

WEEKLY CORPORATE UPDATES

Saturday 11th June, 2022

(Curated & compiled by)

Team Indiacorp Law

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MCA UPDATES

The Companies (Removal of Names of Companies from the Register of Companies) Amendment Rules, 2022

Notification No: G.S.R. 436(E)

Dated: 9th June, 2022

The Ministry of Corporate Affairs (MCA) vide its notification dated 9th June, 2022 has notified the Companies (Removal of Names of Companies from the Register of Companies) Amendment Rules, 2022, which came into force on the date of its publication in the Official Gazette i.e. 9th June, 2022.

According to the amendment in rule 4, after sub-rule (3), the sub-rule 4 is inserted pertaining to application for removal of company, which is defining timelines for re-submission of Form STK-2 as follows:

i) On examining the application made in Form STK-2, the Registrar shall, if required, call for further information/document and inform the applicant to re-submit the complete Form within 15 days' of servicing such information to applicant.

ii) After re-submission of Form, if Registrar finds that the Form or document is again defective or incomplete in any respect, then further period of 15 days' time for removal of defects shall be given to the applicant.

For the purposes of the Companies (Removal of Names of Companies from the Register of Companies) Rules, 2016 the format of Form No. STK-1, Form No. STK-5 and Form No. STK-5A are substituted.

Related Link: <https://egazette.nic.in/WriteReadData/2022/236437.pdf>

The Companies (Appointment and Qualification of Directors) Second Amendment, Rules, 2022

Notification No: G.S.R. 439(E)

Dated: 10th June, 2022

The Ministry of Corporate Affairs (MCA) vide its notification dated 10th June, 2022 has notified The Companies (Appointment and Qualification of Directors) Second Amendment, Rules, 2022, which came into force on the date of its publication in the Official Gazette i.e. 10th June, 2022.

Vide this notification, in the Companies (Appointment and Qualification of Directors) Rules, 2014, in rule 6, after sub-rule (4), the following sub-rule shall be inserted, namely: -

(5) Any individual whose name has been removed from the databank under sub-rule (4), may apply for restoration of his name on payment of fees of one thousand rupees and the institute shall allow such restoration subject to the following conditions, namely :-

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(i) his name shall be shown in a separate restored category for a period of one year from the date of restoration within which, he shall be required to pass the online proficiency self-assessment test and thereafter his name shall be included in the databank, only, if he passes the said online proficiency self-assessment test and in such case, the fees paid by him at the time of initial registration shall continue to be valid for the period for which the same was initially paid; and

(ii) in case he fails to pass the online proficiency self-assessment test within one year from the date of restoration, his name shall be removed from the data bank and he shall be required to apply afresh under sub-rule (1) for inclusion of his name in the databank.

Related Link: <https://egazette.nic.in/WriteReadData/2022/236474.pdf>

SEBI UPDATES

Extension of facility for conducting annual meeting and other meetings of unit holders of REITs and InvITs through Video Conferencing (VC) or through Other Audio-Visual means (OAVM)

Notification No: SEBI/HO/DDHS/DDHS_Div2/P/CIR/2022/079

Dated: June03, 2022

SEBI has further extended the facility to conduct annual meetings of unitholders of REITs and InvITs in terms of Regulation 22(3) of SEBI (REIT) Regulations, 2014 and Regulation 22(3)(a) of SEBI (InvIT) Regulations, 2014 and meetings other than annual meeting, through VC or OAVM till December 31, 2022. REITs/ InvITs shall comply with the procedure prescribed in Annexure-I of SEBI circular no. SEBI/HO/DDHS/DDHS/CIR/P/2020/102 dated June 22, 2020.

