



ACQUISORY

Your Growth, Our Business

BULLETIN – JUNE 2024

Enhancement of operational efficiency and Risk Reduction – Pay out securities directly to client demat account.

- ❑ SEBI has now prescribed, that the securities for pay-out shall be credited directly to the respective client's demat account by Clearing Corporations (CCs) and CCs shall provide a mechanism for Trading Member (TM)/Clearing Members (CM) to identify the unpaid securities and funded stocks under the margin trading facility.
- ❑ In case of any shortages arising due to interse netting of positions between clients i.e. internal shortages, TM/CM shall handle such shortages through the process of auction as specified by CCs.
- ❑ In such cases, the brokers shall not levy any charges on the client over and above the charges levied by the CCs. The same shall come into effect from October 14, 2024.

Framework for providing flexibility to Foreign Portfolio Investors in dealing with their securities post expiry of their registration.

- ❑ SEBI vide "Master Circular for Foreign Portfolio Investors, Designated Depository Participants and Eligible Foreign Investors" dated May 30, 2024 has, inter alia, specified the guidelines for registration of FPIs, the investment conditions/ restriction on FPIs and the timelines for disclosure of certain material changes/events under Part A and Part C of the FPI Master Circular respectively.
- ❑ In view of the amendments to the SEBI (Foreign Portfolio Investors) Regulations, 2019, the Part A and Part C of the FPI Master Circular stands modified.

SEBI to not freeze MF Portfolios, demat accounts over non-submission of nominee

- ❑ Market regulator SEBI has issued a circular on June 10, 2024 stating that it will not freeze the mutual fund portfolios and demat accounts of investors for non-submission of nomination.
- ❑ The decision - for existing investors and unitholders - has been taken based on representations from the market participants, citing need for ease of compliance and investor convenience.
- ❑ Investors holding securities in physical form shall be eligible for receipt of dividend, interest payment or redemption payment, as well as to lodge grievance, SEBI's circular said.
- ❑ SEBI had last year in December extended the deadline until June 30, 2024 for mutual fund investors to complete/update their nominations.
- ❑ Investors will be able to avail any service request from their mutual fund registrar and transfer agent (RTA), even if 'choice of nomination' has not been submitted by those unit holders

SEBI Circular on Participation of NRIs, OCIs & RIs in SEBI Registered FPIs in IFSCs

- ❑ Key modifications to the FPI Master Circular include exemptions from certain regulatory provisions for IFSC-based FPI applicants.
- ❑ Such applicants must declare their intent to have at least fifty percent aggregate contribution by NRIs, OCIs, and RIs in their corpus at registration, with provisions for renewal.
- ❑ They must submit PAN cards or appropriate declarations for constituent individuals, including provisions for non-compliant entities and diversified investor conditions.
- ❑ Additionally, amendments adjust holding thresholds and breach definitions under specific clauses,

effective immediately upon issuance to uphold investor protection and market regulation mandates under SEBI's authority.

- ❑ This circular underscores SEBI's commitment to evolving regulatory frameworks in alignment with IFSC initiatives, accessible via sebi.gov.in for further details and implementation guidance.

SEBI Board Meeting

The SEBI Board Meeting, approved the following-

- ❑ Proposal on association of persons regulated by the SEBI and the agents of such persons with other specified persons.
- ❑ Introduction of Fixed Price Process as an alternative to Reserve Book Building process (RBB) for delisting of companies whose shares are frequently traded.
- ❑ Introduction of an alternate delisting framework for listed Investment Holding Companies (IHC) through scheme of arrangement by way of selective capital reduction.
- ❑ Proposal to facilitate ease of doing business with respect to the additional disclosure framework for FPIs.
- ❑ Proposal to streamline the public issue process for debt securities and Non-Convertible Redeemable Preference Shares to provide:
 - Faster access to funds to issuers.
 - flexibility to issuer by providing discretion with regard to advertisement of public issue through electronic modes subject to a window advertisement (containing a QR Code and Link to full advertisement) in newspapers
 - harmonisation of the procedure by mandating UPI for individual investors where the investment is up to Rs Five lakhs
- ❑ Amendments to SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 pertaining to rationalization of disclosure requirements in the offer document for nonconvertible securities and modification in timeline of intimation to Stock Exchanges for listed Commercial Paper towards measures for ease of doing Business.
- ❑ Measures to facilitate Ease of Doing Business for Infrastructure Investment Trusts and Real Estate Investment Trusts.
- ❑ Guidelines for borrowing by Category I and II AIFs (facilitating ease of doing business) and specifying of maximum permissible limit for extension of tenure by Large Value Funds.
- ❑ Proposal to facilitate an optional mechanism for fee collection by SEBI registered Investment Advisers (IAs) and Research Analysts (RAs).
- ❑ Parameters for independent external evaluation of performance of Market Infrastructure Institutions.
- ❑ Cybersecurity and Cyber Resilience Framework (CSCRF) for SEBI Regulated Entities (REs).
- ❑ Review of eligibility criteria for entry/exit of stocks in derivatives segment

TAX

Recommendations of 53rd GST Council Meeting

The GST Council made the following recommendations relating to changes in GST tax rates, measures for facilitation of trade and measures for streamlining compliances in GST.

