

WEEKLY CORPORATE UPDATES

Saturday 18th June, 2022

(Curated & compiled by)

Team Indiacorp Law

Headed by:

Adv. (CS) Alok Kumar Kuchhal, M. Com, LL.B., FCS, Insolvency Professional

Disclaimer:

Whilst we endeavour to ensure that the information in the newsletter is correct, we do not warrant or represent its completeness or accuracy.

The information contained in this newsletter is provided by M/s Indiacorp Law, Solicitors and Advocates as a service/promotion to its users, subscribers, customers and possible others. It does not contain (legal) advice. Although we try to provide quality information, we do not guarantee of results obtained from the use of this information, and without warranty of any kind, express or implied, including, but not limited to warranties of performance for a particular purpose.

In no way M/s Indiacorp Law, Solicitors and Advocates is liable to user or any other party for any damages, costs of any character including but not limited to direct or indirect, consequential, incidental or other costs or damages, via the use of the information contained in the newsletters

Concerns:

M/s Indiacorp Law, Advocates & Solicitors, Noida&Jangpura Extension (New Delhi)

MCA UPDATES

THE NATIONAL FINANCIAL REPORTING AUTHORITY AMENDMENT RULES, 2022

Notification No: G.S.R. 456(E)

Dated: 17th June, 2022

The Ministry of Corporate Affairs (MCA) vide its notification dated 17th June, 2022 has notified the National Financial Reporting Authority Amendment Rules, 2022, which came into force on the date of its publication in the Official Gazette i.e. 17th June, 2022.

Vide this notification, in the National Financial Reporting Authority Rules, 2018, for rule 13, the following rule shall be substituted, namely:-

“13. Punishment in case of non-compliance:-

Whoever contravenes any of the provisions of these rules, shall be punishable with fine not exceeding five thousand rupees, and where the contravention is a continuing one, with a further fine not exceeding five hundred rupees for every day after the first during which the contravention continues.”

Related Link: <https://egazette.nic.in/WriteReadData/2022/236669.pdf>

SEBI UPDATES

Caution to Investors against dealing with unregulated platforms offering Algorithmic Trading

Press Release No.: 20/2022

Dated: June10, 2022

It has come to the notice of Securities and Exchange Board of India (SEBI) that many unregulated platforms are offering investors Algorithmic Trading services/facilities to automate their trades. Strategies are being marketed with “claims” of huge return on investment along with “ratings” assigned to the strategies and claims that similar returns would be earned in the future. Investors are cautioned that these platforms are unregulated and thus there is no investor grievance redressal mechanism covering their activities. Investors are therefore cautioned against dealing with such unregulated platforms and cautioned against sharing any sensitive personal details with such platforms.

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

Concerns:

M/s Indiacorp Law, Advocates & Solicitors, Noida&Jangpura Extension (New Delhi)

SEBI clarifies on applicability of AIFs and Portfolio Manager Rules

Dated: June13, 2022

Investment managers of an AIF (Alternative Investment Fund) can provide investment management services to the offshore fund only by getting registered as portfolio managers, according to markets regulator SEBI. Providing an informal guidance in this regard to Ace Lansdowne Investments Services LLP, which manages SEBI registered AIF - Ace Lansdowne India Investment Fund SEBI indicated that its views might be different for different conditions. It had sought clarity whether the applicant, which is already acting as the investment manager of an AIF, can provide investment management services to the offshore fund and whether the applicant is required to obtain registration as a portfolio manager.

Related Link: https://www.business-standard.com/article/economypolicy/sebi-clarifies-on-applicability-of-aifs-and-portfolio-manager-rules-122061300665_1.html

Capital Small Finance Bank pays Rs 5.8 lakh to settle case with SEBI

Dated: June14, 2022

Capital Small Finance Bank has settled with SEBI a case pertaining to alleged violations of regulatory norms during allotment of its equity shares after paying Rs 5.8 lakh towards settlement charges. The order came after the bank proposed to settle the alleged violations through a settlement order. Capital Small Finance Bank had made allotment of its equity shares to 402 persons on 14 occasions in tranches from May 2004 to March 2005. The allotment was allegedly in violation of the Companies Act, and SEBI's DIP (Disclosure and Investor Protection) Guidelines, the order mentioned.