Related Link: <https://www.sebi.gov.in/legal/circulars/jun-2022/extension-of-facility-for-conductingannual-meeting-and-other-meetings-of-unitholders-of-reits-and-invits-through-videoconferencing-vc-or-through-other-audio-visual-means-oavm-59534.html>

SEBI tweaks cyber security, cyber resilience framework for stock brokers, depository participants

Circular No: SEBI/HO/MIRSD/TPD/P/CIR/2022/80

Dated: June07, 2022

Capital markets regulator SEBI on June 07, 2022, Tuesday tweaked the cyber security and cyber resilience framework for stock brokers as well as depository participants and mandated them to conduct a comprehensive cyber audit at least once in a financial year. Along with the cyber audit reports, stock brokers and depository participants have been asked to submit to stock exchanges and depositories a declaration from the MD and CEO certifying compliance by them with all SEBI guidelines and advisories related to cyber security issued from time to time, according to a circular. Under the modified framework, they should identify and classify critical assets based on their sensitivity and criticality for business operations, services and data management.

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Related Link: <https://economictimes.indiatimes.com/markets/stocks/news/sebi-tweaks-cyber-security-cyber-resilience-framework-for-stock-brokers-depository-participants/articleshow/92065118.cms>

Caution to Investors against dealing with unregulated platforms offering Algorithmic Trading

Press Release No.: 20/2022

Dated: June10, 2022

Capital markets regulator Sebi on Friday cautioned investors against dealing with unregulated platforms offering algorithmic trading and warned them against sharing sensitive personal details with such businesses. "These platforms are unregulated and thus there is no investor grievance redressal mechanism covering their activities," Sebi said. "Investors are therefore cautioned against dealing with such unregulated platforms and cautioned against sharing any sensitive personal details with such platforms," it added.

The statement comes after Securities and Exchange Board of India (Sebi) noticed that many unregulated platforms are offering investors algorithmic trading services or facilities to automate their trades. Strategies are being marketed with "claims" of huge returns on investment along with "ratings" assigned to the strategies and claims that similar returns would be earned in the future.

Related Link: https://www.sebi.gov.in/media/press-releases/jun-2022/caution-to-investors-against-dealing-with-unregulated-platforms-offering-algorithmic-trading_59672.html

RBI UPDATES

Branches of Indian Banks operating in GIFT-IFSC – acting as Professional Clearing Member (PCM) of India International Bullion Exchange IFSC Limited (IIBX)

Notification No: RBI/2022-23/62

Dated: 07th June, 2022

On a review, it has been decided to allow the branches of Indian banks operating in GIFTIFSC to act as PCM of IIBX. The instructions are applicable to domestic scheduled commercial banks (including foreign banks operating through a Wholly Owned Subsidiary incorporated in India), which are authorised to deal in foreign exchange and have a branch in GIFT-IFSC. The parent bank shall seek a No Objection Certificate (NoC) from the Reserve Bank of India prior to its branch in GIFT-IFSC seeking professional clearing membership of IIBX, subject to fulfilment of the prudential requirement. An eligible bank shall, with prior approval of its Board, make an application to the Department of Regulation, Reserve Bank of India with details of its proposed business plan as a PCM along with particulars of the risk management architecture instituted at its branch in GIFT-IFSC.

Related Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12330&Mode=0>

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IBA expert panel to vet loan recast proposals

Dated: 08th June, 2022

Banks will jointly set up an expert committee to vet loan restructuring proposals involving amounts of Rs.500 crore and above to shield officials from any subsequent scrutiny by investigative agencies, said people with knowledge of the matter. The committee, which will be set up by the Indian Banks' Association, will comprise financial services experts and persons of eminence from the industry, they said. It will conduct process validation of the restructuring without interfering in the commercial judgment of the lenders.

Related Link: <https://economictimes.indiatimes.com/industry/banking/finance/banking/iba-expertpanel-to-vet-loan-recast-proposals/articleshow/92069454.cms>

Change in Bank Rate

Notification No: RBI/2022-23/65

Dated: 08th June, 2022

As announced in the Monetary Policy Statement 2022-23 dated June 08, 2022, the Bank Rate is revised upwards by 50 basis points from 4.65 per cent to 5.15 per cent with immediate effect. All penal interest rates on shortfall in reserve requirements, which are specifically linked to the Bank Rate, also stand revised.

