboarding a client. For existing clients, IAs shall ensure compliance with these requirements latest by April 30, 2025.

▪ The circular also provides guidelines on Use of Artificial Intelligence ('AI') tools in IA services, as under-

  - The IA using AI tools shall be solely responsible for the security, confidentiality, integrity of the client data, use of any other information or data to arrive at investment advice, investment advice based on output of Artificial Intelligence tools and compliance with any law for the time being in force.

  - Necessary disclosure to the client relating to extent of use of AI tools in investment advice, is required to be made by the IA.

  - Such disclosure shall be made at the time of entering into the agreement and make such additional disclosure whenever required. For existing clients, IAs shall ensure compliance with these requirements latest by April 30, 2025.

- The circular also provides guidelines on Fees and flexibility in change of modes of charging fee to clients, as under-

  - IAs can charge fees under two modes, namely, (i) Assets under Advice ('AUA') mode, which is subject to a limit of 2.5 per cent of AUA per annum per family of client across all services offered by IA, and (ii) Fixed fee mode, which is subject to a specified fee limit (earlier limit ₹1,25,000) per annum per family of client across all services offered by IA.

  - The maximum fee that may be charged by the IA under the fixed fee mode now stands revised and shall not exceed ₹1,51,000 per annum per family of client.

  - In order to provide more flexibility in charging of fees, IAs have now been allowed to change the fee mode for a client at any time, without restriction on the minimum period between two fee mode changes. The maximum fee that can be charged by the IA shall, however, not exceed the higher of fee limit under the fixed fee mode or 2.5 per cent of AUA per annum per family of client.

  - The fee limits do not include statutory charges.

    The provisions related to limits on fee chargeable by IAs shall only apply to their individual and Hindu Undivided Family (HUF) clients. These shall not be applicable in case of non-individual clients and accredited investors and in such cases, the limits and modes of fees payable to the IA shall be governed through bilaterally negotiated contractual terms.

    The fee limit and mode of fees payable for the existing Individual/HUF clients shall remain unchanged till the expiry of the current agreement, or up to June 30, 2025, whichever is earlier. For new clients, the fee related provisions under this clause shall be effective from the date of this circular.

- The circular also provides guidelines on Registration as non-individual investment adviser, as under-

  - An individual Investment Adviser (IA) must apply for in-principle registration as a non-individual IA if they exceed 300 clients or collect fees over three crore rupees in a financial year, whichever is earlier.

  - The "number of clients" refers to active client agreements at any time, meaning the 300-client limit cannot be surpassed on any day.

  - To facilitate the transition from individual to non-individual IA, the individual IA must initially apply for in-principle registration, valid for up to three months, during which the transition must be completed.

  - Upon successful transition and compliance with registration requirements, the IA will surrender their individual IA registration and receive final registration as a non-individual IA. During this transition, the individual IA can continue servicing existing clients. If the IA does not obtain non-individual registration, they must continue as an individual IA while adhering to client and fee limits.

- Update on Regulation 22 pertaining to Client level segregation of advisory and distribution activities, as under-

- The IAs providing investment advisory services exclusively to institutional clients and accredited investors may not be subject to compliance with the requirements of segregation of investment advisory and distribution activities provided that the client/investor signs a standard waiver stating the above.

- Stock broking activity is not considered as distribution activity for this purpose.

▪ Update on Regulation 19 pertaining to Agreement between IA and the client, as under-

  - The agreement between an Investment Advisor (IA) and a client mandates that IAs enter into an investment advisory agreement with clients, including the Most Important Terms and Conditions (MITC) standardized by industry standards in consultation with IAASB and SEBI.

  - The agreement must specify that IAs cannot execute trades on behalf of clients without explicit consent for each transaction.

  - Additionally, the agreement should guide clients on the optional Centralised Fee Collection Mechanism (CeFCoM).

  - Client consent to the agreement can be given in person or through legally acceptable digital means, such as Aadhaar-based e-signature.

  - Existing clients must be informed of these terms and provide consent by June 30, 2025.

▪ Update on Regulation 22A pertaining to Maintenance of record, as under-

  - IAs providing implementation/execution services shall maintain call recording of every consent for implementation/execution obtained from the client if advice/execution is given through telephone call. All such communications shall have time stamped to maintain clear audit trail.

  - IAs shall ensure the compliance with requirements under this clause latest by June 30, 2025.

▪ Update on Regulation 19(3) pertaining to Compliance audit requirements, as under-

  - IAs are required to conduct an annual compliance audit. The audit must cover all provisions of the IA Regulations and related guidelines.

