



ACQUISORY

Your Growth, Our Business

BULLETIN – MAY 2024

❖ **Facilitating ease in digital on-boarding process for clients and enhancing transparency through disclosures w.r.t. Portfolio Managers**

SEBI has modified various clauses of its Master Circular dated March 20, 2023 for Portfolio Managers and prescribed that, w.e.f. October 1, 2024

- while on-boarding a client, Portfolio Manager shall ensure that the client has understood the structure for fees and charges in the manner of as prescribed by SEBI.
- Portfolio Manager shall also provide an annexure detailing the fee calculation.

➤ **For New Clients, on boarded on or after October 1, 2024**

- Portfolio Manager shall provide to its client a “Most Important Terms and Conditions (MITC)” document, which shall be duly acknowledged by the client in order to facilitate ease of understanding of the critical aspects of the Portfolio Manager – client relationship.
- Portfolio Manager shall also provide a fee calculation tool to all clients that highlights various fee options with multi year fee calculations. Such tool shall incorporate the high watermark principle, wherever applicable.
- whenever performance fees is charged to the client, the annexure for fees and charges to the PMS client agreement, shall also contain the additional fee illustrations.

❖ **FPIs domiciled at GIFT City allowed to issue P-Notes to investors**

- Foreign portfolio investors (FPIs) domiciled at the GIFT International Financial Services Centre (IFSC) and registered with the Securities and Exchange Board of India (Sebi) have been allowed to issue offshore derivative instruments (ODIs), popularly known as participatory notes (pnotes).
- At present, the International Financial Services Centre Authority (IFSCA), the unified regulator for GIFT City, allows banking units to issue notes.

❖ **SEBI issues Master Circular for Alternative Investment Funds (AIFs)**

- SEBI issues a Master Circular related to Alternative Investment Funds (AIFs).
- In addition to the requirements specified under Master Circular, the AIFs shall be required to independently comply with the other requirements specified by SEBI for market intermediaries such as ‘Levy of Goods and Service Tax’ (GST) on the fees payable to SEBI.
- Approach to securities market data access and terms of usage of data provided by data sources in Indian Securities Market, ‘Digital Mode of payment’, ‘Information regarding Grievance Redressal Mechanism’ and Guidelines on Outsourcing of Activities by Intermediaries etc.

❖ **SEBI issues Master Circular for Registrars to an Issue and Share Transfer Agents**

- The new Master Circular rescinds previous directives concerning RTAs. However, actions taken under the rescinded circulars prior to this Master Circular remain valid and are considered as having been done under the corresponding provisions of the new circular.
- Any pending applications with SEBI under the rescinded circulars are now considered under the provisions of the new Master Circular.

❖ **SEBI (Buy Back of Securities) (Amendment) Regulations, 2024**

- SEBI has notified the SEBI (Buy Back of Securities) (Amendment) Regulations, 2024, the amendments have been made in regulation 19 and regulation 22B of the SEBI (Buy Back of Securities) Regulations, 2018.
- It is provided that for determination of the volume weighted average market price under regulation 19 and for calculation of the lower end of the price range under regulation 22B, the effect on the price of the equity shares of the Company due to material price movement and confirmation of reported event or information may be excluded as per the framework specified under Regulation 30(11) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

❖ **SEBI (Substantial Acquisition of Shares and Takeovers) (Amendment) Regulations, 2024**

- SEBI notified SEBI (Substantial Acquisition of Shares and Takeovers) (Amendment) Regulations, 2024, the amendments have been made in regulation 8 and regulation 9 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- It is provided that for determination of the offer price under Regulation 8 and for determination of the price of Equity shares under Regulation 9, the effect on the price of equity shares of target company due to material price movement and confirmation of reported event or information may be excluded as per the framework specified under Regulation 30 (11) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

❖ **SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2024**

- SEBI has amended the definition of “generally available information” as prescribed under Regulation 2(1)(e) of the SEBI (Prohibition of Insider Trading) Regulations, 2015 and provides that generally available information means information that is accessible to the public on a non-discriminatory basis and shall not include unverified event or information reported in print or electronic media.

