

REGULATORY NEWSLETTER

MONTHLY UPDATE NOVEMBER 2019

(Circulars / Notifications released during November 2019)

➔ *RBI*

➔ *SEBI*

➔ *MCA*

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RBI

1. Availability of National Electronic Funds Transfer (NEFT) System on 24x7 basis

RBI/2019-20/111 DPSS (CO) RPPD No.1097/04.03.01/2019-20
Dated 6th December, 2019

As mandated by RBI, NEFT system will be available on a 24x7 basis with effect from December 16, 2019.

Procedural guidelines to be followed by the Banks have been amended as a result of this change and form part of the Notification.

[Notification](#)

2. Furthering Digital Payments – Waiver of Charges – National Electronic Funds Transfer (NEFT) System

RBI/2019-20/116 DPSS (CO) RPPD No.1140/04.03.01/2019-20
Dated 16th December, 2019

In order to give further impetus to digital retail payments RBI has mandated that effective January 1, 2020 member banks shall not levy any charges from their savings bank account holders for funds transfers done through NEFT system which is initiated online (viz. internet banking and/or mobile apps of the banks).

[Notification](#)

3. Review of Master Directions - Non-Banking Financial Company – Peer to Peer Lending Platform (Reserve Bank) Directions, 2017

RBI/2019-20/121 DOR.NBFC(PD) CC.No.106/03.10.124/2019-20
Dated 23rd December, 2019

RBI has modified the Master Directions - NBFC – Peer to Peer Lending Platform (Reserve Bank) Directions, 2017 dated October 04, 2017.

The modifications are as under :

1) **Prudential Norms** – Aggregate exposure of a lender to all borrowers at any point of time, across all P2P platforms, shall be subject to a cap of **Rs. 5,000,000** provided that such investments of the lenders on P2P platforms are consistent with their net-worth. The lender investing more than **Rs. 1,000,000** across P2P platforms shall produce a certificate to P2P platforms from a practicing Chartered Accountant certifying minimum net-worth of Rs. 5,000,000. Further lenders shall submit declaration to P2P platforms that they have understood the risks associated with lending transactions and that P2P platform does not assure return of principal/payment of interest.

2) **Fund Transfer Mechanism** - Escrow accounts to be operated by bank promoted trustee for transfer of funds need not be mandatorily maintained with the bank which has promoted the trustee.

[Notification](#)

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SEBI	
1. Review of investment norms for Mutual funds for investment in Debt and Money Market Instruments	
Circular No.: SEBI/HO/IMD/DF2/CIR/P/2019/152 Dated 10 th December, 2019	
<p>SEBI, vide circular dated October 1, 2019, had prescribed limits on investments by Debt mutual fund schemes in debt and money market instruments of group companies of both the sponsor and the asset management company. SEBI has now modified the October 2019 circular and following additional provisions have been included:</p> <ol style="list-style-type: none"> Investments of mutual fund schemes in debt and money market instruments in excess of the limits specified therein made on or before October 1, 2019 may be grandfathered till the maturity date of such instruments. The maturity date of such instruments shall be as applicable on October 1, 2019. AMCs shall publish on their respective website a list of their group companies and those of their sponsor(s) AMFI shall publish on its website a list of all group companies along with names and identifier of the respective group that are considered for calculation of group exposure by mutual fund schemes and also the sector to which each company belongs. Disclosures as above shall be made on 1st working day of each calendar quarter starting January 1, 2020. <p>Circular</p>	
2. Filing of Offer Documents under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018	
Circular No.: CFD/DIL1/CIR/P/2019/0000000154 Dated 11 th December, 2019	
<p>In partial modification of the original circular dated May 3, 2012 SEBI has decided that the draft offer documents in respect of issues of size up to Rs. 750 crores shall be filed with the concerned regional office of the Board under the jurisdiction of which the registered office of the issuer company falls. In case issues size exceeds Rs. 750 crores, draft offer documents shall be filed with the head office of the Board.</p> <p>These amendments shall come into effect for draft offer document filed with SEBI on or after the date of this circular.</p> <p>Circular</p>	
3. Management and advisory services by AMCs to Foreign Portfolio Investors	
Circular No.: SEBI/HO/IMD/DF2/CIR/P/2019/155 Dated 16 th December, 2019	
<p>Regulation 24 (b) of SEBI (Mutual Funds) Regulations, 1996 pertaining to “Restrictions on business activities of the Asset Management Company” was amended and notified in September 23, 2019. The amended Regulation 24 (b) stated that it shall apply to such categories of Foreign portfolio investors and shall be subject to such conditions, as maybe specified by the Board from time to time. SEBI has now specified such FPIs and the conditions as under.</p> <p>AMCs may provide management and advisory services in terms of Regulation 24(b) of MF Regulations to FPIs falling under the following categories:</p> <ol style="list-style-type: none"> Government and Government related investors such as central banks, sovereign wealth funds, international multilateral organizations, and other agencies including entities controlled or at least 75 percent owned by such Government. Appropriately regulated entities such as pension funds, insurance or reinsurance entities, banks and mutual funds. Appropriately regulated FPIs wherein a or b above hold more than 50 percent of shares/units. 	

