



ACQUISORY

Your Growth, Our Business

BULLETIN – DECEMBER 2024

SEBI

SEBI (Issue and Listing of Non-Convertible Securities) (Third Amendment) Regulations, 2024

- ❑ A new definition of Environment, Social and Governance Debt Securities (“ESG Debt Securities”) is inserted which means green debt securities, social bonds, sustainability bonds, sustainability-linked bonds, or any other type of bonds, by whatever name called, that are issued in accordance with such international frameworks as adapted or adjusted to suit Indian requirements that are specified by the Board from time to time, and any other securities as specified by the Board.
- ❑ Issuers intending to list ESG Debt Securities must comply with conditions specified by SEBI. Regulation 26 is omitted, and amendments to Schedule I include revised disclosure requirements for debenture trustees, replacing direct document inclusion with a web link or QR code in the issue document.

SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2024

- ❑ Amendment Regulations inter alia provides that every listed entity and its material unlisted subsidiaries incorporated in India shall undertake Secretarial Audit by a Secretarial Auditor who shall be a Peer Reviewed Company Secretary and shall annex a Secretarial Audit Report in such form as specified, with the annual report of the listed entity.
- ❑ On the basis of recommendation of board of directors, a listed entity shall appoint or re-appoint:
 - ✓ an individual as Secretarial Auditor for not more than one term of five consecutive years; or
 - ✓ a Secretarial Audit firm as Secretarial Auditor for not more than two terms of five consecutive years,
- ❑ with the approval of its shareholders in its Annual General Meeting.

Further, according to the amended Regulations, Secretarial Compliance Report submitted to the stock exchange(s) on annual basis is signed only by the Secretarial Auditor or by a Peer Reviewed Company Secretary who satisfies the conditions as mentioned.

Pro-rata and Pari-Passu rights of investors of AIFs

- ❑ SEBI has specified the requirements of maintaining investors’ rights pro-rata to their commitment to the scheme, shall not be applicable in an investment of a scheme and distribution of proceeds of the investment to the extent an investor has been excused or excluded from participating in the said investment; or, an investor has defaulted on providing his/her pro-rata contribution for the said investment.
- ❑ Further, the requirement of maintaining pro-rata rights of investors in distribution of proceeds of investments of a scheme, shall not be applicable to the extent returns or profit on the investments is shared by an investor with the manager or sponsor of the AIF (by whatever name it is called, such as carried interest/additional return), in terms of contribution agreement executed between them.
- ❑ SEBI has also decided that the Standard Setting Forum for AIFs (‘SFA’) shall, in consultation with SEBI, formulate the implementation standards for compliance with the provision of Pari-passu rights of investors of AIFs, prescribing the positive list of specific differential rights that may be offered by AIFs. Such list may be reviewed and updated by SFA, whenever necessary, in consultation with SEBI.

Classification of Corporate Debt Market Development Fund (CDMDF) as Category I Alternative Investment Fund

- ❑ SEBI has provided clarity on classification of CDMDF under one of the defined categories under the AIF Regulations.
- ❑ The fund has been set-up with the broader economic objective of development of corporate bond market, inter-alia, to act as a Backstop facility during times of market stress. Accordingly, SEBI clarified that CDMDF falls under the Category I AIF in terms of Regulation 3(4) (a) of AIF Regulations.

SEBI overhauls regulatory framework for investment advisers research analysts

- ❑ SEBI has amended norms governing investment advisers (IAs) and research analysts (RAs) to facilitate ease of doing business by providing relaxation in eligibility criteria for registration and simplifying the compliance requirements.
- ❑ The minimum qualification requirement has been reduced to a graduate degree in specified fields and net worth requirement has been replaced with the requirement of deposits.

