Swift India
CORPORATE SERVICES LLP

Swift e-Bulletin
Edition 45th 21-22
Week –February 14th to February 18th

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

" Money's greatest intrinsic value—and this can't be overstated—is its ability to give you control over your time."

– Morgan Housel, The Psychology of Money

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**"), Reserve Bank of India ("**RBI**"), Ministry of Corporate Affairs ("**MCA**") and orders passed by the SEBI, High Court and Supreme Court.

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

- **MCA issues Circular relaxing additional fees for filing e-forms AOC-4, AOC-4 XBRL, AOC-4(CFS), MGT7/7A for financial year ended March 31,2021.**
- **SEBI issues Press Release summarizing the outcome of board meeting.**

We have prepared a comprehensive summary for quick reference of the aforesaid updates and Judgements / orders issued during the week of February 14, 2022 to February 18, 2022.

Thank you,
Swift team

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REGULATORY UPDATES

MCA

1. **MCA issues Circular relaxing additional fees for filing e-forms AOC-4, AOC-4 XBRL, AOC-4(CFS), MGT7/7A for financial year ended March 31,2021.**

- MCA vide Circular dated February 14, 2022 relaxed additional fees for filing e-forms AOC-4, AOC-4 XBRL, AOC-4(CFS), MGT7/7A for financial year ended March 31,2021.

- MCA responding to various requests received form stake holder regarding relaxation of additional fees for filing of e-forms AOC-4, AOC-4 XBRL, AOC-4(CFS), MGT7/7A, decided that no additional fees shall be levied up to March 15, 2022 for filing of e-forms AOC-4, AOC-4 XBRL, AOC-4(CFS), and up to March 31, 2022 for fling of e-form MGT7/7A.

  Only normal fees shall be levied during the said period.

  To read the Circular in detail, please click here.

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SEBI

1. **SEBI issues Press Release summarizing the outcome of board meeting dated February 15,2022.**

   - SEBI in board meeting dated February 15, 2022 took the following decisions:

     - SEBI made it Voluntary for top 500 listed entities to ensure that the Chairperson of the board shall–
       a. be a non-executive director;
       b. not be related to the Managing Director or the Chief Executive Officer as per the definition of the term "relative" defined under the Companies Act, 2013.

     - Board approved amendment to SEBI (Alternative Investment Funds) Regulations, 2012, providing flexibility to Category III Alternative Investment Funds (AIFs) to calculate the investment concentration norm based either on investable funds or net asset value of the fund while investing in listed equity of investee company, subject to the conditions as may be specified by the board.

     - Board approved the following amendments to SEBI (Debenture Trustee) Regulations, 1993, SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and SEBI (Listing Obligations and Disclosure Requirements), 2015:

       a. to align the framework and terminology with respect to 'security cover' wherein the term 'asset cover' has been substituted with term 'security cover' in SEBI (Debenture Trustee) Regulations, 1993, and SEBI (Listing Obligations and Disclosure Requirements), 2015; and

       b. to prescribe the maintenance of security covers sufficient to discharge both principal and interest thereon in SEBI (Listing Obligations and Disclosure Requirements), 2015.Further, references with respect to disclosure of credit ratings have been rationalized and due diligence certificate for unsecured debt securities has been prescribed in SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021

   To read the Press Release in detail, please click here

2. **SEBI issue Corrigendum to Master Circular for Depositories on opening of demat account in case of HUF**

- Following shall be replaced in the Master Circular:
  - In the event of death of Karta of HUF, the name of the deceased Karta in the Beneficial Owner (BO) account shall be replaced by the new Karta appointed by the member of the HUF who in such a case shall be senior most member of the family
  - Reference: SEBI letter No. SEBI/HO/MRD/DP/OW/25739/1 and 25740/1 dated September 14, 2016 and SEBI letter No. MRD/DSA1/OW/4946/2018 and 4947/2018 dated February 14, 2018

- It may be noted that the other provisions of the Master Circular for Depositories dated 05.02.2021 shall remain unchanged.

