

OCTOBER 2021

# NEWSLETTER

## REGULATORY

- RBI
- SEBI
- MCA



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## RBI

### **1. Master Circular - Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances**

RBI/2021-2022/104 DOR.No.STR.REC.55/21.04.048/2021-22

Dated: 1<sup>st</sup> October, 2021

RBI had earlier issued Master Circular No. DBR.No.BP.BC.2/21.04.048/2015-16 dated July 1, 2015 consolidating instructions / guidelines issued to banks till June 30, 2015 on matters relating to prudential norms on income recognition, asset classification and provisioning pertaining to advances.

Vide this Master Circular, RBI has now consolidated instructions issued on the above matters as on date.

A list of circulars consolidated in this Master Circular appears in Annex 6 thereof.

[Circular](#)

## **SEBI**

### **1. Relaxations relating to procedural matters – Issues and Listing**

Circular No.: SEBI/HO/CFD/DIL2/CIR/P/2021/633

Dated: 1<sup>st</sup> October 2021

SEBI vide Circular No. SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020, had granted one time relaxation from enforcement of certain regulations of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, pertaining to Rights Issue opening upto July 31, 2020.

SEBI, had extended the validity of these relaxations for Rights Issues opening up to December 31, 2020.

Subsequent SEBI had further extended relaxations mentioned in point (iv) of the said SEBI Circular dated May 6, 2020 upto March 31, 2021 and then up to September 30, 2021 vide SEBI Circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020; SEBI Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021 and; SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021 respectively.

Vide this circular, SEBI has further extended relaxations mentioned in point (iv) of the said SEBI Circular dated May 6, 2020 for Rights Issues opening up to March 31, 2022, provided that the issuer along with the Lead Manager(s) shall continue to comply with **point (v)** of the SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 06, 2020 pertaining to ensuring the prescribed mechanisms by the issuer and the Lead Manager (s).

With respect to mechanism and compliance requirements at point (iv) and (v) of the said SEBI Circular dated May 6, 2020, and para 5 of the said SEBI Circular dated April 22, 2021, the issuer along with Lead Manager(s), Registrar, and other recognized intermediaries (as incorporated in the mechanism) shall also ensure the following:

- a. Issuer Company shall conduct a Vulnerability Test for optional mechanism (non-cash mode only) provided to accept the applications in Rights Issue (facility provided by RTA), from an independent IT Auditor, and submit the report to Stock Exchange(s).

[Circular](#)

### **2. Circular on Mutual Funds**

Circular No.: SEBI/HO/IMD/IMD-I DOF5/P/CIR/2021/634

Dated 4<sup>th</sup> October, 2021

*Effective Date: 1<sup>st</sup> April, 2022*

#### **A. Discontinuation of usage of pool accounts by entities including online platforms other than stock exchanges for transactions in the units of Mutual Funds**

SEBI, vide circulars dated October 04, 2013 and October 19, 2016, had allowed Mutual Fund Distributors ('MFDs') and SEBI registered Investment Advisers ('IAs') to use the infrastructure of recognized stock exchanges to purchase and redeem Mutual Fund ('MF') units on behalf of their clients.

MFDs, IAs, Mutual Fund Utilities ('MFU'), channel partners and other entities including online platforms ('service providers'/ 'platforms') are providing services to investors to transact in mutual fund units. Based on bilateral understanding with AMCs, a few platforms pool the clients' funds into a nodal account and subsequently transfer to AMCs either on per transaction basis or lump sum basis.

Vide this Circular, SEBI has decided the following with respect to transactions in the units of Mutual Funds undertaken through service providers/platforms other than stock exchanges:

1. AMCs shall ensure that the transactions (financial/ non-financial) can be executed only if there is a service agreement between the AMC and the service provider /platform.
2. AMCs shall ensure that intermediate pooling of funds and/or units in any manner by MFDs, IAs, MFU, channel partners or any other service providers/ platforms, by whatsoever name called, are discontinued for MF transactions. However, this requirement shall not apply to the SEBI registered Portfolio Managers subject to compliance with SEBI

(Portfolio Managers) Regulations, 2020 and circulars issued thereunder.