  - IAs must complete the audit within six months after the financial year ends and submit the report to IAASB/SEBI within one month of the audit's completion.

  - Any adverse findings and actions taken must also be submitted within this timeframe, but no later than October 31 for the previous financial year. The audit report and any adverse findings must be published on the IA's website and provided to clients.

  - Additionally, IAs must maintain an annual certificate from a qualified auditor confirming compliance with client segregation requirements.

  - These requirements will apply to audits for the financial year ending March 31, 2025, and onwards.

- Update on Regulation 19A pertaining to Requirement of website and the details on the website, as under-

    - An investment adviser shall maintain a functional website and shall contain the details as may be specified by SEBI. b. IAs shall confirm the details of its website to IAASB latest by June 30, 2025.

- The above circular shall be applicable to all Registered Investment Advisers (IA) and BSE Limited (Investment Adviser Administration and supervisory body- IAASB)

To read the circular in detail, please click here.

3. SEBI vide circular dated January 06, 2025 issued Measure for ease of doing business – Settlement of Account of Clients who have not traded in the last 30 days.

- SEBI had circular dated June 16, 2021 and Master Circular August 09, 2024 issued guidelines regarding settlement of running account of client's funds by stockbrokers.

- The account of clients who have not done any transaction in the last 30 days are required to be settled by the Trading Member (TM) within next three working days.

- Brokers' Industry Standards Forum (ISF) has represented that this requirement necessitates TM to identify such clients daily, potentially leading to the daily settlement of client funds and resulting in procedural inefficiencies. Further, that since the client funds are anyway up streamed to the clearing corporation, there is a need to revisit the time for settling such client's funds.

- SEBI based on the recommendations received from Brokers ISF has decided to revise the requirement of mandatory settlement of such clients funds. Accordingly, it has been decided that the funds of such clients who have not traded in last 30 calendar days shall be settled on the upcoming settlement dates of monthly running account settlement cycle as notified by Exchanges in the annual calendar issued by them from time to time.

- In view of the above clause 5.4 of the circular dated June 16, 2021 and clause 47.4 of the master circular stands modified.

- The circular shall come into force with immediate effect.

- The circular shall be applicable to all recognized stock exchange.

To read the circular in detail, please click here.

4. SEBI vide circular dated January 07, 2025 issued Measure for ease of doing business for Credit Rating Agencies (CRAs) – Timelines

- SEBI master circular on Credit Rating Agencies (CRAs) dated May 16, 2024 inter alia, prescribes certain timelines to be followed by CRAs for review of ratings and publication of press release.

- Working Group of CRAs for Ease of Doing Business ("WG") recommends modification of approach on specifying timelines from "days" to "working days" in respect of certain requirements prescribed in the Master Circular.

- Further, CRAs depend on nexternal entities such as bankers and debenture trustees, particularly in order to conclusively establish and substantiate delays and defaults in debt servicing where it is difficult to obtain written confirmation on holidays/ non-working weekends.

- To promote ease of doing business and bring about uniformity in dealing with rating reviews and publication of Press Release by CRAs, SEBI has been decided to modify certain paras of the Master Circular as below:

  - Clause 9.2.2: - CRAs shall publish on their website press release regarding the rating action (including reiteration of existing rating), if warranted, immediately, but not later than 7 days of occurrence of the said event.

  - Clause 9.3.3:- In case there have been delays in the payment of interest/ principal by the Issuer, the Issuers shall state the same in this statement and the CRA shall promptly conduct a rating review and disseminate the rating action through Press Release within 2 days of receipt of such statement.

  - Clause 28.2.1: - In case no confirmation of servicing of debt obligation by the Issuer is received by the CRA from the Debenture Trustee within 1 day post the due date, the CRA shall immediately follow up with the Issuer for confirmation of payment. In case no response is received from the Issuer within 2 days of such communication, the CRA shall issue a Press Release as enlisted at para 28.4.3 and disseminate the same on its website and to all stock exchanges where the security is listed.

- The circular shall come into force with immediate effect.

- The circular shall be applicable to all registered CRAs, all registered debenture Trustees, Issuers who have listed and/or proposed to be listed Non-Convertible Securities, Securitized Debt Instruments, Securitized Debt Instruments, Security Receipts, Municipal Debt Securities or Commercial Paper, Recognized Stock Exchanges and all depositories registered with SEBI.

To read the circular in detail, please click here.

