



**ACQUISORY**

*Your Growth, Our Business*

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## SEBI

### Guidelines for Investment Advisers

- SEBI after considering the inputs from public consultation, has reviewed the framework for regulation of Investment Advisers and has notified SEBI (Investment Advisers) (Second Amendment) Regulations, 2024 on December 16, 2024.
- SEBI, vide this circular, has specified the guidelines under the amended SEBI (Investment Advisers) Regulations, 2013 and prescribed that a research analyst, who is an individual or partnership firm, registered under the SEBI (Research Analysts) Regulations, 2014, may be considered eligible for grant of certificate of registration as Investment Advisers under the Investment Advisers Regulations provided that it shall comply with the rules/regulations/reporting requirements under each of these regulations viz. Investment Advisers Regulations and Research Analysts Regulations separately. Further, provides that, an applicant engaged in any activity or business or employment permitted by any financial sector regulator or an activity under the purview of statutory self-regulatory organisations such as ICAI, ICSI, ICMAI etc. shall be considered eligible for registration as parttime Investment Advisers.

### SEBI bars intermediaries from sharing info with unauthorized advisers

- SEBI registered intermediaries are not allowed to make or receive payments or share client information with anyone engaged in providing unauthorised advice or making unapproved return claims, the same is clarified by SEBI.
- Sharing client information is of similar nature to a 'referral of a client'. Hence, making any payment or receiving payment or sharing any client information from or with any person shall amount to "association" under these regulations and is not permitted.
- SEBI in FAQs, clearly defined the term 'Association', it said, includes any money transaction, referring a client, sharing information between systems or any similar type of relationship. However, the regulator said that persons regulated by SEBI and their agents can associate with others for branding, marketing, or promotional activities, as long as the other person is not involved in the prohibited activities, including providing unauthorised advice or making unapproved return claims.

### Format of Due Diligence Certificate to be given by the DTs

- SEBI has specified the format of Due Diligence Certificate to be submitted by the Debenture Trustees in case of unsecured debt securities.
- It is prescribed that at the time of filing the draft offer document with the stock exchanges, Issuer shall submit to the Stock Exchange, a due diligence certificate obtained from the Debenture Trustee as per the format specified in Annex-A to SEBI circular.
- Further provided that, at the time of filing of listing application, Issuer shall submit to the Stock Exchange, a due diligence certificate obtained from the Debenture Trustee as per the format specified in Annex-B to this SEBI circular.

### Timeline for Review of ESG Rating pursuant to occurrence of 'Material Events'

- SEBI has relaxed the timeline for review of ESG Rating pursuant to publication of BRSR and to promote Ease of Doing business.

- SEBI has modified the Para 10.1.3. of the Master Circular for ESG Rating Providers (ERPs) No. SEBI/HO/DDHS/DDHSPOD3/P/CIR/2024/47 dated May 16, 2024 and provides that the ERPs shall carry out a review of the ESG ratings upon the occurrence of or announcement/ news of such material developments immediately, but not later than 10 days of occurrence of the said event.
- However, review of the ESG rating pursuant to publication of BRSR by the rated entity shall be carried out immediately, but not later than 45 days of the publication of the BRSR.

## RBI

### Master Direction on Credit Information Reporting

- The Reserve Bank of India has issued the Master Direction – Reserve Bank of India (Credit Information Reporting) Directions, 2025. These directions aim to establish a standardised framework for reporting and dissemination of credit information; safeguard the confidentiality and security of sensitive credit data; provide mechanisms for consumers to access their credit information and grievance redressal on matters related to credit information reporting.

### Reserve Bank of India (Non-resident Investment in Debt Instruments) Directions, 2025

- In exercise of the powers conferred under sections 10(4) and 11(1) of the Foreign Exchange Management Act (FEMA), 1999 and under section 45W of the Reserve Bank of India (RBI) Act, 1934, Reserve Bank of India has issued Master Direction - Reserve Bank of India (Non-resident Investment in Debt Instruments) Directions, 2025. The Directions shall be applicable to all transactions by eligible non-residents in debt instruments.

### Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) (Third Amendment) Regulations, 2025

- Third Amendment Regulations, 2025 inter alia provides that a start-up company issuing convertible notes to a person resident outside India shall receive the amount of consideration by inward remittance through banking channels or by debit to any repatriable foreign currency or Rupee account of the person concerned, maintained in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016.
- Repayment or sale proceeds may be remitted outside India or credited to any repatriable foreign currency or Rupee account of the person concerned, maintained in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016.
- For the purpose of these regulations, "banking channels" shall include any rupee vostro accounts, including Special Rupee Vostro Accounts, permitted to be held by a person resident outside India, in terms of Regulation 7(1) of Foreign Exchange Management (Deposit) Regulations, 2016.
- For the Purchase or sale of equity instruments of an Indian company by a person resident outside India the mode of payment are as follows:
  - The amount of consideration shall be paid as inward remittance from abroad through banking channels or out of funds held in any repatriable foreign currency or Rupee account maintained in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016.

