

**AUGUST 2021**

# NEWSLETTER

## REGULATORY

- RBI
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**1. Guidelines for Implementation of the circular on Opening of Current Accounts by Banks**

RBI/2021-22/77 DOR.CRE.REC.35/21.04.048/2021-22  
Dated 4<sup>th</sup> August, 2021

RBI had issued circulars DOR.No.BP.BC/7/21.04.048/2020-21 dated August 6, 2020, DOR.No.BP.BC.27/21.04.048/2020-21 dated November 2, 2020 and DOR.No.BP.BC.30/21.04.048/2020-21 dated December 14, 2020 on Opening of Current Accounts by Banks - Need for Discipline.

Banks were required to implement instructions contained in the aforesaid circulars in a non-disruptive manner while keeping the bonafide business requirements of the borrowers in mind.

Various requests were received from the banks for more time to resolve the operational issues while implementing the circulars in letter and spirit.

RBI vide this circular has permitted banks to implement the provisions of the circular till October 31, 2021. This extended time line shall be utilised by banks to engage with their borrowers to arrive at mutually satisfactory resolutions within the ambit of the circular. Such issues which banks are unable to resolve themselves shall be escalated to Indian Banks' Association (IBA) for appropriate guidance. Residual issues, if any, requiring regulatory consideration shall be flagged by IBA to the Reserve Bank for examination by September 30, 2021.

Banks shall ensure that the contents of the circular are implemented in letter and spirit without causing undue inconvenience to their borrowers. All other instructions contained in the circulars ibid remain unchanged.

[Notification](#)

**2. Notification as 'Financial Institution' under Section 2(1)(m)(iv) of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act)**

RBI/2021-22/91 DOR.FIN.REC.No.41/03.10.136/2021-22  
Dated 25<sup>th</sup> August, 2021

In the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, certain criteria had been prescribed for notification of HFCs as 'Financial Institution' under Section 2(1)(m)(iv) of the SARFAESI Act.

Government of India (GoI) has, vide its Gazette Notification No. S.O. 2405(E) dated June 17, 2021 notified the HFCs registered under Section 29A(5) of National Housing Bank Act, 1987 and having assets worth ₹100 crore & above, as 'Financial Institution' under Section 2(1)(m)(iv) of SARFAESI Act, 2002.

In view of revision of the criteria for notification as 'Financial Institution' as per the abovementioned Gazette notification of GoI, the criteria prescribed under Para 105 of the aforesaid Master Direction are withdrawn with immediate effect.

[Notification](#)

## SEBI

### **1. Permitting non-scheduled Payments Banks to register as Bankers to an Issue**

Circular No.: SEBI/HO/MIRSD/MIRSD\_DOR/P/CIR/ 605 / 2021

Dated: 3<sup>rd</sup> August 2021

SEBI vide notification dated July 30, 2021, had amended the SEBI (Bankers to an Issue) Regulations, 1994 (BTI Regulations) permitting such other banking company, as may be specified by SEBI, from time to time, to carry out the activities of BTI, in addition to the scheduled banks.

Vide this circular, SEBI has permitted non-scheduled Payments Banks, which have prior approval from Reserve Bank of India, to act as a BTI subject to fulfilment of the conditions stipulated in the BTI Regulations.

Further, Payments Banks registered as a BTI shall also be permitted to act as a Self-Certified Syndicate Bank subject to the fulfilment of the criteria laid down by the Board in this regard from time to time. The blocking/movement of funds from the investor to issuer shall only be made through the savings account of the investor held with the payments bank.

[Circular](#)

### **2. Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2021**

No. SEBI/LAD-NRO/GN/2021/33

Dated 3<sup>rd</sup> August, 2021

Vide this Notification, SEBI has amended the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.

Following is the gist of the amendments:

1. In Regulation 2(1) pertaining to definitions, the following clauses has been inserted, namely, –

“(aa) “*accreditation agency*” means a subsidiary of a recognized stock exchange or a subsidiary of a depository or any other entity as may be specified by the Board from time to time.

*Explanation:* For the purpose of this clause, the Board may recognize an accreditation agency subject to such conditions as may be specified;

(ab) “*accredited investor*” means any person who is granted a certificate of accreditation by an accreditation agency who,

(i) in case of an individual, Hindu Undivided Family, family trust or sole proprietorship has:

(A) annual income of at least two crore rupees; or

(B) net worth of at least seven crore fifty lakh rupees, out of which not less than three crores seventy-five lakh rupees is in the form of financial assets; or

(C) annual income of at least one crore rupees and minimum net worth of five crore rupees, out of which not less than two crore fifty lakh rupees is in the form of financial assets.

(ii) in case of a body corporate, has net worth of at least fifty crore rupees;

(iii) in case of a trust other than family trust, has net worth of at least fifty crore rupees;

(iv) in case of a partnership firm set up under the Indian Partnership Act, 1932, each partner independently meets the eligibility criteria for accreditation:

“(pa) “*large value fund for accredited investors*” means an Alternative Investment Fund or scheme of an Alternative Investment Fund in which each investor (other than the Manager, Sponsor, employees or directors of the Alternative Investment Fund or employees or directors of the Manager) is an accredited investor and invests not less than seventy crore rupees;”

2. In Regulation 10 pertaining to investment in Alternative Investment Funds subject to prescribed conditions, after the

first proviso to clause (c), the following proviso has been inserted to exclude accredited investor from minimum investment value of one crore rupees –