5. SEBI vide circular dated January 08, 2025, issued Guidelines for Research Analysts:

- SEBI vide circular dated January 08, 2025, notified Securities and Exchange Board of India (Research Analysts) (Third Amendment) Regulations, 2024 which amends SEBI (Research Analysts) Regulations, 2014 and the following amendments are made pursuant to above circular:

- Qualification and certification requirements

  - Revised qualification requirements shall not be required to existing individual RAs, Principal officer of non-individual RAs or research entity, individuals employed as research analysts and partners of research analyst, if any, engaged in providing research services.

  - However, they shall hold NISM certifications and comply with other conditions specified under Regulation 7(3) of the RA Regulations

- Deposit requirement

- As per Regulation 8 of the RA Regulations, a research analyst shall maintain a deposit of such sum, as specified by the SEBI from time to time. The deposit requirements shall be based on the maximum number of clients and deposit amount may be revised for any change in applicable amount of deposit, based on the maximum number of clients in the previous financial year, latest by 30th April of the subsequent financial year.

▪ Registration both as Investment Adviser and Research analyst:

  - An investment adviser, who is an individual or partner-ship firm, registered under the SEBI (Investment Advisers) Regulations, 2013 (IA Regulations), may be considered eligible for grant of certificate of registration as RA under the RA Regulations provided that it shall comply with the rules/regulations/reporting requirements under each of these regulations viz. IA Regulations and RA Regulations separately.

▪ Registration as part-time research analyst:

  - In terms of Regulation 2(nd) read with regulation 2(nb) of RA Regulations, a parttime MA is an individual or partnership firm who is also engaged in any other business activity/employment which is unrelated to securities and does not involve handling/ managing of money/ funds of client/ person or providing advice/recommendation to any client/person in respect of any products/ assets for investment purposes.

▪ Designation as 'principal officer':

  - Regulation 2(1) (oa) of RA Regulations provides that in case of non-individual research analyst being a partnership firm, one of the partners shall be designated as its principal officer. A partnership firm registered as a research analyst, were no partner of the firm has the minimum qualification and certification requirements provided under the Regulations, shall apply for registration as research analyst in the form of a limited liability partnership or a body corporate latest by September 30, 2025.

▪ Appointment of an independent professional as Compliance Officer:

  - In terms of Regulation 26 of the RA Regulations, non-individual research analyst may appoint an independent professional who is a member of ICAI or ICSI or ICMAI or member of any other professional body as may be specified by the SEBI, provided such a professional holds a relevant certification from NISM, as may be specified by the SEBI.

▪ Use of Artificial Intelligence ('AI') tools in RA services

  - In terms of Regulation 24(7) of the RA Regulations, a research analyst or research entity who uses artificial intelligence tools, irrespective of the scale and scenario of adoption of such tools, for servicing its clients shall be solely responsible for the security, confidentiality, integrity of the client data, use of any other information or data for research services, research services based on output of Artificial Intelligence tools and compliance with any law for the time being in force. For the existing clients, research analysts shall comply with the requirements under this clause latest by April 30, 2025

- Research services provided by research analyst or research entity.

  - In terms of Regulation 20(4) of RA Regulations, research services provided by RA or research entity shall be corroborated by research report containing the relevant data and analysis forming the basis for such research service. RA or research entity shall maintain record of such research report.

  - In terms of Regulation 2(1)(u) read with Regulation 2(1) (fa) of RA Regulations, research analyst means a person providing research services 'for consideration' wherein consideration shall include direct or indirect consideration in any form whether from client or otherwise for providing research services.

- Fees chargeable to clients by RAs:

  - Regulation 15A of RA Regulations provide that RA shall be entitled to charge fees for providing research services from client including an accredited investor in the manner as specified by SEBI.

  - For existing clients, RAs shall ensure compliance with aforesaid fee related provisions latest by June 30, 2025. For new clients, the requirements under this clause shall be effective from the date of this circular.

- Client level segregation of Research and distribution activities

  - Compliance and Monitoring process to ensure client level segregation at research analyst's or research entity's group/family1 level as per Regulation 26C (5) of RA Regulations.

- Guidelines for recommendation of 'model portfolio' by Ras;

  - In terms of Regulation 2(1)(u) read with Regulation 2(1)(wa) of RA Regulations, research services provided by research analyst include recommendation of model portfolio. Regulation 24(8) of the RA Regulations provides that research analyst or research entity engaged in providing model portfolio shall abide by the guidelines issued by the SEBI from time to time.

