Swift India
CORPORATE SERVICES LLP

Swift e-Bulletin

Week – March 04th to March 09th

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

"If you cannot do great things, do small things in a great way."

–Napoleon Hill *(American author and con artist)*

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 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**"), Reserve Bank of India ("**RBI**"), International Financial Services Authority ("**IFSCA**") and SEBI Judgement.

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

- **SEBI issued Circular dated March 05, 2024 on List of goods notified under Securities Contracts (Regulation) Act, 1956 ("SCRA").**

- **IFSCA vide Press Release dated March 05, 2024 issued Financial Action Task Force (FATF) high risk and other monitored jurisdictions – February 23, 2024.**

We have prepared a comprehensive summary for quick reference of the aforesaid updates and Judgements/ orders issued during the week of March 04th to March 09th.

Thank you, Swift team.

SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI)

1. SEBI issued Circular dated March 05, 2024 on List of goods notified under Securities Contracts (Regulation) Act, 1956 (“SCRA”)

- The Ministry of Finance vide Notification dated March 01, 2024 has notified list of goods under Section 2 (bc) of SCRA, 1956 and has superseded the earlier Notification dated September 27, 2016 issued on the same subject.

- The new list of goods includes additional thirteen (13) goods and alloys for five (5) metals, thereby increasing the list of goods on which derivatives can be launched from ninety-one (91) to one hundred and four (104).

- The list inter alia includes goods such as apple, cashew, garlic, cement and metals such as Manganese, Aluminium and Aluminium Alloys, Copper and Copper Alloys, Lead and Lead Alloys, Nickel and Nickel Alloys and Zinc and Zinc Alloys.

- The Ministry of Finance has also issued a Notification declaring a contract for the purchase or sale of a right to buy or sell, or a right to buy and sell in future, such underlying goods. This Notification supersedes the earlier Notification dated October 18, 2019 issued on same subject.

- Accordingly, the Master Circular for Commodity Derivates Segment dated August 04, 2023 is being replaced with notification dated March 01, 2024, as follows: -

  “Pursuant to the repeal of the Forward Contracts (Regulation) Act, 1952 (“FCRA”) and amendment to the Securities Contracts (Regulation) Act, 1956 (“SCRA”), the Central Government, in exercise of the powers conferred by clause (bc) of section 2 of the SCRA and in consultation with the SEBI, have vide Notification No. S.O.1002(E) dated March 01, 2024 notified the goods specified therein, for the purpose of clause (bc) of section 2 of the SCRA with effect from the date of the said notification”

- The said Circular shall be effective from the date of issuance of Circular.

- The said Circular shall be applicable to all recognised stock exchanges and clearing corporations having commodity derivatives segment.

To read the Circular in detail, please click here.

RESERVE BANK OF INDIA (RBI)

1. **RBI vide the Notification dated March 07, 2024 notified amendment to the Master Direction - Credit Card and Debit Card – Issuance and Conduct Directions, 2022.**

    - RBI through Notification has satisfied that it is necessary and expedient in the public interest to do so and amends certain provisions issued on credit card and Debit card – Issuance and conduct Directions, 2022.

    - The amendment provision contained in this circular shall come into effect from March 07, 2024.

    - Applicability to instructions relating to credit cards shall apply to all credit card issuing Banks and Non-Banking Financial Companies ('**NBFCs**') and Instructions relating to debit cards shall apply to every bank operating in India.

    - The RBI has amended various existing credit card provision which card issuer to take note of for the benefit of credit card holder.

To read the Notification in detail, please click here.

INTERNATIONAL FINANCIAL SERVICES CENTRES AUTHORITY (IFSCA)

1. **IFSCA vide Press Release dated March 05, 2024 issued Financial Action Task Force (FATF) high risk and other monitored jurisdictions – February 23, 2024**

    - The Financial Action Task Force ('**FATF**'), vide public statement 'High-Risk Jurisdictions subject to a Call for Action' dated February 23, 2024, has called on its members and other jurisdictions to refer to the statement on these jurisdictions adopted in February 2020 and October 2022.

    - FATF had earlier identified the certain jurisdictions as having strategic deficiencies which have developed an action plan with the FATF to deal with them.

    - The "Jurisdictions under Increased Monitoring" are Bulgaria, Burkina Faso, Cameroon, Democratic Republic of the Congo, Croatia, Haiti, Jamaica, Kenya, Mali, Mozambique, Namibia, Nigeria, Philippines, Senegal, South Africa, South Sudan, Syria, Tanzania, Turkiye, Vietnam, Yemen.

