Swift e-Bulletin

Edition 49th 22-23

Week – April 3rd to April 7th

Quote for the week:

"Focus on where you want to go, not on what you fear."

- *Anthony Robbins*

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**")/ Ministry of Corporate Affairs ("**MCA**") and International Financial Services Centres Authority ("**IFSCA**").

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

- MCA vide Notification amended the Companies (Indian Accounting Standards) Rules, 2015.

- SEBI issued Operational Circular for Debenture Trustees.

- IFSCA vide Circular dated April 06, 2023 passed an Addendum to the Circular titled "Framework for enabling Ancillary services at International Financial Services Centres".

We have prepared a comprehensive summary for quick reference of the aforesaid and other updates issued during the week of April 3rd to April 7th.

Thank you,
Swift team

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REGULATORY UPDATES

MCA

1. **MCA vide Notification amended the Companies (Indian Accounting Standards) Rules, 2015.**

- Pursuant to amendment the said rules will be called as the Companies (Indian Accounting Standards) Amendment Rules, 2023 and the said rules are effective from ***1st April 2023***.

- The central Government in consultation with the National Financial Reporting Authority has made various amendments to the Companies (Indian Accounting Standards) Rules, 2015 for companies to make more transparent and material disclosures in their Financial Statements.

- In view of the above, the Ministry has inserted various new clauses/paragraphs and omitted some clauses in the Annexures to the Rules.

To read the Notification in detail, please click here.

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SEBI

1. SEBI issued Operational Circular for Debenture Trustees

- Debenture Trustees are regulated under the provisions of Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993 ('DT Regulations').

- DT Regulations laid down broad framework for Debenture Trustees over the years with procedural/ disclosure requirements and obligations have been specified by SEBI through Circulars.

- In view to remove inconsistencies and repetitions through consequent changes, a single operational circular has been prepared by consolidating all applicable circulars, wherein the stipulations have been detailed chapter wise in this Operational Circular.

- Debenture Trustees are directed to comply with the conditions laid down in this operational circular and it is reiterated that Debenture Trustees shall have necessary systems and infrastructure in place for implementation of this Circular.

- The Board of Directors of the Debenture Trustee shall be responsible for ensuring compliance with these provisions.

- The provisions of the Operational Circular shall come into force with effect from ***April 01, 2023.***

- This Operational Circular is issued in exercise of powers conferred under:

  - Section 11(1) of Securities and Exchange Board of India Act, 1992;
  - Regulation 2A of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993;
  - Regulation 55 of the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; ('SEBI NCS Regulations');
  - Regulation 29 of Securities and Exchange Board of India (Issue and Listing of Municipal Debt Securities) Regulations 2015;
  - Regulation 101 (1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 ('SEBI LODR Regulations') to protect the interest of investors in securities and to promote the development of, and to regulate, the securities market.

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

2. SEBI vide Circular dated April 05, 2023 issued Advertisement code for Investment Advisers (IA) and Research Analysts (RA).

- SEBI with an aim to strengthen the conduct of Investment Advisors (IAs) and Research Analysts (RAs) has issued advertisement codes to be complied by IAs and RAs while issuing advertisements.

- These advertisement code contains the following provisions to be complied by IAs and RAs:
  - Forms of communication to be included in the advertisements;
  - Information/disclosures as applicable under various regulations should be disclosed in the advertisement;
  - Prohibition of false/misleading or any such kind of information in the advertisement;
  - Other compliances/requirements such as obtaining prior approvals from regulatory authorities.
- This said Circular shall be applicable with effect from ***May 01, 2023***.

To read the Circular in detail, please click here.

3. **SEBI vide Circular dated April 06, 2023 gave guidelines for usage of brand name/trade name by Investment Advisers (IA) and Research Analysts (RA).**

- SEBI observed that brand name/trade name/logo used by investment advisers and research analysts in their advertisements, websites and other correspondence with clients to market their services is different from their name as registered with SEBI. This may mislead and create confusion in the minds of the investors. In order to ensure the transparency in such a usage of brand name/trade name/logo, SEBI directed that investment advisers and research analysts shall ensure that:

- The following directions were given vide this Circular,

  – IA/RA should mention name registered with SEBI, logo, registration number etc. on website, notice boards, advertisements and other prescribed places by SEBI.

  – In addition to above mentioned details IA/RA should also mention the name of the compliance officer, the name of the grievance officer, grievance redressal cell etc. in their statements or reports or any other form of correspondence with the clients.

  – The IA/RA should include a disclaimer that “Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors” on their website, notice boards etc.

  – This said Circular shall be applicable with effect from ***May 01, 2023***.

To read the Circular in detail, please click here.

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IFSCA

1. **IFSCA vide Circular issued Sensitising Authorised Dealer (AD) branches of Indian banks about facilities in IFSC.**

- Onshore branch of the AD Bank was refusing to route a foreign exchange transaction through the IBU due to the lack of clarity by the branch on whether IBUs fall within the definition of "a foreign branch of Indian bank" as per the relevant RBI circular. Hence the observation and issuance of this Circular for Sensitising AD branches of Indian banks about facilities in IFSC.

- Lack of knowledge about IFSC and the status of IBUs at the AD branch level is likely to frustrate our efforts to make IFSC the hub for India related foreign exchange transactions.

- The Heads of the Banking Units of Indian banks are hereby directed to undertake structured sensitisation programmes for staff of the AD branches of your bank to make them aware of the legal and regulatory status of IBUs and transactions that may be routed through IBUs instead of foreign branches of Indian banks. Separate communication by the Authority to the top management of the Banks is also being sent to support this process.

- A quarterly report, starting from the Quarter ended June 30, 2023, should be submitted to the Authority, within 10 days of the end of the quarter, indicating the number of sensitisation programmes conducted during the quarter.

- IBU Heads are directed to give top priority to the contents of the circular. Support, if needed, may be sought from IFSCA, in the form of participation of IFSCA officials as speakers in such programmes

  To read the Circular in detail, please click here.

2. **IFSCA vide Circular dated April 06, 2023 passed an Addendum to the Circular titled "Framework for enabling Ancillary services at International Financial Services Centres".**

- IFSCA while giving reference to the Circulars dated February 10, 2021 & June 10, 2021, Voice brokers as defined in banking handbook "an entity that brings together buyers and sellers of a financial assets for the purpose of executing a transaction in such financial Assets", IFSCA has decided to include it under "IFSCA Ancillary Framework Services":

- Ship brokers that are special intermediaries for contracts related to ship leasing business, IFSCA has decided to include Ship Broking services to facilitate lessor/lessees to undertake activities under Ship Leasing framework.

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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