

LOVI MEHROTRA & ASSOCIATES

CHARTERED ACCOUNTANTS

MONTHLY UPDATE JANUARY 2018

(Circulars/ Notifications released during the month of January 2018)

[RBI](#)

[SEBI](#)

[MCA](#)

31st January, 2018

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I. RBI

S.NO.	CIRCULAR/ NOTIFICATION NO.	PARTICULARS	SHORT SUMMARY
1	RBI/2017- 18/120 Dated: 11 th January, 2018	Interest rates for Small Savings Schemes	Reserve Bank of India has notified interest rates on small saving schemes for Q-4 for FY 2017-18. Interest rates have been lowered as compared to Q 3 of FY 17-18. Notification

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II. SEBI

S.NO.	CIRCULAR/ NOTIFICATION NO.	PARTICULARS	SHORT SUMMARY
1	CFD/DIL3/CIR/2018/2 Dated: 03 rd January, 2018	Schemes of Arrangement by Listed Entities and (ii) Relaxation under Sub-rule (7) of Rule 19 of the Securities Contracts (Regulation) Rules, 1957	Based on representations from stakeholders suggesting improvements to the existing regulatory framework governing scheme of arrangement by Listed entities, SEBI has decided to make certain amendments to <i>Circular No. CFD/DIL3/CIR/2017/21</i> dated March 10, 2017. The amendments are highlighted in the Annexure to the Circular dated 03-01-2018. Circular
2	SEBI/HO/DDHS/CIR/P/2018/05 Dated: 05 th January, 2018	Electronic book mechanism for issuance of securities on private placement basis	Based on feedback received from stakeholders, SEBI has decided to make suitable revisions to the existing framework for Electronic Book Mechanism mandated earlier vide Circular No. <i>CIR/IMD/DF1/48/2016</i> dated April 21, 2016. The new circular which shall come into force from 01 st April, 2018 is aimed at streamlining the process of issuance of debt securities on private placement basis allowing private placement of other classes of securities which are in the nature of debt securities and enhancing transparency in the issuance resulting in better discovery of price. Revised guidelines are specified in Schedule A of the circular dated 05-01-2018. Circular
3	CIR/HO/MIRSD/MIRSD2/CIR/P/2018/09 Dated: 11 th January, 2018	Prevention of unauthorized trading by stock brokers	SEBI vide circular No. <i>CIR/HO/MIRSD/MIRSD2/CIR/P/2017/108</i> dated September 26, 2017 had prescribed guidelines for prevention of unauthorised trading by stock brokers. Subsequently clarifications in respect of the said circular were issued on 30-11-2017 Based on recommendations received from BSE Brokers Forum and Association of National Exchanges Members of India indicating difficulties faced by Stock Brokers in the implementation of the said circular SEBI has decided to make the circular effective from 01st April, 2018. Further directions have been given to Stock exchanges to make necessary amendments in the Byelaws for

			implementation of the circular. Circular
4	SEBI/HO/DDHS/ CIR/P/2018/10 Dated: 18.01.2018	Participation by Strategic Investor(s) in InvITs and REITs	<p>Strategic investors are allowed to participate in InvITs in terms of Infrastructure Investment Trusts Regulations, 2014 . They are further allowed to invest in REITs in terms of SEBI (Real Estate Investment Trusts) Regulations, 2014 as amended vide notification dated 15-12-2017</p> <p>SEBI has now notified operational modalities for participation by the strategic investors in InvITs and REITs.</p> <p>The units subscribed by strategic investors, pursuant to the unit subscription agreement, will be locked-in for a period of 180 days from the date of listing in the public issue.</p> <p>Circular</p>
4	SEBI/HO/CFD/DI L1/CIR/P/2018/ 011 Dated: 18 th January, 2018	Online Filing System for Offer Documents, Schemes of Arrangement, Takeovers and Buy backs	<p>SEBI has introduced an online system for filings by SEBI registered merchant bankers and recognized stock exchanges related to public issues, rights issues, institutional placement programme, schemes of arrangement, takeovers and buy backs in terms of the following regulations:</p> <ul style="list-style-type: none"> • SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, • SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, • SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and • SEBI (Buy Back of Securities) Regulations, 1998 <p>The simultaneous filing of documents i.e. physical and online shall start from February 1, 2018 and continue till March 31, 2018. Effective April 1, 2018 physical filing of the aforesaid documents shall be discontinued and only online filing will be accepted.</p> <p>Circular</p>
5	SEBI/HO/CDMR D/DMP/CIR/P/2 018/12 Dated: 22 nd	Role of the Independent Oversight Committee for Product Design	Vide circular <i>CIR/CDMRD/DEA/03/2015</i> dated November 26, 2015 SEBI had advised National commodity derivatives exchanges to constitute an oversight committee for 'Product design', chaired by a Public Interest Director, within three

