

LOVI MEHROTRA & ASSOCIATES

CHARTERED ACCOUNTANTS

MONTHLY UPDATE OCTOBER 2018

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

[RBI](#)

[SEBI](#)

[MCA](#)

31st October, 2018

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I. RBI

S.NO.	CIRCULAR/ NOTIFICATION NO.	PARTICULARS	SHORT SUMMARY
1.	RBI/2018- 2019/54 A.P. (DIR Series) Circular No.10 Dated 3 rd October, 2018	External Commercial Borrowings (ECB) Policy – Liberalisation	<p>RBI has decided to liberalise ECB Policy for Public sector Oil Marketing Companies (OMCs)</p> <p>OMCs have been permitted to raise ECB for working capital purposes with minimum average maturity period of 3/5 years from all recognized lenders under the automatic route. (as against the extant policy of minimum average maturity period of 5 years).</p> <p>Further, the individual limit of USD 750 million or equivalent and mandatory hedging requirements as per the extant ECB framework have also been waived for borrowings under this dispensation.</p> <p>All other provisions of the extant ECB policy shall remain unchanged.</p> <p>Notification</p>
2.	RBI/2018- 2019/55 FMRD.FMID.07/1 4.03.027/2018- 19 Dated 5 th October, 2018	The Electronic Trading Platforms (Reserve Bank) Directions, 2018	<p>RBI has provided a framework for authorization of electronic trading platforms (ETPs) for financial market instruments regulated by the Bank by way of directions to entities operating ETPs to transact trade in eligible instruments.</p> <p>These directions provide for eligibility conditions, provisions pertaining to Grant of Authorisation to operate ETP, operating framework in respect of Technology and Information Security , Surveillance Reporting requirement etc .</p> <p>Notification</p>

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II. SEBI

S.NO.	CIRCULAR/ NOTIFICATION NO.	PARTICULARS	SHORT SUMMARY
1.	SEBI/LAD- NRO/GN/2018/4 0 Dated 3 rd October, 2018	Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018	<p>SEBI has notified the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.</p> <p>The Regulations deal with the following major aspects:</p> <ul style="list-style-type: none"> ✚ Registration of depository ✚ Certificate of commencement of business ✚ Ownership of depository ✚ Governance of depository ✚ Registration of participant ✚ Rights and obligations of depositories, participants, issuers, manner of surrender of certificate of security and creation of pledge or hypothecation ✚ Listing of securities ✚ Inspection ✚ Procedure for action in case of default <p>Regulation</p>
2.	SEBI/LAD- NRO/GN/2018/4 1 Dated 3 rd October, 2018	Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018	<p>SEBI has notified the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018.</p> <p>The purpose is to regulate recognition, ownership and governance in stock exchanges and clearing corporations and matters connected therewith or incidental thereto.</p> <p>These Regulations deal with the following major aspects:</p> <ul style="list-style-type: none"> ✚ Recognition of stock exchanges and clearing corporations ✚ Net worth of stock exchange and clearing corporation ✚ Ownership of stock exchanges and clearing corporations ✚ Governance of stock exchanges and clearing corporations ✚ General obligations ✚ Listing of securities ✚ Inspection, enquiries and enforcement <p>Regulation</p>

3.	<p>Circular No.: SEBI/HO/CDMR D/DMP/CIR/P/2 018/134</p> <p>Dated 9th October, 2018</p>	<p>Participation of Eligible Foreign Entities (EFEs) in the commodity derivatives market</p>	<p>SEBI has decided to permit foreign entities having actual exposure to Indian commodity markets, to participate in the commodity derivative segment of recognized stock exchanges for hedging their exposure. Such foreign entities shall be known as "Eligible Foreign Entities" (EFEs).</p> <p>The detailed regulatory framework for participation by the EFEs has been outlined in the circular.</p> <p>Circular</p>
4.	<p>SEBI/LAD-NRO/GN/2018/4 2</p> <p>Dated 9th October, 2018</p>	<p>Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2018</p>	<p>SEBI has amended the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.</p> <p>As per the amended regulations, the issuer of securities is no more required to deposit any amount as security deposit with the stock exchanges in respect of securities offered for subscription to public.</p> <p>Regulation</p>
5.	<p>SEBI/LAD-NRO/GN/2018/4 4</p> <p>Dated 9th October, 2018</p>	<p>Securities and Exchange Board of India (Issue and Listing of Non-Convertible Redeemable Preference Shares) (Amendment) Regulations, 2018</p>	<p>SEBI has amended the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013.</p> <p>As per the amended regulations, the issuer of Non-Convertible Redeemable Preference Shares is no more required to deposit any amount as security deposit with the stock exchanges in respect of securities offered for subscription to public.</p> <p>Regulation</p>
6.	<p>SEBI/LAD-NRO/GN/2018/4 3</p> <p>Dated 9th October, 2018</p>	<p>Securities and Exchange Board of India (Issue and Listing of Securitised Debt Instruments and Security Receipts) (Second Amendment) Regulations, 2018</p>	<p>SEBI has amended the Securities and Exchange Board of India (Issue and Listing of Securitised Debt Instruments and Security Receipts) Regulations, 2008.</p> <p>As per the amended regulations, the issuer of Debt Instruments and Security Receipts is no more required to deposit any amount as security deposit with the stock exchanges in respect of securities offered for subscription to public.</p> <p>Regulation</p>

