Swift India
CORPORATE SERVICES LLP

Swift e-Bulletin

Week –September 09th to September 14th

Quote for the week:

"The only thing that overcomes hard luck is hard work."

–Harry Golden (American writer and newspaper publisher)

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 International Financial Services Centres Authority **("IFSCA"),** Securities and Exchange Board of India **("SEBI")**, Ministry of Corporate Affairs **("MCA")**

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

- **IFSCA vide circular dated September 11, 2024, issued listing of debt securities on the recognised stock exchanges in the IFSC**

- **SEBI vide circular dated September 13, 2024, issued Optional mechanism for fee collection by SEBI registered Investment Advisers (IAs) and Research Analysts (RAs)**

We have prepared a comprehensive summary for quick reference of the aforesaid updates and Judgements/ orders issued during the week of September 09th to August 14th.

Thank you, Swift team.

INTERNATIONAL FINANCIAL SERVICES CENTRES AUTHORITY (IFSCA)

1. **IFSCA vide circular dated September 11, 2024, issued listing of debt securities on the recognised stock exchanges in the IFSC**

   - The IFSCA notified the IFSCA (Listing) Regulations, 2024 providing the regulatory framework inter alia for listing debt securities on the recognised stock exchanges in the IFSC.
   - In terms of the regulation 72 of the listing regulations, an issuer is required to obtain credit rating for its debt securities proposed to be listed on a recognised stock exchange from a credit rating agency registered either with IFSCA or with a regulator in a Foreign Jurisdiction.
   - Based on the representation of market participants there are some transactions wherein the issuers are already at an advance stage of getting their debt securities listed on the recognised stock exchanges and it may be difficult for such issuers to obtain credit rating in a short time frame.
   - In view of the above IFSCA after careful consideration of the representations received, it has been decided that it shall be mandatory for issuers to obtain credit rating for the debt securities proposed to be listed on the recognised stock exchanges with effect from October 01, 2024.
   - The said circular shall come into force with immediate effect.
   - The circular shall be applicable to all recognised stock exchanges in the IFSC and all investment bankers in the IFSC.

   To read the circular in detail, please click here.

SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI)

1. **SEBI vide circular dated September 13, 2024, issued Optional mechanism for fee collection by SEBI registered Investment Advisers (IAs) and Research Analysts (RAs)**

 - With the growing interest in the securities market, there is a need for a mechanism for an investor to discern whether payment of fees is being made only to a registered IA/RA. In order to create a closed and transparent payment ecosystem, consultations were held with relevant stakeholders on the proposal of a separate centralized mechanism for fee collection by IAs and Ras.

 - Pursuant to public consultation and various discussions with stakeholders, the "Centralized Fee Collection Mechanism for IA and RA" ('**CeFCoM**') is being operationalized to facilitate collection of fees by registered IAs and RAs from their clients.

 - Under this mechanism, clients shall pay fees to IAs/RAs, through a designated platform/portal administered by recognized Administration and Supervisory Body ('**ASB**').

 - The mechanism has been co-created by BSE Limited with the help of various stakeholders. BSE Limited shall specify the operational framework for the mechanism on or before September 23, 2024 and make the mechanism operational from October 01, 2024.

 - Though the mechanism is optional, ASB, in the interest of investors, shall take steps to encourage clients and the registered IAs and RAs to avail the services of this mechanism. Registered IAs and RAs shall encourage their clients to use this mechanism.

 - The circular shall be applicable to all Registered Investment Advisers, all Registered Research Analysts, Investment Adviser Administration and Supervisory Body (IAASB), Research Analyst Administration and Supervisory Body (RAASB).

 To read the circular in detail, please click here.

MINISTRY OF CORPORATE AFFAIRS (MCA)

1. **MCA vide notification dated September 09, 2024, amended Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.**

   - MCA vide notification in exercise of the powers conferred by sub-sections (1) and (2) of section 469 read with sections 233 and 234 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules further to amend the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016

   - The rules shall come into force from the September 17, 2024.

   - In the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, in rule 25A, after sub-rule (4), the following sub-rule shall be inserted, namely: -

     - "(5) Where the transferor foreign company incorporated outside India being a holding company and the transferee Indian company being a wholly owned subsidiary company incorporated in India, enter into merger or amalgamation, –

       (i) both the companies shall obtain the prior approval of the Reserve Bank of India;

       (ii) the transferee Indian company shall comply with the provisions of section 233;

       (iii) the application shall be made by the transferee Indian company to the Central Government under section 233 of the Act and provisions of rule 25 shall apply to such application;

       (iv) the declaration referred to in sub-rule (4) shall be made at the stage of making application under section 233 of the Act."

   To read the notification 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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