- Disclosure of terms and conditions to the client:

  - Regulation 24(6) of the RA Regulations provides that while providing the research services, RA or research entity shall disclose the terms and conditions of research services to the client and take consent of the client on such terms and conditions. RA or research entity shall ensure that neither any research service is rendered nor any fee is charged until consent is received from the client on the terms and conditions. For the existing clients, the RA/research entity shall comply with the requirements by disclosing the aforesaid terms and conditions and obtain their consent latest by June 30, 2025.

- KYC Requirements and maintenance of record

  - As provided under Regulation 25(1) of RA Regulations, RA or research entity shall follow the KYC procedure for their fee-paying clients and maintain KYC records for their clients as specified by SEBI from time to time. Regulation 25 (1) of RA Regulations also provides that RA or research entity shall maintain the records with respect to its interaction with clients. RA/research entity shall ensure the compliance with the requirements under this clause latest by June 30, 2025.

- Compliance audit requirements:

  - As per regulation 25(3) of the RA Regulations, RA or research entity shall conduct annual audit in respect of compliance with RA Regulations. As per regulation 25(3) of the RA Regulations, RA or research entity shall conduct annual audit in respect of compliance with RA Regulations.

- Requirement of website and the details on the website:

  - In terms of Regulation 19A of RA Regulations, a Research analyst or research entity shall maintain a functional website and shall contain the details as may be specified by SEBI. RA/research entity shall confirm the details of its website to RAASB and compliance with requirements under this clause by June 30, 2025.

- **Annexure-A** provides Guidelines for recommendation of 'model portfolio' by Research Analysts.

- **Annexure-B** provides Disclosure of minimum mandatory terms and conditions to clients.

- The above circular shall come into force on the date of notification i.e. on December 16, 2024

To read the circular in detail, please click here.

6. **SEBI vide circular dated January 10, 2025, Revised and Revamped Nomination Facilities in the Indian Securities Market.**

- SEBI vide this circular intends to revise and revamp the norms for nomination for demat accounts and mutual fund (MF) folios and to prevent the generation of unclaimed assets in the Indian securities market which covers following aspects:

- Section A: Reiteration of existing norms to ensure a uniform approach across Securities Market.

  - In case of joint accounts / holdings, upon demise of one or more joint holder(s), the regulated entity shall transmit the assets held to the surviving holder(s) vide name deletion and the surviving member(s) shall receive the assets as owner(s) and not as a trustee.

  - When all joint holders simultaneously pass away, the regulated entity shall transmit the assets in the account / folio to the registered nominee(s) and In absence of nomination, the regulated entity shall transmit the assets in the account / folio to either;

    - the legal heir(s) or legal representative(s) of the youngest of the joint holders2 as per the rules of intestate succession or

    - As per the Will of the latter, as the case may be, after following the prescribed procedure.

- In the case of Hindu Undivided Family (HUF) accounts or folios, the new Karta as established by applicable law would be entitled to operate such an account or folio upon the death of the Karta as recorded; if no new Karta is found, the regulated entity will transmit the account or folio in accordance with the dissolution deed and other criteria established by the relevant SRO or industry body in consultation with SEBI.

▪ Section B: Revamped Norms

  - Investors shall mandatorily provide the following:

    - any one of the following personal identifiers of the nominee – PAN or Driving License number or last 4 digits of Aadhaar (only the document number is required to be provided; not the document)

    - Full contact details of nominee(s) such residential address, e-mail address, telephone / mobile number

    - relationship of nominee(s) with the investor

    - Date of birth of nominee(s) (if nominee is a minor)

  - Investors can nominate up to 10 persons in the account / folio and Power of Attorney (POA) Holder(s) of the investor cannot nominate.

  - Nominee to act on behalf of incapacitated investors.

  - For transmission of assets to the registered nominee(s), the regulated entity shall require only the following:

    - Self-attested copy of Death Certificate of the deceased investor,

    - due completion, updating or reaffirming of the KYC of nominee/s,

    - due discharge from the creditors if there are subsisting credit facilities secured by a duly created pledge

    - Regulated entities shall not seek any other documentation including affidavits, indemnities, undertakings, attestations or notarizations from the nominee(s),

    - No claims in respect of such transmission shall subsist against regulated entities and any claim or contestation shall be only amongst the nominee(s) and the claimants without reference to regulated entities.

