

LOVI MEHROTRA & ASSOCIATES

CHARTERED ACCOUNTANTS

MONTHLY UPDATE AUGUST 2018

(Circulars/ Notifications released during Aug 2018)

[RBI](#)

[SEBI](#)

[MCA](#)

31st August, 2018

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I. RBI

| S.NO. | CIRCULAR/ NOTIFICATION NO. | PARTICULARS | SHORT SUMMARY |
|-------|---|---|--|
| 1. | RBI/2018-19/41 Dated: 29 th August, 2018 | Rupee Drawing Arrangement – Remittance to the Chief Minister's Distress Relief Fund- Kerala | In the wake of floods in the state of Kerala, RBI has permitted receipt of remittances to the Chief Minister's Distress Relief Fund – Kerala through Rupee/Foreign Currency Vostro Accounts of Non-resident Exchange Houses subject to the condition that the remittances are directly credited to the Fund by the banks and the banks maintain full details of the remitters. Notification |
| 2. | Press Release Dated: 30 th August, 2018 | Cancellation of Certificate of Registration of 30 NBFCs | RBI in exercise of powers conferred on it under Section 45-IA (6) of the Reserve Bank of India Act, 1934, has cancelled Certificate of Registration of 30 NBFCs on 30 th August, 2018. Complete list of the NBFCs is available at below mentioned link. Press Release |

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II. SEBI

| S.NO. | CIRCULAR/ NOTIFICATION NO. | PARTICULARS | SHORT SUMMARY |
|-------|--|---|--|
| 1. | SEBI/HO/MIRSD /DoP/CIR/P/201 8/117 Dated: 3 rd August, 2018 | Role of Sub-Broker (SB) vis-a-vis Authorized Person (AP) | <p>SEBI has decided to discontinue with the registration of Sub-Brokers as a market intermediary.</p> <p>In view of the above, following decisions have been taken:</p> <ul style="list-style-type: none"> ✚ No fresh registration shall be granted to any person as Sub-Broker. Any pending applications for registration as Sub-Brokers under process, shall be returned to the concerned Stock Exchanges for onward transmission to the applicant. ✚ Registered Sub-Brokers shall have time till March 31, 2019 in order to migrate to act as an AP and / or Trading Member (TM). Sub-Brokers, who do not choose to migrate into AP and /or TM, shall deemed to have surrendered their registration with SEBI as Sub-Broker, w.e.f. March 31, 2019. <p>Circular</p> |
| 2. | SEBI/HO/MIRSD /DoP/CIR/P/201 8/ 119 Dated: 10 th August, 2018 | Enhanced monitoring of Qualified Registrars to an Issue and Share Transfer Agents | <p>SEBI has extended the framework of Market Infrastructure Institutions (MIs) to Registrars to an Issue and Share Transfer Agents (RTAs) servicing more than 2 crore folios (referred to as "Qualified RTAs" or "QRTAs").</p> <p>QRTAs shall formulate and implement the policy framework, and also comply with the additional reporting requirements within six months from the date of this circular. The first compliance with these guidelines shall be submitted within 30 days from the end of six months period.</p> <p>Circular</p> |
| 3. | CIR/DDHS/P/ 121/2018 Dated: 16 th August, 2018 | Streamlining the process of public issue under the SEBI (Issue and Listing of Debt Securities) Regulations, 2008, SEBI (Issue and Listing of Non- Convertible Redeemable Preference Shares) Regulations, 2013, SEBI (Public Offer and Listing | <p>With a view to simplify the existing process of issuance of debt securities, NCRPS and SDI under the SEBI ILDS, SEBI ILDM, SEBI NCRPS and SEBI SDI regulations respectively, SEBI has made changes as below to the extant regulations.</p> <p>Time taken for listing after the closure of issue reduced from 12 working days to 6 working days.</p> <p>Further, all the investors applying in a public issue shall use only Application Supported by Blocked Amount (ASBA)</p> |