3. AMCs shall put necessary systems in place to ensure crediting of subscription funds and units and; redemption funds and units.

4. AMFI, in consultation with SEBI, shall issue guidelines for AMCs with regard to mitigating risks of co-mingling of funds at the level of Payment Aggregators/Payment Gateways involved in mutual fund transactions.

5. AMCs shall ensure that detailed information at each stage of the relevant transaction, including rejection, shall be made available at the same time to all the stakeholders. Information sharing shall be system generated and adequately secured.

#### **B. Other measures to prevent third-party payments and to safeguard the interest of unit holders**

For mitigation of the risk of third party payments, the onus of compliance with PMLA provisions and not permitting usage of third party bank account payments continues to lie with the AMCs. AMCs are required to ensure compliance with all measures as prescribed in this circular to prevent third-party payments and to safeguard the interest of unit holders.

AMC would be liable to compensate for losses, if any, occurred to a unit holder, where unauthorized transaction(s) occur(s) in unit holder's folio due to fraud/ negligence/ deficiency on the part of the AMC, employee of AMC or persons/ entities whose services have been availed by the AMC including the platform providers, MFDs, RTAs, MFU, and channel partners, irrespective of whether or not the fraud is reported by the unit holder.

[Circular](#)

#### **3. Discontinuation of usage of pool accounts for transactions in units of Mutual Funds on the Stock Exchange Platforms**

Circular No.: SEBI/HO/IMD/IMD-I DOF5/P/CIR/2021/635  
Dated 4<sup>th</sup> October, 2021

*Effective Date: 1<sup>st</sup> April, 2022*

SEBI, vide circulars dated November 13, 2009 and November 9, 2010 had permitted units of mutual fund schemes to be transacted through registered stock brokers and clearing members respectively, by using stock exchange infrastructure. Presently, funds and / or units of the mutual fund schemes move through stock brokers' / clearing members' pool accounts in an aggregate manner to client account or Clearing Corporation/AMC account, as the case may be.

In addition, SEBI vide Circulars dated Oct 4, 2013 and Oct 19, 2016 had also allowed Mutual Fund Distributors ('MFDs') and Investment Advisers ('IAs') to use the infrastructure of the stock exchanges to purchase and redeem mutual fund units on behalf of their clients.

Vide this Circular, SEBI has decided the following with respect to the transactions covered under circulars in para one above ( i.e. Nov 2009 and Nov 2010):

- i. Pooling of funds and/or units by stock brokers / clearing members in any form or manner shall be discontinued for mutual fund transactions.
- ii. Similar to mechanisms for transactions in mutual fund units by MFDs and IAs, stock exchanges shall put necessary mechanisms in place for stock brokers / clearing members also, to ensure that funds pay-in is directly received by the clearing corporation from the investor account and funds pay-out is directly made to the investor account. Pay-in / pay-out of funds shall not be handled by the stock brokers / clearing members.  
In the same manner, for both demat and non-demat mode transactions, the units shall be credited and debited directly to/from the investors' demat account/ folio account without routing it through the pool account of the stock brokers / clearing members. However, for redemption of units held in dematerialized mode, the practice of issuance of Delivery Instruction Slip ('DIS') (physical or electronic) to the Depository Participant to debit the units for delivery to clearing corporation may continue.

It is further clarified that stock brokers/ clearing members facilitating mutual fund transactions shall:

- i. not accept mandates for SIPs or lump sum transactions in their name;
- ii. accept cheque payments from investors issued in favor of the respective SEBI recognized Clearing Corporations or

- mutual fund scheme(s) only;
- iii. not accept or handle funds or units of investors in their proprietary accounts or pool accounts in any form or manner; and
- iv. not accept payment through one-time mandate or issuance of mandates/ instruments in their name for mutual fund transactions. However, one-time mandates in favour of SEBI recognized Clearing Corporations may be accepted.

The onus of compliance with PMLA provisions and not permitting transactions with third party bank account continues to lie with the AMCs.