*“Provided further that this clause shall not apply to an accredited investor;”*

3. In Regulation 12 pertaining to schemes - in sub-regulation (3), the following proviso has been inserted to exclude filing of placement memorandum with SEBI prior to 30 days from launch of scheme in case of large value fund for accredited investors –

*“Provided that the requirements under sub-regulation (2) and (3) shall not apply to large value fund for accredited investors.”*

4. In Regulation 13 pertaining to tenure – in sub-regulation (4), the following proviso has been inserted to extend tenure beyond 2 years in case of large value funds for accredited investors –

*“Provided that large value funds for accredited investors may be permitted to extend its tenure beyond two years, subject to terms of the contribution agreement, other fund documents and such conditions as may be specified by the Board from time to time”*

5. In Regulation 15 pertaining to general investment conditions – in clause (c) of sub-regulation (1), the following proviso has been inserted to allow large value funds for accredited investors to invest more than 25 per cent of the investible funds in one investee Company –

*“Provided that large value funds for accredited investors of Category I and II may invest up to fifty percent of the investible funds in an investee company directly or through investment in the units of other Alternative Investment Fund”*

5. In Regulation 15 pertaining to general investment conditions – in clause (d) of sub-regulation (1), the following proviso has been inserted to allow large value funds for accredited investors to invest more than 10 per cent of the investible funds in one investee Company –

*“Provided that large value funds for accredited investors of Category III may invest up to twenty percent of the investible funds in an investee company directly or through investment in units of other Alternative Investment Fund”*

#### Regulation

### **3. Securities and Exchange Board of India (Investment Advisers) (Third Amendment) Regulations, 2021**

No. SEBI/LAD-NRO/GN/2021/34  
Dated 3<sup>rd</sup> August, 2021

Vide this Notification, SEBI has amended the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013.

Following is the gist of the amendments:

1. In Regulation 2(1) pertaining to definitions, the following clauses has been inserted, namely, –

(aa) “accreditation agency” shall have the same meaning as assigned to it in clause (aa) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012;

(ab) “accredited investor” shall have the same meaning as assigned to it under clause (ab) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012;”

2. In Regulation 15A pertaining to fees, after the word “client” and before the word “in”, the words and symbol “, including an accredited investor” has been inserted to read as under:

Investment Advisor shall be entitled to charge fees for providing investment advice from a client including an accredited investor in the manner specified by the Board.

[Regulation](#)

**4. Securities and Exchange Board of India (Portfolio Managers) (Third Amendment) Regulations, 2021**

No. SEBI/LAD-NRO/GN/2021/31

Dated 3<sup>rd</sup> August, 2021

Vide this Notification, SEBI has amended the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020.

Following is the gist of the amendments:

1. In Regulation 2(1) pertaining to definitions, the following clauses has been inserted, namely, –

(aa) “accreditation agency” shall have the same meaning as assigned to it in clause (aa) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012;

(ab) “accredited investor” means any person who fulfils the eligibility criteria as specified by the Board and is granted a certificate of accreditation by an accreditation agency;

(la) “large value accredited investor” means an accredited investor who has entered into an agreement with the portfolio manager for a minimum investment amount of ten crore rupees;

2. In Regulation 22 pertaining to Contract with clients and disclosures, after sub-regulation (1), following proviso has been inserted to exclude the applicability of contents of agreement specified under Schedule IV between portfolio managers and the large value accredited investors as under:

*“Provided that the contents of agreement specified under Schedule IV of these regulations shall not apply to the agreement between the portfolio managers and the large value accredited investor”.*

3. In Regulation 23 pertaining to General responsibilities of a Portfolio Manager, after first proviso to sub-regulation (2), following proviso has been inserted to allow portfolio managers to accept funds or securities of worth less than fifty lakhs rupees from accredited investor as under:

*“Provided further that subject to appropriate disclosures in the disclosure document and the terms agreed between the client and the portfolio manager, the requirement of minimum investment amount per client shall not apply to an accredited investor.”*

3. In Regulation 24 pertaining to Management or administration of clients' portfolio, after sub-regulation (4), following sub-regulation (4A) has been inserted:

*“The portfolio manager may offer discretionary or non-discretionary or advisory services for investment up to hundred percent of the assets under management of the large value accredited investors in unlisted securities, subject to appropriate disclosures in the disclosure document and the terms agreed between the client and the portfolio manager”*

[Regulation](#)

**5. Securities and Exchange Board of India (Foreign Portfolio Investors) (Amendment) Regulations, 2021**

No. SEBI/LAD-NRO/GN/2021/32

Dated 3<sup>rd</sup> August, 2021

SEBI, vide this Notification, has amended the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019.

Following is the gist of the amendments:

1. In Regulation 4 pertaining to eligibility criteria of foreign portfolio investor, clause (c) has been substituted with the following, namely, –



*“(c) non-resident Indians or overseas citizens of India or resident Indian individuals may be constituents of the applicant provided they meet the conditions specified by the Board from time to time:*

*Provided that resident Indian other than individuals, may also be constituents of the applicant, subject to the following conditions, namely –*

*i. such resident Indian, other than individuals, is an eligible fund manager of the applicant, as provided under sub-section (4) of section 9A of the Income Tax Act, 1961 (43 of 1961); and*

*ii. the applicant is an eligible investment fund as provided under sub-section (3) of section 9A of the Income Tax Act, 1961 (43 of 1961) which has been granted approval under the Income Tax Rules, 1962;”*

#### [Regulation](#)

### **6. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2021**

No. SEBI/LAD-NRO/GN/2021/35  
Dated 3<sup>rd</sup> August, 2021

SEBI vide this Notification, has amended the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Following is the gist of the major amendments:

