

RBI

Enhancement of ECB limit under automatic route to USD 1.5 billion or equivalent

RBI makes the following amendments to the External Commercial Borrowings (ECB) Policy:

- a. increase the automatic route limit from USD 750 million or equivalent to USD 1.5 billion or equivalent.
- b. increase the all-in-cost ceiling for ECBs, by 100 bps. The enhanced all-in-cost ceiling shall be available only to eligible borrowers of investment grade rating from Indian Credit Rating Agencies (CRAs). Other eligible borrowers may raise ECB within the existing all-in-cost ceiling, as hitherto.

The above relaxations would be available for ECBs to be raised till December 31, 2022.

Change in Bank Rates – Liquid Adjustment Facility

RBI Monetary Policy Committee increases the following rates-

- a. Repo rate enhancement by 50 basis points to 5.40 percent.
- b. Standing Deposit Facility (SDF) rate to 5.15 percent
- c. Marginal Standing facility (MSF) rate to 5.65 percent.

Overseas Investment Regulations notified – Another Step to facilitate the business between Indian and Foreign entities – Enhancing Ease of Doing Business

RBI has simplified the existing framework for overseas investment and has aligned with the current business and economic dynamics. Clarity on Overseas Direct Investment and Overseas Portfolio Investment has been brought in and various overseas investment related transactions that were earlier under the approval route are now under the automatic route, significantly enhancing “Ease of Doing Business”. As per the amended Regulation,

- a. the Indian entity may lend or invest in any debt instrument issued by a foreign entity or extend the non-fund-based commitment to or on behalf of a foreign entity including overseas step-down subsidiaries of such Indian entity subject to the following conditions within the financial commitment limit as prescribed in the Foreign Exchange Management (Overseas Investment) Rules, 2022

- b. An Indian entity may lend or invest in any debt instruments issued by a foreign entity subject to the condition that such loans are duly backed by a loan agreement where the rate of interest shall be charged on an arm’s length basis.
- c. Further, where a person resident in India acquires equity capital by way of subscription to an issue or by way of purchase from a person resident outside India or where a person resident outside India acquires equity capital by way of purchase from a person resident in India, and where such equity capital is reckoned as ODI, the payment of the amount of consideration for the equity capital acquired may be deferred for such definite period from the date of the agreement as provided in such agreement subject to prescribed terms and conditions.

SEBI

SEBI notifies Framework for restricting insider trading by Designated Persons (“DPs”) by freezing PAN at the security level

In order to rationalize the compliance requirement under Clause 4 of Schedule B read with Regulation 9 of PIT Regulations, improve ease of doing business and prevent inadvertent non-compliance of provisions of PIT Regulations by DP, SEBI has now mandated that Stock Exchanges and Depositories shall develop a system to restrict trading by DPs of the listed company during trading window closure period. This restriction on trading shall be for on-market transactions, off-market transfers and creation of pledges in equity shares and equity derivatives contracts (i.e. Futures and Options) of such listed companies and shall be applicable to the declaration of financial results of a listed company that is or was part of benchmark indices from the date of implementation of the circular. This circular shall come into force from the quarter ending September 30, 2022.



SEBI notifies new guidelines for Alternative Investment Funds (AIFs) and Venture Capital Funds (VCFs) for investing abroad, under which overseas' investee firms won't need to have an Indian Connection

- a. As per the new guidelines, AIFs/VCFs shall file an application to SEBI for allocation of overseas investment limit in the notified format and they shall invest in an overseas investee company, which is incorporated in a country whose securities market regulator is a signatory to the International Organization of Securities Commission's Multilateral Memorandum of Understanding or a signatory to the bilateral Memorandum of Understanding with SEBI.
- b. AIFs/VCFs shall not invest in an overseas investee company, which is incorporated in a country identified in the public statement of the Financial Action Task Force (FATF) as a jurisdiction having a strategic Anti-Money Laundering or Combating the Financing of Terrorism deficiencies to which counter measures apply; or a jurisdiction that has not made sufficient progress in addressing the deficiencies or has not committed to an action plan developed with FATF to address the deficiencies.

AMCs to ensure scheme wise disclosure of investments

The following amendments have been made:

- a. Amendment in the definition of associate – Under the definition of Associate, includes a person
 - Who directly or indirectly, by himself, or in combination with relatives, exercises control over the asset management company or the trustee or the sponsor, as the case may be, or
 - In respect of whom the asset management company or the trustee or the sponsor, directly or indirectly, by itself, or in combination with other persons exercises a control, or
 - Whose director except an independent director, officer or employee is a director, officer or employee of the asset management company.
- b. AMCs shall ensure scheme wise disclosure of investments, as on the last day of each quarter, in securities of such entities that are excluded from the definition of associate.
- c. Disclosure of Investment shall include ISIN wise value of investment and value as percentage of AUM of scheme. Such disclosure shall be made on the websites of respective AMCs and on the website of AMFI, within one month from the close of each quarter.