▪ The circular shall be applicable to Asset Management Companies (AMCs) of Mutual Funds (MFs) and their Registrars to an issue and share Transfer Agents (RTAs), Association of Mutual Funds in India (AMFI), Recognized Depositories and Registered Depository Participants.

▪ This circular shall come into effect from March 01, 2025.

To read the circular in detail, please click [here].

RESERVE BANK OF INDIA (RBI)

1. RBI vide notification dated January 07, 2025 issued Master Direction - Reserve Bank of India (Non-resident Investment in Debt Instruments) Directions, 2025

- The RBI has been issuing various directions in the form of A.P. (DIR Series) Circulars relating to non-resident investment in debt instruments in India.

- Such directions are now consolidated into the aforesaid named Master Direction.

To read the circular in detail, please click here.

INSOLVENCY AND BANKRUPTCY BOARD OF INDIA (IBBI)

1. **IBBI vide circular dated January 10, 2025 issued Mandatory Use of eBKray Auction Platform for Liquidation Processes.**

   - IBBI through this circular continuation of efforts to streamline the liquidation process and improve transparency, the Insolvency and Bankruptcy Board of India, through circular dated 29th October 2024, issued directions regarding the use of the eBKray platform.

   - The IPs were, inter-alia, directed that they shall exclusively list the details of all the unsold assets in respect of the ongoing liquidation processes on the eBKray platform and that they may utilize the eBKray auction platform for the sale of assets in respect of ongoing cases for auctions.

   - The platform has received an encouraging response since its introduction. But presently, the platform is in pilot mode and will be improved based on experience.

   - In this regard, Ips handling liquidation processes are hereby directed to exclusively use the eBKray auction platform for conducting auctions for sale of assets during the liquidation process effect from April 01, 2025.

   - Further directed that listing of unsold assets in all ongoing liquidation cases shall be completed by 31st March 2025.

   - The said circular shall be applicable to All Registered Insolvency Professionals All Recognised Insolvency Professional Entities All Registered Insolvency Professional Agencies.

To read the circular in detail, please click here

2. **IBBI vide circular dated January 09, 2025 issued Extension of time for filing Forms to monitor liquidation and voluntary liquidation processes under the Insolvency and Bankruptcy Code, 2016, and the regulations made thereunder.**

   - IBBI through circular dated July 28, 2024, directed liquidators to file forms relating to the liquidation and voluntary liquidation process latest by September 30, 2024 and last date was extended till December 31, 2024 In this regard, representations have been received from the liquidators and Insolvency Professional Agencies for extending the date citing the technicalities and issues involved in the submission of the forms.

   - Taking into consideration above issue, it has been decided that to extent the last date of submission of the liquidation and voluntary liquidation forms till 31.03.2025.

   - Further, it has been observed that some IPs have been submitting incorrect information in the forms, such as entering zero values in all fields. In this regard, it is directed that IPs shall ensure the information submitted is accurate, truthful, and consistent with the supporting documents attached.

   - The said circular shall be applicable to All Registered Insolvency Professionals, All Recognised Insolvency Professional Entities & All Registered Insolvency Professional Agencies.

To read the circular in detail, please click here

SEBI ORDERS

1. Adjudication Order in the matter of Stockholding Services Limited.

Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") carried out thematic inspection of Stockholding Services Limited (hereinafter referred to as **"Noticee"**) for the theme 'Multiple UCCs mapped to common email id or common mobile number' during the inspection period.

Pursuant to the findings of the Inspection and basis the analysis of replies received and examination in the matter, SEBI inter alia observed certain non-compliances and accordingly, SEBI initiated Adjudication Proceedings under Section 15I of the SEBI Act, 1992 (hereinafter also referred as 'SEBI Act') in respect of Stockholding Services Limited in the subject matter for the alleged violations of various provisions Master circulations issued by SEBI.

During the investigation, the following was inter alia observed and alleged in respect of the Noticee:

- Mismatch in the information maintained in the back office with KYC form and consent letter;
- Mismatch in the mobile/email id uploaded to exchange portal as compared to the KYC details;
- Broker has not carried out due diligence while capturing relationship data for clients;
- Invalid Email id/Mobile number uploaded in the UCC etc.