**1. In regulation 16 pertaining to definitions** – Definition of Independent director has been modified.

**2. In regulation 17 pertaining to composition of board of directors of the listed entity**, after sub-regulation (1B), a new sub-regulation (1C) has been inserted namely:—

*“(1C). The listed entity shall ensure that approval of shareholders for appointment of a person on the Board of Directors is taken at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier.”*

**2. In regulation 23 pertaining to related party transactions**, under sub-regulation (2), a new proviso has been inserted namely:—

*“Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.”*

**3. In regulation 25 pertaining to obligations with respect to independent directors**, after sub-regulation (2), a new sub-regulation (2A) has been inserted namely:—

*“(2A). The appointment, re-appointment or removal of an independent director of a listed entity, shall be subject to the approval of shareholders by way of a special resolution.”*

Further, with effect from October 1, 2022, the top 1000 listed entities by market capitalization calculated as on March 31 of the preceding financial year, shall undertake Directors and Officers insurance (‘D and O insurance’) for all their independent directors of such quantum and for such risks as may be determined by its board of directors.

**4. In regulation 36, in sub-regulation (3) pertaining to documents & information to shareholders** after clause (e), a new clause (f) shall be inserted namely:—

*“(f). In case of independent directors, the skills and capabilities required for the role and the manner in which the proposed person meets such requirements.”*

#### [Regulation](#)

### **7. Modification in Operational Guidelines for FPIs and DDPs pursuant to amendment in SEBI (Foreign Portfolio**

<b>Investors) Regulations, 2019</b>	
Circular No.: SEBI/ HO/ FPI&C/ P/ CIR/ 2021/ 609 Dated 4 <sup>th</sup> August, 2021	
<p>Section 9A of the Income Tax Act, 1961 (IT Act) was introduced by the Finance Act 2015 and subsequently amended vide Finance Act 2020 to facilitate setting up of fund management activity in India with respect to offshore funds.</p> <p>In order to enable Resident Indian fund managers to benefit from the provisions of Section 9A, clause (c) of Regulation 4 of the SEBI (Foreign Portfolio Investors) Regulations, 2019, has been amended vide Gazette Notification No. SEBI.LAD-NRO/GN/2021/32 dated August 03, 2021.</p> <p>Vide this Circular, SEBI has modified the Explanation provided under Para 2 (ii) (b) of Part A of the Operational Guidelines for FPIs and DDPs as stated below, issued vide circular dated November 05, 2019, for operationalizing the aforementioned amendment to the SEBI (Foreign Portfolio Investors) Regulations, 2019.</p> <p><i>Explanation: The contribution of resident Indian individuals shall be made through the Liberalised Remittance Scheme (LRS) notified by Reserve Bank of India and shall be in global funds whose Indian exposure is less than 50%.”</i></p> <p><a href="#">Circular</a></p>	
<b>8. Maintenance of Current Accounts in multiple banks by Mutual Funds</b>	
Circular No.: SEBI/HO/IMD/IMD-I/DOF5/P/CIR/2021/610 Dated 4 <sup>th</sup> August, 2021	
<p>Mutual funds currently maintain current accounts in multiple banks including in banks having presence beyond the top 30 cities (“B-30 cities”), for receiving subscription amount and for payment of redemption proceeds / dividend / brokerage/ commission etc. This enables investors to transact with banks of their choice and facilitates faster transfer of funds.</p> <p>The Reserve Bank of India (“RBI”) had instructed that banks shall not open current accounts for customers who have availed credit facilities in the form of cash credit / overdraft from the banking system. Further, RBI had provided an indicative list of accounts stipulated under various statutes and instructions of other regulators that can be opened without such restriction, including accounts for the purpose of New Fund Offerings (“NFOs”)/ dividend payment/ share buyback, etc.</p> <p>Vide this Circular, SEBI has clarified that mutual funds should maintain current accounts in an appropriate number of banks for the purpose of receiving subscription amount and for payment of redemption/dividend/brokerage/ commission etc. to facilitate financial inclusion, convenience of investors and ease of doing business.</p> <p><a href="#">Circular</a></p>	
<b>9. Requirement of minimum number and holding of unit holders for unlisted Infrastructure Investment Trusts (InvITs)</b>	
Circular No.: SEBI/HO/DDHS/DDHS_dIV3/P/CIR/2021/611 Dated 4 <sup>th</sup> August, 2021	
<p>SEBI vide Notification No. SEBI/LAD-NRO/GN/2021/27 dated July 30, 2021, had amended the SEBI (Infrastructure Investment Trusts) Regulations, 2014 (“InvIT Regulations”) to provide for the requirement of minimum number and holding of unit holders for unlisted InvITs.</p> <p>Vide this Circular, SEBI has instructed that registered unlisted InvITs which have already issued units as on the date of this circular, are required to comply with the provisions of sub-regulation (3) of Regulation 26B of the InvIT Regulations within a period of six months from the date of this circular.</p> <p><a href="#">Circular</a></p>	