For agreements entered into on or before the date of this circular, AMCs may continue to provide services, for the period as mentioned in the agreement or one year from the date of this Circular, **whichever is earlier**.

[Circular](#)

4. Format on Statement of Deviation or Variation for proceeds of public issue, rights issue, preferential issue, Qualified Institutions Placement (QIP) etc. Dated 24th December, 2019

Circular No.: CIR/CFD/CMD1/162/2019
Dated 24th December, 2019

As per the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to submit to the stock exchange, a statement of deviation or variation, pursuant to review by the audit committee, on a quarterly basis for proceeds of public issue, rights issue, preferential issue etc. However, so far there was no prescribed format specified for reporting the statement of deviation or variation to SEBI.

Vide this circular SEBI has prescribed the format for the same which is placed as Annex A to the circular.

This specified format will aid monitoring by Stock Exchanges, of the end use of issue proceeds raised by listed entities through public issue, rights issue, preferential issue, QIP etc.

[Circular](#)

5. Stewardship Code for all Mutual Funds and all categories of AIFs, in relation to their investment in listed equities

Circular No.: CIR/CFD/CMD1/ 168 /2019
Dated 24th December, 2019

Vide this circular, SEBI has prescribed a Stewardship Code for Mutual Funds and AIFs in relation to their investment in listed equities. The Stewardship Code shall come into effect from the Financial Year beginning April 01, 2020.

[Circular](#)

6. Circular on Investment in units of Mutual Funds in the name of minor through guardian and ease of process for transmission of units

Circular No.: SEBI/HO/IMD/DF3/CIR/P/2019/166
Dated 24th December, 2019

Vide this circular SEBI has mandated uniform processes across Asset Management Companies (AMCs) in respect of investments made in the name of a minor through a guardian to enable efficient transmission of units.

The circular sets out in detail the following:

1. Process for Investments made in the name of a Minor through a Guardian
2. Process for transmission of Units

[Circular](#)

7. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2019

Notification No. SEBI/LAD-NRO/GN/2019/45
Dated 26th December, 2019

Vide this notification, SEBI has amended the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. As per the amended provisions, top 1000 listed entities, instead of 500 entities as provided

earlier, based on market capitalization (calculated as on March 31 of every financial year), are required to provide the Business Responsibility Report (BRR) describing initiatives undertaken by them from an environmental, social and governance perspective in their Annual Reports.

Further, a new proviso is inserted to provide that in the case of rights issues, the listed entity shall give notice in advance of at least three working days (excluding the date of intimation and the record date).

[Notification](#)

MCA

1. Extension of last date of filing of Form PAS-6

General Circular No. 16/2019
Dated 28th November, 2019

MCA had earlier notified that Form PAS – 6 (Reconciliation of Share Capital Audit Report – Half yearly) for half year ending on 30-09-2019 shall be filed by 30-11-2019. This form is however yet to be deployed on the website.

MCA has now extended the last date of filing of Form PAS-6 for the half-year ended on 30.09.2019 to sixty days from the date of deployment of this form on the website.

[Circular](#)

2. Online databank for all existing and aspiring Independent Directors

MCA and Indian Institute of Corporate Affairs (IICA) have introduced a comprehensive online databank for existing and aspiring Independent Directors. As per the Companies (Appointment and Qualification) Rules, 2019, all existing Independent Directors need to empanel with this databank within 3 months of commencement of these rules.

The databank has many key features to offer such as:

- Empanelment of professionals acting as Independent Directors,
- Empanelment of professionals with/without DIN who wish to serve as Independent Directors,
- Online courses offered through an integrated Learning Management System (LMS),
- Newsletter and knowledge resources for continued professional development
- Profile sharing for corporate access for assisting in appointing trained and informed Independent Directors.

[Independent Director's Databank](#)

3. 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

General Circular No. 17/2019
Dated 30th December, 2019

MCA, vide circular issued in October 2019, had 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.

MCA has now further extended the last date for filing of this report for FY 2018-19, without payment of additional fee till 29th February, 2020.

The extension is given for the entire process starting from 'preparation of Annexures to the Cost Audit Report' to 'submission of Cost Audit Report by the Cost Auditor to the Company' and finally 'filing of Cost Audit Report by the Company with the Central Government'.

[Circular](#)