

# **LOVI MEHROTRA & ASSOCIATES**

CHARTERED ACCOUNTANTS

## **MONTHLY UPDATE MARCH 2018**

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

[RBI](#)

[SEBI](#)

[MCA](#)

**31<sup>st</sup> March, 2018**

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# I. RBI

S.NO.	CIRCULAR/ NOTIFICATION NO.	PARTICULARS	SHORT SUMMARY
1.	RBI/2017- 18/138  Dated: 12 <sup>th</sup> March, 2018	Hedging of Commodity Price Risk and Freight Risk in Overseas Markets (Reserve Bank) Directions	<p>RBI has notified Hedging of Commodity Price Risk and Freight Risk in Overseas Markets (Reserve Bank) Directions, 2018.</p> <p>These Master Directions provide guidelines for hedging of commodity price risk by Residents in overseas markets. The issues dealt with in the Master Directions are as under</p> <ul style="list-style-type: none"> <li>-Eligible commodities</li> <li>-Permitted products</li> <li>-hedging of commodity price risk</li> <li>-hedging of freight risk</li> <li>-other operational guidelines</li> </ul> <p><a href="#">Notification</a></p>
2.	RBI/2017- 18/139  Dated: 13 <sup>th</sup> March, 2018	Discontinuance of Letters of Undertaking (LoUs) and Letters of Comfort (LoCs) for Trade Credits	<p>RBI has decided to discontinue the practice of issuance of LoUs/ LoCs for Trade Credits for imports into India by AD Category –I banks with immediate effect.</p> <p>Letters of Credit and Bank Guarantees for Trade Credits for imports into India may continue to be issued subject to compliance with the extant provisions</p> <p><a href="#">Notification</a></p>

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## II. SEBI

S.NO.	CIRCULAR/ NOTIFICATION NO.	PARTICULARS	SHORT SUMMARY
1.	CIR/CDMRD/DC E/CIR/P/2018/4 9 Dated: 14 <sup>th</sup> March, 2018	Clarification to Circular pertaining to Investor Protection Fund (IPF) and Investor Service Fund (ISF)	<p>SEBI vide circular dated June 13, 2017, had issued comprehensive guidelines for Investor Protection Fund, Investor Service Fund and its related matters at National Commodity Derivatives Exchanges</p> <p>SEBI has now issued clarifications as below, in this respect</p> <ul style="list-style-type: none"> <li>• Unutilized IPF interest income accruing during a specific Financial Year can be carried forward to the next Financial Year.</li> <li>• IPF interest income can be utilised (with a cap of 10% of total amount) for undertaking research activities related to commodities market, subject to approval of trustees of IPF trust.</li> <li>• IPF of the exchange can be utilised for meeting the liabilities of the exchange towards the clients of members not registered with SEBI if the same is allowed under the byelaws of the exchange.</li> <li>• Interest on IPF can be utilized for activities of ISF also for a period of three years commencing April 1, 2018.</li> </ul> <p><a href="#">Circular</a></p>
2.	CIR/CDMRD/DC E/CIR/P/2018/4 8 Dated: 14 <sup>th</sup> March, 2018	Clarification to Circular pertaining to Investor Grievance Redressal System and Arbitration Mechanism	<p>SEBI vide circular dated July 11, 2017, had issued guidelines covering Investor Grievance Redressal System and Arbitration Mechanism for National Commodity Derivatives Exchanges</p> <p>SEBI has now issued clarification in respect of the aforesaid circular</p> <ul style="list-style-type: none"> <li>• NCDEs shall provide training of at least one day to every arbitrator each year</li> <li>• In order to discourage delayed filing by members, additional fees paid by the members who file their claim beyond the prescribed timelines shall be non-refundable even if award goes in their favour</li> </ul> <p><a href="#">Circular</a></p>