<b>10. Securities and Exchange Board of India (Mutual Funds) (Second Amendment) Regulations, 2021</b>	
No. SEBI/LAD-NRO/GN/2021/36 Dated 5 <sup>th</sup> August, 2021	
<p><i>Effective Date: February 2021</i></p> <p>SEBI vide Notification, has amended the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.</p> <p>Following is the gist of the amendments:</p> <p><b>1. After sub-regulation (16) of regulation 25 pertaining to asset management company and its obligations, the following new clause 16A has been inserted, namely,-</b></p> <p><i>“(16A) The asset management company shall invest such amounts in such schemes of the mutual fund, based on the risks associated with the schemes, as may be specified by the Board from time to time.”</i></p> <p><b>2. Sub-regulation (4) of regulation 28 pertaining to procedure for launching of schemes has been deleted.</b></p> <p><b>3. Regulation 76 pertaining to action by the Board, etc. has been substituted with the following, namely, -</b></p> <p><i>“Action by the Board.76. (1)Without prejudice to any action that may be initiated under this Chapter, the Board may, in case of violation of any of the provisions of the Act or the regulations, initiate action under section 11, 11B, and/or section 24 of the Act and/or under Chapter VIA of the Act including passing an order to:(a) suspend the launching of any scheme of a mutual fund for a period not exceeding one year for violation of any of the provisions of these regulations;(b) forfeit the amount invested by an asset management company in any of its schemes as required under sub-regulation (16A) of regulation 25:</i></p> <p><i>Provided that no order shall be passed without giving an opportunity of hearing.”</i></p> <p><a href="#">Regulation</a></p>	
<b>11. Securities and Exchange Board of India (Prohibition of Insider Trading) (Second Amendment) Regulations, 2021</b>	
No. SEBI/LAD-NRO/GN/2021/37 Dated 5 <sup>th</sup> August, 2021	
<p>Vide this Notification, SEBI has amended the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.</p> <p>In Regulation 7D pertaining to informant reward, after sub-regulation (1), a new sub-regulation (1A) has been inserted, namely, -</p> <p><i>(1A) If the total reward payable is less than or equal to Rupees One Crore, the Board may grant the said reward upon the issuance of the final order by the Board:</i></p> <p><i>Provided that in case the total reward payable is more than Rupees One Crore, the Board may grant an interim reward not exceeding Rupees One Crore upon the issuance of the final order by the Board and the remaining reward amount shall be paid only upon collection or recovery of the monetary sanctions amounting to at least twice the balance reward amount payable.</i></p> <p>An illustrative table of the reward payable under this provision is also inserted as the regulations.</p> <p><a href="#">Regulation</a></p>	
<b>12. Calendar Spread margin benefit in commodity futures contracts</b>	
Circular No.: SEBI/HO/CDMRD/CDMRD_DRM/P/CIR/2021/612 Dated 9 <sup>th</sup> August, 2021	



*Effective Date: Within one month from the date of issue of this Circular*

SEBI, vide circular SEBI/HO/CDMRD/DRMP/CIR/P/2018/51 dated March 20, 2018 had prescribed norms, inter-alia, for providing margin benefit on calendar spread positions in commodity futures contracts.

The calendar spread margin benefit is presently applicable for the first three expiries only.

Vide this Circular, SEBI has extended the spread margin benefit beyond the first three expiries and modified clause 2.5 of the above circular as below:

*"2.5) In case of calendar spreads or spreads consisting of two contract variants having the same underlying commodity (wherein currently 75% benefit in initial margin is permitted), benefit in initial margin shall be permitted when each individual contract in the spread is from amongst the first six expiring contracts."*

[Circular](#)

### **13. Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021**

No. SEBI/LAD-NRO/GN/2021/39  
Dated 9<sup>th</sup> August, 2021

*Effective Date: 7<sup>th</sup> day from the date of publication*

Vide this notification SEBI has issued the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (SEBI NCS Regulations, 2021).

These regulations shall apply to the:

- issuance and listing of debt securities and non-convertible redeemable preference shares by an issuer by way of public issuance
- issuance and listing of non-convertible securities by an issuer issued on private placement basis which are proposed to be listed; and
- listing of commercial paper issued by an issuer in compliance with the guidelines framed by the Reserve Bank of India

The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013 shall stand repealed from the date on which these regulations come to force.

[Regulation](#)

### **14. Operational Circular for issue and listing of Non-Convertible Securities (NCS), Securitised Debt Instruments (SDI), Security Receipts (SR), Municipal Debt Securities and Commercial Paper (CP)**

Circular No.: SEBI/HO/DDHS/P/CIR/2021/613  
Dated 10<sup>th</sup> August, 2021

*Effective Date: 16<sup>th</sup> August, 2021*

Vide notification no. SEBI/LAD-NRO/GN/2021/39 dated August 09, 2021, SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (SEBI NCS Regulations, 2021) were notified, pursuant to merger and repeal of the SEBI (Issue and Listing of Debt Securities) Regulations, 2008 (SEBI ILDS Regulations, 2008) and SEBI (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013 (SEBI NCRPS Regulations, 2013).

Vide this Circular, SEBI has merged all related existing circulars under SEBI ILDS Regulations, 2008 and the SEBI NCRPS Regulations, 2013 into a single operational circular under SEBI NCS Regulations, 2021, with consequent changes.

This operational circular provides a chapter-wise framework for the issuance, listing and trading of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities or Commercial Paper. For ease of reference, each chapter of this operational circular contains footnotes corresponding to the respective erstwhile circulars.

[Circular](#)

**15. Guidelines on issuance of non-convertible debt instruments along with warrants ('NCDs with Warrants') in terms of Chapter VI – Qualified Institutions Placement of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018**

Circular No.: SEBI/HO/CFD/DIL/CIR/P/2021/614

Dated 13<sup>th</sup> August, 2021

Chapter VI of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, ('ICDR Regulations, 2018') governs issuance of 'NCDs with Warrants' (hereinafter 'the issue'), through Qualified Institutions Placement (QIP).