    - Barbados, Gibraltar, Uganda, the United Arab Emirates have been removed from the list of Jurisdictions under Increased Monitoring based on the decision made at the February 23, 2024.

    - Such advice does not preclude the regulated entities licensed/ recognized/ registered or authorized by IFSCA from legitimate trade and business transactions with the countries and jurisdictions mentioned.

    - The FATF plenary releases documents titled "High-Risk jurisdictions subject to a Call for Action" and "Jurisdictions under Increased Monitoring" with respect to jurisdictions that have strategic AML/CFT deficiencies as part of the ongoing efforts to identify and work with jurisdictions with strategic Anti-Money Laundering (AML)/Combating of Financing of Terrorism (CFT) deficiencies.

To read the Press Release in detail, please click [here.]

2. IFSCA vide Notification dated February 28, 2024 issued Section 31 notification pertaining to modifications under SEZ Act and rules

- IFSCA vide Notification dated February 28, 2024 which released on March 04, 2023 various modification and insertion made under Sub-section (6) of section 12, Clause (f) of sub-section (2) of section 13, Sub-sections (1), (2) and (9) of section 15 and rules Sub-rule (1) of rule 17.

- New Form FA has been inserted as consolidated application form for
  - Setting up of units in Special Economic Zone;
  - Allotment of Importer Exporter Code Number;
  - Allotment of land/industrial sheds/Office Space in the Special Economic Zone;
  - Registration-cum-Membership Certificate;
  - GST/Sales Tax registration;
  - Any other approval as may be required from the State Government.

To read the Notification in detail, please click [here.]

SEBI JUDGEMENTS

1. Adjudication order in the matter of Power and Instrumentation (Gujarat) Limited

SEBI has initiated Adjudication Proceedings in respect of Power and Instrumentation (Gujarat) Limited (hereinafter referred to as "**Noticee**"), for the alleged violation of Regulation 167(6) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (Hereinafter referred as "**SEBI ICDR Regulations, 2018**").

SEBI was prima facie of the view that the Noticee has violated the provisions of above-mentioned regulations and accordingly, appointed an Adjudicating Officer ("**AO**") to inquire into and adjudicate for the aforesaid alleged violation by the Noticee. During the proceedings, it was observed that the Noticee has violated the Regulation 167(6) of Sebi ICDR Regulations, 2018 wherein it was required to lock the pre-preferential allotment shareholding of allottees, if any, from the relevant date upto a period of six months from the date of trading approval. However, in the instant case, the pre preferential allotment shareholding of two allottees were not locked as they executed trades in the shares of the company during the said period.

In view of the facts and circumstances of the case and the judgements referred, the AO observed that the material available on record does not quantify any disproportionate gains or unfair advantage, if any, made by Noticee. However, he cannot ignore that provisions of Regulation 167(6) of SEBI ICDR Regulations, 2018, as in the instant matter were obligatory which the Noticee failed to comply, as dealt with and established in the foregoing and that SEBI is duty -bound to inter alia enforce compliance of these Regulations.

After considering the facts and the observations of the case, the AO imposed penalty of INR 1,00,000/- (Indian Rupees One Lakh only) on the Noticee for violation of various provisions of said regulations.

To read the Order in detail, please click here.

DISCLAIMER:

The contents of this newsletter should not be construed as a legal opinion. View detailed disclaimer.

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+91 22 6669 5000

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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 affiliate entity of Nishith Desai Associates (“NDA”), a preeminent India centric law firm. We are a premier and boutique firm specialized in meeting with the global standard corporate governance aspirations of our clients operating in India.

Our team comprises of professionals with a prolific corporate, legal and secretarial compliance background. We aim to provide pragmatic and business-oriented solutions in governance and compliance matters, through a unique holistic approach that blends our expertise and decades of experience in compliance and regulatory areas.

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

Website:
https://swiftindiallp.com/

Contact:
swift@nishithdesai.com

Core Team:
Ms. Hetal Pandya - hetal.pandya@nishithdesai.com
Mr. Maulin Salvi – maulin.salvi@nishithdesai.com
Mr. Santosh Gangavati – santosh.gangavati@nishithdesai.com
Mr. Chandrashekar K – chandrashekar.k@nishithdesai.com

Principal Advisor:
Mr. Janak C. Pandya – janak.pandya@nishithdesai.com