

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:

CORPORATE LAWS

1. The Ministry of Corporate Affairs has issued a notice for launching certain forms, required to be filed under the Companies Act, 2013, in V3 MCA21 portal (June 28, 2024):

The Ministry of Corporate Affairs (“MCA”) issued a notice stating that it is launching the third set of company forms covering 9 (nine) forms i.e., MSME, BEN-2, MGT-6, IEPF-1, IEPF-1A, IEPF-2, IEPF-4, IEPF-5 and IEPF-5 e-verification report on V3 MCA21 portal, on July 15, 2024 at 12:00 AM. The said forms shall be disabled from V2 portal from July 04, 2024 12:00 AM, and the MCA has advised the stakeholders to ensure that there are no pending SRNs in relation to these forms. In furtherance to the same, the MCA issued a circular dated July 04, 2024 bearing number 17/63/2024-CL V-MCA, allowing additional time of 15 (fifteen) days, without additional fees, for the filing of forms MGT-6 and BEN-2.

(The circular bearing number 17/63/2024-CL-V-MCA issued by the Ministry of Corporate Affairs is accessible [here](#). Further, the update from the Ministry of Corporate Affairs is accessible [here](#).)

2. The Ministry of Corporate Affairs has issued a circular extending the time for filing of PAS-7 (July 06, 2024):

Rule 9(2)(a) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 provides that every public company which had issued share warrants prior to the commencement of the Companies Act, 2013 and have not converted such warrants into shares are required to inform the Registrar about the same vide Form PAS-7 within a period of 3 (three) months of the commencement of the Companies (Prospectus and Allotment of Securities) Second Amendment Rules, 2023. The MCA issued a circular notifying that the said Form PAS-7 has been deployed on MCA21 portal, and the stakeholders may file the web form without payment of additional fees up to August 05, 2024.

(The circular bearing number 17/61/2024-CL-V-MCA issued by the Ministry of Corporate Affairs is accessible [here](#).)

SECURITIES LAWS

3. The Securities and Exchange Board of India (SEBI) issued a master circular for electronic gold receipts (EGRs) (June 24, 2024):

The SEBI has issued master circular for Electronic Gold Receipts (EGR), consolidating various circulars issued since the previous Master Circular dated June 01, 2023 on June 24, 2024. This new master circular supersedes the earlier one and comes into effect immediately. Existing SEBI directions specific to EGRs remain in force, alongside other applicable laws. Actions or processes initiated under the rescinded circulars are deemed valid under the new provisions, ensuring continuity in registrations, approvals, and ongoing investigations. This circular is issued under SEBI's authority as per Section 11(1) of the Securities and Exchange Board of India Act, 1992.

(The circular bearing number SEBI/HO/MRD/MRD-PoD-1/P/CIR/2024/87 issued by the Securities and Exchange Board of India is accessible [here](#).)

4. The Securities and Exchange Board of India (SEBI) notified the Securities and Exchange Board of India (Prohibition of Insider Trading) (Second Amendment) Regulations, 2024 (June 26, 2024):

The SEBI had notified the Securities and Exchange Board of India (Prohibition of Insider Trading) (Second Amendment) Regulations, 2024. The amendment has reduced the waiting period for the insider to commence trading from 6 (six) months to 120 (one hundred and twenty) calendar days after the public disclosure. The mandate of maintaining a minimum 12 (twelve) months trading period has been eliminated. Further, the amendment provides for exceptional cases in which the trading plan may be deviated, such as bankruptcy or operation of law.

(The Securities and Exchange Board of India (Prohibition of Insider Trading) (Second Amendment) Regulations, 2024 is accessible [here](#).)

5. The Securities and Exchange Board of India (SEBI) notified the Securities and Exchange Board of India (Foreign Portfolio Investors) (Second Amendment) Regulations, 2024 (June 26, 2024):

The SEBI had notified the Securities and Exchange Board of India (Foreign Portfolio Investors) (Second Amendment) Regulations, 2024. The amendment has changed the limitations on individuals and aggregate contributions from non-resident Indians, overseas citizens, and resident Indian individuals in the FPI corpus. Further, the amendment provides for certain exemptions for the applicants regulated by the International Financial Services Centres Authority based in the International Financial Services Centres in India.

