

## **WEEKLY CORPORATE UPDATES**

*Saturday 03<sup>rd</sup> December, 2022*

(Curated & compiled by)

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## SEBI UPDATES

### *SEBI News SEBI revises framework for approving changes in control of stock brokers*

*Dated: 28 Nov, 2022*

*SEBI has put in place a revised framework for seeking its prior approval for changes in control of stock brokers, depository participants and other market intermediaries. The framework will be applicable for stock broker/clearing member, depository participant, investment adviser, research analyst or research entity, registrar to an issue and share transfer agent and KYC (Know Your Client) Registration Agencies (KRAs). In a circular on Monday, the regulator said the changes have been made to streamline the process of providing approval to the proposed change in control of the entities. Under the provisions, which will be effective from December 1, 2022 an intermediary should apply online for SEBI's prior approval and along with the application, the entity concerned has to submit various details, including the current and proposed shareholding pattern of the applicant.*

*Related Link: [https://www.business-standard.com/article/economypolicy/sebi-revises-framework-for-approving-changes-incontrol-of-stock-brokers-122112800871\\_1.html](https://www.business-standard.com/article/economypolicy/sebi-revises-framework-for-approving-changes-incontrol-of-stock-brokers-122112800871_1.html)*

### *SEBI News SEBI set-ups panel to review takeover rules*

*Dated: 29 Nov, 2022*

*SEBI has set up a high-level panel to review the takeover norms in a move to simplify and strengthen the current rules by adopting appropriate global practices. Also, the regulator will assess the current rules in the light of past judicial pronouncements and various informal guidelines issued by the capital markets regulator. The 20-member committee will be chaired by former Chief Justice of Punjab and Haryana High Court, Shiavax Jal Vazifdar, an update with the regulator's website showed. The panel, which has representatives of SEBI, stock exchanges BSE and NSE as well as law firms, will advise the regulator on matters related to substantial acquisition of shares and takeovers including measures to facilitate ease of doing business.*

*Related Link: <https://economictimes.indiatimes.com/markets/stocks/news/sebi-set-ups-panel-to-review-takeover-rules/articleshow/95857845>*

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## *SEBI sets lower single-issuer limits for mutual fund debt schemes*

*Dated: 29 Nov Nov, 2022*

*The Securities and Exchange Board of India (SEBI) has introduced a credit-rating based single issuer limit for actively managed mutual fund schemes, potentially lowering the investment threshold in lower-rated papers. Asset management companies (AMCs) have been directed not to invest more than 10 per cent of the scheme's net asset value (NAV) in AAA-rated debt and money market securities from a single issuer. Schemes will have to limit their exposure at 8 per cent for AA-rated issuers while for instruments below A rating, 6 per cent has been set as the threshold. These limits will apply to schemes other than credit risk funds.*

*Related Link:*[https://www.business-standard.com/article/markets/sebi-lowers-single-issuer-limits-fordebt-mutual-fund-schemes-122112901190\\_1.html](https://www.business-standard.com/article/markets/sebi-lowers-single-issuer-limits-fordebt-mutual-fund-schemes-122112901190_1.html)

## *SEBI News AI deployed by watchdog to sniff out misleading stock tips on TV shows*

*Dated: 01 Dec, 2022*

*In-house artificial intelligence developed by the market regulator has been let loose on TV shows offering stocks tips for ferreting out any signs of insider trading and front running as part of the SEBI of India's plans to crack down on share offences. The inhouse system called Picture based Information News Accumulator and Key Information Analyser (Pinaka) will comb through television channels that typically beam in-house or third party suggestions including buy or sell calls. Pinaka will be comparing the stock recommendations it sees and hears on TV with the trades of the person spouting them on TV to look for any signs of securities offences such as insider trading and front running. The move comes as calls mount for shielding retail investors against stock tips and recommendations that could mislead their hardearned money aiming to make the most of the ongoing stock markets boom.*

*Related Link:*<https://www.moneycontrol.com/news/business/markets/ai-deployed-by-watchdog-tosniff-out-misleading-stock-tips-on-tv-shows-9630351>

## *SEBI reduces timeline to list debt securities issued on private placement basis*

*Dated: 30 Nov, 2022*

*SEBI reduced the timeline for listing of debt securities issued on a private placement basis to three days. Currently, the timeline is four days and the latest move would also expedite the availability of securities for trading by the investors. SEBI has listed out the steps involved in pre-listing and post-listing along with relevant timelines, both through Electronic Book Provider (EBP) platform and otherwise. This is to provide more clarity and standardization in the*

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process of issuance and listing of such securities on the private placement basis. The new guidelines would come into effect from January 1, 2023.

