Swift India
CORPORATE SERVICES LLP

Swift e-Bulletin
Edition 44th 22-23
Week – February 13th to February 17th

Quote for the week:

"Living without passion is like being dead."

– Jeon Jungkook.

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 Reserve Bank of India ("**RBI**"), Securities and Exchange board of India ("**SEBI**") and International Financial Services Centres Authority ("**IFSCA**") and orders by Supreme Court and SEBI.

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

- RBI vide Notification dated February 16, 2023 notified Introduction of Foreign Contribution (Regulation) Act ("FCRA") related transaction code in NEFT and RTGS Systems.

- SEBI vide Circular dated February 15, 2023 introduces issue summary document and dissemination of issue advertisements.

We have prepared a comprehensive summary for quick reference of the aforesaid updates and Judgements / orders issued during the week of February 13th to February 17th, 2023.

Thank you,
Swift team

Table of Contents

REGULATORY UPDATES

RBI

1. **RBI vide Notification dated February 16, 2023 notified Introduction of Foreign Contribution (Regulation) Act ("FCRA") related transaction code in NEFT and RTGS Systems.**

- As per the FCRA, 2010 (amended as on September 28, 2020) foreign contributions are required to be received only in the "**FCRA account**" of the State Bank of India ("**SBI**"), New Delhi Main Branch.

- The contributions to the FCRA account are received directly from foreign banks through SWIFT and for om Indian intermediary banks through **NEFT and RTGS** systems respectively.

- As per the requirements of Ministry of Corporate Affairs, the donor details such as name, address, country of origin, amount, currency, and purpose of remittance are required to be captured in such transactions and SBI is required to report the same to MHA on daily basis.

- RBI has introduced changes in the **NEFT and RTGS** systems with respect to the above-mentioned requirements, the technical details of the same are provided in Annexure of the said circular.

- RBI has advised the member banks to incorporate necessary changes in their core banking/ middleware solutions to capture the required details while forwarding the foreign donations through NEFT and RTGS systems to SBI.

- RBI has issued the said instructions under section 10 (2) read with Section 18 of Payment and Settlement Systems Act, 2007.

- The said instructions shall come into ***effect from March 15, 2023***.

To read the Notification in detail, please click here.

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SEBI

1. **SEBI vide Circular on February 15, 2023 introduces issue summary document and dissemination of issue advertisements.**

- SEBI has decided to make available relevant information / data points at the Stock Exchanges and Depositories in a structured manner in order to facilitate consumption of data by stakeholders such as researchers, policy makers, market analysts, and market participants, in respect of public issues, further issues, buyback, offers under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, SEBI (Delisting of Equity Shares) Regulations, 2021 etc.

- SEBI after consultation with the stakeholders designed an Issue Summary Document (ISD).

- The said ISD shall be introduced in the **XBRL (Extensible Business Reporting Language)** format for the following: -

    - public issue of specified securities (initial public offer / further public offer)

    - further issues {preferential issue, qualified institutions placement (QIP), rights issue, issue of American Depository Receipts (ADR), Global Depository Receipts (GDR) and Foreign Currency Convertible Bonds (FCCBs)}

    - buy-back of equity shares (through tender offer or from the open market);

    - open offer under SEBI SAST Regulations;

    - voluntary delisting of equity shares where exit opportunity is required under SEBI Delisting Regulations.

- The said ISD shall be filed in two stages:

    - In the first stage, ISD will be filed containing pre-issue / offer fields.

    - In the second stage, ISD will be filed containing post-issue / offer fields after allotment/offer is completed / as applicable for respective ISD.

- The Format of the ISD are mentioned under **Table I to Table X** of the said circular.

- The prescribe format provides a timeline for submission of the details and also casts responsibility on the entity responsible for the submission (herein referred to as “Submitting Entity”)

- The Submitting Entity may file the details, as applicable in the format mentioned above, to any stock exchange where the securities of the entity, in relation to which the ISD is being filed, are listed / proposed to be listed.

- The Stock Exchange which receives the ISD shall further transmit, as soon as possible, the information to other Stock Exchanges and Depositories for dissemination.

- The Stock Exchanges and Depositories are required to put in place necessary infrastructure to give effect to the provisions of this circular.

- The phases for the implementation of the ISD are: -

  - In the **first phase**, the roll-out shall be of ISD for public issues of specified securities, for offer documents filed on or after **March 01, 2023**.

  - In the **second phase**, ISD for further issues shall be implemented from **April 03, 2023**.

  - In the **third phase**, ISD for open offer, buy-back and voluntary delisting shall be implemented from **May 02, 2023**

- Lead Managers are required to disseminate all advertisements in connection with a public issue under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 in pdf format on the website of the stock exchange(s) from **March 01, 2023**.

- The recognised Stock Exchanges and the Depositories are directed to communicate to SEBI, the status of implementation of the said circular with 7 days of implementation and in their Monthly Developments Reports.

To read the Circular in detail, please click here.

2. SEBI vide Notification dated February 14, 2023 amended SEBI (Real Estate Investment Trusts) and SEBI (Infrastructure Investment Trust) Regulations.

- SEBI vide notification dated February 14, 2023 amended the Real Estate and Infrastructure Investment Regulations which will take effect immediately, however, Regulation 3(1) and 3(6) shall ***take effect from April 01, 2023***.

- The said Notification amended the following:

  - modified/or inserted multiple definition in **Regulation 2** which include Change in control and Independent director.