This framework under ICDR Regulations, 2018, permits the issue where NCDs and warrants offering can be attached to each other (stapled offer) or offered separately for subscription (segregated offer).

Further, SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021, governs issue and listing of non-convertible securities, on a recognized stock exchange and provides for Electronic Book Provider platform (EBP platform), offering efficient and transparent price discovery mechanism.

Vide this Circular, SEBI has decided the following in order to streamline procedure of issuance and applicability of EBP platform mechanism on the 'NCDs portion':

1. EBP platform mechanism shall be mandatory for 'NCDs portion' of the issue (for both stapled and segregated offer) and issuer shall be required to comply with the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021, and Circulars issued there under.
2. 'Warrants portion' of the issue shall be in terms of Chapter VI on Qualified Institutions Placement under ICDR Regulations, 2018.
3. Of the 'total issue size' of the issue, at least 40% size shall consist of 'Warrants portion'. It may be noted that 'total issue size' shall mean combined size of NCDs issue and the aggregate size of the warrants portion, including the conversion price of warrants.
4. The segregated offer of NCDs and stapled offer, both shall be exempted from the requirements as prescribed under the Regulations 175(3), 179(2) (a), 180(1), and 180(2) of the ICDR Regulations, 2018.

The above are applicable for issues wherein the size of NCDs portion is above threshold prescribed under SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021, and Circulars issued thereunder.

[Circular](#)

**16. Disclosure of shareholding pattern of promoter(s) and promoter group entities**

Circular No.: SEBI/HO/CFD/CMD/CIR/P/2021/616

Dated 13<sup>th</sup> August, 2021

Regulation 31(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR") mandates that all entities falling under promoter and promoter group be disclosed separately in the shareholding pattern on the website of stock exchanges, in accordance with the format(s) specified by the Board.

Accordingly, SEBI vide earlier Circulars, had prescribed formats for disclosure of shareholding pattern including disclosure of holding of specified securities of promoter and promoter group, public shareholders and significant beneficial owners.

Currently, the shareholdings of promoter(s) and promoter group entities are collectively disclosed under 'table II - Statement showing shareholding pattern of the Promoter and Promoter Group' of the aforementioned circular.

Vide this Circular, SEBI has modified the above format in the interest of transparency to the investors. Accordingly, all

listed entities are now required to provide such shareholding, segregated into promoter(s) and promoter group. The revised format of aforementioned table II is placed at Annexure A to this circular.

[Circular](#)

**17. Automation of Continual Disclosures under Regulation 7(2) of SEBI (Prohibition of Insider Trading) Regulations, 2015 - System driven disclosures - Ease of doing business**

Circular No.: SEBI/HO/ISD/ISD/CIR/P/2021/617

Dated 13<sup>th</sup> August, 2021

SEBI, vide circular No. SEBI/HO/ISD/ISD/CIR/P/2020/168 dated September 09, 2020, had implemented the System Driven Disclosures (SDD) in phases, under SEBI (Prohibition of Insider Trading) Regulations, 2015 (PIT Regulations).

As required by Para 7 of the above circular, Stock Exchanges and Depositories had confirmed that they have implemented the SDD in line with the circular dated September 09, 2020 and the same has gone live from April 01, 2021.

Vide this Circular, SEBI has clarified that for listed companies who have complied with requirements of the circular dated September 09, 2020, the manual filing of disclosures as required under Regulation 7(2) (a) & (b) of PIT Regulations is no longer mandatory.

[Circular](#)

**18. Tendering of shares in open offers, buybacks and delisting offers by marking lien in the demat account of the shareholders**

Circular No.: SEBI/HO/CFD/DCR-III/CIR/P/2021/615

Dated 13<sup>th</sup> August, 2021

SEBI, vide Circular No. CIR/CFD/POLICY CELL/1/2015, dated April 13, 2015 had provided the mechanism for acquisition of shares through stock exchange mechanism pursuant to tender offers for the purpose of takeovers, buy back and delisting of securities. Subsequently, SEBI vide Circular No. CFD/DCR2/CIR/P/2016/131, dated December 09, 2016 had streamlined the said mechanism.

Under the existing mechanism, the shares tendered by the shareholders are required to be directly transferred to the account maintained by the Clearing Corporation and different tendering processes are being adopted by Depositories. Such transfer involves systematic risk, substantial time and cost.

Vide this Circular, SEBI has specified that a lien shall be marked against the shares of the shareholders participating in the tender offers. Upon finalization of the entitlement, only accepted quantity of shares shall be debited from the demat account of the shareholders. The lien marked against unaccepted shares shall be released. The detailed procedure for tendering and settlement of shares under the revised mechanism is specified in the Annexure to this circular.

All other procedures shall remain unchanged.

**Applicability:** The said revised mechanism shall be applicable to all the tender offers for which Public Announcement is made on or after October 15, 2021.

[Circular](#)

**19. Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2021**

No. SEBI/LAD-NRO/GN/2021/45

Dated 13<sup>th</sup> August, 2021

Vide this Notification, SEBI has amended the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

Following is the gist of the amendments:

**1. In Regulation 16 pertaining to Lock-in of specified securities held by the promoters (In case of initial public offer):**

a. in sub-regulation (1), in clause (a), the locked-in period for minimum promoters' contribution is eighteen months from the date of allotment in the initial public offer. (Earlier it was three years from the date of commencement of commercial production or date of allotment in the initial public offer, whichever is later)

b. in sub-regulation (1), after clause (a), the following proviso has been inserted, namely, -

*"Provided that in case the majority of the issue proceeds excluding the portion of offer for sale is proposed to be utilized for capital expenditure, then the lock-in period shall be three years from the date of allotment in the initial public offer."*

c. in sub-regulation (1), clause (b), the locked-in period for promoters' holding in excess of minimum promoters' contribution six months (previously one year) from the date of allotment in the initial public offer.