3.	<p>SEBI/HO/MRD/D P/CIR/P/2018/50</p> <p>Dated: 15<sup>th</sup> March, 2018</p>	<p>Revision of limits relating to requirement of underlying exposure for currency derivatives contracts</p>	<p>SEBI vide circular dated June 20, 2014, had specified limits for the USD-INR, EUR-INR, GBP-INR and JPY-INR currency derivatives contracts beyond which market participants were required to establish proof of underlying exposure. These limits were reviewed vide Circular dated April 8, 2015.</p> <p>RBI vide circular dated February 26, 2018 has revised the limits beyond which market participants would be required to establish underlying exposure in the currency derivatives segment.</p> <p>SEBI has accordingly decided to modify its circular of April 2015 with guidelines to deal with short/long positions taken by Domestic clients/FPIs.</p> <p><a href="#">Circular</a></p>
4.	<p>SEBI/HO/MIRSD /DOP1/CIR/P/2018/54</p> <p>Dated: 22<sup>nd</sup> March, 2018</p>	<p>Master Circular on Prevention of Unauthorised Trading by Stock Brokers.</p>	<p>In order to strengthen the regulatory provision against unauthorized trades, SEBI has decided that brokers shall execute trades of clients only after keeping evidence of the clients placing orders (illustrative list of evidences is included in the Circular).</p> <p>Where a dispute arises, the broker shall produce the evidence/records for the disputed trades, or in exceptional circumstances, shall justify reasons for failing to keep such evidence/records.</p> <p>Brokers are required to maintain the records for a minimum period for which the arbitration accepts investors' complaints as notified from time to time (currently three years.)</p> <p><i>This master circular is effective from 01<sup>st</sup> April, 2018</i></p> <p><a href="#">Master Circular</a></p>
5	<p>SEBI/HO/OIAE/I GRD/CIR/P/2018/58</p> <p>Dated: 26<sup>th</sup> March, 2018</p>	<p>Investor grievance redress mechanism – new policy measures</p>	<p>SEBI have vide issued circular dated 18<sup>th</sup> December, 2014 measures regarding redressal of investor grievances through SEBI Complaints Redress System (<b>SCORES</b>) platform.</p> <p>Based on inputs received from stakeholders, and to enhance investor satisfaction on complaint redressal, SEBI has now proposed new measures to strengthen SCORES.</p> <p>Some of these measures are as under</p> <ul style="list-style-type: none"> <li>- Registration of complain on Scores, generation of user id and password</li> <li>- Filing of complain using Login</li> </ul>

			<ul style="list-style-type: none"> <li>- Direct submission of complain to the companies/intermediaries</li> <li>- Complain can be filed within three years of the cause of complain ( in line with the limitation period for filing arbitration reference)</li> </ul> <p>These new measures are effective August 1,2018</p> <p><a href="#">Circular</a></p>
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### III. MCA

S.NO.	CIRCULAR/ NOTIFICATION NO.	PARTICULARS	SHORT SUMMARY
1.	G.S.R. 213(E) Dated: - 08 <sup>th</sup> March, 2018	Companies (Filing of Documents and Forms in Extensible Business Reporting Language) Amendment Rules, 2018	<p>MCA has amended Rule 3 of Companies (Filing of Documents and Forms in XBRL) Rules, 2015 to notify as under</p> <ol style="list-style-type: none"> <li>1. The companies which have filed their financial statements under Rule 3(1) shall continue to file their financial statements and other documents though they may not fall under the class of companies specified therein in succeeding years.</li> <li>2. The companies which have filed their financial statements under XBRL format once shall continue to file their financial statements and other documents as prescribed in rule 3(1) though they do not fall under the class of companies specified therein</li> </ol> <p><a href="#">Notification</a></p>
2.	G.S.R. (E) Dated: - 21 <sup>st</sup> March, 2018	The National Financial Reporting Authority (Manner of Appointment and other Terms and Conditions of Service of Chairperson and Members) Rules, 2018	<p>MCA has notified <i>"The National Financial Reporting Authority (Manner of Appointment and other Terms and Conditions of Service of Chairperson and Members) Rules, 2018"</i> with regards to</p> <ul style="list-style-type: none"> <li>-composition of Authority,</li> <li>-manner of appointment of Chairperson and members,</li> <li>- procedure for inquiry into misbehavior or incapacity of the chairperson or a member,</li> <li>- Term of office ,</li> <li>- Salary &amp; allowances etc.</li> </ul> <p><b>Note: The said Rule is yet to be notified in Official Gazette.</b></p> <p><a href="#">Notification</a></p>
4.	G.S.R. (E) Dated: - 23 <sup>rd</sup> March, 2018	Companies (Incorporation) Second Amendment Rules, 2018	<p>By way of amendment in Companies (Incorporation) Second Amendment Rules, 2018, MCA has permitted two proposed names in RUN (Reserve Unique Name) and one resubmission of application within 15 days for rectification of defects.</p> <p><a href="#">Notification</a></p>

**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.