Swift India
CORPORATE SERVICES LLP

Swift e-Bulletin
Edition 48th 22-23
Week – March 20th to March 24th

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

“If we gather all our embarrassment together, it’ll become confidence.”
- Seokjin Kim.

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**”) and International Financial Services Centres Authority (“**IFSCA**”).

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

- **SEBI vide Circular dated March 23, 2023 issued KYC compliance mandate for E-Wallet payments for Mutual Fund Investments.**

- **SEBI issued Master Circular on surveillance of Securities Market dated March 23, 2023.**

We have prepared a comprehensive summary for quick reference of the aforesaid updates issued during the week of March 20th to March 24th, 2023.

Thank you,
Swift team

Table of Contents

REGULATORY UPDATES

SEBI

1. **SEBI vide Circular dated March 23, 2023 issued KYC Compliance mandate for E-Wallet payments for Mutual Fund Investments.**

- SEBI vide Circular Ref. no- SEBI/ HO/ IMD/ DF2/ CIR/ P/ 2017/ 39 dated May 8, 2017 granted permission for making Mutual Fund Investments through E-Wallets.

- The Mutual Fund Investment through the abovementioned mode as well as Cash mode shall be cumulatively made within the umbrella limit of **INR 50,000/-**.

- Vide Circular dated March 23, 2023 SEBI made it mandatory for all the **E-Wallets** to be **compliant** with the **KYC Norms** stipulated by the Reserve Bank of India.

- The said Circular shall be applicable from May 01, 2023, while the other provisions of the earlier Circular being unchanged.

To read the Circular in detail, please click here.

2. **SEBI issued Master Circular on Surveillance of Securities Market dated March 23, 2023.**

- SEBI has been issuing the multiple Circulars from time to time relating to effective surveillance of the securities market, these have been compiled together in the Master Circular.

- The Master Circular has all the Circulars categorized subject-wise under relevant heading of trading rules and shareholding in dematerialized mode, unauthenticated news monitoring and disclosure reporting.

- Following are topics covered vide the Master Circular:

  - **Trading Rules and shareholding in Demat form.**

  - **Monitoring of unauthenticated news circulated by SEBI Registered Market Intermediaries through various modes of communication.**

  - **Disclosure reporting under the SEBI (Prohibition of Insider Trading) Regulations, 2015.**

- This Master Circular contains the annexures pertaining to the following:

- **Annexure 1:** Form A, B and C – disclosures maintained by a company w.r.t. Prohibition of Insider trading [PIT] either in electronic/physical form.

- **Annexure 2:** Format for reporting violations relating to Code of Conduct relating to PIT.

- **Annexure 3:** Process to be undertaken for System Driven Disclosures

- **Annexure 4:** Implementation process

- **Annexure 5:** Process Flow of the implementation process

- **Annexure 6:** Format for quarterly report to be sent by the depositories.

- **Annexure 7:** List of all the Circulars that have been rescinded.

To read the Master Circular in detail, please click here.

3. SEBI issued Master Circular on Portfolio Managers, collating all the Circulars issued till November 20, 2022.

- SEBI vide Master Circular dated March 20, 2023 issued a Master Circular on Portfolio Managers ("**PMs**") where on SEBI has collated all the applicable Circulars till November 20, 2022.

- Vide this Master Circular SEBI has **rescinded 32 Circulars** relating to PMs.

- Further vide this Master Circular SEBI made applicable certain provisions, extract of such provisions is mentioned below:

  - **Written down policies by Portfolio Manager** (applicable w.e.f. **April 01, 2023**):

    - This provision requires PM to have a written policy that shall comply with PM Regulations and Circulars issued thereunder along with various specific activities, roles & responsibilities of various teams involved in fund management dealing, compliance, risk management, back-office, etc., with regard to management of client funds and securities including the order placement, execution of order, trade allocation amongst clients and other related matters.

  - **Fair and equitable treatment of all clients** (applicable w.e.f**. April 01, 2023**):

    - This provision mandates the PM to treat all the client in a fair and equitable manner, in this regard SEBI has imposed certain requirements that are to be complied by PMs.

- **Offsite Inspection data reporting to SEBI** (applicable w.e.f. **quarter ending September 2023**)

    - Portfolio Managers shall submit data as per the specified formats for all its clients on quarterly basis within 10 days from end of the quarter. Day-wise data shall be furnished for table headings: "**Client Folio AUM**", "PM Pool Demat Account Holding" and "Client Holding Master".

    - In their first-time reporting, Portfolio Managers shall submit data for all their clients from **April 01, 2020** to **September 30, 2023.**

To read the Master Circular in detail, please click here.

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IFSCA

1. **IFSCA vide Circular dated March 22, 2023, issued amendments to the Circular titled "Framework for Ship Leasing".**

- IFSCA vide Circular dated August 16, 2022, on framework for Ship Leasing had laid down "**Permissible Activities Under Operating Lease**".

- IFSCA has been receiving requests from stakeholders to enable voyage charter and other commercial transactions for employment of ships, as permissible activities under operating lease.

- The request was escalated to the Directorate General of Shipping, India which clarified that these activities are a part of internal part of the ecosystem and stated that it may be included as part of the shipping ecosystem in the IFSCA.

- IFSCA has decided to extend the undertaking of "**Asset Management Support Services**" to "**Group Entities**" of lessor in IFSCA instead of limiting it only to the wholly owned subsidiary of the lessor and its branch set up in IFSCs in India.

- According to the amendments bought by IFSCA, A lessor in IFSCs shall be permitted to undertake all or any of the following activities: -

  – Operating lease;

  – Voyage Charters, Contract of Affreightments, employment in shipping pools and all other legal commercial transactions for employment of ships;

  – Asset Management Support Services for assets owned or leased out by the lessor or by any of its Group Entities set up in IFSCs in India;

  – Sale and lease back, purchase, novation, transfer, assignment, and such other similar transactions in relation to ship lease;

  – any other related activity with the prior approval of the IFSCA.

- The Circular shall be applicable to all finance company and finance unit registered in IFSCs

To read the Circular 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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