**2. In Regulation 17 pertaining to Lock-in of specified securities held by persons other than the promoters:**

a. The entire pre-issue capital held by persons other than the promoters shall be locked-in for a period of six months (previously one year) from the date of allotment in the initial public offer.

**3. In Regulation 115 pertaining to Lock-in of specified securities held by the promoters (In case of further public offer):**

a. in clause (a), the locked-in period for minimum promoters' contribution is reduced to eighteen months from the date of allotment of the further public offer. (Previously, it was *three years* from the date of commencement of commercial production or from date of allotment in further public offer, whichever is later).

b. after clause (a), the following proviso has been inserted, namely, -

*"Provided that in case the majority of the issue proceeds excluding the portion of offer for sale is proposed to be utilized for capital expenditure, then the lock-in period shall be three years from the date of allotment in the initial public offer."*

c. in clause (b), the locked-in period for promoters' holding in excess of minimum promoters' contribution six months (previously one year).

d. after clause (b), the following proviso has been inserted, namely, -

*"Provided that in case the majority of the issue proceeds excluding the portion of offer for sale is proposed to be utilized for capital expenditure, then the lock-in period shall be one year from the date of allotment in the initial public offer."*

**3. In Regulation 117 pertaining to Lock-in of party-paid securities:**

a. Where the specified securities which are subject to lock-in are partly paid-up and the amount called-up on such specified securities is less than the amount called-up on the specified securities issued to the public, the lock-in shall end only on the expiry of eighteen months (previously three years) after such specified securities have become pari passu with the specified securities issued to the public.

[Regulation](#)

**20. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2021**

No. SEBI/LAD-NRO/GN/2021/42  
Dated 13<sup>th</sup> August, 2021

Vide this Notification, SEBI has amended the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Following is the gist of the amendments:

- 1. In Regulation 52 pertaining to financial results:** In sub-regulation 4, clauses (a), (b), (d) and (e) has been omitted.
- 2. In Regulation 57 pertaining to Intimations/other submissions to stock exchange(s):** Sub-regulation 2 pertaining to undertaking to the stock exchange(s) on annual basis stating that all documents and intimations required to be submitted to Debenture Trustees in terms of Trust Deed and Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 have been complied with, has been omitted.
- 3. In Regulation 28 pertaining to documents and information to holders of non -convertible securities:** in sub-regulation (1), clause (a) shall be substituted with the following, namely,-  
“(a) Soft copies of the full annual reports to all the holders of non-convertible securities who have registered their email address(es) either with the listed entity or with any depository;”

[Regulation](#)

<b>21. Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) (Second Amendment) Regulations, 2021</b>
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No. SEBI/LAD-NRO/GN/2021/46 Dated 13 <sup>th</sup> August, 2021
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*Effective Date: 1<sup>st</sup> April, 2022*

Vide this Notification, SEBI has amended the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

Following is the gist of the amendments:

- 1. In Regulation 29 pertaining to disclosure of acquisition and disposal:** sub-regulation (1), shall be substituted with the following, namely,-

*“(1) Any acquirer, together with persons acting in concert with him acquiring shares or voting rights in a target company, which taken together aggregates to five per cent or more of the shares of such target company, shall disclose their aggregate shareholding and voting rights in such target company in such form as may be specified.”*

- 2. Regulation 30 pertaining to continual disclosures** shall be omitted.

- 3. Regulation 31 pertaining to disclosure of encumbered shares:**

(a)in sub-regulation (1), the following proviso shall be inserted, namely, -

*“Provided that the aforesaid disclosure requirement shall not be applicable where such encumbrance is undertaken in a depository”.*

(b)in sub-regulation (2), the following proviso shall be inserted, namely, -

*“Provided that the aforesaid disclosure requirement shall not be applicable where such encumbrance is undertaken in a depository”*

[Regulation](#)

<b>22. Securities and Exchange Board of India (Alternative Investment Funds) (Fourth Amendment) Regulations, 2021</b>
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No. SEBI/LAD-NRO/GN/2021/41 Dated 13 <sup>th</sup> August, 2021
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Vide this Notification, SEBI has amended the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.

Following is the gist of the amendments:

**1. In Regulation 2 pertaining to Definitions:** Following definitions are amended:

- a. “debt fund” means an Alternative Investment Fund which invests primarily in debt securities of listed or unlisted investee companies or in securitized debt instruments as per the stated objectives of the Fund
- b. “investable funds” means corpus of the scheme of Alternative Investment Fund net of expenditure for administration and management of the fund estimated for the tenure of the fund. Explanation: For the purpose of this clause, the expression “tenure” means the duration of scheme from the day of its launch till last day of the term as specified in the fund documents;
- c. “unit” means beneficial interest of the investors in the Alternative Investment Fund or a scheme of the Alternative Investment Fund and may be fully or partly paid up. Explanation: For the purpose of this clause, partly paid up units shall represent the portion of committed capital invested by the investor in Alternative Investment Fund or scheme of the Alternative Investment Fund;