Related Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12333&Mode=0>

Liquidity Adjustment Facility - Change in rates & Standing Liquidity Facility for Primary Dealers

Notification No: RBI/2022-23/63&RBI/2022-23/64

Dated: 08th June, 2022

After announcement of Monetary Policy Statement, 2022-23 on June 08, 2022, it has been decided by the Monetary Policy Committee (MPC) to increase the policy Repo rate under the Liquidity Adjustment Facility (LAF) by 50 basis points from 4.40 per cent to 4.90 per cent with immediate effect. Consequently, the Standing Deposit Facility (SDF) rate and Marginal Standing Facility (MSF) rate stand adjusted to 4.65 per cent and 5.15 per cent respectively, with immediate effect. The Standing Liquidity Facility provided to Primary Dealers (PDs) (collateralized liquidity support) from the Reserve Bank would be available at the revised repo rate of 4.90 per cent with effect from June 8, 2022.

Related Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12331&Mode=0>

Section 23 of the Banking Regulation Act, 1949 – Doorstep Banking

Notification No: RBI/2022-23/66

Dated: 08th June, 2022

Primary (Urban) Co-operative Banks (UCBs) are required to seek prior approval of the Reserve Bank for opening any new place of business including offering services at the doorstep of the customer. It has been decided to allow financially sound and well managed (FSWM) UCBs to provide Doorstep Banking Services to their customers on a voluntary basis. However,

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Non-FSWM UCBs would have to seek prior approval of concerned Regional Office of Department of Supervision of the Reserve Bank to provide Doorstep Banking Services.

Related Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12334&Mode=0>

Enhancement in Individual Housing Loan limits and credit to Commercial Real Estate - Residential Housing (CRE-RH) & Individual Housing loans – Enhancement in limits

Notification No: RBI/2022-23/67&RBI/2022-23/68

Dated: 08th June, 2022

As announced in the Statement on Developmental and Regulatory Policies, it has been decided to revise the limits on residential housing loans sanctioned by rural cooperative banks to an individual borrower and individual housing loans sanctioned by urban co-operative banks to an individual borrower.

Related Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12335&Mode=0>

RBI allows RuPay credit card transactions on UPI

Dated: 09th June, 2022

The Reserve Bank of India (RBI) on June 08, 2022 allowed linking of RuPay credit cards to the UPI network, a move that experts say has the potential to expand the market for credit by nearly five times. While the current estimate for those availing instant loans is around 50 million, allowing credit card transactions through UPI interface is set to provide almost all the 250 million users of UPI access to such credit.

Related Link: <https://economictimes.indiatimes.com/tech/technology/rbi-allows-rupay-credit-cardtransactions-on-upi/articleshow/92090548.cms>

Discontinuation of Return under Foreign Exchange Management Act, 1999

Notification No: RBI/2022-23/69

Dated: 09th June, 2022

Attention of Authorised Persons is invited to A.P. (DIR series) circular No 26, dated February 18, 2022, wherein Authorised Persons were advised about proposed discontinuation of the return “Details of guarantee availed and invoked from nonresident entities”. It was also advised that the date of discontinuation would be notified in due course. It has now been decided to discontinue the ‘Statement for reporting of non-resident guarantees issued and invoked in respect of fund and nonfund based facilities between two persons resident in India’ with effect from the quarter ending June 2022.

Related Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12337&Mode=0>

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RBI to soon come out with regulatory architecture for digital lending platforms

Dated: 09th June, 2022

The Reserve Bank of India (RBI) will soon come out with a broad regulatory architecture to address the challenges posed by digital lending platforms, according to Governor Shaktikanta Das.

Related Link: <https://www.thehindubusinessline.com/money-and-banking/rbi-to-soon-come-out-with-regulatory-architecture-for-digital-lending-platforms/article65510919.ece>

PSBs now look to move out of Hong Kong on bleak prospects

Dated: 10th June, 2022

Public Sector Banks are slowly moving out of Hong Kong as tougher regulations, losses on trade financing business and Covid-related restrictions have diminished the importance of the island city, which was once a premier global financing hub. Out of the eight Public Sector Banks operating in Hong Kong, four have already closed or are at different stages of closing.