[Circular](#)

#### **4. Disclosure of Complaints against the Stock Exchanges and the Clearing Corporations**

Circular No.: SEBI/HO/CDMRD/DoC/P/CIR/2021/636

Dated 4<sup>th</sup> October, 2021

*Effective Date: 1<sup>st</sup> January, 2022*

SEBI vide circular has decided that all the Stock Exchanges and the Clearing Corporations shall disclose on their websites, the data on complaints received against them and redressal thereof, latest by 7<sup>th</sup> of succeeding month, as per the format enclosed at Annexure-‘A’ to this circular.

These disclosure requirements are in addition to those already mandated by SEBI.

[Circular](#)

#### **5. Revised Formats for filing Financial information for issuers of non-convertible securities**

Circular No.: SEBI/HO/DDHS/CIR/2021/0000000637

Dated 5<sup>th</sup> October, 2021

Vide notification dated September 07, 2021, SEBI had amended Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 (‘Listing Regulations’), inter-alia, mandating entities that have listed non-convertible securities to disclose financial results on a quarterly basis, including assets & liabilities and cash flows as well as requiring certain changes in the line items in the financial results.

Vide this Circular, SEBI has provided the revised formats for reporting of financial information and limited review report.

In case of non-submission/ delayed submission of financial results within the timelines prescribed under regulation 52 of the Listing Regulations the listed entity shall disclose detailed reasons for such non-submission/delay to the stock exchanges within one working day of the due date of submission of the financial results.

[Circular](#)

#### **6. Amendments to manner and mechanism of providing exit option to dissenting unit holders pursuant to Regulation 22(5C) and Regulation 22(7) of SEBI Infrastructure Investment Trusts Regulations, 2014 (“SEBI (InvIT) Regulations”)**

Circular No.: SEBI/HO/DDHS/DDHS\_Div3/P/CIR/2021/639

Dated 5<sup>th</sup> October, 2021

SEBI vide circular SEBI/HO/DDHS/DDHS/CIR/P/2020/122 dated July 17, 2020 provided the manner and mechanism of providing exit option to dissenting unit holders pursuant to Regulation 22(5C) and Regulation 22(7) of SEBI (Infrastructure Investment Trusts) Regulations, 2014.

Vide this Circular, the above circular stands modified as under:

- a. Clause 1.6 of Annexure –I of the circular: Definition of “relevant date” is modified as under:



1.6 “Relevant date” means the last day of voting for resolution under Regulation 22(5C) or Regulation 22(7) of the SEBI (InvIT) Regulations. Provided that in case an acquisition described under Regulation 22(5C) or change in sponsor or inducted sponsor or change in control of sponsor or inducted sponsor under regulation 22(7) of SEBI (InvIT) Regulations is triggered pursuant to an open offer under the provisions of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011, the relevant date shall mean the date of public announcement made for the acquisition in terms of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011.

- b. Insertion of Clause 2.5A after Clause 2.5 of Annexure-I of the circular pertaining to timelines for exit option/offer: The summary of activities pertaining to exit option/offer along with the prescribed timelines in case an acquisition or change in sponsor or change in control of sponsor or inducted sponsor under SEBI (InvIT) Regulations is triggered pursuant to an open offer under the provisions of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011 are tabulated under this clause.
- c. Insertion of Clause 3.4 after Clause 3.3 of Annexure-I of the circular: In case an acquisition or change in sponsor or change in control of sponsor or inducted sponsor under SEBI (InvIT) Regulations is triggered pursuant to an open offer under the provisions of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011, the exit option price shall stand enhanced by an amount equal to a sum determined at the rate of ten per cent per annum for the period between the first notice date and second notice date.

[Circular](#)

**7. Amendments to manner and mechanism of providing exit option to dissenting unit holders pursuant to Regulation 22(6A) and Regulation 22(8) of SEBI (Real Estate Investment Trusts) Regulations, 2014 (“SEBI (REIT) Regulations”)**

Circular No.: SEBI/HO/DDHS/DDHS\_Div3/P/CIR/2021/640  
Dated 5<sup>th</sup> October, 2021

SEBI vide circular SEBI/HO/DDHS/DDHS/CIR/P/2020/123 dated July 17, 2020 had provided the manner and mechanism of providing exit option to dissenting unit holders pursuant to Regulation 22(6A) and Regulation 22(8) of SEBI (Real Estate Investment Trusts) Regulations, 2014.