Related Link: <https://www.moneycontrol.com/news/business/capital-small-financebank-pays-rs-5-8-lakh-to-settle-case-with-sebi-8685741.html>

Nomination for Mutual Fund Unit Holders

Notification No: SEBI/HO/IMD/IMD-II DOF3/P/CIR/2

Dated: June15, 2022

In order to bring uniformity in practices across all constituents in securities market, SEBI vide this circular has provided that in case of nomination for eligible Mutual Fund Unit Holders, investors subscribing to mutual fund units on or after August 01, 2022, shall have the choice of providing nomination in the format specified in fourth schedule of SEBI (Mutual Funds) Regulations, 1996 or opting out of nomination through a signed Declaration form as provided in Annexure - A to this circular. Further, AMC shall provide an option to the unit holders to submit either the nomination form or the declaration form for opting out of nomination in physical or online as per the choice of the unit holders. In case of physical option, the forms shall carry the wet signature of all the unit holders and in case of online option, the forms shall be using e-Sign facility recognized under the Information Technology Act, 2000, instead of wet signatures of all the unit holders.

Related Link: https://www.sebi.gov.in/legal/circulars/jun2022/nomination-for-mutual-fund-unit-holders_59743.htm

Concerns:

M/s Indiacorp Law, Advocates & Solicitors, Noida & Jangpura Extension (New Delhi)

RBI UPDATES

Report of the Regulations Review Authority (RRA 2.0)

Press Release No.:2022-2023/360

Dated: 13th June, 2022

Regulations Review Authority (RRA 2.0) was set-up by the Reserve Bank of India (RBI) vide press release dated April 15, 2021, with the objective of reducing the compliance burden on Regulated Entities (REs) by streamlining the regulatory instructions and rationalising reporting requirements. The RRA 2.0 has since submitted its report containing final set of recommendations. The report, inter alia, contains recommendations on ease of compliance and reduction in regulatory burden, streamlining of reporting mechanism and dissemination and ease of accessibility of regulatory instructions. In addition, RRA has recommended withdrawal of 714 circulars in the four tranches of interim recommendations on November 16, 2021, February 18, 2022, May 2, 2022 and May 13, 2022. Also, on February 18, 2022, RRA had recommended discontinuation / merger / conversion to online filing of 65 regulatory returns and creation of a new "Regulatory Reporting" link on the RBI website to consolidate information relating to regulatory reporting and submission of returns by REs at a single place.

Related Link: https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=53858

Bank credit offtake ticks up even as interest rates rise: Services lead

Dated: 13th June, 2022

Credit offtake in the banking system is showing signs of a pickup at a time when interest rates are on the upswing. The year-on-year bank credit growth rate has crossed the 12 per cent level to 12.1 per cent as of May 20, 2022, as against 6 per cent growth in the same period of last year, according to the latest Reserve Bank data.

Related Link: <https://indianexpress.com/article/business/banking-and-finance/bank-credit-offtaketicks-up-even-as-interest-rates-rise-services-lead-7966415/>

Bank finance to Government owned entities India

Notification No.: RBI/2022-23/71

Dated: 14th June, 2022

Banks/ FIs have also been found to have violated Reserve Bank of India's instructions which inter alia require that in case of projects undertaken by government owned entities, term loans should be sanctioned only for corporate bodies; due diligence should be carried out on viability and bankability of the projects to ensure that revenue stream from the project is sufficient to take care of the debt servicing obligations; and that the repayment/ servicing of debt is not from budgetary resources. Banks are advised to carry out a review and place before their Boards, a comprehensive report on the status of compliance with the instructions within three months from the date of this circular.

Related Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12339>

Concerns:

M/s Indiacorp Law, Advocates & Solicitors, Noida&Jangpura Extension (New Delhi)

India, Russia apex banks to work on payment system this week

Dated: 15th June, 2022

Officials of the Reserve Bank of India and the Bank of Russia are set to meet this week to give the finishing touches to a bilateral payment system to ensure smooth trade flows between the two nations without violating global sanctions. Russia faces increasingly tighter sanctions after having invaded Ukraine at the end of February.

Related Link: <https://economictimes.indiatimes.com/news/economy/finance/india-russia-apex-banks-to-work-on-payment-system-thisweek/articleshow/92215361.cms>

Sovereign Gold Bond (SGB) Scheme 2022-23

Notification No.: RBI/2022-23/72

Dated: 16th June, 2022

Government of India, vide its notification No F.No4.(6)-B (W&M)/2022 dated June 15, 2022, has announced Series I and II of Sovereign Gold Bond Scheme 2022-23. Under the Scheme, there will be a distinct series (Series I and II) for every tranche. Subscription for the Bonds may be made in the prescribed application form or in any other form as near as thereto, stating clearly the grams (in units) of gold and the full name and address of the applicant.

Related Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12340&Mode=0>

Processing of e-mandates for recurring transactions

Notification No.: RBI/2022-23/73

Dated: 16th June, 2022

The e-mandate framework prescribed an Additional Factor of Authentication (AFA), inter alia, while processing the first transaction in case of e-mandates / standing instructions on cards, prepaid payment instruments and Unified Payments Interface. For subsequent transactions with transaction values up to `5,000/- (AFA limit), prescription of AFA was waived. On a review of implementation of the e-mandate framework and the protection available to customers, it has been decided to increase the aforesaid AFA limit from `5,000/- to `15,000/- per transaction.