Related Link: <https://economictimes.indiatimes.com/industry/banking/finance/banking/psbs-now-look-to-move-out-of-hong-kong-on-bleak-prospects/articleshow/92113814.cms>

Linking credit cards to UPI to test the zero-MDR regime

Dated: 10th June, 2022

The Reserve Bank of India's (RBI) decision to allow linking of credit cards to the Unified Payments Interface (UPI) network will test the zero-Merchant Discount Rate (MDR) benefits available to homegrown payments systems.

Related Link: <https://www.livemint.com/industry/banking/linking-credit-cards-to-upi-to-test-the-zero-mdr-regime-11654802695701.html>

Banks to report borrowers not cooperating in forensic audits

Dated: 10th June, 2022

Borrowers who won't cooperate in their forensic audits will now be reported to all banks. The move comes as lenders want to speed up the forensic audit while preventing such borrowers from taking any more loans from other banks.

Related Link: <https://economictimes.indiatimes.com/industry/banking/finance/banking/banksto-report-borrowers-not-cooperating-in-forensicaudits/articleshow/92113412.cms>

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IBBI/NCLT UPDATES

Insolvency Professionals to act as Interim Resolution Professionals, Liquidators, Resolution Professionals and Bankruptcy Trustees (Recommendation) Guidelines, 2022

Dated: 08TH June, 2022

The Insolvency and Bankruptcy Board of India (Board) vide its notification dated June 08, 2022 has notified "Insolvency Professionals to act as Interim Resolution Professionals, Liquidators, Resolution Professionals and Bankruptcy Trustees (Recommendation) Guidelines, 2022" in suppression of earlier guidelines "Insolvency Professionals to act as Interim Resolution Professionals, Liquidators, Resolution Professionals and Bankruptcy Trustee (Recommendation) (Second) Guidelines, 2021" which were issued on December 01, 2021. The new guidelines shall come into effect for appointments as (Interim Resolution Professionals) IRP, Liquidator, Resolution Professional (RP) and Bankruptcy Trustees (BT) from July 01, 2022. Every IP is equally qualified to be appointed as the IRP, Liquidator, RP or BT of any corporate or individual insolvency resolution, liquidation or bankruptcy process and in the interest of avoiding administrative delays, the Board considers necessary to have these guidelines to prepare a common Panel of IPs for the purpose of section 16(4), 34(6), 97(4), 98(3), 125(4), 146(3) and 147(3) for appointment of IPs as IRP, Liquidator, RP and BT and share the same with the Adjudicating Authority (Hon'ble NCLT and Hon'ble DRT) in accordance with these Guidelines.

Related Link: <https://www.ibbi.gov.in/uploads/whatsnew/14f9dc60ce012e8bfa7f47421cc79a0b.pdf>

Improvement to the scheme of examinations - frequency of attempts in Limited Insolvency Examination/ Valuation Examinations

Circular No: EXAM-13016/1/2022-IBBI

Dated: 06TH June, 2022

In exercise of the powers conferred under the provisions of section 196 of the Insolvency and Bankruptcy Code, 2016, Regulations made thereunder and the Valuation Rules, IBBI issued a circular to all test administrators, insolvency professional agencies, registered valuer organizations and all candidates registered in the examination system (Through IBBI website). The circular states that the frequency of attempt in an LIE (Limited Insolvency Examination or valuation examination, as the case may be, for every candidate, shall be determined after taking into account a cooling off period of 2- months between each consecutive attempts of such candidate, thereby making a total of 6 attempts in a period of 12 months.

Related Link: [42ec2c3fcca473cb1d06e043ff03cfcc.pdf \(ibbi.gov.in\)](https://www.ibbi.gov.in/uploads/whatsnew/42ec2c3fcca473cb1d06e043ff03cfcc.pdf)

Judgment of the Hon'ble Supreme Court of India in the matter of Vallal RCK Vs. M/s Siva Industries and Holdings Limited and Ors.

