Swift India
CORPORATE SERVICES LLP

Swift e-Bulletin
Edition 46th 22-23
Week – March 6th to March 10th

Quote for the week:

"Your brand is a story unfolding across all client touch points"

- Jonah Sachs.

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 Exchange Board of India ("**SEBI**").

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

- SEBI vide Circular dated March 08, 2023 issued operational guidelines amending Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018.

- SEBI vide Circular dated March 06, 2023 issued framework for adoption of cloud services by SEBI Regulated Entities.

We have prepared a comprehensive summary for quick reference of the aforesaid updates and Judgements / orders issued during the week of March 06th to March 10th 2023.

Thank you,
Swift team

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REGULATORY UPDATES

SEBI

1. **SEBI vide Circular dated March 08, 2023 Issued operational guidelines amending SEBI (Buy-back of Securities) Regulations, 2018.**

- SEBI vide this Circular bought in few operational amendments in SEBI (Buy-back of Securities) Regulations, 2018.

- The summary of these amendments is mentioned below:

  - Restrictions on placement of bids, price and volume of shares brought back through Stock exchange.

    - The company shall not purchase more than 25% of the average daily trading volume (in value) of its shares or other specified securities in the ten trading days preceding the day in which such purchases are made.
    - The company shall not place bids in the pre-open market, first thirty minutes and the last thirty minutes of the regular trading session.
    - The company's purchase order price should be within the range of ±1%from the last traded price.
    - The company as well as appointed broker shall ensure the compliance of the same.

  - Margin Requirement for deposits in Escrow Account

    - Escrow account to shall consist of cash and/or other than the cash.
    - Merchant Banker to buy-back offer is advised to ensure that the adequate amount after the applicable haircut (only for non-cash portion of the margin).

- This Circular shall come into force on or after 30th day of the date of notification of this amendment in the official gazette (i.e. March 09, 2023).

To read the Circular in detail, please click here.

2. **SEBI vide Circular dated March 06, 2023 issued framework for adoption of cloud services by SEBI regulated entities**

- In recent times, the dependence on cloud computing for delivering the IT services is increasing. While cloud computing offers multiple advantages the **Regulated Entities ("REs")** should also be aware of the new cyber security risks and challenges which cloud computing introduces.

- In the view of the above SEBI conducted a study and consultations were made with market participants, regulators, cloud associations, cloud services providers and government agencies and SEBI Advisory Committees has issued a framework for adoption of cloud services by SEBI Regulated Entities.

- This framework is applicable to the following RE's:
  - Stock Exchanges;
  - Clearing Corporations;
  - Depositories;
  - Stockbrokers through Exchanges;
  - Depository Participants through Depositories;
  - Asset Management Companies / Mutual Funds;
  - Qualified Registrars to an Issue and Share Transfer Agents;
  - KYC registration agencies.

- This framework is designed as a principle-based framework which covers governance, risk and compliance, selection of cloud service providers, data ownership and data localization, due- diligence by REs, security controls, legal and regulatory obligations, DR & BCP, and vendor lock-in risk.

- SEBI has implemented **9 principles** while setting standards to which RE's shall comply in this framework. The **Annexure - 1** to the Circular as released by SEBI contains the detailed framework.

To read the Circular in detail, please click here.

3. **SEBI issued guidelines dated March 08, 2023 for grant of reward to informant under recovery proceedings.**

- SEBI issued the guidelines to regulate and grant the payment of reward to an informant who shall provide credible information about the assets of the defaulter under recovery proceedings.

- The said guidelines deal with the following:

  - Some important definitions

- **Applicability and the scope of the guidelines**: The guidelines give a list of parameters based on which the dues were certified as "**Difficult to Recover**" and due to such information they provided by the informant the outstanding dues were recovered.

- **The person eligible for reward**: The cases where the informant will be eligible for reward. The claim shall be confined to cases where recovery of dues could be made in pursuance of the information so provided by the Informant.

- **Submission of form**: The information to be submitted in **Form A** and the declaration in **Form B**. The guidelines are briefed in the guidelines.

- **Examination of information**: The process of examination of the information submitted by the informant by the Nodal Officer is briefed in the guidelines.

- **Reward**: The bifurcation of the reward into interim and final along with the maximum amount detail description about the quantum of the award. The guidelines about the various aspects of rewards like the appropriate authority to grant reward, the circumstances for granting reward, prohibition of reward in certain cases, Constitution and Functions of Informant Reward Committee, etc.

- The said guidelines will be applicable from ***immediate effect***.

To read the Guidelines in detail, please click here.

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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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