	January, 2018		<p>months.</p> <p>Upon observing that the commodity derivatives exchanges have been adopting varied approach in complying with the above requirement and in order to bring uniformity with respect to the role of the oversight committee on product design SEBI has defined the functions of the oversight committee for 'Product Design'</p> <p>Circular</p>
6.	<p>SEBI/HO/MRD/D SA/CIR/P/2018/ 13</p> <p>Dated: 29th January, 2018</p>	Online Registration Mechanism and Filing System for Depositories	<p>SEBI has introduced Digital Platform for online filing related to Depositories. All applicants desirous to seek registration/renewal as Depositories as per Regulation 3 of the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 shall submit the application online through SEBI portal (www.siportal.sebi.gov.in).</p> <p>Applicants shall file scanned copies of relevant documents prescribed under above said Regulation and hard copies shall be kept in record to be furnished to SEBI whenever required.</p> <p>All other filings related to Annual Financial Statements and Returns etc are also to be submitted online.</p> <p><i>This said circular is effective from immediate effect.</i></p> <p>Circular</p>
7.	<p>SEBI/HO/MRD/D SA/CIR/P/2018/ 14</p> <p>Dated: - 29th January, 2018</p>	Online Registration Mechanism and Filing System for Stock Exchanges	<p>SEBI has introduced Digital Platform for online filing related to Stock Exchange. All applicants desirous to seek registration/renewal as Stock Exchange as per Regulation 4 and 12 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 shall submit the application online through SEBI portal (www.siportal.sebi.gov.in).</p> <p>Applicants shall file scanned copies of relevant documents prescribed under above said Regulation and hard copies shall be kept in record to furnish the same to SEBI whenever required.</p> <p>All other filings related to Annual Financial Statements and Returns etc are also to be submitted online.</p> <p><i>This said circular is effective from immediate effect.</i></p> <p>Circular</p>

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III. MCA

S.NO.	CIRCULAR/ NOTIFICATION NO.	PARTICULARS	SHORT SUMMARY
1	G.S.R.(E) Dated 20 th January, 2018	Companies (Incorporation) Amendment Rules, 2018.	<p>MCA has made the following amendments in the Companies (Incorporation) Rules, 2014.</p> <p><u>Rule 9 : Reservation of name :</u></p> <p>Form INC-1 for reservation of name has been discontinued. A new web service named RUN (Reserve Unique Name) has been launched w.e.f. 26th January, 2018 for reservation of name of the proposed company or for change in name of existing company.</p> <p><u>Rule 12 Application for incorporation of companies</u></p> <p>Application to be filed in Form No. INC-32 (SPICe). In case pursuing of any of the objects of a company requires registration or approval from sectoral regulators such as RBI/SEBI, registration or approval, as the case may be, from such regulator shall be obtained by the proposed company before pursuing such objects and a declaration in this behalf shall be submitted at the stage of incorporation of the company.</p> <p>In Rule 38(1) following shall be inserted</p> <ol style="list-style-type: none"> i. In case of incorporation of company with more than 7 subscribers or where subscriber to MOA/AOA is signing at a place outside India than company shall file MOA/AOA in the format as specified in Schedule I without filing form INC-33 & INC-34 ii. Fees on INC-32 is not applicable for the following companies <ol style="list-style-type: none"> (a) Company which is incorporated after 26.01.2018 with nominal value of less than or equal to 10 Lacs <li style="text-align: center;">or (b) in respect of the companies not having share capital whose members as stated in AOA does not exceed 20, <p>Further, various forms relating to incorporation of company will be revised w.e.f 26th January, 2018. (INC-1, INC-3, INC-12, INC-22, INC-24, INC-32(SPICe)).</p>

			Circular
2	G.S.R.(E) Dated 20 th January, 2018	Companies (Registration office and fees) Amendment Rules 2018	<p>MCA has made amendments to Companies (Registration office and fees) Rules 2014.</p> <p>No resubmission of application is allowed in case of reservation of name on web service RUN.</p> <p>Table of Fees prescribed for prescribed for small companies and one person companies. Such fee shall be applicable provided the said company shall remain as said class of company for, one year from incorporation (change effective January 26, 2018).</p> <p>Circular</p>
3	S.O.(E) Dated 23 rd January, 2018	Companies Amendment Bill 2017	<p>The Ministry of Corporate Affairs has notified that Section 1 & Section 4 of Companies Amendment Bill, 2017 will be effective from 26th January, 2018.</p> <p>This amendment has reduced the time period for Reservation of Name for Proposed Company from <u>60 days to 20 days</u> whereas there is no modification for the period in respect of change of name of company.</p> <p>Circular</p>
4	G.S.R.(E) Dated 26 th January, 2018	Appointment and Qualification of Director Amendment rules 2018	<p>MCA has amended Rule 9 of Companies (Appointment and Qualification of Directors) Rules, 2014 in respect of allotment of <i>Director Identification Number to Directors before appointment in an existing company.</i></p> <p>The salient changes brought about vide this amendment are as follows :-</p> <ul style="list-style-type: none"> • The person who intends to become director of an existing company shall file Form DIR-3. • At the time of Incorporation of Company if a person does not hold DIN, then the same can be allotted by mentioning their particulars in Form INC-32 (for maximum three directors). • Board resolution for appointment to be attached in Form DIR-3 by the applicant. • Form DIR-3 shall be filed by the applicant and shall be verified by Company Secretary in Practice or by MD/Director/CEO/CFO of the company in which applicant is to be appointed. Verification of documents by Practicing Chartered Accountant/Cost Accountant has been withdrawn in this modification.

			Circular
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Disclaimer:

This is not a complete listing of all circulars/notifications issued during the month.

Instead it is only a listing of some of the circulars/notifications that we considered important.