

LOVI MEHROTRA & ASSOCIATES

CHARTERED ACCOUNTANTS

MONTHLY UPDATE OCTOBER 2019

(Circulars / Notifications released during October 2019)

[RBI](#)

[SEBI](#)

[MCA](#)

31st October, 2019

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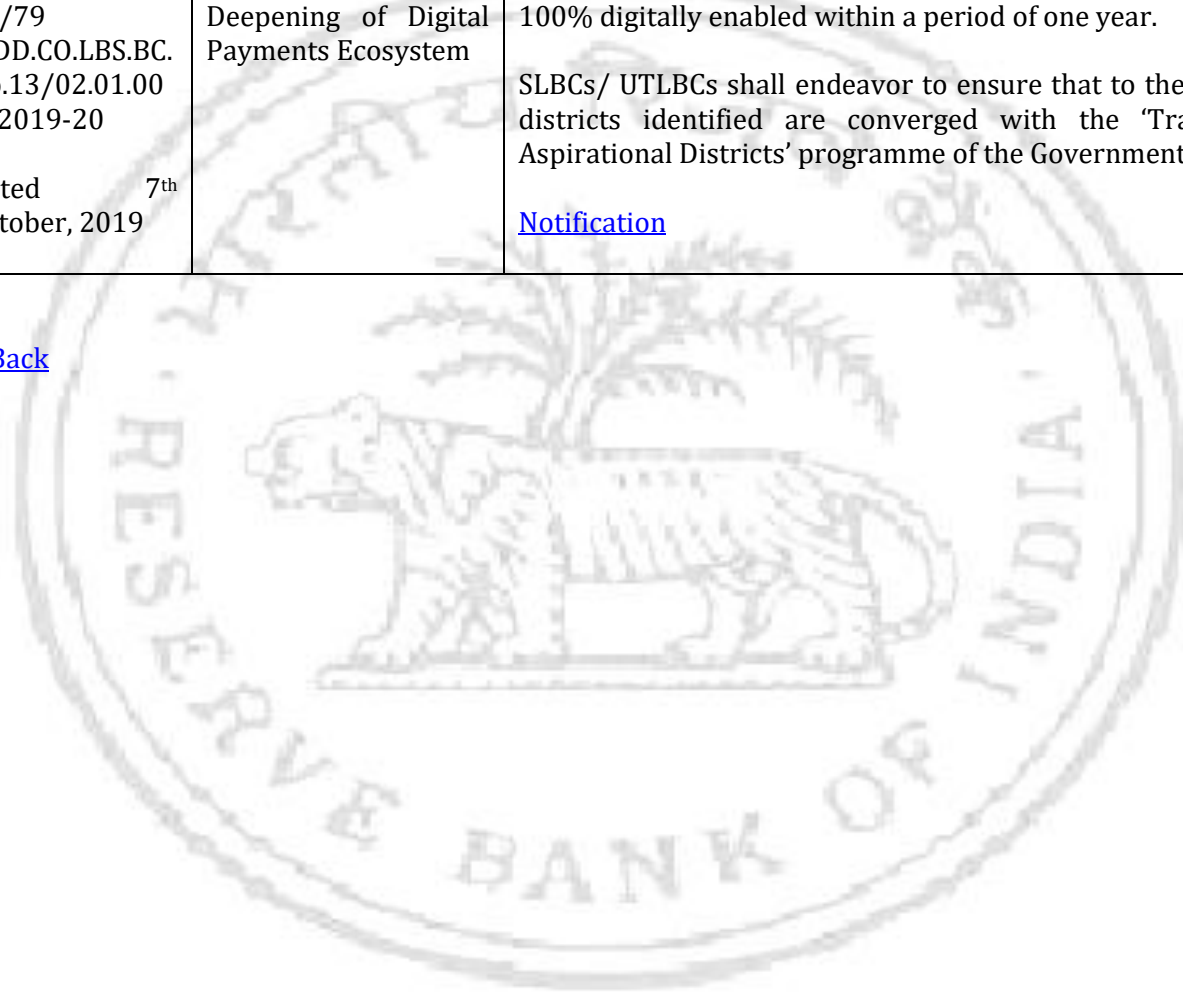
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I. RBI

S. NO.	CIRCULAR/ NOTIFICATION NO.	PARTICULARS	SHORT SUMMARY
1.	RBI/2019-20/79 FIDD.CO.LBS.BC. No.13/02.01.00 1/2019-20 Dated 7 th October, 2019	Expanding and Deepening of Digital Payments Ecosystem	<p>With a view to expanding and deepening the digital payments ecosystem, RBI has decided that all State/ UT Level Bankers Committees (SLBCs/ UTLBCs) shall identify one district in their respective States/ UTs on a pilot basis in consultation with banks and stakeholders. Such identified district shall be allotted to a bank having significant footprint which will endeavor to make the district 100% digitally enabled within a period of one year.</p> <p>SLBCs/ UTLBCs shall endeavor to ensure that to the extent possible, districts identified are converged with the 'Transformation of Aspirational Districts' programme of the Government of India.</p> <p>Notification</p>

