

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 notified the Limited Liability Partnership (Amendment) Rules, 2024 (August 05, 2024):

The Ministry of Corporate Affairs (“MCA”) notified the Limited Liability Partnership (Amendment) Rules, 2024. The said rules provide that an application for voluntary liquidation of a limited liability partnership shall now be approved by the Centre for Processing Accelerated Corporate Exit (C-PACE). The said rules shall be effective from August 27, 2024.

(The Limited Liability Partnership (Amendment) Rules, 2024 issued by the Ministry of Corporate Affairs is accessible [here](#).)

2. The Ministry of Corporate Affairs has notified the Companies (Adjudication of Penalties) Amendment Rules, 2024 (August 05, 2024):

The MCA notified the Companies (Adjudication of Penalties) Amendment Rules, 2024. The said rules introduce ‘Adjudication Platform’, an e-adjudication platform to be developed by the Central Government for adjudicating all the proceedings of adjudicating officer and Regional Director. The rules further provide that in the event summons/notices have to be issued to a person who does not have an email address, then such notice/summon shall be issued to the last address available in records. Further, a copy of the notice shall be preserved electronically on the e-adjudication platform.

(The Companies (Adjudication of Penalties) Amendment Rules, 2024 issued by the Ministry of Corporate Affairs is accessible [here](#).)

SECURITIES LAWS

3. The Securities and Exchange Board of India (SEBI) launched chatbot “SEVA” for investors (July 29, 2024):

The SEBI has issued a press release notifying the launch of chatbot “SEVA” for investors. The press release stated that in mandate of investor protection, the SEBI has launched SEBI’s Virtual Assistant (SEVA) – an Artificial Intelligence (AI) based conversation platform for investors. The press release further states that the beta version of the said chatbot includes features like citation for generated response, speech-to-talk and talk-to-speech functionality. The chatbot is available on SEBI’s investor website and SAARTHI mobile application.

(The press release bearing number PR No. 14/2024 issued by the Securities and Exchange Board of India is accessible [here](#).)

4. The Securities and Exchange Board of India (SEBI) issued a consultation paper on proposed amendments to the SEBI (Prohibition of Insider Trading) Regulations, 2015 (July 29, 2024):

The SEBI has issued a consultation paper on proposed amendments to the SEBI (Prohibition of Insider Trading) Regulations, 2015 (“**PIT Regulations**”) to rationalize the scope of the expression ‘connected person’, while not increasing the compliance requirements. The objective behind the consultation paper is to (a) rationalize the scope of the definition of “connected person” under the PIT Regulations drawing reference from the definition of “related parties” under the Companies Act, 2013; and (b) rationalize the definition of “relative” under the PIT Regulations in line with the definition under the Income Tax Act, 1961.

(The consultation paper on proposed amendments to the SEBI (Prohibition of Insider Trading) Regulations, 2015 issued by the Securities and Exchange Board of India is accessible [here](#).)

5. The Securities and Exchange Board of India (SEBI) notified the Securities and Exchange Board of India (Mutual Funds) (Second Amendment) Regulations, 2024 (August 01, 2024):

The SEBI had notified the Securities and Exchange Board of India (Mutual Funds) (Second Amendment) Regulations, 2024. The regulations provide for a new definition of “market abuse” covering manipulative and fraudulent practices. Further, the asset management companies are required to put in place an institutional mechanism for identification and deterrence of potential market abuse. The regulations make the Chief Executive Officer or Managing Director and Chief Compliance Officer of the asset management companies responsible and accountable for implementation of the said institutional mechanism.

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

6. The Securities and Exchange Board of India (SEBI) issued a consultation paper on draft circular for reporting by Foreign Venture Capital Investors (August 08, 2024):

The SEBI has issued a consultation paper on draft circular for Reporting by Foreign Venture Capital Investors (FVCI). The Regulation 13(1) of the FVCI Regulations, 2000 require FVCI to provide quarterly reports to SEBI in the format specified with respect to the venture capital activities. The SEBI has recently approved certain amendments to the FVCI Regulations, 2000, which have not been notified. In line with the said amendments, the SEBI has felt a need to revise the format for filing of quarterly compliance report by FVCI.

(The consultation paper on draft circular for Reporting by Foreign Venture Capital Investors issued by the Securities and Exchange Board of India is accessible [here](#).)

FINTECH/ BANKING

7. The Reserve Bank of India (RBI) issued a circular for the Review of Framework in relation to the Domestic Money Transfer (July 24, 2024):

The RBI has issued a circular for the review of framework in relation to the Domestic Money Transfer. The framework for Domestic Money Transfer was introduced by the RBI in 2011. Considering the evolution in the payment ecosystem, the RBI made the changes to the framework for Domestic Money Transfer, including: (a) in relation to Cash Pay-out Services, the remitting bank are required to keep a record of the name and address of the beneficiary; and (b) in relation to Cash Pay-in Service, the remitting bank is required to register the remitter based on a verified phone number and a self-certified Officially Valid Document. Further, Card-to-Card transfers have been excluded from the purview of the Domestic Money Transfer framework.