(The Securities and Exchange Board of India (Foreign Portfolio Investors) (Second Amendment) Regulations, 2024 is accessible [here](#).)

6. The Securities and Exchange Board of India (SEBI) issued a consultation paper on the recommendations of the Expert Committee for facilitating ease of doing business and harmonization of the provisions of the ICDR and LODR Regulations (June 26, 2024):

The SEBI has issued a consultation paper with an objective to seek comments/views/suggestions from the public and other stakeholders on the recommendation of the Expert Committee with respect to facilitating ease of doing business under the SEBI (Listing Obligations and Disclosure Requirements) (“LODR”) Regulations, 2015 and the SEBI (Issue of Capital and Disclosure Requirements) (“ICDR”) Regulations, 2018. The SEBI established an Expert Committee chaired by Shri S. K. Mohanty to review the LODR Regulations and ICDR Regulations from the point of view of facilitating ease of doing business and to harmonize the provisions of the ICDR and the LODR Regulations. Pursuant to which, the Expert Committee submitted its interim recommendation vide a consultation paper dated January 11, 2024. The Expert Committee has submitted its final recommendation on LODR and ICDR Regulations.

The report consists of three parts: (a) recommendations relating to ease of doing business under the LODR Regulations; (b) recommendation relating to ease of doing business under the ICDR Regulations; and (c) recommendation relating to harmonization of provisions of ICDR and LODR Regulations. The comments and suggestions can be provided by July 17, 2024.

(The consultation paper on the recommendation of the Expert Committee for facilitating ease of doing business and harmonization of the provisions of the ICDR and LODR Regulations issued by the Securities and Exchange Board of India is accessible [here](#).)

7. The Securities and Exchange Board of India (SEBI) issued a master circular for Mutual Funds (June 27, 2024):

The SEBI has issued master circular for Mutual funds, consolidating various circulars issued since the previous Master Circular dated May 19, 2023 on June 27, 2024. This new master circular supersedes the earlier one and comes into effect immediately. Existing SEBI directions specific to mutual funds remain in force, alongside other applicable laws. Actions or processes initiated under the rescinded circulars are deemed valid under the new provisions, ensuring continuity in registrations, approvals, and ongoing investigations. This circular is issued under SEBI's authority as per Section 11(1) of the Securities and Exchange Board of India Act, 1992.

(The circular bearing number SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/90 issued by the Securities and Exchange Board of India is accessible [here](#).)

8. The Securities and Exchange Board of India (SEBI) issued a consultation paper for introduction of Mutual Funds Lite Regulations (MF LITE) for passively managed Mutual Funds Scheme (July 01, 2024):

The SEBI has issued a consultation paper with an objective to seek comments/views/suggestions from the public and other stakeholders on the proposals related to introduction of a relaxed regulatory framework in the Mutual Funds (MF) segment viz, “the MF Lite Regulations” for the passively managed MF schemes. Under the existing parlance, both the active and the passive mutual funds are regulated under the SEBI (Mutual Funds) Regulations, 1996. The current framework has been drafted keeping in mind the actively managed schemes and the risks and complexities associated with the same. The SEBI recognizes that various provisions of the existing framework may not be relevant for the passively managed mutual schemes, and thereby proposed a relaxed framework with light touch regulations.

(The consultation paper on the recommendation of the Expert Committee for introduction of Mutual Funds Lite Regulations (MF LITE) for passively managed Mutual Funds Scheme issued by the Securities and Exchange Board of India is accessible [here](#).)

9. The Securities and Exchange Board of India (SEBI) notified the Securities and Exchange Board of India (Mutual funds) (Amendment) Regulations, 2024 (July 02, 2024):

The SEBI had notified the Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulations, 2024. The regulations have amended Clause 9(c) of the seventh schedule whereby the mutual funds were restricted from making any investment in the listed securities of group companies of the sponsor which is in excess of 25% (twenty five percentage) of the net assets. The amendment provides an exception to Clause 9(c) of the Seventh Schedule by which investments by equity oriented exchange traded funds and index funds may be done, subject to such conditions as provided by the SEBI.

(The Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulations, 2024 is accessible [here](#).)