**2. In Regulation 12 pertaining to Schemes:** sub-regulation (3) has been substituted with the following:

*“The Board may communicate its comments, if any, to the merchant banker prior to launch of the scheme and the merchant banker shall ensure that the comments are incorporated in the placement memorandum prior to launch of the scheme.”*

**3. In Regulation 15 pertaining to General Investment Conditions:** clause (f) of sub-regulation (1) has been substituted with the following:

*“Un-invested portion of the investable funds and divestment proceeds pending distribution to investors may be invested in liquid mutual funds or bank deposits or other liquid assets of higher quality such as Treasury bills, Triparty Repo Dealing and Settlement, Commercial Papers, Certificates of Deposits, etc. till the deployment of funds as per the investment objective or the distribution of the funds to investors as per the terms of the fund documents, as applicable.”*

**4. In Regulation 16 pertaining to Conditions for Category I Alternative Investment Funds:**

- a. clause (a) of sub-regulation (2) has been substituted with the following (Conditions for Venture Capital Funds):

*“at least seventy five percent of the investable funds shall be invested in unlisted equity shares or equity linked instruments of a venture capital undertaking or in companies listed or proposed to be listed on a SME exchange or SME segment of an exchange:*

*Provided that the investment conditions specified in clause (a) shall be achieved by the fund by the end of its life cycle”*

- b. clause (d) of sub-regulation (2) has been substituted with the following (Conditions for Venture Capital Funds):

*“such funds shall be exempt from sub-regulations (1) and (2) of regulation 3 and sub-regulation (1) of regulation 4 of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 in respect of investment in companies listed on the SME exchange or SME segment of an exchange pursuant to due diligence of such companies subject to the following conditions:*

- (i) *the fund shall disclose any trading in securities pursuant to such due-diligence, within two trading days of such trading, to the stock exchanges where the investee company is listed;*
- (ii) *such investment shall be locked in for a period of one year from the date of investment.”*

- c. clause (c) of sub-regulation (3) has been substituted with the following (Conditions for SME Funds):

*“such funds shall be exempt from sub-regulations (1) and (2) of regulation 3 and sub-regulation (1) of regulation 4 of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 in respect of investment in companies listed on the SME exchange or SME segment of an exchange pursuant to due diligence of such companies subject to the following conditions:*

- (i) *the fund shall disclose any trading in securities pursuant to such due-diligence, within two trading days of such trading, to the stock exchanges where the investee company is listed;*
- (ii) *such investment shall be locked in for a period of one year from the date of investment”*

#### 4. In Regulation 17 pertaining to Conditions for Category II Alternative Investment Funds:

a. clause (f) has been substituted with the following (Conditions for Venture Capital Funds):

*“Category II Alternative Investment Funds shall be exempt from sub-regulations (1) and (2) of regulation 3 and sub-regulation (1) of regulation 4 of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 in respect of investment in companies listed on the SME exchange or SME segment of an exchange pursuant to due diligence of such companies subject to the following conditions:*

- (i) the fund shall disclose any trading in securities pursuant to such due-diligence, within two trading days of such trading, to the stock exchanges where the investee company is listed;*
- (ii) such investment shall be locked in for a period of one year from the date of investment.”*

[Regulation](#)

#### 23. Penalty for Repeated Delivery Default

Circular No.: SEBI/HO/CDMRD/CDMRD\_DRM/P/CIR/2021/619  
Dated 17<sup>th</sup> August, 2021

SEBI had stipulated delivery default norms vide Circular SEBI/HO/CDMRD/DRMP/CIR/P/2021/35 dated March 23, 2021.

Vide this Circular, SEBI has decided to put in place a suitable deterrent mechanism to address instances of repeated delivery defaults. This is expected to further strengthen the delivery mechanism and ensure market integrity. Accordingly, it has been decided as under:

1. In the case of repeated default by a seller or a buyer, for each instance of repeated default, an additional penalty shall be imposed, which shall be 3% of the value of the delivery default.
2. Repeated Default shall be defined as an event, wherein a default on delivery obligations takes place 3 times or more during a six months period on a rolling basis.
3. The penalty levied shall be transferred to Settlement Guarantee Fund (SGF) of the Clearing Corporation.

[Circular](#)

#### 24. Circular on Modalities for implementation of the framework for Accredited Investors

Circular No.: SEBI/HO/IMD/IMD-I/DF9/P/CIR/2021/620  
Dated 26<sup>th</sup> August, 2021

Pursuant to public consultation and approval of the SEBI Board, the framework for “Accredited Investors” (AIs) has been introduced in the securities market. In this regard, the SEBI (Alternative Investment Funds) Regulations, 2012, SEBI (Portfolio Managers) Regulations, 2020 and SEBI (Investment Advisers) Regulations, 2013 have been amended and notified on August 03, 2021 – *refer S. no. 2, 3 & 4 above.*

Under the aforesaid framework, AIs may avail flexibility in minimum investment amount (“Lower ticket size”) or concessions from specific regulatory requirements applicable to investment products, subject to conditions applicable for specific products/ services under the aforesaid Regulations. The modalities of accreditation are provided in Annexure A to the circular.

Persons desirous of being reckoned as AIs shall approach an Accreditation Agency for accreditation. Accreditation Agencies shall have the requisite infrastructure including systems and manpower to fulfill their responsibilities as specified. Eligible subsidiaries are required to make an application to SEBI through the concerned Stock Exchange or Depository, for recognition as an Accreditation Agency in terms of Regulation 2(1)(aa) of the SEBI (Alternative Investment Funds) Regulations, 2012, within 3 weeks from the date of the Circular.