- ✓ Equity instruments shall be issued to the person resident outside India making such investment within 60 days from the date of receipt of the consideration.
- ✓ Where such equity instruments are not issued within 60 days from the date of receipt of the consideration the same shall be refunded to the person concerned by outward remittance through banking channels or by credit to his repatriable foreign currency or Rupee account maintained in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016, as the case may be within fifteen days from the date of completion of sixty days.
- ✓ An Indian company issuing equity instruments under this Schedule may open a foreign currency account with an Authorised Dealer in India in accordance with Foreign Exchange Management (Foreign currency accounts by a person resident in India) Regulations, 2016.
- ❑ Further the sale proceeds (net of taxes) of the equity instruments may be remitted outside India or may be credited to any repatriable foreign currency or Rupee account of the person concerned, maintained in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016.

### **Foreign Exchange Management (Foreign Currency Accounts by a Person Resident in India) (Fifth Amendment) Regulations, 2025**

- ❑ As per the amendments, a person resident in India, being an exporter, may open, hold and maintain a Foreign Currency Account with a bank outside India, for realization of full export value and advance remittance received by the exporter towards export of goods or services.
- ❑ Funds in this account may be utilized by the exporter for paying for its imports into India or repatriated into India within a period not exceeding the end of the next month from the date of receipt of the funds after adjusting for forward commitments, provided that the realization and repatriation requirements as specified in Regulation 9 of Foreign Exchange Management (Export of Goods and Services) Regulations, 2015 are also met.

### **Foreign Exchange Management (Deposit) (Fifth Amendment) Regulations, 2025**

- ❑ The Amendment Regulations inter alia provides that a person resident outside India, having business interest in India, may open a Special Non Resident Rupee Account (SNRR account), with an authorised dealer in India or its branch outside India for the purpose of putting through permissible current and capital account transactions with a person resident in India in accordance with rules and regulations framed under the act, and for putting through any transaction with a person resident outside India.
- ❑ A unit in IFSC under Section 18 of the Special Economic Zones Act 2005 may open an SNRR account with an authorised dealer in India (outside IFSC) for its business related transactions outside IFSC.

## **TAX**

### **Income Tax (Second) Amendment Rules, 2025**

- ❑ Ministry of Finance introduced amendments to the Income Tax Rules, 1962, focusing on regulations for venture capital funds, finance companies and retail schemes. These changes are aimed at aligning with provisions under Section 10 and 94B of the Income Tax Act 1961.
- ❑ Key Amendments include the addition of Rule 2DAA, specifying that venture capital funds under Section 10(23FB) are to be regulated as Category Alternative Investment Funds within International Financial Services Centres (IFSCs).

- ❑ Rule 21ACA outlines permitted activities for finance companies in IFSCs, such as lending, factoring, and treasury management, with the condition that interest payments to non-residents must be in foreign currency.
- ❑ Further, Rule 21AIA introduces conditions for retail schemes and exchange-traded funds (ETFs) under Section 10(4D). Retail schemes must maintain specific diversification limits, while ETFs must be listed on recognized stock exchanges and adhere to IFSC regulations.

## **IFSCA**

### **IFSCA expands SNRR Account usage for IFSC units**

- ❑ International Financial Services Centres Authority (IFSCA) has issued a Circular addressing financial institutions in IFSCs regarding the permissible transactions through Special Non – Resident Rupee (SNRR) Accounts.
- ❑ Under the amended Foreign Exchange Management (Deposit) Regulations, 2016, notified on January 14, 2025, IFSC units are now allowed to use SNRR accounts for all business related transactions.
- ❑ Previously these accounts were restricted to specific transactions, such as administrative expenses in INR outside IFSC, proceeds from the sale of scrap, and government incentives in INR.
- ❑ This amendment broadens the scope of permissible transactions for IFSC units. The accounts can be opened with authorized dealers in India (outside IFSC) in line with this regulatory update.

### **Internet Banking for IFSC SNRR Accounts**

- ❑ IFSCA has issued a Circular directing all IFSC Banking units (IBUs) to provide internet Banking facilities for Special Non-Resident Rupee (SNRR) Accounts.
- ❑ This follows the recent amendment to the Foreign Exchange Management (Deposit) Regulations, 2016, notified on January 14, 2025, allowing SNRR accounts of IFSC units to be used for business transactions.
- ❑ The directive mandates that internet banking services including information, interactive exchange, and transactional services, should be made available for these accounts.

### **IFSCA Extends Deadline for Complaint Handling Circular**

- ❑ IFSCA has announced an extension for the implementation of its circular on “Complaint Handling and Grievance Redressal by Regulated Entities in the IFSC,” initially set for January 15, 2025.
- ❑ Following requests from regulated entities citing operational difficulties, the IFSCA has decided to delay the timeline until April 1, 2025.
- ❑ Extension allows entities more time to align their complaint handling procedures with the circular’s requirements.

## **OTHERS**

### **Draft Digital Personal Data Protection Rules**

- ❑ The draft Digital Personal Data Protection Rules aim to safeguard citizens' rights for the protection of their personal data.
- ❑ These rules seek to operationalize the Digital Personal Data Protection Act, 2023 (DPDP Act), in line with India's commitment to create a robust framework for protecting digital personal data.
- ❑ Framed with simplicity and clarity, the rules are designed to empower citizens in a rapidly growing digital economy.
- ❑ They seek to protect citizens' rights in accordance with the DPDP Act, while achieving the right balance between regulation and innovation, so that the benefits of India's growing innovation ecosystem are available to all citizens and India's digital economy.
- ❑ They also address specific challenges like unauthorised commercial use of data, digital harms and personal data breaches.

### **Key Features**

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