Civil Appeal Nos. 1811-1812 of 2022

Dated: 05th June, 2022

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The Hon'ble Supreme Court in its judgment dated 3 rd June, 2022 while considering as to whether the Adjudicating Authority (AA) / Appellate Authority can sit in an appeal over the commercial wisdom of the Committee of Creditors (CoC), made some important observations. It was held that when 90% and more of the creditors, in their wisdom after due deliberations, find that it will be in the interest of all the stake-holders to permit settlement and withdraw CIRP, the adjudicating authority or the appellate authority cannot sit in an appeal over the commercial wisdom of CoC.

Related Link: <https://www.ibbi.gov.in/uploads/legalframework/c9943efddcb903c7d5fab018f2e1f290.pdf>

NCLAT begins insolvency proceedings in just one project of Supertech

Dated: 11th June, 2022

The National Company Law Appellate Tribunal (NCLAT) on Friday ordered starting of insolvency proceedings in only one of the housing projects of realty firm Supertech Ltd and not the entire company, and directed constitution of the Committee of Creditors for the said project only. On March 25, the Delhi bench of the National Company Law Tribunal (NCLT) had ordered to initiate the CIRP against Supertech Ltd over a petition filed by the Union Bank of India for non-payment of dues of around Rs 432 crore. However, this was challenged by Supertech promoter R K Arora before NCLAT. NCLAT on April 12 stayed the formation of CoC as the promoters have sought some time to settle the matter with their financial creditor. In its order pronounced on Friday, the NCLAT said project-wise resolution has to be started as a test to find out the success of such resolution.

CIRP has been commenced against all the projects of Supertech and its erstwhile promoters (appellant) has also filed a settlement proposal with an object to carry out the construction of all the projects.

Related Link: https://www.business-standard.com/article/companies/nclat-begins-insolvency-proceedings-in-just-one-project-of-supertech-122061000801_1.html

NCLT, To Continue Hearing Amazon's Plea on June 14

Notification No: RBI/2022-23/93

Dated: 11th June, 2022

The National Company Law Tribunal (NCLT) has adjourned till June 14 hearing of Amazon's petition opposing initiation of insolvency proceedings against debt-ridden Future Retail Ltd. After hearing the arguments of Rajiv Nayar, counsel of the e-commerce giant, the NCLT Mumbai bench said it will continue the hearing of the matter on June 14.

Related Link: [Future Retail Case: NCLT To Continue Hearing Amazon's Plea On June 14 – Good returns](#)

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NCLT has Power to Recall Its Order: NCLAT

Dated: 07th June, 2022

NCLT New Delhi vide its order dated 22.07.2021 closed the right to file reply of the Corporate Debtor. Appellant filed an application for recalling the order dated 22.07.2021 by which right to file reply of the Corporate Debtor was closed. NCLT vide its order dated 10.03.2022 dismissed the application on the ground that the tribunal is not vested with any power to recall or review its own order but also sufficient opportunities had already been granted to the Appellant to file reply. The National Company Law Appellate Tribunal (NCLAT) bench comprising of Justice Rakesh Kumar Jain and Mr. Alok Srivastva recently held that the National Company Law Tribunal has the power to recall its order of closing the right to file reply.

Related Link: <https://www.livelaw.in/news-updates/nclat-national-company-law-tribunal-nclt-rules-power-to-recall-201084>

NCLT dismisses insolvency petition of Wave group

Dated: 06th June, 2022

The National Company Law Tribunal (NCLT) has dismissed the petition of Wave Mega City Center (WMCC) Private Limited that had approached the tribunal under section 10 of the Insolvency and Bankruptcy Code to initiate the Corporate Insolvency Resolution Process (CIRP). The tribunal imposed a penalty of Rs one crore on the company and suggested the government initiate an investigation to protect the homebuyers' money.

Related Link: [Wave group: NCLT dismisses insolvency petition of Wave group, imposes Rs 1 crore penalty - The Economic Times \(indiatimes.com\)](https://www.economictimes.com/News/Corporate/NCLT-dismisses-insolvency-petition-of-Wave-group-imposes-Rs-1-crore-penalty-The-Economic-Times/indiatimes.com)

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