10. The Securities and Exchange Board of India (SEBI) issued a circular for the reduction in denomination of debt securities and non-convertible redeemable preference shares (July 03, 2024):

The SEBI has issued a circular for the reduction in denomination of debt securities and non-convertible redeemable preference shares. The Master Circular bearing number SEBI/HO/DDHS/PoD1/P/CIR/2024/54 dated May 22, 2024 provides for denomination of

issuance and trading of non-convertible securities. Based on the representation from the market participants stating that lower ticket size of debt securities may encourage more non-institutional investors to participate in the corporate bond market, the SEBI has agreed to reduce the denomination of debt securities and non-convertible redeemable preference shares.

(The circular bearing number SEBI/HO/DDHS/DDHS-PoD-1/P/CIR/2024/94 issued by the Securities and Exchange Board of India is accessible [here](#).)

FINTECH/BANKING

11. The Reserve Bank of India (RBI) issued a press release announcing draft regulations of foreign trade under the Foreign Exchange Management Act, 1999 (July 02, 2024):

The RBI has decided to rationalize regulations that cover export and import transactions to progressively liberalize policies governing foreign exchange transactions. In line with the same, the RBI has issued draft regulations under the Foreign Exchange Management Act, 1999 and directions to the Authorized Dealer banks. The said regulations and the directions have been made available for public comments, which may be forwarded via email by September 01, 2024.

(The press release bearing number 2024-2025/615 issued by the Reserve Bank of India is accessible [here](#).)

OTHERS

12. The Insolvency and Bankruptcy Board of India issued a circular notifying electronic forms to monitor liquidation process under the Insolvency and Bankruptcy Code, 2016, and the regulations made thereunder (June 28, 2024):

The Insolvency and Bankruptcy Board of India (“IBBI”) issued a circular notifying a set of electronic forms for the insolvency professional to capture the details of the liquidation process. The insolvency professional, acting as a liquidator, is required to make certain disclosures and reporting to the Adjudicating Authority in relation to the process of liquidation. Currently, the said disclosure is been done vide email. To avoid the inefficiencies, the IBBI provided a list of electronic forms along with the timelines, which the liquidator is required to file during a liquidation process.

(The circular bearing number IBBI/LIQ/73/2024 issued by the IBBI is accessible [here](#).)

13. The Insolvency and Bankruptcy Board of India issued a circular notifying electronic forms to monitor voluntary liquidation process under the Insolvency and Bankruptcy Code, 2016, and the regulations made thereunder (June 28, 2024):

The Insolvency and Bankruptcy Board of India (“IBBI”) issued a circular notifying a set of electronic forms for the insolvency professional to capture the details of the voluntary liquidation process. The insolvency professional, acting as a liquidator, is required to make certain disclosures and reporting to the Adjudicating Authority in relation to the process of voluntary liquidation. Currently, the said disclosure is been done vide email. To avoid the inefficiencies, the IBBI provided a list of electronic forms along with the timelines, which the liquidator is required to file during a voluntary liquidation process.

(The circular bearing number IBBI/LIQ/74/2024 issued by the IBBI is accessible [here](#).)

14. The Central Board of Indirect Taxes and Customs issued a circular clarifying the taxability of ESOP/ESPP/RSU provided by a company to its employees through its overseas holding company (June 28, 2024):

The Central Board of Indirect Taxes and Customs issued a circular clarifying that the employee stock option plan (ESOP), employee stock purchase plan (ESPP) and restricted stock unit (RSU) issued by a foreign firm to the employees of their Indian subsidiary, as a part of their compensation package, shall not attract any Goods and Services Tax (GST).

(The circular bearing number CBIC-20001/4/2024-GST issued by the CBIC is accessible [here](#).)

15. The Ministry of Information and Broadcasting issued an advisory limiting the mandatory self-declaration certificate for advertisements to food and health sectors only (July 03, 2024):

The Ministry of Information and Broadcasting issued an advisory limiting the mandatory self-declaration certificate for advertisement to food and health sectors only. Further, the self-declaration certificate is required to uploaded on an annual basis. The facility to upload the certificate by the advertiser/advertising agency for TV and Radio ads has been made operational on the Broadcast Seva Portal.

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