Swift India

CORPORATE SERVICES LLP

Swift e-Bulletin
Edition 30th 22-23
Week – October 31st to November 04th

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

"Play by the rules, but be ferocious."

– Phil Knight.

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"), International Financial Services Centers Authority ("IFSCA") and Insolvency and Bankruptcy Board of India (" IBBI").

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

- SEBI vide circular dated October 31, 2022 issued modifications to the Operational Guidelines pertaining to International Securities Identification Number (ISIN) for the issue and listing of Non-Convertible Securities (NCS), Securitized Debt Instruments (SDI), Security Receipts (SR), Municipal Debt Securities and Commercial Paper (CP).

- IFSCA vide notification dated November 03, 2022 issued IFSCA (Anti Money Laundering, Counter Terrorist-Financing and Know Your Customer) Guidelines, 2022.

We have prepared a comprehensive summary for quick reference of the aforesaid updates and Judgements / orders issued during the week of October 31 to November 03, 2022.

Thank you,
Swift team

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REGULATORY UPDATES

SEBI

1. **SEBI vide circular dated October 31, 2022 issued modifications to the Operational Guidelines pertaining to International Securities Identification Number (ISIN) for the issue and listing of Non-Convertible Securities (NCS), Securitized Debt Instruments (SDI), Security Receipts (SR), Municipal Debt Securities and Commercial Paper (CP).**

- SEBI reviewed the provisions pertaining to the International Securities Identification Number (ISIN) for debt securities issued on a private placement basis from the operational guidelines issued dated August 10, 2021.

- The following modifications have been made with respect to the private placement of debt securities

  - An issuer is allowed to have maximum 14 ISINs of debt securities plus additional 6 ISINs of capital gains tax debt securities maturing in a particular financial year.
  - Out of the limit of 14 debt securities 9 will be vanilla debt securities be it secured or unsecured.
  - However, if the total outstanding amount touches the INR 15,000 Crore mark then additional 3 ISINs will be allowed to mature in the Financial Year for which the issuers need to intimate the Stock Exchanges.
  - Out of the total ISINs maturing in the financial year, maximum 5 will be allowed for structured debt securities and market linked debt securities.
  - However, if the issuer only deals in structured debt securities and market linked debt securities then the maximum ISINs allowed to mature in a said financial year will be 9.

- The other provisions of the original circular will remain unchanged. And this circular will come in effect from April 01, 2023.

- The detailed illustration is provided in the Circular

- Also the Stock Exchanges and Depositories are requested to follow all steps to put the said circular to implementation.

To read the notification in detail, please click here.

2. **SEBI vide circular dated October 31,2022 issued guidelines to Standardize Rating Scale usage by Credit Rating Agencies ("CRAs").**

- SEBI after consulting CRAs and stakeholders introduced new standardized symbols and definition for issuer rating or corporate credit rating which will be effective from January 1, 2023.

- SEBI introduces three standard descriptors (i) rating watch with positive implications, (ii) rating watch with developing implications (iii) rating watch with negative implications that are to be used when issuer security is placed on "**Rating Watch**".

- Three standard descriptors (i) stable (ii) positive (iii) negative are to be used when issuer security is placed on "**Rating Outlook**".

- Every rating symbols shall have CRAs first name as prefix.

- The following rating symbols and definition for issuer rating has been made: -

  - Issuer with "AAA" rating symbol is defined to have highest degree of safety regarding timely servicing of debt obligations.

  - Issuer with "AA" and "A" rating symbol is defined to have high and adequate degree of safety regarding timely servicing of debt obligations respectively.

  - Issuer with "BBB" rating symbol is defined to have moderate degree of safety regarding timely servicing of debt obligations.

  - Issuer with "BB" and "B" rating symbol is defined to have moderate risk and high risk of default regarding timely servicing of debt obligations respectively.

  - Issuer with "C" rating symbol is defined to have very high risk of default regarding timely servicing of debt obligations.

  - Issuer with "D" rating symbol is defined as the ones in default or are expected to be in default soon.

To read the Circular in detail, please click here.

IFSCA

1. **IFSCA vide notification dated November 03, 2022 issued IFSCA (Anti Money Laundering, Counter Terrorist-Financing and Know Your Customer) Guidelines, 2022.**

- Vide notification all the banking units are advised that the "guidelines" referred to in section 6 of Module 1 (Activities of Banking units (ACBU)) of the Conduct of Business Directions v 4.0 of the IFSCA Banking Handbook shall mean the International Financial Services Centres Authority (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022 dated October 28,2022 ("IFSCA KYC guidelines") as published in the Official Gazette on November 01, 2022.

- IBUs are directed to follow the IFSCA KYC guidelines with immediate effect. IBUs are also advised that guidelines/circulars of the domestic financial sector regulators on the issues covered by the IFSCA KYC guidelines shall cease to apply with immediate effect.

To read the Notification in detail, please click here.

To read the Guidelines in detail, please click here.

IBBI

1. **IBBI vide Circular dated November 02, 2022 amends the Annual Compliance Certificate for Insolvency Professional Agencies.**

- In terms of Regulation 7 of the Insolvency and Bankruptcy Board of India (Model Bye-Laws and Governing Board of Insolvency Professional Agencies) Regulations, 2016, an Insolvency Professional Agencies (IPA) shall designate or appoint a compliance officer who shall be responsible for ensuring compliances with the provisions of the Code and regulations, circulars, guidelines, and directions issued thereunder.

- The compliance officer is mandated to submit a compliance certificate to the Board annually, verifying that the IPA has complied with the provisions of the Code and regulations, circulars, guidelines, and directions issued thereunder.

- In this regard, the format of annual compliance certificate specifying the list of the compliances was issued by the Board vide Circular No: IPA/009/2018 dated 19th April, 2018.

- In consequence of amendments in regulations and in suppression of the above Circular, the revised format of Annual Compliance Certificate for IPAs is being issued by the Board as an Annexure to this Notification.

To read the Notification 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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