

**LEGAL BRIEFS: BI-WEEKLY LEGAL UPDATES**

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Synergia Legal is bringing it to you a fortnightly compilation of digestible summaries of key legal developments and case laws impacting the business, commercial and economic landscape in India:

**SECURITIES LAWS**

**1. The Securities and Exchange Board of India (SEBI) issued a circular on ease of doing investments (June 10, 2024):**

The SEBI had issued a circular bearing number SEBI/HO/MRSD/POD-1/CIR/2023/193 dated December 23, 2023 extending the last date for submission of 'choice of nomination' for demat accounts and mutual funds folios to June 30, 2024 failing which demat accounts/folios shall be frozen for debits. However, based on the representations from the market participants, the SEBI has decided the non-submission of 'choice of nomination' shall not result in freezing of demat accounts and mutual fund folios. Further, the SEBI notified that the security holders holding physical form of shares shall be eligible for receipt of any payments including dividend, interest or redemption.

*(The circular bearing number SEBI/HO/MRD/MRD-PoD- 1/P/CIR/2024/81 issued by the Securities and Exchange Board of India is accessible [here](#).)*

**2. The Securities and Exchange Board of India (SEBI) issued a circular modifying the framework for offer for sale of shares to employees through stock exchange mechanism (June 14, 2024):**

The SEBI had issued a circular bearing number SEBI/HO/MRD/MRD-PoD-3/P/CIR/2024/6 dated January 23, 2024 notifying the framework for offer for sale (OFS) of shares to employees through stock exchange mechanism. As per paragraph 5 of the said circular, employees were required to place bids only at cut-off price of T+1 days of the OFS. However, the SEBI modified the framework by deciding that the employees shall place bids on T+1 day at cut-off price of T day.

*(The circular bearing number SEBI/HO/MRD/MRD-PoD-3/P/CIR/2024/82 issued by the Securities and Exchange Board of India is accessible [here](#).)*

FINTECH/ BANKING

**3. The Reserve Bank of India (RBI) announced the exit of the fourth cohort of its regulatory sandbox (June 18, 2024):**

The Reserve Bank of India (RBI) had commenced the fourth cohort of its regulatory sandbox with the theme 'Prevention and Mitigation of Financial Frauds', vide a press release dated January 05, 2023. The RBI, vide a press release dated June 18, 2024, announced the exit of the fourth cohort of the regulatory sandbox. The press release states that out of the six entities which commenced testing, three products have been found viable i.e., Bahwan Cybertek Private Limited; napID Cybersec Private Limited; and Trusting Social Private Limited.

*(The press release bearing number 2024-2025/520 issued by the Reserve Bank of India is accessible [here](#).)*

**4. The Reserve Bank of India (RBI) invited application for recognition of self-regulatory organization (SROs) for NBFCs (June 19, 2024):**

The Reserve Bank of India (RBI) had issued 'Omnibus Framework for recognition of Self-Regulatory Organisations for Regulated Entities of the Reserve Bank' dated March 21, 2024. In pursuant to the said framework, the RBI invited application for recognition of SROs for the NBFCs. The invitation provides for membership criteria for the SRO for NBFC, which includes primary categories of NBFCs in which the SROs has been envisaged, and the mix of members for the constitution of such SRO. Further, the press release also provides for other terms of recognition of SRO including minimum net worth requirement of INR Two Crores, within a year of recognition or before the commencement of operations; and maximum number of two SROs for each sector of NBFCs.

*(The press release bearing number 2024-2025/525 issued by the Reserve Bank of India is accessible [here](#).)*

OTHERS

**5. The Insolvency and Bankruptcy Board of India issued a discussion paper on reducing compliance by review of CIRP forms submitted by Insolvency Professional to the IBBI (June 10, 2024):**

The Insolvency and Bankruptcy Code, 2016 provides for specific responsibilities on the insolvency professional (IP) in conduct of a corporate insolvency resolution process. Further,

the Code casts a responsibility on the IBBI and the Insolvency Professional Agencies to monitor the performance of the IP. For which, the IPs are required to submit certain records and information to the IBBI in the forms provided on the website of the IBBI.

In the 27<sup>th</sup> meeting of Financial Stability and Development Council, held on May 08, 2023, it was recommended for the reduction of compliance burden and ensure a streamlined and efficient regulatory framework. Pursuant to which, the Indian Institute of Insolvency Professionals of ICAI constituted a study group on 'Removing Duplicity and Redundancy in Compliance of IPs' and submitted their report to the IBBI. Based on the report provided to the IBBI, a discussion paper has been released by the IBBI on reducing the compliance by review of CIRP forms submitted by IPs.

*(The discussion paper issued by the IBBI on reducing compliance by review of CIRP forms submitted by Insolvency Professional to the IBBI is accessible [here](#).)*

**6. The Insolvency and Bankruptcy Board of India issued a discussion paper on amendments to Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Process) Regulations, 2016 (June 19, 2024):**

The IBBI issued a discussion paper on amendments to Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Process) Regulations, 2016 ("CIRP Regulations"). The said discussion paper proposes to amend the CIRP Regulations to specify that the resolution professional shall assign for carrying out the valuations of the corporate debtors as a whole to the registered valuer. Further, the discussion paper proposes that in the CIRP of a corporate debtor having an asset size of up to INR 1,000 Crores and in CIRP of a corporate debtor classified as MSME, only one registered valuer shall be appointed for providing the estimates of the fair market and the liquidation value. The said discussion paper also proposes for an amendment to the CIRP Regulation clarifying that the resolution plan submitted by the resolution applicant shall not extinguish the rights of the creditors to proceed against guarantors and enforce realization of guarantees through various guarantee agreements.

*(The discussion paper issued by the IBBI on amendments to Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Process) Regulations, 2016 is accessible [here](#).)*

**7. The Insolvency and Bankruptcy Board of India (IBBI) issued a format for progress report during liquidation process (June 21, 2024):**

Under Regulation 15 of the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016, the liquidator is required to submit a progress report during the liquidation process to the IBBI, the Adjudicating Authority and the Stakeholders' Consultation Committee. To streamline the process and ensure uniformity in the structure, the IBBI has

issued a standardized format for the progress report to be shared by the liquidator during the liquidation process.

*(The notification issued by the IBBI capturing the new format for progress report during liquidation process is accessible [here](#).)*

**8. The Ministry of Consumer Affairs, Food and Public Distribution issued draft Guidelines for the Prevention and Regulation of Unsolicited and Unwarranted Business Communication, 2024 (June 20, 2024):**

The Department of Consumer Affairs proposes to issue Guidelines for the Prevention and Regulation of Unsolicited and Unwarranted Business Communication, 2024. The said guidelines have been drafted by the committee constituted of the representatives from telecom industry including Department of Telecommunication, Telecom Regulatory Authority of India, BSNL, Reliance, Vodafone Idea and Airtel. The department has sought comments/views/suggestions on the proposed guidelines by July 21, 2024.

*(The notification issued by the Ministry of Consumer Affairs, Food and Public Distribution bearing number J-24/6/2024-CPU Section CPU [33783] capturing the draft Guidelines for the Prevention and Regulation of Unsolicited and Unwarranted Business Communication, 2024 is accessible [here](#).)*

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