[Circular](#)

<b><u>MCA</u></b>	
<b>1. Companies (Registration of Foreign Companies) Amendment Rules, 2021</b>	
G.S.R. 538(E). Dated 5 <sup>th</sup> August, 2021	
<p>Vide this notification, MCA has amended the Companies (Registration of Foreign Companies) Rules, 2014.</p> <p>Amendment is made in clause (c) of sub-rule (1) of rule 2, to insert the following explanation, namely:-</p> <p><i>“Explanation.- For the purposes of this clause, electronic based offering of securities, subscription thereof or listing of securities in the International Financial Services Centres set up under section 18 of the Special Economic Zones Act, 2005 (28 of 2005) shall not be construed as ‘electronic mode’ for the purpose of clause (42) of section 2 of the Act.”.</i></p> <p>The purpose of this amendment is to exclude from the definition of foreign company u/s 2(42) of the Act, the electronic presence of a foreign company by the means of electronic based offering of securities, subscription thereof or listing of securities in the IFSC.</p> <p><a href="#">Notification</a></p>	
<b>2. Companies (Specification of definitions details) Third Amendment Rules, 2021</b>	
G.S.R. 539(E). Dated 5 <sup>th</sup> August, 2021	
<p>Vide this notification, MCA has amended the Companies (Specification of definitions details) Rules, 2014.</p> <p>Amendment is made in clause (h) of sub-rule (1) of rule 2 pertaining to electronic mode, to insert the following explanation, namely:-</p> <p><i>“Explanation.- For the purposes of this clause, electronic based offering of securities, subscription thereof or listing of securities in the International Financial Services Centres set up under section 18 of the Special Economic Zones Act, 2005 (28 of 2005) shall not be construed as ‘electronic mode’ for the purpose of clause (42) of section 2 of the Act.”.</i></p> <p><a href="#">Notification</a></p>	
<b>3. Notification under section 393A of the Companies Act, 2013</b>	
S.O. 3156(E) Dated 5 <sup>th</sup> August, 2021	
<p>MCA vide this Notification has exempted the following from the provisions of sections 387 to 392 (both inclusive):</p> <p>(a) foreign companies;</p> <p>(b) companies incorporated or to be incorporated outside India, whether the company has or has not established, or when formed may or may not establish, a place of business in India,</p> <p>insofar as they relate to the offering for subscription in the securities, requirements related to the prospectus, and all matters incidental thereto in the International Financial Services Centres set up under section 18 of the Special Economic Zones Act, 2005 (28 of 2005).</p> <p><a href="#">Notification</a></p>	
<b>4. Companies (Creation and Maintenance of databank of Independent Directors) Second Amendment Rules, 2021</b>	
G.S.R. 580(E).	

MCA vide this Notification has amended the Companies (Creation and Maintenance of databank of Independent Directors) Rules, 2019:

After rule 5, the following rule has been inserted.

**6. Annual report on the capacity building of independent directors:-** The institute shall within sixty days from the end of every financial year send an annual report to every individual whose name is included in the data bank and also to every company in which such individual is appointed as an independent director in format provided in the Schedule to these Rules.

A Schedule for Annual Report on Capacity Building of Independent Director has also been inserted after rule 6.

[Notification](#)

## 5. Companies (Appointment and Qualification of Directors) Amendment Rules, 2021

G.S.R. 579(E).

Dated 19<sup>th</sup> August, 2021

MCA vide this Notification has amended the Companies (Appointment and Qualification of Directors) Rules, 2014:

In rule 6(4) pertaining to Compliances required by a person eligible and willing to be appointed as an independent director, for first proviso to clause (B), the following rule has been substituted -

“(B) in the pay scale of Director or equivalent or above in any Ministry or Department, of the Central Government or any State Government, and having experience in handling,—

(i) the matters relating to commerce, corporate affairs, finance, industry or public enterprises; or

(ii) the affairs related to Government companies or statutory corporations set up under an Act of Parliament or any State Act and carrying on commercial activities.”

After second proviso, the following proviso has been inserted-

“Provided also that the following individuals, who are or have been, for at least ten years :—

(A) an advocate of a court; or

(B) in practice as a chartered accountant; or

(C) in practice as a cost accountant; or

(D) in practice as a company secretary,

shall not be required to pass the online proficiency self-assessment test.”.

[Notification](#)

## 6. Frequently Asked Questions (FAQs) on Corporate Social Responsibility (CSR)

General Circular No. 14 /2021

Dated 25<sup>th</sup> August, 2021

The broad framework of CSR has been provided in Section 135 of the Companies Act, 2013 (herein after referred as ‘the Act’), Schedule VII of the Act and Companies (CSR Policy) Rules, 2014 (hereinafter referred as ‘the CSR Rules’). Further, Ministry had also issued clarifications including FAQs from time to time on various issues concerning CSR.

The Ministry had notified the amendments in Section 135 of the Act as well in the CSR Rules on 22<sup>nd</sup> January 2021 with an aim to strengthen the CSR ecosystem, by improving disclosures and by simplifying compliances.

In supersession of clarifications and FAQs issued vide General Circular no. 21/2014 (dated 18th June 2014), 36/2014 (dated 17th September 2014), 01/2016 (dated 12th January 2016) ,05/2016 (dated 16th May 2016), clarification issued

vide letter dated 25.01.2018 and General Circular no. 06/2018 (dated 28th May 2018), MCA, vide this circular, has provided a set of FAQs along with response of the Ministry as Annexure to this circular for better understanding and facilitating effective implementation of CSR.

[Circular](#)

**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.



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