Swift India
CORPORATE SERVICES LLP

Swift e-Bulletin

Week –August 26th to August 31st

Quote for the week:

"Freedom is not given, it is taken."

–Netaji Subhas Chandra Bose (Great Freedom Fighter)

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 Reserve bank of India (**"RBI"**), Ministry of Finance ("**MOF**") & SEBI Orders ("**Orders**")

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

- **RBI vide notification dated August 29, 2024 issued on Interest Equalization Scheme (IES) on Pre and Post Shipment Rupee Export Credit.**

- **MOF vide notification dated August 28, 2024, amended the Securities Contracts (Regulation) Act, 1956**

We have prepared a comprehensive summary for quick reference of the aforesaid updates and Judgements/ orders issued during the week of August 26th to August 31st.

Thank you, Swift team

RESERVE BANK OF INDIA (RBI)

1. **RBI vide notification dated August 29, 2024 issued on Interest Equalization Scheme (IES) on Pre and Post Shipment Rupee Export Credit.**

   - Government of India vide Trade Notice dated June 28, 2024 read with Trade Notice dated July 10, 2024 has allowed for an extension of the Interest Equalization Scheme for Pre and Post Shipment Rupee Export Credit ('Scheme') up to August 31, 2024. The extension takes effect from July 1, 2024 and ends on August 31, 2024.

   - Further, Government has advised the following modifications to the scheme:

     - **Eligibility of borrowers:** With effect from July 1, 2024, only MSME Manufacturer exporters would be eligible under the Scheme. Hence, the Scheme benefits will not be available to non-MSME exporters, and such claims are not to be entertained beyond June 30, 2024.

     - **Cap on subvention amount:** The interest equalization will be capped at ₹1.66 Crore per Importer-Exporter Code (IEC) for the aforesaid extended period of the scheme.

   - The said circular shall be applicable to All Scheduled Commercial Banks (excluding RRBs), Primary (Urban) Cooperative Banks & State Cooperative Banks (scheduled banks having AD category-I license), and Exim Bank.

   To read the notification in detail, please click here.

2. **RBI vide notification dated August 29, 2024 issued Scheme for Trading and Settlement of Sovereign Green Bonds in the International Financial Services Centre in India.**

   - RBI vide circular please refer to Paragraph 1 of the Statement on Developmental and Regulatory Policies announced as a part of the Bi-monthly Monetary Policy Statement for 2024-25 dated April 05, 2024, on the issuance of a scheme for investment and trading in Sovereign Green Bonds (SGrBs) by eligible foreign investors in the International Financial Services Centre (IFSC) in India.

   - The Scheme for trading and settlement of SGrBs in the IFSC in India (the "Scheme") is enclosed at Annex. Necessary amendments to the Foreign Exchange Management (Debt Instruments) Regulations, 2019 (Notification No. FEMA 396/2019-RB dated October 17, 2019) have been notified vide Foreign Exchange Management (Debt Instruments) (Third Amendment) Regulations, 2024 (Notification No. FEMA.396(3)/2024-RB dated August 02, 2024) published in the Gazette of India on August 07, 2024.

   - The circular is applicable to all Eligible Market Participants.

   To read the notification in detail, please click here

MINISTRY OF FINANCE (MOF)

1. **MOF vide notification dated August 28, 2024, amended the Securities Contracts (Regulation) Act, 1956**

   - The amended ruled may be called the Securities Contracts (Regulation) Amendment Rules, 2024.

   - In the Securities Contracts (Regulation) Rules, 1957 -

     - In rule 2, after the clause (c) following shall be inserted :

       "(ca) "International Financial Services Centre" means an International Financial Services Centre as defined in clause (g) of sub-section (1) of section 3 of the International Financial Services Centres Authority Act, 2019 (50 of 2019);

       (cb) "International Financial Services Centres Authority" means the Authority established under sub-section (1) of section 4 of the International Financial Services Centres Authority Act, 2019"

     - In rule 19(2)(b) after the fourth proviso, the following explanation shall be inserted:

       "For the purposes of this clause, the provisions of sub-clause (i) shall apply to, or in relation to, an applicant company desirous of getting its securities listed on a recognised stock exchange in an International Financial Service Centre, subject to the modification that the reference to 'twenty-five per cent' in that sub-clause shall be construed as reference to "ten per cent.", irrespective of the post issue capital of such company and sub-clauses (ii), (iii) and (iv) shall not apply."