Vide this Circular, SEBI has modified the above circular as under:

- a. Clause 1.6 of Annexure –I of the circular: Definition of relevant date is modified as under:

1.6 “Relevant date” means the last day of voting for resolution under Regulation 22(6A) or Regulation 22(8) of the SEBI (REIT) Regulations. Provided that in case an acquisition described under Regulation 22(6A) or change in sponsor or inducted sponsor or change in control of sponsor or inducted sponsor under regulation 22(8) of SEBI (REIT) Regulations is triggered pursuant to an open offer under the provisions of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011, the relevant date shall mean the date of public announcement made for the acquisition in terms of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011.

- b. Insertion of Clause 2.5A after Clause 2.5 of Annexure-I of the circular pertaining to timelines for exit option/offer: The summary of activities pertaining to exit option/offer along with the prescribed timelines in case an acquisition or change in sponsor or change in control of sponsor or inducted sponsor under SEBI (REIT) Regulations is triggered pursuant to an open offer under the provisions of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011 are tabulated under this clause.
- c. Insertion of Clause 3.4 after Clause 3.3 of Annexure-I of the circular: In case an acquisition or change in sponsor or change in control of sponsor or inducted sponsor under SEBI (REIT) Regulations is triggered pursuant to an open offer under the provisions of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011, the exit option price shall stand enhanced by an amount equal to a sum determined at the rate of ten per cent per annum for the period between the first notice date and second notice date.

[Circular](#)

**8. Revised Formats for Limited Review/ Audit Report for issuers of non-convertible securities**

SEBI vide notification dated September 07, 2021, had amended Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 ('Listing Regulations'), inter-alia, mandating entities that have listed non-convertible securities to disclose financial results on a quarterly basis, including assets & liabilities and cash flows as well as requiring certain changes in the line items in the financial results.

Vide this Circular, SEBI has provided the revised formats for limited review report / audit report.

Insurance companies shall disclose limited review/audit reports as per the formats specified by IRDAI.

[Circular](#)

## 9. Streamlining of issuance of SCORES Authentication

Circular No.: SEBI/HO/OIAE/IGRD/CIR/P/2021/642

Dated 14<sup>th</sup> October, 2021

SEBI vide Circular No. CIR/OIAE/1/2014 dated December 18, 2014 had directed all listed companies and SEBI registered intermediaries (excluding Stock Brokers and Depository Participants) to send their details as per Form-A and Form-B respectively, annexed to the said Circular, to SEBI in hard copy and by email to scores@sebi.gov.in in order to obtain SCORES user id and password for redressing investor grievances on SCORES.

In partial modification to the above circular, a circular dated August 02, 2019 was issued, automating the generation of SCORES credentials for all new SEBI registered intermediaries (except brokers and depositories) and thereby dispensing with the requirement of sending Form-B to SEBI.

Vide this Circular, SEBI has introduced an online mechanism for obtaining SCORES credentials for all "companies intending to list their securities on SEBI recognized stock exchanges". The online form can be accessed on the SCORES website www.scores.gov.in. This has been done as part of SEBI's green initiative and to streamline the redressal of investor grievances against companies before listing.

[Circular](#)

## 10. Transmission of Securities to Joint Holder(s)

Circular No.: SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2021/644

Dated 18<sup>th</sup> October, 2021

The norms pertaining to transmission of securities to joint holders(s) are provided in clause 23 of Table F in schedule 1 read with section 56(2) & 56(4)(c) of the Companies Act 2013.

It was observed in some cases that due to counterclaim / dispute from the legal representative of one of the deceased holder, the Registrars to an Issue & Share Transfer Agents (RTAs) have not effected transmission to the surviving joint holder(s).

Vide this Circular, SEBI has advised RTAs to comply with the aforesaid provisions of the Companies Act 2013 and transmit securities in favour of surviving Joint holder(s), in the event of demise of one or more joint holder(s), provided that there is nothing contrary to the same in the Article of Association of the company.