SEBI Board Meeting

SEBI approved the following-

- ✓ Ease of Doing Business with respect to Business Responsibility and Sustainability Report (BRSR)
- ✓ Review of SME framework under SEBI (ICDR) Regulations, 2018, and applicability of corporate governance provisions under SEBI (LODR) Regulations, 2015 on SME companies.
- ✓ Review of SEBI (Merchant Bankers) Regulations, 1992
- ✓ Measures for Reforms to Debenture Trustees Regulations including towards Ease of Doing Business.
- ✓ Measures towards Ease of Doing Business for ESG Rating Providers (ERPs).
- ✓ Review of provisions regarding corporate governance norms for High Value Debt Listed entities (HVDLEs) - amendments to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR Regulations).
- ✓ Measures towards Ease of Doing Business and Investor Protection for Infrastructure Investment Trusts (InvITs) and Real Estate Investment Trusts (REITs).
- ✓ Measures towards Ease of Doing Business for Small and Medium Real Estate Investment Trusts (SM REITs).
- ✓ Amendments to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 for specifying timelines for deployment of funds collected by Asset Management Companies (AMC’s) in New Fund Offer (NFO) as per asset allocation of the scheme.
- ✓ Review of SEBI (Custodian) Regulations, 1996.
- ✓ Aligning the modes for payment of dividend, interest, etc. for demat account holders in line with physical securityholders to promote online/digital transactions.

- ✓ Amendments to include events in the illustrative list of the definition of Unpublished Price Sensitive Information (UPS) under SEBI (Prohibition of Insider Trading) Regulations, 2015.
- ✓ Amendments to Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 for provisions related to payment of Annual Fee and Annual Charge by the depositories.
- ✓ Securities and Exchange Board of India (Procedure for making, amending and reviewing of Regulations) Regulations, 2024.

SEBI announces Integrated Filing for Listed Entities

- ❑ SEBI to implement recommendations from an expert committee aimed at easing the business operations of listed entities.
- ❑ Recommendations led to amendments in the SEBI (Listing Obligations and Disclosure Requirements) Regulations (LODR) and the introduction of integrated Filing for governance and financial related disclosures.
- ❑ The changes affect filings related to investor grievances, corporate governance reports, related party transactions and financial results, with updated deadlines for quarterly submissions.
- ❑ New guidelines for secretarial auditors and the disclosure of employee benefit scheme documents.
- ❑ Use of a single filing system and system driven disclosures for certain filings.

SEBI clarifies Cybersecurity Framework Compliance Deadlines

- ❑ SEBI issues clarifications on the Cyber Security and Cyber Resilience Framework (CSCRF) for SEBI regulated entities (REs). Framework was introduced in August 2024, aimed to strengthen cyber security measures and IT infrastructure for SEBI REs.
- ❑ Circular provides regulatory forbearance until March 31, 2025, allowing REs to demonstrate progress towards CSCRF compliance without facing immediate regulatory actions.
- ❑ Extends the compliance deadlines for KYC Registration Agencies (KRAs) and Depository Participants (DPs) from January 1, 2025 to April 1, 2025.

SEBI clarifies Rules on Share Transfer and Control Change

- ❑ Prior approval for change in Control: Transfer of shareholdings among immediate relatives and transmission of shareholdings and their effect on change in control.
- ❑ For unlisted body corporate intermediaries, share transfer among immediate relatives or through transmission will not be considered a control change. However, for proprietary firms, any transfer or transmission of business/capital to another person will require prior approval and fresh registration.
- ❑ In partnership firms, inter partner transfers are not considered control changes unless a new partner is introduced, in which case a prior approval and fresh registration are required.

RBI

Introduction of beneficiary bank account name look-up facility for RTGS and NEFT systems

- ❑ Presently, the Unified Payments Interface (UPI) and Immediate Payments Service (IMPS) systems enable a remitter to verify the name of the beneficiary before initiating transfer. It has now been decided to put in place a similar facility that would enable a remitter to verify the beneficiary bank account name before initiating a transaction using Real Time Gross Settlement (RTGS) or National Electronic Funds Transfer (NEFT) system.

- ❑ National Payments Corporation of India (NPCI) has been advised to develop the facility and onboard all banks.
- ❑ Banks which are participants of RTGS and NEFT systems, shall make this facility available to their customers through Internet banking and Mobile Banking.
- ❑ Facility shall also be available to remitters visiting branches for making transactions.
- ❑ All Banks who are direct members or sub members of RTGS and NEFT are advised to offer this facility no later than April 1, 2025.

MCA

Deadline for filing Form CSR-2 Extended to March 31, 2025

- ❑ Last date of filing Form CSR – 2 separately on or before 31st December 2024 (after filing Form no. AOC – 4 or Form No. AOC – 4 – NBFC (Ind AS) or Form No. AOC – 4 XBRL, as the case may be, is now extended to March 31, 2025.