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II. SEBI

S. NO.	CIRCULAR/ NOTIFICATION NO.	PARTICULARS	SHORT SUMMARY
1.	<p>Circular No.: SEBI/HO/IMD/DF2/CIR/P/2019/104</p> <p>Dated 1st October, 2019</p>	Review of investment norms for mutual funds for investment in Debt and Money Market Instruments	<p>SEBI has notified that mutual fund scheme shall not invest in unlisted debt instruments including commercial papers (CPs) other than</p> <p>(a) government securities (b) other money market instruments and (c) derivative products such as Interest Rate Swaps (IRS), Interest Rate Futures (IRF), etc which are used by mutual funds for hedging.</p> <p>However, mutual fund schemes may invest in unlisted Non-Convertible Debentures (NCDs) not exceeding 10% of the debt portfolio of the scheme subject to the condition that such unlisted NCDs have a simple structure (i.e. with fixed and uniform coupon, fixed maturity period without any options fully paid up upfront, without any credit enhancements or structured obligations) and are rated and secured with coupon payment frequency on monthly basis.</p> <p>Implementation of the above provisions would further be subject to conditions prescribed</p> <p>The timelines, investment limits and the treatment in respect of existing investments of mutual fund schemes in unlisted debt instruments including NCDs (grandfathering till maturity date) form part of the Circular.</p> <p>Circular</p>
2.	<p>Circular No.: SEBI/HO/MRD/DOP1/CIR/P/2019/106</p> <p>Dated 10th October, 2019</p>	Framework for issue of Depository Receipts	<p>SEBI has notified a framework for issue of Depository Receipts (DRs) by eligible listed companies. The eligibility criteria for the Listed companies to issue Permitted securities for issuance of Depository Receipts, the detailed procedure in respect thereof and the obligations of Indian as well as foreign depositories and domestic custodians form part of the circular. Foreign Depositories and Permissible jurisdictions are defined in the circular.</p> <p>Restrictions for Existing holders to transfer Permissible Securities, for the purpose of issue of DRs also form part of the Circular. .</p> <p>Notification</p>