After considering all the facts and the circumstances of the case, and the material available on record, the AO was of the view that no quantifiable figures were available to assess the disproportionate gain or unfair advantage made as result of such violations committed by the Noticee. Further, the Noticee as a part of his submission had submitted that it has corrected the majority of the observations highlighted. However, it was observed that the findings of the instant thematic inspection uncovered persistent non-compliances and continued material supervisory concerns and that the violations were systemic and repetitive in nature. However, the importance of KYC cannot be undermined as norms relating to Know Your Client are mandated inter alia with main aim to verify the identity of clients, nature and purpose of client relationships and examine the probabilities of any illegal wrongdoings besides aiding in ensuring legitimacy and transparency, which Noticee had failed to comply with, as brought out and dealt with in the foregoing and which SEBI is duty-bound to enforce compliance of. Considering the facts, the AO imposed penalty of INR 9,00,000/- on the Noticee.

To read the order in detail, please click here.

HIGH COURT AND SUPREME COURT ORDERS

HIGH COURT

1. **FMI Limited files petition seeking execution of an order passed by the Trademarks Act, 1999, Delhi Region.**

M/s. FMI Limited	Petitioner
M/s. Midas Touch Metalloys Pvt. Ltd	Respondents

Date of Judgement: January 8, 2025

The case CS(COMM) 721/2024 involves a trademark dispute between FMI Limited (the plaintiff) and Midas Touch Metalloys Pvt. Ltd. (the defendant). The plaintiff seeks an interim injunction against the defendant for allegedly infringing on its registered trademarks, specifically the mark 'INDI' and its variants.

FMI Limited claims that it has established goodwill and prior use of the mark 'INDI' and other INDI-formative marks in Class 9, with significant sales figures amounting to approximately INR 165 crores from 2022 to mid-2024. The plaintiff argues that the defendant's use of the mark 'INDEED' is likely to cause confusion among consumers and constitutes passing off. Midas Touch Metalloys contends that it is the registered proprietor of the mark 'INDEED' and has used it in conjunction with its brand 'SCOTTS'. The defendant argues that the marks are distinct and that the plaintiff's claims are based on inconsistent positions regarding trade dress and color combinations.

The court examined the merits of the plaintiff's claims, including the validity of the trademark registrations and the likelihood of confusion. It was noted that the Trademark Act, 1999 does not recognize the concept of a sub-brand, which was part of the defendant's defense. The court found that the defendant's mark 'INDEED' is used as a standalone mark and has been registered independently. The plaintiff's claims regarding trade dress and color combinations were deemed inconsistent, as the plaintiff later stated it does not claim exclusivity over the color combination of 'blue and white'.

The court ultimately ruled against the plaintiff's request for an interim injunction, stating that the plaintiff did not establish a prima facie case for infringement or passing off. The judgment emphasizes the importance of prior use and goodwill in trademark disputes, as well as the need for consistent claims regarding trademark rights. The case illustrates the complexities involved in trademark law, particularly in distinguishing between similar marks and assessing the likelihood of consumer confusion.

To read the complete judgement, please click here.

SUPREME COURT

1. **The plaintiffs were involved in a dispute with the respondent, M/s Faridabad Implements Pvt. Ltd., which led to arbitration and the subsequent issuance of an arbitral award that the plaintiffs sought to contest.**

M/s. My Preferred Transformation & Hospitality Pvt. Ltd.	Appellant(s)
M/s Faridabad Implements Pvt. Ltd	Respondent(s)

Date of Judgement: January 10, 2025

The case of My Preferred Transformation & Hospitality Pvt. Ltd. vs. M/s Faridabad Implements Pvt. Ltd. revolves around the issue of whether the petition filed by the appellants under Section 34 of the Arbitration and Conciliation Act, 1996 (ACA) was barred by time.

The appellants received the arbitral award on February 14, 2022. The prescribed limitation period for filing a petition under Section 34(3) of the ACA is three months from the date of receiving the award, which meant the deadline was May 29, 2022. The court was functioning on the deadline date but closed for vacation from June 4, 2022, to July 3, 2022. The appellants filed their application on July 4, 2022, immediately after the court reopened. The High Court dismissed the petition as barred by limitation, stating that the additional 30 days provided under the proviso to Section 34(3) had expired on June 28, 2022.

The Supreme Court upheld the High Court's decision, affirming that the application was indeed filed beyond the condonable period of limitation. The court emphasized the importance of adhering to statutory timelines and the potential prejudice that could arise from allowing delays without sufficient justification. The judgment concluded with no order as to costs, and any pending applications were disposed of accordingly.

To read the complete judgement, please click here.

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Our team comprises of professionals with a prolific corporate, legal and secretarial compliance background. We aim to provide pragmatic and business-oriented solutions in governance and compliance matters, through a unique holistic approach that blends our expertise and decades of experience in compliance and regulatory areas.

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