Related Link: <https://www.business-standard.com/article/markets/sebi-reduces-timeline-to-listdebt-securities-issued-on-pvt-placement-basis-122113000983>

## RBI UPDATES

### Operationalization of Central Bank Digital Currency – Retail (e₹-R) Pilot

Dated: 01 Dec, 2022

Press Release: 2022-2023/1275

The Reserve Bank announces the launch of the first pilot for retail digital Rupee on December 01, 2022. It may be recalled that RBI had, in a Press Release dated October 31, 2022, indicated that the pilot would commence in a month's time.

2. The pilot would cover select locations in closed user group (CUG) comprising participating customers and merchants. The e₹-R would be in the form of a digital token that represents legal tender. It would be issued in the same denominations that paper currency and coins are currently issued. It would be distributed through intermediaries, i.e., banks. Users will be able to transact through a digital wallet offered by the participating banks and stored on mobile phones / devices. Transactions can be both Person to Person (P2P) and Person to Merchant (P2M). Payments to merchants can be made using QR codes displayed at merchant locations. The e₹-R would offer features of physical cash like trust, safety and settlement finality. As in the case of cash, it will not earn any interest and can be converted to other forms of money, like deposits with banks.

3. The pilot will test the robustness of the entire process of digital rupee creation, distribution and retail usage in real time. Different features and applications of the token and architecture will be tested in future pilots, based on the learnings from this pilot.

4. Eight banks have been identified for phase-wise participation in this pilot. The first phase will begin with four banks, viz., State Bank of India, ICICI Bank, Yes Bank and IDFC First Bank in four cities across the country. Four more banks, viz., Bank of Baroda, Union Bank of India, HDFC Bank and Kotak Mahindra Bank will join this pilot subsequently. The pilot would initially cover four cities, viz., Mumbai, New Delhi, Bengaluru and Bhubaneswar and later extend to Ahmedabad, Gangtok, Guwahati, Hyderabad, Indore, Kochi, Lucknow, Patna and Shimla. The scope of pilot may be expanded gradually to include more banks, users and locations as needed.

Related Link: [https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=54773](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=54773)

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## IBC & NCLT UPDATES

### *CD was solely responsible to make payment of operational debt as Creditor wasn't party to a MoU b/w CD and third party*

*Dated: 26 Nov 2022*

*Where an independent MoU was entered between corporate debtor and A Ltd. to supply SBTs purchased by corporate debtor from operational creditor, operational creditor was not a direct party to said MoU and, therefore, it was responsibility of corporate debtor to make payment of operational debt due to operational creditor.*

*Related Link: <https://www.taxmann.com/research/ibc/top-story/10101000000325925/cd-was-solely-responsible-to-make-payment-of-operational-debt-as-creditor-wasnt-party-to-a-mou-bw-cd-and-third-party-caselaws>*

### *CIRP plea filed u/s 7 was maintainable as both agreement b/w parties and financials of CD acknowledged the debt*

*Dated: 28 Nov 2022*

*Where an agreement between parties, an e-mail as well as balance sheet of corporate debtor clearly acknowledged that outstanding amount disbursed by financial creditor was a financial debt, application filed under section 7 by financial creditor was fully maintainable.*

*Related Link: <https://www.taxmann.com/research/ibc/top-story/10101000000322451/cirp-plea-filed-us-7-was-maintainable-as-both-agreement-bw-parties-and-financials-of-cd-acknowledged-the-debt-caselaws>*

### *No illegality found in order of NCLT since resolution plan was already approved by CoC and is conformity with law: NCLAT*