S. NO.	CIRCULAR/ NOTIFICATION NO.	PARTICULARS	SHORT SUMMARY									
3.	Master Circular Dated 15 th October, 2019	Guidelines on Anti-Money Laundering (AML) Standards and Combating the Financing of Terrorism (CFT) /Obligations of Securities Market Intermediaries under the Prevention of Money Laundering Act, 2002 and Rules framed there under.	<p>As per the provisions of the PMLA, 2002 (notified effective 01-04-2005) every banking company, specified financial intermediaries and any other intermediary associated with the securities market and registered under Section 12 of the Securities and Exchange Board of India Act, 1992 (SEBI Act) shall have to adhere to client account opening procedures and maintain records of such transactions as prescribed by the Act/Rules.</p> <p>Pursuant to amendments made to the PMLA and rules made thereunder, updated guidelines in the context of recommendations made by Financial Action Taskforce (FATF) on anti-money laundering standards have been framed. These guidelines have been divided into two parts; the first part is an overview of the background and essential principles that concern combating Money Laundering (ML) and Terrorist Financing (TF). The second part provides a detailed account of the procedures and obligations to be followed by all registered intermediaries to ensure compliance with AML/CFT directives.</p> <p>These guidelines shall also apply to registered intermediaries branches and subsidiaries located abroad, especially, in countries which do not or insufficiently apply the FATF recommendations, to the extent local laws and regulations permit.</p> <p>This Master Circular shall supersede the earlier Master Circular on AML/ CFT dated July 04, 2018.</p> <p>Master Circular</p>									
4.	Circular No.: CIR/CFD/CMD1 /114/2019 Dated 18 th October, 2019	Resignation of statutory auditors from listed entities and their material subsidiaries	<p>To address the situation arising out of increased incidence of resignation of auditors of listed entities without completing their term and in some cases before completion of audit of financial statements for the year, SEBI has notified conditions to be complied with by Listed entities/material subsidiary w.r.t. limited review / audit report as per SEBI LODR Regulations.</p> <p>Conditions to be complied with upon resignation:</p> <table><tr><td>1</td><td>Resignation within 45 days of quarter end</td><td>Auditor to issue limited review audit report for the quarter before resigning</td></tr><tr><td>2</td><td>Resignation after 45 days of quarter end</td><td>Before resigning, auditor to issue limited review audit report for such quarter and for next quarter</td></tr><tr><td>3</td><td>If the auditor has signed the limited</td><td>Before resigning, auditor to issue the limited review/audit report for the last</td></tr></table>	1	Resignation within 45 days of quarter end	Auditor to issue limited review audit report for the quarter before resigning	2	Resignation after 45 days of quarter end	Before resigning, auditor to issue limited review audit report for such quarter and for next quarter	3	If the auditor has signed the limited	Before resigning, auditor to issue the limited review/audit report for the last
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			<table><tr><td></td><td>review/audit report for the first three quarters of a financial year</td><td>quarter of such financial year as well as the audit report for such financial year.</td></tr></table>		review/audit report for the first three quarters of a financial year	quarter of such financial year as well as the audit report for such financial year.
	review/audit report for the first three quarters of a financial year	quarter of such financial year as well as the audit report for such financial year.				
			<p>Other conditions relating to resignation shall include:</p> <p>i) Reporting of concerns by the auditor with respect to the listed entity/its material subsidiary to the Audit Committee</p> <p>ii) Disclaimer in case of non-receipt of information</p> <p>The Circular also lays down the Format of information to be obtained from the statutory auditor upon resignation and mandates the listed entities to continue to provide cooperation from the time when the auditor proposes to resign till the auditor submits the report for such quarter / financial year as tabulated above.</p> <p>Circular</p>			
5.	<p>Circular No.: SEBI/HO/DDHS /DDHS/CIR/P/2019/115</p> <p>Dated 22nd October, 2019</p>	Framework for listing of Commercial Paper	<p>With a view to broadening investor participation, issuers of Commercial Papers (CPs) have shown interest to list CPs for trading on Stock Exchange(s). To address this requirement and also to ensure investor protection SEBI has notified a disclosure framework for listing of CPs.</p> <p>The framework lays down requirements/conditions to be complied with by Issuers and stock exchanges at the time of listing and on a continuous basis.</p> <p>Disclosures to be made are specified in Annexures 1 & 2 forming part of the circular.</p> <p>Circular</p>			
6.	<p>Circular No. SEBI/HO/MRD/ DP/CIR/P/118</p> <p>Dated 25th October, 2019</p>	Master Circular for Depositories	<p>SEBI has issued a Master Circular for Depositories.</p> <p>This Master Circular is a compilation of all the existing/applicable circulars issued by Market Regulation Department of SEBI pertaining to Depositories up to March 31, 2019 and shall come into force from the date of its issue.</p> <p>In case of any inconsistency between the Master Circular and the applicable circulars, the content of the relevant circular shall prevail.</p> <p>Master Circular</p>			

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7.	<p>Circular No. SEBI/HO/MRD/DP/CIR/P/117</p> <p>Dated 25th October, 2019</p>	Master Circular for Stock Exchanges and Clearing Corporations	<p>SEBI has issued a Master Circular for Stock Exchanges and Clearing Corporations. This Master Circular is a compilation of all the existing/applicable circulars issued by Market Regulation Department of SEBI pertaining to Stock Exchanges and Clearing Corporations up to March 31, 2019 and shall come into force from the date of its issue.</p> <p>In case of any inconsistency between the Master Circular and the applicable circulars, the content of the relevant circular shall prevail.</p> <p>Master Circular</p>

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III. MCA

S. NO.	CIRCULAR/ NOTIFICATION NO.	PARTICULARS	SHORT SUMMARY
1.	Notification No. G.S.R. 750(E). and G.S.R. 749(E). Dated 30 th September, 2019	Companies (Appointment and Qualification of Directors) Fourth Amendment Rules, 2019 read with Companies (Registration Offices and Fees) Fifth Amendment Rules, 2019	MCA has notified the extension of last date for filing Form DIR-3 KYC for FY 2018-19. The extension upto 14-10-2019 has been brought about by way of amendment in Rule 12 A of the Companies (Appointment and Qualification of Directors) Rules, 2014, Notification
2.	Notification No. G.S.R. 776(E). Dated 11 th October, 2019	Amendments to Schedule VII of the Companies Act, 2013	MCA has made further amendments to Schedule VII of the Companies Act, 2013 and extended the scope of establishment & contributions to incubators in Corporate Social Responsibility (CSR) Activities under Section 135 of the Companies Act, 2013. Accordingly, the said Schedule VII, for the item (ix) is substituted, to include the following: Contribution to incubators funded by Central Government or State Government or any agency or Public Sector Undertaking of Central Government or State Government, and contributions to public-funded Universities, Indian Institute of Technology (IITs), National Laboratories and Autonomous Bodies (established under the auspices of Indian Council of Agricultural Research (ICAR), Indian Council of Medical Research (ICMR), Council of Scientific and Industrial Research (CSIR), Department of Atomic Energy (DAE), Defence Research and Development Organisation (DRDO), Department of Science and Technology (DST), Ministry of Electronics and Information Technology) engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs). Notification
3.	Notification No. G.S.R. 792(E). Dated 15 th October, 2019 Effective Date: 1 st April, 2018	Companies (cost records and audit) Amendment Rules, 2019	MCA has amended the information requirement in Form CRA-1 & CRA-3 forming part of the Cost Audit report. This has been brought about by amending the Companies (cost records and audit) Rules, 2014. Companies which have already filed their Cost Audit Report in form CRA-4 for FY 18-19 before the publication of this notification are not required to file their Cost Audit Report for the