(The notification bearing number RBI/2024-25/52 issued by the Reserve Bank of India is accessible [here](#).)

8. The Reserve Bank of India (RBI) issued Prompt Corrective Action Framework for Primary (Urban) Co-operative Banks (July 26, 2024):

The RBI has issued Prompt Corrective Action (PCA) Framework for Primary (Urban) Co-operative Banks, to be effective from April 01, 2025. The PCA shall replace the Supervisory Action Framework (SAF), an early intervention tool for the Urban Co-operative Banks. The PCA is largely principle based, and has been suitably harmonized with similar framework applicable to Scheduled Banks and Non-Banking Financial Companies.

(The press release bearing number 2024-2025/778 issued by the Reserve Bank of India is accessible [here](#).)

9. The Reserve Bank of India (RBI) issued a press release notifying the entities selected for the test phase of fifth cohort of its Regulatory Sandbox (July 26, 2024):

The RBI had announced the opening of the Fifth Cohort (Theme Neutral) under the Regulatory Sandbox on October 27, 2023. The RBI stated that it had received 22 (twenty-two) applications, of which 5 (five) have been selected for the test phase. The selected entities are: (a) Connectingdot Consultancy Private Limited; (b) Epifi Technologies Private Limited; (c) Finagg Technologies Private Limited; (d) Indian Banks' Digital Infrastructure Company Private Limited; and (e) Signizy Technologies Private Limited.

(The press release bearing number 2024-2025/780 issued by the Reserve Bank of India is accessible [here](#).)

10. The Reserve Bank of India (RBI) issued Master Directions on Treatment of Wilful Defaulters and Large Defaulters (July 30, 2024):

The RBI issued Master Directions on Treatment of Wilful Defaulters and Large Defaulters. The said master direction serves as a comprehensive guideline delineating the regulatory framework and procedures for classification of borrowers as wilful defaulters.

(The Master Directions on Treatment of Wilful Defaulters and Large Defaulters issued by the Reserve Bank of India is accessible [here](#).)

11. The Reserve Bank of India (RBI) issued Master Directions on Cyber Resilience and Digital Payment Security Controls for non-bank Payment System Operators (July 30, 2024):

The RBI issued Master Directions on Cyber Resilience and Digital Payment Security Controls for non-bank Payment System Operators. The said master directions have been issued subsequent to the announcement in the Statement on Developmental and Regulatory Policies issued as part of Monetary Policy Statement dated April 08, 2022, to ensure that the authorized non-bank Payment System Operators (PSOs) are resilient to existing and emerging information systems and cyber security risks.

(The Master Direction on Treatment of Cyber Resilience and Digital Payment Security Controls for non-bank Payment System Operators issued by the Reserve Bank of India is accessible [here](#).)

12. The Reserve Bank of India (RBI) issued draft framework on Alternative Authentication Mechanisms for Digital Payment Transactions (July 31, 2024):

The RBI had prioritized security of digital payments, in particular the requirement of additional factor of authentication for making payments. While no specific factors were mandated, the digital payment ecosystem adopted SMS based OTP as AFA. The RBI has recognized that technological advancements have made available alternative authentication

mechanisms. In line with the above, and as announced in the Statement on Developmental and Regulatory Policies dated February 08, 2024, the RBI released the draft Framework on Alternative Authentication Mechanisms for Digital Payment Transactions. Further, vide the press release, the RBI has sought comments/feedback on the draft framework, to be submitted on or before September 15, 2024.

(The press release bearing number 2024-2025/809 issued by the Reserve Bank of India is accessible [here.](#))

13. The Reserve Bank of India (RBI) issued draft directions on “Aadhar Enabled Payment Systems (AePS) - Due Diligence of Touchpoint Operators: (July 31, 2024):

The RBI had announced in the Statement on Development and Regulatory Policies dated February 08, 2024 that the onboarding process of AePS Touchpoint Operators will be streamlined. Further, considering that instances of frauds perpetuated through AePS due to identity theft or compromise of customer credentials, the RBI released the draft directions on Due Diligence of AePS Touchpoint Operators. Further, vide the press release, the RBI has sought comments/feedback on the draft framework, to be submitted on or before August 31, 2024.

(The press release bearing number 2024-2025/804 issued by the Reserve Bank of India is accessible [here.](#))

14. The Reserve Bank of India (RBI) issued draft directions on “Regulatory Principles for Management of Model Risk in Credit” (August 05, 2024):

The RBI noted that the Regulated Entities adopt various models as part of their credit management, including for credit appraisal, borrower scoring, pricing, risk management etc. The RBI released the draft circular on “Regulated Principles for Management of Model Risks in Credit” to address the potential risks from using of such models. Further, vide the press release, the RBI has sought comments/feedback on the draft framework, to be submitted on or before September 04.

(The press release bearing number 2024-2025/835 issued by the Reserve Bank of India is accessible [here.](#))

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