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| | | of Securitised Debt Instruments) Regulations, 2008 and SEBI (Issue and Listing of Debt Securities by Municipalities) Regulations, 2015 | facility for making payment. This circular shall be applicable for all public issues of debt securities, NCRPS and SDI opening on or after October 01, 2018. Circular |
| 4. | SEBI/HO/DDHS/ CIR/P/2018/122 Dated: 16 th August, 2018 | Electronic book mechanism for issuance of securities on private placement basis – Clarifications | <p>This is in continuation to (hereinafter "EBP Circular"), which mandated the use of Electronic Book Provider platform (EBP Platform), for private placement of securities was mandated vide SEBI circular dated January 05, 2018.</p> <p>With a view to further rationalize and ease the process of issuance of securities on EBP platform, SEBI has decided to provide the following additional facilities:</p> <ul style="list-style-type: none"> ✚ Closed Bidding in addition to the current system of open bidding ✚ Multiple Yield Allotment through which an issuer can choose either uniform yield or multiple yield allotment ✚ Multiple bids by an Investor - Investors are now permitted to place multiple bids in an issue ✚ Allotment on yield-time priority basis ✚ Pay-in of funds through escrow bank account of issuer ✚ Depositories to act as EBP - In addition to the Stock Exchanges, Depositories can also act as EBP <p>This circular will come into effect from October 01, 2018.</p> <p>Circular</p> |
| 5. | IMD/FPIC/CIR/P/2018/124 Dated: 21 st August, 2018 Reference: CIR/IMD/FPIC/CIR/P/2018/64 dated April 10, 2018 regarding Know Your Client Requirements for Foreign Portfolio Investors (FPIs) | Know Your Client Requirements for Foreign Portfolio Investors (FPIs) | <p>Know Your Client Requirements for Foreign Portfolio Investors (FPIs) were mandated vide SEBI Circular dated April 10, 2018.</p> <p>In view of representations received from market participants SEBI has decided to extend the time frame for KYC compliance for Foreign Portfolio Investors (FPIs) from the original date of October 10, 2018 to December 31, 2018.</p> <p>All other terms and conditions specified in the aforesaid circular dated April 10, 2018 shall remain unchanged.</p> <p>Circular</p> |

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| 6. | SEBI/CIR/MRD/ DoP- 1/P/125/2018 Dated 24 th August, 2018 | Extension of Trading hours of Securities Lending and Borrowing (SLB) Segment | <p>SEBI has decided to permit Stock Exchanges to set their trading hours in the SLB Segment subject to the following conditions:</p> <ul style="list-style-type: none"> ✚ The trading hours are between 9 AM and 5 PM (Currently, trading is allowed in the segment from 9:55 AM till 3:30 PM.) ✚ The Exchange/Clearing Corporation has in place risk management system and infrastructure commensurate to the trading hours. <p>The extended timing is similar to the trading hours for commodity derivatives segment, which is presently fixed between 10 am and 11.55 pm. The move is a part of SEBI's efforts to enable integration of stocks and commodities trading on a single exchange.</p> <p>Circular</p> |
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III. MCA

| S.NO. | CIRCULAR/ NOTIFICATION NO. | PARTICULARS | SHORT SUMMARY |
|-------|---|---|--|
| 1. | S.O. 3921(E). Dated 7 th August, 2018; and G.S.R. ____ (E). Dated 7 th August, 2018 | Section 42 of the Companies Act, 2013 – Private Placement; and Companies (Prospectus and Allotment of Securities) Rules, 2014 | <p>MCA has notified 7th August, 2018 as the date on which the provisions of Section 42 of the Companies Act, 2013 relating to 'Issue of shares on private placement basis' shall come into force.</p> <p>Rule 14 of The Companies (Prospectus and Allotment of Securities) Rules, 2014 has also been amended to be in line with the aforesaid provisions.</p> <p>Following are the highlights of the amended provisions:</p> <ul style="list-style-type: none"> ✚ The requirement of the value of offer or invitation per person of INR 20,000/- of face value of the securities has been done away with. ✚ Company is no longer permitted to utilize the share application money received by it unless (i) allotment is made; and (ii) the return of allotment, in E-form PAS – 3, is filed with ROC. ✚ Time period for filing E-form PAS – 3 has been reduced to 15 days from allotment instead of 30 days. ✚ Separate penal provisions for non-filing of E-form PAS – 3 introduced - the company, its promoters and directors shall be liable with a penalty INR 1,000/- per day but not exceeding INR 25,00,000/- for delayed filings. ✚ Penal provision provided under sub-section 10 of Section 42 has been revised from “the amount involved in the offer or invitation or Rupees Two Crore, whichever is higher” to “the amount involved in the offer or invitation or Rupees Two Crore, whichever is lower”. <p>Notification</p> |
| 2. | G.S.R. ____ (E). Dated 21 st August, 2018 | Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2018 | <p>Last date of filing of Form DIR – 3 KYC for the current financial year (2018-2019) has been extended from 31-08-2018 to 15-09-2018.</p> <p>No fee shall be chargeable till the 15th September, 2018. Further, a fee of Rs. 5,000/- shall be payable on all delayed filing on or after the 16th September, 2018.</p> <p>Notification</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.