TAX

CBDT extends last date for furnishing Belated / Revised return of Income

- ❑ CBDT has extended the deadline for submitting belated or revised income tax returns for the Assessment year 2024-25 for resident individuals.
- ❑ The new date for filing these returns has been moved from December 31, 2024 to January 15, 2025.

IFSCA

International Financial Services Centre Authority (Informal Guidance) Scheme, 2024

- ❑ IFSCA has issued an informal guidance scheme which is aimed at providing a mechanism for seeking clarity and guidance inter-alia on various issues pertaining to a potential business activity and transactions, which are under the regulatory ambit of the IFSCA and on other legal issues emanating from the acts administered by IFSCA.
- ❑ Eligible entities who can seek guidance include persons who are licensed, registered, recognized or authorised by IFSCA, persons intending to undertake a business transaction(s) in relation to financial product(s) or financial service(s) and persons desirous of setting up a Unit in IFSC.
- ❑ The informal guidance can be sought under two forms, namely: No-Action letter and Interpretative letter. The Scheme also provides confidential treatment of 90 days considering the sensitivities of certain transactions, based on the requests made.
- ❑ The Department(s) will provide the guidance within a period of 30 days and the fees charged for the same is USD 1000. The guidance provided under the scheme is not binding on the IFSCA and not amenable for appeal.

Complaint Handling and Grievance Redressal by Regulated Entities in the IFSCA

- ❑ IFSCA issued a circular providing the regulatory framework for handling of complaints and redress of grievances by the regulated entities in the International Financial Services Centre (IFSC).

- ❑ One of the objectives of the proposed framework is to align the norms and procedures for complaint handling across the financial services in the IFSC to the extent possible. This will also promote ease of doing business, particularly for regulated entities having multiple registrations with IFSCA for undertaking various financial services in the IFSC.
- ❑ The framework provides detailed norms and requirements inter alia relating to having a policy for complaint handling and grievance redressal, procedure for complaint handling along with timelines, appeal mechanism, complaint before IFSCA, maintenance of records, disclosures on website and annual report, reporting and maintenance of online system for complaint handling.

Directions to IBUs for operations of the Foreign Currency Accounts (FCA) of Indian resident individuals opened under Liberalised Remittance Scheme (LRS)

- ❑ IFSCA has issued fresh guidelines for IFSC banking units (IBUs) regarding the operation of Foreign Currency Bank Accounts (FCAs) for Indian Resident Individuals (RIs).
- ❑ These accounts are opened under the Liberalised Remittance Scheme (LRS), which allows Indian residents to remit foreign exchange abroad for various purposes such as education, medical expenses, and investments.
- ❑ The updated circular provides General Directions, Directions for availing financial services or financial products in IFSCs, Directions for availing services in any other foreign jurisdiction (other than IFSC), Reporting and enhanced monitoring.

Review of IFSCA (Fund Management) Regulations, 2022

- ❑ Key changes in the proposed regulations include Non Retail Schemes (Venture Capital Schemes and Restricted Schemes); Manpower requirements for FMEs (Fund Management Entities); Registered FME (Retail) and Retail Schemes and other key matters.

OTHERS

Foreign Contribution (Regulation) Amendment Rules, 2024

- ❑ According to the Foreign Contribution (Regulation) Amendment Rules, 2024, the association shall have the option to carry forward the unspent part of allowable administrative expenses in a financial year to the immediately succeeding financial year, for reasons to be mentioned in Form FC-4.

FCRA Registration Validity Extended until March 31, 2025

- ❑ Ministry of Home Affairs (MHA) has extended the validity of Foreign Contribution Regulation Act (FCRA) registration certificates for specific entities.
- ❑ Registrations extended until December 31, 2024, now remain valid till March 31, 2025, or until their renewal applications are processed, whichever occurs first.
- ❑ Entities with registrations expiring between January 1, 2025 and March 31, 2025, will have their validity extended under similar conditions, provided they apply for renewal before expiration.
- ❑ Associations whose renewal applications are denied will have their certificates deemed expired from the refusal date and will be prohibited from receiving or utilizing foreign contributions.