❖ SEBI (Listing Obligations and Disclosure Requirements) (Amendments) Regulations, 2024

- SEBI vide this notification has made various amendments including Regulation 3 specifying the applicability of the provisions of SEBI LODR regulations to a listed entity on the basis of market capitalization.
- It is, inter alia, provided that every recognized stock exchange shall, at the end of the calendar year i.e., 31st December, prepare a list of entities that have listed their specified securities ranking such entities on the basis of their average market Capitalisation from 1st July to 31st December of that calendar year.
- The relevant provisions shall then become applicable to a listed entity that is required to comply with such requirements for the first time (or, if applicable, required to comply after any interim period) after a period of three months from December 31 (i.e. April 1) or from the beginning of the immediate next financial year, whichever is later.

• SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2024

In order to facilitate ease of doing business for companies coming for IPOs / fund raising, SEBI has amended the provisions of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 and notified SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2024.

The amendments have been made in respect of the following:

- Promoter group entities and non-individual shareholders holding more than 5% of the post offer equity share capital to be permitted to contribute towards minimum promoter's contribution (MPC) without being identified as a promoter.
- Doing away with the requirement of 1% security deposit in public / rights issue of Equity Shares.
- Flexibility in extending the bid / offer closing date on account of force majeure events by minimum one day instead of present requirement of minimum three days.

RBI

❖ Foreign Exchange Management (Deposit) (Fourth Amendment) Regulations, 2024

- According to amendment an authorised dealer in India may allow a person resident outside India to open, hold and maintain an interest bearing account in Indian Rupees and /or foreign currency for the purpose of posting and collecting

margin in India, for a permitted derivative contract entered into by such person in terms of Foreign Exchange Management (Margin for Derivatives Contracts) Regulations, 2020, dated October 23, 2020 as amended from time to time, subject to directions issued by the Reserve Bank in this regard.

❖ RBI launches PRAVAAH (Platform for Regulatory Application, Validation and Authorisation) Portal for streamlining some regulatory approvals for individuals & entities

RBI launched PRAVAAH portal to make it convenient for any individual or entity to apply online for various regulatory approvals in seamless manner. It will also enhance the efficiency of various processes related to granting of regulatory approvals and clearances by the Reserve Bank.

PRAVAAH is a secure and centralised web-based portal for any individual or entity to seek authorisation, license or regulatory approval on any reference made by it to the Reserve Bank. Below are some of the key features available in the portal:

1. Submit online application on the portal;
2. Track and monitor the status of the application;
3. Respond to any clarification/query sought by RBI in connection with the application; and
4. Receive a decision from the Reserve Bank in a time bound manner.

Link for PRAVAAH Portal: <https://pravaah.rbi.org.in>

TAX

❖ CBDT excludes RBI from the definition of specified person under Section 206AB & 206CCA of Income Tax Act, 1961

CBDT has amended the applicability of Section 206AB & 206CCA of the Income Tax Act, 1961. By this notification, CBDT excluded Reserve Bank of India (RBI) from the definition of specified person for the purposes of Section 206AB Section 206CCA.

<https://incometaxindia.gov.in/communications/notification/notification-45-2024.pdf>
<https://incometaxindia.gov.in/communications/notification/notification-46-2024.pdf>

MCA

❖ Relaxation of Additional fees: LLP BEN -2 & LLP Form 4D Deadline extended till July 1, 2024

In the light of the transition from MCA – 21 version - 2 to version – 3 and to encourage compliance among LLPs, the competent authority has decided to extend the deadline for filing Form LLP BEN – 2 and LLP Form No. 4D. This extension comes with the significant benefit of waiving additional fees, easing the financial burden on LLPs. LLPs now have until July 1, 2024 to submit the aforementioned forms without incurring any further additional fees.

IFSCA

❖ IFSCA Circular: Facilitating NRI & OCI Investments in Indian Securities

IFSCA circular addresses alternative routes and compliance requirements to enhance participation in the Indian securities market.

- **Alternative Route 1** - Under this route, NRI/OCI/RI investors may contribute up to 100% in the corpus of IFSC based FPIs. However, FPIs are required to submit copies of PAN or suitable documents of all NRI/OCI/RI individual constituents to the Designated Depository Participant (DDP). SEBI will specify the modalities for this alternative.
- **Alternative Route 2** - In this route, NRI/OCI/RI investors may also contribute up to 100% in the corpus of IFSC based FPIs without the submission of aforementioned documents. However, certain conditions must be met by Fund Management Entities (FMEs) intending to invest in Indian securities through the FPI route.

These conditions include eligibility criteria for FMEs, independent investment decisions, acceptance of contributions into a single pool without segregated portfolios, diversification requirements, and compliance with additional disclosures specified by SEBI.