7.	<p>Circular No.: SEBI/HO/CDMR D/DMP/CIR/P/2018/136</p> <p>Dated 16th October, 2018</p> <p>Effective Date 25th November, 2018</p>	<p>Uniformity in the procedure for obtaining samples of goods at the Exchange accredited warehouses</p>	<p>This circular has been issued by SEBI in light of varied approaches being followed by the exchanges for the purpose of determining the samples of agricultural commodities traded on the exchanges.</p> <p>In order to bring in uniformity, SEBI has directed all the Exchanges/Clearing Corporations with Commodities Derivates segment to ensure that adequate samples of goods are collected/retained from the goods deposited and are sealed in the presence of the depositor or his authorized representative.</p> <p>At least four samples should be taken of which one sample is used for analysis, one is kept with WSP for comparison purpose, one is given to the depositors while one is kept for record/lab reference purpose.</p> <p>Circular</p>
8.	<p>Circular No.: SEBI/HO/IMD/D F2/CIR/P/2018/137</p> <p>Dated 22nd October, 2018</p>	<p>Total Expense Ratio (TER) and Performance Disclosure for Mutual Funds</p>	<p>SEBI has issued this circular with the objective of protecting the interest of investors in securities and to promote the development of, and to regulate the securities market</p> <p>The circular deals with issues which ought to bring transparency in expenses, reduce portfolio churning and mis-selling in mutual fund (MF) schemes.</p> <p>Circular</p>

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III. MCA

S.NO.	CIRCULAR/ NOTIFICATION NO.	PARTICULARS	SHORT SUMMARY
1.	Notification No. S.O. 5099(E). And Notification No. S.O. 5098(E). Dated: 1 st October, 2018	Constitution of National Financial Reporting Authority	Central Government has constituted National Financial Reporting Authority on October 1, 2018 to provide for matters pertaining to establishment and enforcement of accounting and auditing standards and oversight of the work of auditors. The head office of the National Financial Reporting Authority shall be at New Delhi. Notification
2.	Notification No. G.S.R. ____ (E). Dated 11 th October, 2018	Amendments in Schedule III to the Companies Act, 2013	MCA has notified amendments in Schedule III of the Companies Act, 2013 pertaining to Preparation of Financial Statements. Following are the key highlights of such changes: a. Further classification of Loans Receivables into (a) Loans Receivables considered good - Secured; (b) Loans Receivables considered good - Unsecured; (c) Loans Receivables which have significant increase in Credit Risk; and (d) Loans Receivables - credit impaired. b. Disclosure of description of purpose of each reserve within equity in the Notes. c. Change of name of "Fixed Assets" to "Property, Plant and Equipment"; "Securities Premium Reserve" to "Securities Premium" etc. d. MSME Disclosures and further Classification of Receivables & Payables in IND AS compliant financials. e. Division III has been introduced for preparation of Financial Statements for an NBFC whose financial statements are drawn up in compliance of the Companies (Indian Accounting Standards) Rules, 2015. Notification
3.	Notification No. S.O. 5385(E). Dated 24 th October, 2018	Enforceability of Provisions of Section 132 of the Companies Act, 2013 pertaining to Constitution of National Financial Reporting Authority	Pursuant to the constitution of National Financial Reporting Authority (NFRA) by the C.G., MCA has notified provisions pertaining to the power, duties and responsibilities of NFRA to enable its proper functioning. Following is a gist of the duties / powers of NFRA- a. To make recommendations to the Central Government on the formulation and laying down of accounting and auditing policies and standards. b. To monitor and enforce the compliance with accounting standards and auditing standards. c. To oversee the quality of service of the professions

			<p>associated with ensuring compliance with such standards, and suggest measures required for improvement in quality of service.</p> <p>d. To investigate, either suo moto or on a reference made to it by the Central Government, for such class of bodies corporate or persons, into matters of professional or other misconduct committed by any member or firm of chartered accountants, registered under the Chartered Accountants Act, 1949.</p> <p>e. It shall have the same powers as are vested in a civil court under the Code of Civil Procedure, 1908, while trying a suit.</p> <p>Notification</p>
4.	<p>General Circular No. 10/2018</p> <p>Dated: 29th October, 2018</p> <p>Effective Date: 1st November, 2018</p>	<p>Relaxation of Additional Fees in filing of forms MGT-7 (Annual Return) and AOC-4 (Financial Statement) under the Companies Act, 2013</p>	<p>MCA has relaxed the additional fees payable on filing of e-forms AOC-4, AOC-4 (CFS), AOC-4 XBRL and MGT-7 for the financial year ended on 31.03.2018 up to 31.12.2018.</p> <p>Circular</p>

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Disclaimer:

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

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