*Dated: 01 Dec 2022*

*resolution plan submitted by respondent-successful resolution applicant was approved by CoC with a majority of 70 per cent voting share and same was approved by NCLT, plan being in accordance with law and there being no discrimination shown towards appellant-operational creditors, there was no illegality in order passed by NCLT in approving said resolution plan.*

*Related Link: <https://www.taxmann.com/research/ibc/top-story/10101000000322615/no-illegality-found-in-order-of-nclt-since-resolution-plan-was-already-approved-by-coc-and-is-conformity-with-law-nclat-caselaws>*

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## *Money disbursed to corporate debtor as a payment to be adjusted in sale of land wasn't a financial debt u/s 5(8)*

*Dated: 02 Dec 2022*

*Where appellant had disbursed money to corporate debtor only as payment which was to be adjusted in sale of land and same was not in consideration for time value of money, sum disbursed was not financial debt under section 5(8).*

Related Link: <https://www.taxmann.com/research/ibc/top-story/10101000000322898/money-disbursed-to-corporate-debtor-as-a-payment-to-be-adjusted-in-sale-of-land-wasnt-a-financial-debt-us-58-caselaws>

## *NCLT Cannot Assume Power to Declare IBC Provisions, 2016 Regulations as Illegal Or Ultra Vires: Delhi High Court*

*Dated: 02 Dec 2022*

*The Delhi High Court has ruled that the National Company Law Tribunal (NCLT) cannot assume the power to declare as illegal or ultra vires any of the provisions of Insolvency and Bankruptcy Code (IBC), 2016 or Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.*

*Justice Pratibha M Singh said that the jurisdiction to deal with the validity and legality of the Regulations framed under the IBC is not conferred upon the NCLT.*

*"The NCLT being a creature of the IBC, cannot assume to itself the power of declaring any provisions of the IBC or the Regulations as illegal or ultra vires," the court said.*

*The court referred to a ruling of the NCLAT in the case of M/s Mohan Gems & Jewels Pvt. Ltd. v. Vijay Verma & Anr. wherein it was observed that the need for judicial intervention or innovation from NCLT & NCLAT should be kept at its bare minimum and should not disturb the foundational principles of the IBC.*

Related Link: <https://www.livelaw.in/news-updates/nclt-cannot-assume-power-declare-regulations-ibc-provisions-illegal-ultra-vires-delhi-high-court-215615>

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## *Finally newly joined Judicial and Technical Members of NCLT have been posted at the respective Benches*

*Dated: 02 Dec 2022*

*In accordance with Rule 15A of the National Company Law Tribunal (Salary, Allowances and other Terms and Conditions of Service of President and other Members) Rules, 2015 and in consultation with the President, National Company Law Tribunal (NCLT), 5 new Judicial Members and 5 Technical Members of NCLT have been posted at the Benches as provided below:*

### *I. Judicial Members*

S.No.	Name of the Members	Bench
	<i>Justice (Retd.) T Krishna valli</i>	<i>Bengaluru</i>
	<i>Mr. Kuldeep Kumar Kareer</i>	<i>Mumbai</i>
	<i>Mr. Ashok Kumar Bhardwaj</i>	<i>Delhi</i>
	<i>Mr. Praveen Gupta</i>	<i>Allahabad</i>
	<i>Ms. Bidisha Banerjee</i>	<i>Kolkata</i>

### *II. Technical Members*

S.No.	Name of the Members	Bench
	<i>Mr. Prabhat Kumar</i>	<i>Mumbai</i>
	<i>Mr. Charan singh</i>	<i>Hyderabad</i>
	<i>Smt Annu Jagmohan Singh</i>	<i>Mumbai</i>
	<i>Mr. Ashish Verma</i>	<i>Allahabad</i>
	<i>Mr. Atul Chaturvedi</i>	<i>Delhi</i>

*Related Link: [https://www.livelaw.in/pdf\\_upload/832e0b90-0120-4f3a-ba4d-df1ab66aa0e7-447416.pdf](https://www.livelaw.in/pdf_upload/832e0b90-0120-4f3a-ba4d-df1ab66aa0e7-447416.pdf)*

**Thanking You,**

**Team Indiacorp**

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