Changes in GST Rates

a. Proposed changes in GST rates for goods:

- Aircraft Parts: A uniform rate of 5 percent IGST on imports of parts, components, and equipment for aircrafts.
- Carton, Boxes, and Cases: Reduced GST from 18 percent to 12 percent for both corrugated and non-corrugated paper products.
- Solar Cookers: Raised to 12 percent GST for all solar cookers.
- Research Equipment: IGST exemption on imports for the RAMA program (Research Moored Array for African-Asian-Australian Monsoon Analysis and Prediction).
- SEZ Imports: Compensation Cess exemption for authorized SEZ operations effective from July 1, 2017.

a. Proposed changes in GST rates for services:

- Indian Railways: Exemptions on platform tickets, retiring rooms, waiting rooms, cloakroom services, battery-operated car services, and intra-railway transactions.
- SPV Services: Exemption for services provided by SPVs to Indian Railways.
- Accommodation Services: Exemption for services with accommodation up to INR 20,000/month (US\$239.67) per person for stays over 90 days.
- Insurance Services: Co-insurance premium, reinsurance commission transactions, and retrocession declared as no supply.
- Specified Insurance Schemes: Regularization of GST liability on reinsurance services.
- RuPay and BHIM-UPI Incentives: Further sharing of incentives declared non-taxable.

MCA

MCA to roll out 9 more forms for Statutory filing of forms on the V3 portal in the month of July

MCA will be launching third set of Company forms covering 9 forms [MSME, BEN-2, MGT-6, IEPF-1, IEPF-1A, IEPF-2, IEPF-4, IEPF-5, IEPF-5 verification report] on 15th July 2024.

OTHERS

Master Circular on General Insurance Business

Insurance Regulatory and Development Authority of India (IRDAI) on June 11, 2024 has issued master circular on IRDAI (Insurance Products) Regulation 2024- general Insurance. This master circular shall apply to every existing general insurance product and every add-on cover. It will also apply to the general insurance coverage section within a Package Product. The master circular shall not apply to health insurance products included within a package product.

IRDAI Master Circular on Life Insurance Products

- ❑ The master circular on life Insurance Products aims at simplification, transparency and informed decision making for policyholders.
- ❑ This move consolidates and streamlines provisions from exiting circulars, emphasizing the regulators' commitment to policyholder interests.
- ❑ The circular introduces measures such as the Customer Information Sheet (CIS) and improved Benefit illustrations to enhance policyholder's understanding of their policies.
- ❑ Mandates features like policy loans, health riders and partial withdrawals to cater to the policyholders diverse financial needs.
- ❑ The circular also focuses on strengthening governance through mechanisms to improve persistency, curb mis-selling and ensure fair pricing practices.

Extension of Validity of FCRA registration certificate upto September 30, 2024

- ❑ Ministry of Home Affairs of the Government of India has issued a public notice regarding the extension of validity for FCRA registration certificates.
- ❑ This extension applies to entities whose certificates were previously extended until June 30, 2024, and whose renewal applications are still pending.
- ❑ For these entities, the validity will now extend until September 30, 2024, or until their renewal applications are resolved, whichever comes first.
- ❑ Additionally, entities whose five-year validity period expires between July 1, 2024, and September 30, 2024, and who apply for renewal within this period, will also have their validity extended under the same conditions.

IFSCA

IFSCA Circular: Amendment to Current Account Interest Rules

The amendment redefines a "Current Account" as a type of demand deposit that may or may not earn interest, allows unlimited withdrawals, and includes accounts that are neither savings nor term deposits. It also grants IFSC Banking Units the autonomy to set interest rates, calculation methods, and credit periodicity for current accounts, with immediate effect.

IFSCA (Book Keeping, Accounting, Taxation and Financial Compliance Services) Regulations, 2024

- ❑ IFSCA issues BATF Regulations, 2024, which provide a comprehensive regulatory framework for offering book keeping, accounting, taxation and financial crime compliance services from the IFSC in India.
- ❑ These regulations were notified following the recognition of these services as financial services under the IFSCA Act, 2019.
- ❑ The BATF Regulations aim to align with global standards and include financial crime compliance services to promote Anti-money Laundering (AML) and Countering the Financing of Terrorism (CFT) measures.
- ❑ By facilitating the transition of exiting units to these regulations, they aim to create opportunities for firms to offer these services efficiently to non-resident clients from GIFT IFSC, thus enhancing the financial market ecosystem.