Related Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12341&Mode=0>

Reserve Bank of India lifts the business restrictions imposed on MasterCard Asia / Pacific Pte. Ltd.

Press Release No.: 2022-2023/379

Dated: 16th June, 2022

Reserve Bank of India (RBI) had, by order dated July 14, 2021, imposed restrictions on Mastercard Asia / Pacific Pte. Ltd. from on-boarding new domestic customers (debit, credit or prepaid) onto its card network from July 22, 2021 for non-compliance with the RBI circular dated April 06, 2018 on Storage of Payment System Data. In view of the satisfactory compliance demonstrated by Mastercard Asia / Pacific Pte. Ltd. with the RBI circular dated April 06, 2018 on Storage of

Concerns:

M/s Indiacorp Law, Advocates & Solicitors, Noida&Jangpura Extension (New Delhi)

Payment System Data, the restrictions imposed, vide order dated July 14, 2021, on on-boarding of new domestic customers have been lifted with immediate effect.

Related Link: https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=53877

IBBI/NCLT UPDATES

SC stays NCLAT's order that CIRP u/s 95(1) couldn't be rejected merely on ground that no CIRP was pending before AA

Dated- 13 Jun 2022

Supreme Court stayed operation of NCLAT's order until further order whereby it held that application filed by financial creditor under section 95(1) for initiating Corporate Insolvency Resolution Process (CIRP) against personal guarantor could not be rejected merely on ground that no CIRP or liquidation proceedings of principle borrower/corporate debtor was pending before NCLT.

Related Link: [SC stays NCLAT's order that CIRP u/s 95\(1\) couldn't be rejected merely on ground that no CIRP was pending before AA - Taxmann](#)

CIRP plea filed against a NBFC was to be rejected as only regulators are empowered to initiate proceedings before AA

Dated- 13 Jun 2022

Application filed under section 7 by financial creditor against corporate guarantor, a NBFC/Financial service provider, was to be rejected by virtue of Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019 as any one cannot initiate proceedings seeking corporate insolvency resolution process of 'financial service provider' and it is only Regulators who have been given power to initiate proceed.

Related Link: [CIRP plea filed against a NBFC was to be rejected as only regulators are empowered to initiate proceedings before AA - Taxmann](#)

Resolution applicants who couldn't achieve requisite votes to be allowed one more opportunity to submit revised plans

Dated- 14 Jun 2022

Where four resolution plans came for consideration before CoC but no one could achieve requisite number of votes, one more opportunity was to be granted to all four resolution applicants to submit their revised plan and thereafter CoC might deliberate and vote on all resolution plans

Concerns:

M/s Indiacorp Law, Advocates & Solicitors, Noida&Jangpura Extension (New Delhi)

Related Link- [Resolution applicants who couldn't achieve requisite votes to be allowed one more opportunity to submit revised plans - Taxmann](#)

Appellant's claim of adjudicating past electricity dues couldn't be upheld as approved plan was in accordance with IBC

Dated- 14 Jun 2022

Where liabilities of appellant related to pre-CIRP dues, which had been extinguished, treatment of past dues of appellant in approved resolution plan was in accordance with legal provisions of IBC and, therefore, appellant's claim of adjudicating past electricity dues could not be upheld

Related Link: [Appellant's claim of adjudicating past electricity dues couldn't be upheld as approved plan was in accordance with IBC - Taxmann](#)

Resolution applicants who couldn't achieve requisite votes to be allowed one more opportunity to submit revised plans

Dated- 14 Jun 2022

Where four resolution plans came for consideration before CoC but no one could achieve requisite number of votes, one more opportunity was to be granted to all four resolution applicants to submit their revised plan and thereafter CoC might deliberate and vote on all resolution plans

Related Link: [Resolution applicants who couldn't achieve requisite votes to be allowed one more opportunity to submit revised plans - Taxmann](#)

IBBI reduces timelines for speedy disposal of grievances under the Grievance & Complaint Handling procedures norms

Dated- 15 Jun 2022

The IBBI notifies Insolvency and Bankruptcy Board of India (Grievance and Complaint Handling Procedure) (Amendment) Regulations, 2022. Amendment norms provide that a grievance or a complaint shall be filed with the Board on its dedicated portal <https://www.ibbi.gov.in>. Also, the timeline for disposal of grievance has been reduced from 45 days to 30 days. Now, Board shall direct the service provider to redress the grievance within 30 days of its receipt if it requires any redress.