			<p>said financial year.</p> <p>The proposed amendments have been made on account of the introduction of the Goods and Services Tax.</p> <p>Notification</p>
4.	<p>Notification No. G.S.R. __ (E).</p> <p>Dated 16th October, 2019</p>	<p>Companies (Incorporation) Eighth Amendment Rules, 2019</p>	<p>MCA has amended the Companies (Incorporation) Rules, 2014. A gist of the changes made is as below:</p> <ol style="list-style-type: none"> 1. Exclusion of applicant of the trademark from the applicability of names by omission of words “or applicant for registration” in sub-rule 1 of Rule 8A. 2. No request for recording DIR-12 (changes in Director) shall be accepted by the Registrar from companies marked as ‘ACTIVE-non-compliant’ This will however not apply where the change is on account of the following cases: <ul style="list-style-type: none"> a) cessation of any director or b) appointment of directors in such company where the total number of directors are less than the prescribed number on account of disqualification of all or any of the director under section 164 c) appointment of any director in such company where DINs of all or any it's director(s) have been deactivated. d) appointment of director(s) for implementation of the order passed by the Court or Tribunal or Appellate Tribunal under the provisions of this Act or under the Insolvency and Bankruptcy Code, 2016). <p>Previously exception was provided only in respect of clause (a) as mentioned above.</p> <p>3. The application for Shifting of registered office within the same State is to be disposed off within a period of 15 days by the Regional Director (RD). The certified copy of the order of the RD is to be filed in Form INC-28 within 30 days from the date of receipt of such copy.</p> <p>Notification</p>
5.	<p>Notification No. G.S.R. __ (E).</p> <p>Dated 22nd October, 2019</p> <p>Effective Date: 1st December, 2019</p>	<p>Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019 read with Companies (Creation and Maintenance of databank of Independent</p>	<p>MCA has notified that individuals who wish to become independent directors will need to take an examination/proficiency test. This is part of MCA's efforts towards bolstering the corporate governance framework.</p> <p>Towards the above end, MCA has allowed IICA (Indian Institute of Corporate Affairs) to act as an agency to create and maintain a data bank of independent directors. The provisions shall be applicable to individuals who intend to be appointed as</p>

		Directors) Rules, 2019	<p>independent directors post the amendment and shall also cover existing independent directors who will be required to comply within 3 months of commencement of the provisions.</p> <p>An online application is required to be made to IICA for the inclusion of name in the data bank for a period of 1 year / 5 year or lifetime and renewal applications are also required to be made within the expiry of such period as the case may. Every individual whose name is included in the databank is required to qualify a proficiency test within a period of 1 year.</p> <p>MCA has granted an exemption from qualifying the Proficiency Test to directors or KMP's of listed Companies or such unlisted Company having paid-up capital of Rs. 10 crores or more and who have already served for more than 10 years.</p> <p>Notification</p>
6.	<p>Notification No. G.S.R. __ (E).</p> <p>Dated 22nd October, 2019</p> <p>Effective Date: 1st December, 2019</p>	Companies (Accounts) Amendment Rules, 2019	<p>MCA has amended the Companies (Accounts) Rules, 2014 and has inserted a new clause for inclusion in Board Report which is as under:</p> <p>“a statement regarding the opinion of the Board with regard to integrity, expertise and experience (including the proficiency) of the independent directors appointed during the year”.</p> <p>Notification</p>
7.	<p>General Circular No. 12/2019</p> <p>Dated 24th October, 2019</p>	Relaxation of additional fees and extension of last date of filing of CRA-4 (cost audit report) for FY 2018-19 under the Companies Act, 2013	<p>Vide this circular, MCA has extended the due date for filing of CRA-4 (cost audit report) for all eligible companies for FY 2018-19, without payment of additional fee till 31st December, 2019.</p> <p>Circular</p>
8.	<p>General Circular No. 13/2019</p> <p>Dated 29th October, 2019</p>	Relaxation of additional fees and extension of last date in filing of forms MGT-7 (Annual Return) and AOC-4 (Financial Statement) under the Companies Act, 2013	<p>Vide this circular, MCA has extended the due date for filing of e-forms AOC-4, AOC (CFS) AOC-4 XBRL upto 30.11.2019 and e-form MGT-7 upto 31.12.2019, without levy of additional fee.</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.