[Circular](#)

## 11. Modalities for filing of placement memorandum through a Merchant Banker under SEBI (Alternative Investment Funds) Regulations, 2012

Circular No.: SEBI/HO/IMD/IMD-I/DF6/P/CIR/2021/645

Dated 21<sup>st</sup> October, 2021

Effective Date: 11<sup>th</sup> November, 2021

Vide this circular, SEBI has prescribed the modalities for filing of placement memorandum through a Merchant Banker as under:

- (a) The Merchant Bankers are required to independently exercise due diligence of all the disclosures in the placement memorandum, satisfy themselves with respect to veracity and adequacy of the disclosures and provide a due diligence certificate.
- (b) While filing a draft placement memorandum at the time of registration or prior to the launch of the new scheme on the SEBI intermediary portal, the due diligence certificate provided by the Merchant Banker will also be submitted along with other necessary documents.
- (c) The details of the Merchant Banker are required to be disclosed in the placement memorandum.
- (d) Under the SEBI norms, AIFs can launch schemes subject to the filing of a placement memorandum with the regulator through a registered Merchant Banker. Further, AIFs are required to intimate the regulator regarding any changes in terms of placement memorandum on a consolidated basis, within one month of the end of each financial year. Such an intimation will also be submitted through a merchant banker along with the due diligence certificate provided by such merchant banker.
- (e) The Merchant Banker appointed for filing of placement memorandum shall not be an associate of the AIF, its sponsor, manager or trustee.

[Circular](#)

## **12. Amendment to SEBI Circular pertaining to Investor Protection Fund (IPF)/Investor Service Fund (ISF) and its related matters**

Circular No.: SEBI/HO/CDMRD/DoC/P/CIR/2021/651  
Dated 22<sup>nd</sup> October, 2021

*Effective Date: 1<sup>st</sup> January, 2022*

SEBI vide circular No. CIR/CDMRD/DEICE/CIR/P/2017/53 dated June 13, 2017 had issued Comprehensive guidelines for Investor Protection Fund (IPF), Investor Service Fund (ISF) and its related matters.

Vide this Circular, SEBI has modified the following clause of the above circular:

Clause 2 (g) shall be substituted with the following:

2(g). Determination of legitimate claims: “The Stock Exchanges shall ensure that once a member has been declared defaulter, the claim (s) shall be placed before the Member Core Settlement Guarantee Fund Committee (MCSGFC, the erstwhile Defaulters’ Committee) for sanction and ratification. MCSGFC’s advice w.r.t. legitimate claims shall be sent to the IPF Trust for disbursement of the amount immediately.

In case the claim amount is more than the coverage limit under IPF or the amount sanctioned and ratified by the MCSGFC is less than the claim amount then the investor will be at liberty to prefer for arbitration outside the exchange mechanism / any other legal forum outside the exchange mechanism for claim of the balance amount.”

[Circular](#)

## **13. Amendment to SEBI Circulars pertaining to Investor Grievance Redressal System and Arbitration Mechanism**

Circular No.: SEBI/HO/CDMRD/DoC/P/CIR/2021/649  
Dated 22<sup>nd</sup> October, 2021

*Effective Date: 1<sup>st</sup> January, 2022*

SEBI had issued circulars nos. CIR/CDMRD/DEICE/CIR/P/2017/77 dated July 11, 2017 and CIR/CDMRD/DCE/CIR/P/2018/48 dated March 14, 2018 on Investor Grievance Redressal System and Arbitration Mechanism.

Vide this Circular, SEBI has added/modified certain provisions of the aforesaid circulars, in order to further enhance the



effectiveness of Investor Grievance Redressal System and Arbitration Mechanism at the Stock Exchanges.