Physical verification of Registered Office Address of Company by ROC

MCA amends Companies (Incorporation) Rules, the amendment pertains to physical verification of the registered office address of the Companies. Registrar of Companies (ROCs) can now freely verify the registered office address of those companies which are believed by the concerned ROC to be not carrying on any business or operations and initiate proceedings under rule 25B (5) where the registered office of the Company is found to be not capable of receiving and acknowledging all communications and notices. Also, ROC to submit report on the physical verification of the registered office of the Company.

Companies (Accounts) Fourth Amendment Rules, 2022 notified, making amendment w.r.t. to maintenance of books of accounts in electronic form.

- Through this amendment, MCA has modified the manner in which the books of accounts are kept in electronic mode.
- The amendment is brought under Rule 3 which deals with the manner of books of accounts to be kept in electronic mode in which the books of account and other relevant books and papers maintained in electronic mode shall remain accessible in India, at all times so as to be usable for subsequent reference.
- Under sub-rule 5, there shall be a proper system for storage, retrieval, display or printout of the electronic records as the Audit Committee, if any, or the Board may deem appropriate and such records shall not be disposed of or rendered unusable unless permitted by law.
- Provided that the back-up of the books of account and other books and papers of the company is maintained in electronic mode, including at a place outside India, if any, shall be kept in servers physically located in India on a daily basis.
- Further, the company shall intimate to the Registrar on an annual basis at the time of filing of financial statement, the information about the service provider who maintains the books of accounts and other documents in electric mode.

Companies (Acceptance of Deposits) Amendment Rules, 2022 notified –

MCA provides for complete reconciliation of each item in DPT-3 to be provided as opening, addition, repayment, adjustment and closing balance as well as Aging and it further notified revised Form DPT-3 and Form DPT-4.

MCA allows signing of Form CHG-1, CHG-4, CHG-8 and CHG-9 by IRP or liquidator –

- MCA notifies new rule 13 under Companies (Registration of Charges) Rules for signing of charge e-forms by Insolvency resolution professional or liquidator for companies under resolution or liquidation. Further, notifies revised Form No. CHG-1, CHG-4, CHG-6, CHG-8 and CHG-9.
- The Form No.CHG-1, CHG-4, CHG-8 and CHG-9 shall be signed by Insolvency resolution professional or resolution professional or liquidator for companies under resolution or liquidation, as the case may be and filed with the Registrar.

Revision of Form DIR 3-KYC and DIR 3 -KYC WEB – MCA –

MCA revises Form DIR 3-KYC and DIR 3 – KYC WEB. The amendment has been made to Companies (Appointment and Qualification of Directors) Rules. It is clarified that in the case of Indian nationals, the Income-tax Permanent Account Number (Income-tax PAN) is mandatory in all cases even if there is no change in Income-tax PAN. In such cases, director details should be as per Income-tax PAN. In case the details as per Income-tax PAN are incorrect, the director/designated partner is advised to first correct the details in Income-tax PAN. The new forms would be made available from September 9, 2022 on the MCA portal.

GSTN introduces a Single click Nil filing of GSTR – 1 on the GSTN portal to improve the user experience and performance of GSTR-1/IFF filing

Taxpayers can now file NIL GSTR-1 return by simply ticking the checkbox File NIL GSTR-1 available on the GSTR-1 dashboard. Taxpayers may file NIL GSTR-1 if they have No Outward Supplies (including supplies on which tax is to be charged on a reverse charge basis, zero-rated supplies and deemed exports) during the month or quarter for which the form is being filed, or No Amendments to be made to any of the supplies declared in an earlier form or No Credit or Debit Notes to be declared/amended, or No details of advances received for services is to be declared or adjusted.

CBIC reduces the threshold for mandatory issuance of e-invoices from INR 20 Crores to INR 10 Crores with effect from October 1, 2022

- E-Invoice is a system in which B2B invoices are authenticated electronically by GSTN for further use on the common GST portal.
- e-Invoicing was made mandatory from October 01, 2020, for all businesses (other than a Special Economic Zone unit and those referred to in sub-rule (2), (3), (4), and (4A) of rule 54 of the GST rules) whose aggregate turnover has exceeded the INR 500 crore limit in any of the previous financial years from 2017-18 to 2019-20. From January 01, 2021, e-invoicing became applicable to businesses exceeding the INR 100 crore turnover limit in any of the financial years between 2017-18 to 2019-20.
- Likewise, it was extended to businesses with a total turnover of more than INR 20 crores from April 01, 2022, which is now reduced to INR 10 crore.