Related Link: [IBBI reduces timelines for speedy disposal of grievances under the Grievance & Complaint Handling procedures norms - Taxmann](#)

IBBI invites suggestions from public for effective and expeditious resolution of real estate projects

Dated- 15 Jun 2022

Concerns:

M/s Indiacorp Law, Advocates & Solicitors, Noida&Jangpura Extension (New Delhi)

IBBI has invited suggestion from public, including the stakeholders, for need for any separate regulatory framework for Homebuyers in the CIRP of real estate projects or some modifications in the existing regulations, within the existing framework of the Code. IBBI also invited specific suggestions for bringing improvements, if any, in the process of resolution of real estate projects vis-à-vis homebuyers for better and effective resolution of such real estate project

Related Link: [IBBI invites suggestions from public for effective and expeditious resolution of real estate projects - Taxmann](#)

IBBI proposes to allow Cos., LLPs, and Partnership Firm to get enrolled and registered as Insolvency Professionals

Dated- 15 Jun 2022

IBBI has proposed a regulatory architecture allowing the “enable entities” (viz a company, LLP and registered partnership firm) to enrol, register and act as an IP. IBBI said that this is going to be a significant policy change in the profession of IP. Further, it may consider allowing the existing Insolvency Professional Entity (IPE) to become IPs, which, after registration, may also continue to provide support services to IPs.

Related Link: [IBBI proposes to allow Cos., LLPs, and Partnership Firm to get enrolled and registered as Insolvency Professionals - Taxmann](#)

IBBI releases discussion paper on streamlining liquidation process

Dated- 15 Jun 2022

The IBBI, placed proposals for public comments for streamlining liquidation process. Such proposals include that the CoC as constituted during CIRP on the basis of admitted claims shall function as SCC during liquidation process with the voting share of members of SCC being same as that in the CoC. The liquidator shall convene first meeting of SCC within seven days of liquidation commencement date. Public comments are sought up to 05.07.2022.

Related Link: [IBBI releases discussion paper on streamlining liquidation process - Taxmann](#)

Now Operational Creditors must furnish copies of GSTR-1, GSTR-3B, and e-way bill along with CIRP plea u/s 9

Dated- 15 Jun 2022

The IBBI notifies Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) (Second Amendment) Regulations, 2022. New regulation 2B has been inserted requiring the operational creditor to furnish copies of Form GSTR-1 & Form GSTR-3B and a copy of the e-way bill along with plea u/s 9. New Regulation 2C requires a financial or operational creditor to furnish details of his PAN and Email-ID while filing plea u/s 9.

Related Link: [Now Operational Creditors must furnish copies of GSTR-1, GSTR-3B, and e-way bill along with CIRP plea u/s 9 - Taxmann](#)

Concerns:

M/s Indiacorp Law, Advocates & Solicitors, Noida&Jangpura Extension (New Delhi)

Now creditors need to file information of default with information utilities before filing a plea to initiate CIRP

Dated- 15 Jun 2022

The IBBI has notified the Insolvency and Bankruptcy Board of India (Information Utilities) (Amendment) Regulations, 2022. Amendment has been made to regulation 20 mandating creditors to file information of default with information utility before filing an application to initiate CIRP under section 7 or 9. It has also introduced form D for record of default i.e. for the status of authentication of default.

Related Link: [Now creditors need to file information of default with information utilities before filing a plea to initiate CIRP - Taxmann](#)

IBBI amends Inspection and Investigation rules; inserts provisions for Investigation during disposal of complaint

Dated- 15 Jun 2022

The IBBI notifies Insolvency and Bankruptcy Board of India (Inspection and Investigation) (Amendment) Regulations, 2022. As per amended rules, stakeholder” means as defined in clause (j) of sub-regulation (1) of regulation 2 of the Insolvency and Bankruptcy Board of India (Grievance and Complaint Handling Procedure) Regulations, 2017. New chapters are included w.r.t Investigation during disposal of complaint or grievance & Interim order on material available on record.

Related Link: [IBBI amends Inspection and Investigation rules; inserts provisions for Investigation during disposal of complaint - Taxmann](#)

IBBI defines the role of Information utility on receipt applications for initiating insolvency

Dated- 16 Jun 2022

IBBI has decided that Information utility on receipt of Plea u/r 4,6,7 for initiating insolvency shall: (a) inform other creditors of the Corporate Debtor by sharing the application; (b) issue notice to the applicant, requiring it to file ‘information of default’ in the specified; and (c) process the ‘information of default’ for the purpose of issuing ROD as per the IU Regulations. This Circular shall come into force with immediate effect.

Related Link: [IBBI defines the role of Information utility on receipt applications for initiating insolvency - Taxmann](#)

Concerns:

M/s Indiacorp Law, Advocates & Solicitors, Noida&Jangpura Extension (New Delhi)