Following are the details of circulars and relevant clauses added/modified:

Particulars of Circular	Particulars of relevant clause added/modified
Circular No. CIR/CDMRD/DEICE/CIR/P/2017/77 dated July 11, 2017	a. Clause 2.A (v) on 'Empanelment of arbitrators and segregation of arbitration and appellate arbitration panel' b. Clause 2.A (viii). Place of arbitration / appellate arbitration in case award amount exceeds Rs 50 lac c. Clause 2.A (xi) (iii). Threshold limit for interim relief paid out of IPF in Stock Exchanges in case, the order is in favour of client and the member opts for arbitration wherein the claim value admissible to the client is not more than Rs. 20 lakhs
Circular No. CIR/CDMRD/DCE/CIR/P/2018/48 dated March 14, 2018	Clause 2(ii). Speeding up grievance redressal mechanism

[Circular](#)

#### 14. Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2021

No. SEBI/LAD-NRO/GN/2021/52  
Dated 26<sup>th</sup> October, 2021

Vide this notification, SEBI has amended the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.

Following is the gist of amendments:

Regulation 6 pertaining to eligibility requirements for an initial public offer:

(a) In sub-regulation 3, clause (ii) and explanation there below are substituted as under:

Clause (ii) the net worth of the SR (Special voting Right) shareholder, as determined by a Registered Valuer, shall not be more than rupees 1000 crore (*previously 500 crores*).

Explanation: While determining the individual net-worth of the SR shareholder, his investment/ shareholding in other listed companies shall be considered but not that of his shareholding in the issuer company.

(b) In sub-regulation 3, clause (v) is substituted as under:

Clause (v) the SR equity shares have been issued prior to the filing of draft red herring prospectus and held for a period of at least three months (*previously 6 months*) prior to the filing of the red herring prospectus.

[Notification](#)

#### 15. Securities and Exchange Board of India (Depositories and Participants) (Second Amendment) Regulations, 2021

No. SEBI/LAD-NRO/GN/2021/53  
Dated 26<sup>th</sup> October, 2021

Vide this notification, SEBI has amended the SEBI (Depositories and Participants) Regulations, 2018.

**Regulation 76** pertaining to Audit has been amended.

The audit report for the purposes of reconciliation of the total issued capital, listed capital and capital held by depositories in dematerialized form required to be submitted by the issuer on quarterly basis to concerned stock exchanges can also be obtained from a *Practicing Cost Accountant* apart from a Chartered Accountant or a practicing Company Secretary.

[Notification](#)

<b>16. Securities and Exchange Board of India (Foreign Portfolio Investors) (Second Amendment) Regulations, 2021</b>
No. SEBI/LAD-NRO/GN/2021/54 Dated 26 <sup>th</sup> October, 2021
<p>Vide this notification, SEBI has amended the SEBI Foreign Portfolio Investors) Regulations, 2019.</p> <p><b>Regulation 4</b> pertaining to eligibility criteria of foreign portfolio investor has been amended. A proviso has been inserted in clause (c) as under:</p> <p>Proviso to clause (c) -</p> <p>Resident Indian, other than individuals, may also be constituents of the applicant, subject to the following conditions, namely:</p> <ol style="list-style-type: none"> <li>the applicant is an Alternative Investment Fund setup in the International Financial Services Centres and regulated by the International Financial Services Centres Authority;</li> <li>such resident Indian, other than individuals, is a Sponsor or Manager of the applicant; and</li> <li>the contribution of such resident Indian, other than individuals, shall be up to- <ol style="list-style-type: none"> <li>2.5% of the corpus of the applicant or US \$ 7,50,000 (whichever is lower), in case the applicant is a Category I or Category II Alternative Investment Fund; or</li> <li>5% of the corpus of the applicant or US \$ 1.5 million (whichever is lower), in case the applicant is a Category III Alternative Investment Fund.</li> </ol> </li> </ol> <p><a href="#">Notification</a></p>
<b>17. Guiding Principles for bringing uniformity in Benchmarks of Mutual Fund Schemes</b>
Circular No.: SEBI/HO/IMD/IMD-II DF3/P/CIR/2021/652 Dated 27 <sup>th</sup> October, 2021
<p>SEBI, vide this Circular, has decided that there would be two-tiered structure for benchmarking of certain category of schemes. The first tier benchmark shall be reflective of the category of the scheme, and the second tier benchmark should be demonstrative of the investment style / strategy of the Fund Manager within the category.</p> <p>SEBI has also prescribed guiding principles for first tier benchmarks. Further AMFI are required to publish:</p> <ol style="list-style-type: none"> <li>Benchmarks intended to be used by AMCs as first tier benchmarks within a period of one month from the date of issuance of this circular. The framework so specified shall come into force with effect from December 1, 2021.</li> <li>Benchmarks intended to be used as first tier benchmark by AMCs for open ended debt schemes as per the Potential Risk Class Matrix on or before December 1, 2021. The framework so specified shall come into force with effect from January 1, 2022.</li> </ol> <p>The second tier Benchmark is optional and shall be decided by the AMCs according to Investment Style/Strategy of the Index.</p> <p><a href="#">Circular</a></p>
<b>18. Maintenance of current accounts in multiple banks by Stockbrokers</b>
Circular No.: SEBI/HO/MIRSD/DOP/CIR/P/2021/653 Dated 28 <sup>th</sup> October, 2021
<p>SEBI, vide Circular dated November 18, 1993 on “Regulation of Transactions between Clients and Brokers” had mandated that all the brokers shall keep the money of the clients in a separate account and their own money in a separate account.</p> <p>Further, RBI vide circular dated August 6, 2020, had prescribed that banks shall not open current accounts for customers</p>