- **Regulation 10 (6) and 6(A)**: Trust shall appoint auditor who shall continue his tenure from the end of the General meeting to the conclusion of 6th General Meeting. The tenure shall be 5 years in case of an individual serving as an auditor and 10 years in case of a form serving as an auditor, 2 terms of 5 years each. Cooling period of 5 years post completion of the tenure shall be mandatory.

- **Regulation 18(16): unclaimed amount shall be transferred to the Investor Protection Fund as specified** by the Board of the Trust.

- **Regulation 26B**: Specifying the requirements of the Directors constituting the Board.

- **Regulation 26C**: Vigil Mechanism shall be formulated by the Manager, including whistle blower policy. The manager shall be independent of the trust. Audit Committee shall review the functioning of the Vigil Mechanism of the Trust.

- **Regulation 26E**: Quarterly report shall be submitted within 21 days from the end of each quarter by the Manager in the format specified by the Board. The same shall be signed by the Compliance officer of the Trust.

- **Regulation 26B (4)**: The notifications list down the matters to be placed before the Board of Directors of the Manager like annual operating plans and budgets, details of joint ventures, details of collaborations, material default in financial obligations, etc.

- **Regulation 26B (5)**: Compliance certificate to be furnished by the compliance officer which shall state

    - They have reviewed then financial statements and cash flow statements for the years, and they do not contain materially untrue statement or omit any material fact, also that they reflect true and fair view of the affairs.
    - No transaction is fraudulent, illegal or violative to the best of their knowledge.
    - They have informed the audit committee regarding the changes in the internal financial controls, accounting policies, instances of frauds, etc.

To read the Notification pertaining to SEBI (Real Estate Investment Trust), Regulation in detail, please click here.

To read the Notification pertaining to SEBI (Infrastructure Investment Trusts), Regulation in detail, please click here.

3. **SEBI vide Circular dated February 15, 2023 mandates certain information to be published by stockbrokers (SB) /depository participants (DP) on their respective websites.**

- In the view of bringing transparency and help investors to keep themselves well informed about the various activities of the SB/DP, SEBI mandates the following information, in addition to all such information, which have been mandated by SEBI/stock exchanges/depositories from time to time:

  - Basic details of the SB/DP such as **registration number, registered address of Head Office and branches**, if any.

  - Names and contact details such as email ids etc. of all **key managerial personnel (KMPs)** including compliance officer.

  - **Step-by-step procedures** for opening an account, filing a complaint on a designated email id, and finding out the status of the complaint, etc.

  - Details of Authorized Persons.

- The URL to the website of a SB/ DP shall be reported to the stock exchanges/ depositories within a week of this circular coming into effect. Any modification in the URL shall be reported to stock exchanges/depositories within 3 days of such changes.

- The provisions of this Circular shall come into effect from ***<u>August 16, 2023</u>***.

To read the Circular in detail, please click here.

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IFSCA

1. **IFSCA issued FAQs dated February 14, 2023 on Milestones & Illustrative Permissible Expenses for Reimbursement under IFSCA (FinTech Incentive) Scheme, 2022.**

- IFSCA notified the IFSCA (FinTech Incentive) Scheme, 2022 on February 04, 2022.

- The principal object of introducing the said scheme was to promote the establishment of a world class FinTech Hub by providing financial support to eligible applicants in the form of specific grant(s) as specified in the Scheme 3.

- Under the said scheme, eligible applicants can avail the applicable grant on reimbursement basis.

- The above FAQs is a guide for applicants with regards to milestones to be achieved by the applicant(s) and reimbursement of the sanctioned grant amount under the said scheme.

- The above-mentioned FAQs is divided into **two parts**.

  - **Part A** - contains the details about respective milestones, for each grant category, to be achieved by an applicant.
  - **Part B** - contains the details about illustrative list of permissible expenses for the purpose of re-imbursement under the Scheme.

To read the FAQs in detail, please click here.

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JUDGEMENTS & ORDERS

SEBI

1. **Adjudication Order in the matter of Credence Sound and Vision Limited for not obtaining SEBI Complaint Redressa System authentication.**

- SEBI vide its Circular No. CIR/OIAE/2/2011 dated June 03, 2011 commenced its web-based investor grievance redressal portal ("SCORE") to enhance investor protection. As a prerequisite to access SCORE portal, listed companies have to do SCORES authentication for obtaining user ID and login password from SEBI.

- In view of the above, SEBI observed that Credence Sound and Vision Limited (hereinafter referred as "Noticee") failed to obtain SCORES authentication and hence violated SEBI circulars issued in this regard.

- SEBI initialed adjudicating proceedings against Noticee and issued show cause notice for alleged violation and after receiving the reply from Noticee and considering all the facts and material available on records, Adjudicating Officer is of the view that Noticee obtained SCORES Authentication after more than 4 years from the date of issue of circular by SEBI and violated the Circulars. Hence, the penalty of Rs. 1,00,000 on was imposed on Noticee.

To read the Order in detail, please click here.

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+91 22 6669 5000

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.

Swift India Corporate Services LLP

Regd. Office: 91-92 B, Mittal Court, Nariman Point, Mumbai 400 021, India
LLPIN: AAH-4705, registered under the Limited Liability Partnership Act, 2008
Tel +91 22 6669 5000, Fax +91 22 6669 5001

www.swiftindiallp.com