     - In rule 19A after explanation to sub-rule (6), the following explanation shall be inserted:

       "For the purposes of this rule, the provisions of sub-rules (1) to (5) shall apply to, or in relation to, a company listed on a recognised stock exchange in an International Financial Service Centre, subject to the modification that references to 'twenty-five per cent' in those sub-rules shall be construed as references to "ten per cent." and the first proviso to sub-rule (5) shall not apply to such company."

   To read the notification form in detail, please click here

SEBI ORDERS

ADJUDICATION ORDER IN THE MATTER OF SHERKHAN LIMITED

Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") had conducted thematic inspection of Sharekhan Limited (hereinafter referred to as Noticee) for the theme control over Authorized Persons by the Stockbroker. The Noticee is a SEBI registered stockbroker of BSE, NSE and MCX with SEBI Registration No. INZ000171337.

SEBI initiated the Adjudication proceedings and the Adjudicating Officer ("AO") was appointed to inquire into and adjudge for the alleged violation of SEBI (Stock-Brokers) Regulations, 1992 by the Noticee. Accordingly, a show cause notice was issued to the Noticee to show cause as to why an inquiry should not be held and penalty be not imposed under section 15HB of the SEBI Act for the aforesaid alleged violations.

During the inspection of Noticee's Authorized Persons (AP), it was observed that terminal was not found at registered location (Unjha and Navi Mumabi respectively) and the trades were executed from the aforesaid terminals. Further, for AP Amitkumar S. Dhupad it was observed that the terminal was operated by a person other than the approved user which is considered at misuse of trading terminals by the AP.

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 non-compliance by the Noticee. However, the Noticee was under a statutory obligation to abide by the provisions of the SEBI Act, Rules and Regulations and Circulars/directions issued thereunder etc., which it failed to do. Hence, AO imposed penalty of INR 4,00,000/- on the Noticee for violation of said regulations.

To read the order in detail, please click here.

ADJUDICATION ORDER IN THE MATTER OF INSPECTION OF VISTRA ITCL (INDIA) LIMITED

Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") had conducted inspection of Vistra ITCL (India) Limited (hereinafter referred to as Noticee) for violation of various provisions of SEBI Act, Regulations and Circulars. The Noticee is a registered with SEBI as a Debenture Trustee (hereinafter referred to as '**DT**') having registration number IND000000578.

SEBI initiated the Adjudication proceedings and the Adjudicating Officer ("AO") was appointed to inquire into and adjudge for the alleged violation of various SEBI Regulations and Circulars by the Noticee. Accordingly, a show cause notice was issued to the Noticee to show cause as to why an inquiry should not be held and penalty be not imposed under section 15HB of the SEBI Act for the aforesaid alleged violations.

During the inspection, the following allegations were levelled against the Noticee:

- Failure to carry out due diligence regarding Material change in NCDs and default recognition in the case of Paranjape Scheme (Construction) Limited (hereinafter referred to as 'PSCL');
- Failure to share information with Credit Rating Agency (CRA);
- Failure/Delay in updating default history in Centralized Database for Corporate Bonds/Debentures.

After considering all the facts and the circumstances of the case, and the material available on record, the AO imposed penalty of INR 12,00,000/- on the Noticee for violation of said regulations. To read the order in detail, please click here.

DISCLAIMER:

The contents of this newsletter should not be construed as a 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.

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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 affiliate entity of Nishith Desai Associates ("NDA"), a preeminent India centric law firm. We are a premier and boutique firm specialized in meeting with the global standard corporate governance aspirations of our clients operating in India.

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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