- Depositories are advised to:

  - Amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision;
  - carry out system changes;
  - disseminate the provisions of this circular on their website;
  - Intimate SEBI about the status implementation in their Monthly Development Report

  To read the Corrigendum in detail, please click here

3. **SEBI issues Press Release where, union finance minister addresses board members of SEBI on February 15, 2022.**

- Hon'ble Finance Minister, in her address to SEBI board members appreciating the initiatives taken by SEBI emphasized the need for the regulator to take further steps to reduce compliance burden, reduce cost of market intermediation, take more investor protection measures, further develop the corporate bond market, develop green bond market in the context of increasing focus on ESG investment, initiate next generation of reforms to improve ease of doing business and be prepared for the possible market turbulence on account of US Fed actions.

  To read the Press Release in detail, please click here.

RBI

1. RBI issues clarification on new Definition of Micro, Small and Medium Enterprises

- Government of India, vide their Gazette Notification S.O. 278(E) dated January 19, 2022, has notified amendments in the paragraph (7) sub-paragraph (3) in the notification of Government of India, Ministry of Micro, Small and Medium Enterprises.

- In view of the above amendment, paragraph 3 of the said Circular would stand modified as under:

  "The existing Entrepreneurs Memorandum (EM) Part II and Udyog Aadhaar Memorandum (UAMs) of the MSMEs obtained till June 30, 2020 shall remain valid till March 31, 2022."

- Further, it is clarified that the validity of documents obtained in terms of O.M. No.12(4)/ 2017-SME dated March 8, 2017 (RBI Circular FIDD.MSME & NFS.BC.No.10/06.02.31/2017-18 dated July 13, 2017), for classification of MSMEs up to June 30, 2020, are also valid up to March 31, 2022.

- All other provisions of the Circular remain unchanged.

  To read the Circular in detail, please click here.

2. RBI issues Notification regarding Regulations Review Authority (RRA 2.0) – Interim Recommendations – Online Submission of Returns

- As part of the implementation of the interim recommendations of the RRA 2.0, it is proposed to convert the paper based/ e-mail-based returns listed in the Annex to online filing. The exact date of online filing of the returns listed in the Annex would be notified in due course. Till such time, the returns may continue to be submitted as hitherto.

  To read the Notification and contents of the annexures in detail, please click here.

- Furthermore, RBI issued Similar notifications based on Regulations Review Authority (RRA 2.0)- interim recommendations, on below mentioned topics

- Discontinuation/Merger/Online Submission of Returns:
  - For notification No.1 click here.
  - For notification No.2 click here.
  - For notification No.3 click here.
  - For notification No.4 click here.
  - For notification No.5 click here.
- Second Tranche- Click here.
- Withdrawal of Circulars:
  - For notification No.1 click here.
  - For notification No.2 click here.
  - For notification No.3 click here.
- Online Submission of Returns- click here.

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JUDGEMENT/ORDERS

SEBI Orders

1. AO disposed the adjudication proceedings basis non availability of enough material against the alleged violation by Noticee.

SEBI had conducted investigation into the trading in the scrip of K. Sera Sera Production Ltd.("K. Sera Sera/Scrip/Company"), during the Investigation Period/IP"). Pursuant to the aforementioned investigation, SEBI observed certain violations of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 ('PFUTP Regulations') by certain entities including Mr. Sunil Kumar Purohit ("Noticee /By Name").2.Therefore, SEBI initiated adjudication proceedings against the aforesaid entities including Noticee and Adjudicating Officer, in this regard, Show Cause Notice ("SCN") was issued to Noticee as why inquiry should not be held and penalty be not imposed.

The erstwhile AO passed adjudication order and penalty was imposed on Noticee, thereafter appeal was made to Securities Appellate Tribunal ("SAT") and restored matter for passing fresh order by new AO. The investigation report was re considered and fresh SCN was issued to notice to which Noticee responded via his advocate and personal hearing opportunity was provided. The AO analyzed facts of the case the noted that there is no enough materials available to prove that Noticee was able to create artificial volume and found that allegation level against him cannot be established.

To read the Order in detail, please click here

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Call us toll free 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.

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