who have availed credit facilities in the form of cash credit (CC)/ overdraft (OD) from the banking system and all transactions shall be routed through the CC/OD account.

However, on a review, RBI vide circular dated December 14, 2020 had permitted banks to open specific accounts which are stipulated under various statutes and instruction of other regulators/regulatory departments, without any restrictions placed in terms of the RBI circular dated August 06, 2020.

SEBI, vide this circular has clarified that Stock Brokers should maintain current accounts in appropriate number of banks (subject to the maximum limit prescribed by Stock Exchanges/SEBI from time to time) for holding the client funds (i.e., Client Account), for settlement purposes (i.e., Settlement Account) and any other accounts mandated by Stock Exchanges such as Exchange Dues Account subject to the condition that brokers are using these accounts for their defined purposes.

[Circular](#)

## MCA

### **1. Relaxations in paying additional fees in case of delay in filing Form 8 (the Statement of Account and Solvency) by Limited Liability Partnerships upto 30th December, 2021**

General Circular No.16/2021  
Dated: 26<sup>th</sup> October 2021

Vide this circular, MCA has provided relaxation to the LLPs in filing of Form 8 (the Statement of Account and Solvency) for the Financial Year 2020-2021 without paying additional fees upto 30<sup>th</sup> December, 2021.

[Circular](#)

### **2. Extension of last date of filing of Cost Audit Report to the Board of Directors under Rule 6(5) of the Companies (Cost Records and Audit) Rules, 2014**

General Circular No.17/2021  
Dated: 29<sup>th</sup> October 2021

MCA, vide General Circular No. 15/2021 Dated 27<sup>th</sup> September, 2021 had provided relaxation with respect to Cost Audit Report required to be submitted by the Cost Auditor to the Board. In terms of Rule 6(5) of Companies (Cost Records and Audit) Rules, 2014 the date of submission of Cost Audit report by the Cost Auditor to the Board for FY 2020-21 was extended to 31<sup>st</sup> Oct 2021 and the due date for filing of the said report in E-form CRA-4 within 30 days from the receipt thereof by the Company.

Vide this circular, MCA has substituted the above date “31<sup>st</sup> October 2021” with “30<sup>th</sup> November 2021”.

[Circular](#)

### **3. Relaxation on levy of additional fees in filing of e-forms AOC-4, AOC-4 (CFS), AOC-4 XBRL, AOC-4 Non-XBRL and MGT-7 / MGT-7A for the financial year ended on 31.03.2021 under the Companies Act, 2013**

General Circular No.18/2021  
Dated: 29<sup>th</sup> October 2021

Vide this circular, MCA has provided relaxation in filing of E-forms AOC-4, AOC-4 (CFS), AOC-4 XBRL, AOC-4 Non-XBRL and MGT-7 / MGT-7A in respect of FY 2020-21 without payment of additional fees upto 31<sup>st</sup> December, 2021.

[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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