

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 Companies (Indian Accounting Standards) (Amendment) Rules, 2024 (August 12, 2024):

The Ministry of Corporate Affairs (“MCA”) notified the Companies (Indian Accounting Standards) (Amendment) Rules, 2024. The said rules have brought significant changes to the Indian Accounting Standards established in 2015. The said rules modified the Ind AS 101 pertaining to the guidelines for first time adoption of Ind AS, aiming to simplify and clarify reporting requirements. Further, the rules revised the principles of accounting for mergers and acquisitions to ensure more accurate financial reporting. The rules also notified the deletion of Ind AS 104 dealing with insurance contracts, intending towards shifting of the regulatory regime for insurance accounting.

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

2. The Ministry of Corporate Affairs has notified the Companies (Registration of Foreign Companies) Amendment Rules, 2024 (August 12, 2024):

The MCA notified the Companies (Registration of Foreign Companies) Amendment Rules, 2024. The said rules provide that the foreign companies are required to file Form FC-1 with the Registrar, Central Registration Centre, within 30 (thirty) days of establishing a business in India. The said rules are to come in force from September 09, 2024.

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

SECURITIES LAWS

3. The Securities and Exchange Board of India (SEBI) issued a consultation paper on measures towards Ease of Doing Business and streamlining compliance requirements for Non-Convertible securities - review of LODR Regulations (August 27, 2024):

The SEBI has issued a consultation paper on measures towards Ease of Doing Business and streamlining compliance requirements for Non-Convertible securities. The consultation paper proposes the following recommendations: (a) alignment of provisions regarding approval and authentication of financial results, and disclosure of fraud/default for entities having listed non-convertible securities with that for equity listed entities; (b) reduction in timeline for intimation of record date of Stock Exchanges by entity having listed non-convertible securities to 'atleast three working days'; (c) filing of disclosures by listed entity (having listed non-convertible securities) with Stock Exchanges to be in XBRL format in line with provision specified for equity listed entities; and (d) relaxation from the ISIN restriction limit for unlisted ISINs (outstanding as December 31, 2023) in case such ISINs are listed. The last date for the submission of the comments is September 06, 2024.

(The consultation paper on measures towards Ease of Doing Business and streamlining compliance requirements for Non-Convertible securities - review of LODR Regulations issued by the Securities and Exchange Board of India is accessible [here](#).)

4. The Securities and Exchange Board of India (SEBI) issued a circular providing modalities for migration of Venture Capital Funds registered under erstwhile SEBI (Venture Capital Funds) Regulations, 1996 to SEBI (Alternative Investment Funds) Regulations, 2012 (August 19, 2024):

The SEBI had issued a circular on modalities for migration of Venture Capital Funds registered under erstwhile SEBI (Venture Capital Funds) Regulations, 1996 to SEBI (Alternative Investment Funds) Regulations, 2012. The SEBI (Alternative Investment Funds) Regulations, 2012 were amended on July 20, 2024 to provide flexibility to the Venture Capital Funds ('VCFs') registered under the erstwhile SEBI (VCF) Regulations, 1996 to migrate to the AIF Regulations, and to, *inter alia*, avail the facility of dealing with unliquidated investments of their schemes upon expiry of tenure. In line with the same, the SEBI issued a circular listing required documents and instruments to be submitted for migration of the VCF.

(The circular bearing number SEBI/HO/AFD/AFD-POD-1/P/CIR/2024/111 issued by the SEBI is accessible [here](#).)

5. The Securities and Exchange Board of India (SEBI) issued a consultation paper on expanding the scope of Sustainable Finance framework in the Indian Securities market (August 16, 2024):

The SEBI has issued a consultation paper on expanding the scope of Sustainable Finance framework in the Indian securities market. Subsequent to the announcement by the Hon'ble

Finance Minister in the budget (for FY 2023-24) to simplify, ease and reduce cost of compliance for participants in the financial sector through a consultative approach, the SEBI constituted a working group to review the compliance requirements under the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021. One of the recommendations of the working group was to re-define “green debt security” as “sustainability linked security”. Based on the further representations received from the market participants, the SEBI has proposed to provide for a framework for Social Bonds, Sustainable Bonds and Sustainability Linked Bonds. Further, it is also proposed to introduce the concept of Sustainable Securitised Debt Instruments.

(The consultation paper on expanding the scope of Sustainable Finance framework in the Indian securities market issued by the Securities and Exchange Board of India is accessible [here](#).)

6. The Securities and Exchange Board of India (SEBI) notified the Securities and Exchange Board of India (Research Analyst) (Second Amendment) Regulations, 2024 (August 21, 2024):

The SEBI had notified the Securities and Exchange Board of India (Research Analyst) (Second Amendment) Regulations, 2024. The said regulations allow the research analyst to charge fees for providing research services from a client including an accredited investor in the manner provide by the SEBI.

(The Securities and Exchange Board of India (Research Analyst) Regulations, 2024 is accessible [here](#).)

7. The Securities and Exchange Board of India (SEBI) issued a circular on Cybersecurity and Cyber Resilience Framework for SEBI Regulated Entities (August 20, 2024):

The SEBI had issued a circular on Cybersecurity and Cyber Resilience Framework (CSCRF) for SEBI Regulated Entities. In order to strengthen the cybersecurity measures in the Indian securities market, and to ensure adequate cyber resiliency against cybersecurity incidents/attacks, the CSCRF for the SEBI regulated entities has been formulated in consultation with the stakeholders. The circular states that the primary objective of CSCRF is to address evolving cyber threats, to align with the industry standards, to encourage efficient audits, and to ensure compliance by SEBI regulated entities.

(The circular bearing number SEBI/HO/ITD-1/ITD_CSC_EXT/P/CIR/2024/113 issued by the SEBI is accessible [here](#).)

8. The Securities and Exchange Board of India (SEBI) notified an amendment to the Master Circular for Real Estate Investment Trusts (REITs) dated May 15, 2024 (August 22, 2024):

Based on the recommendations made by the working group to improve ease of doing business related activities of InvIts and REITs, the SEBI amended the Master Circular for Real

Estate Investment Trusts dated May 15, 2024 in relation to the review of statement of investor complaints and timeline for disclosure of statement of deviation(s). The said amendment eliminates the need for prior review of investor complaints by the Board of Directors before submission to the stock exchanges. Further, the complaints are now required to be reviewed only on a quarterly basis by the Board and the Trustee.

(The circular bearing number SEBI/HO/DDHS/DDHS-PoD-2/P/CIR/2024/115 issued by the SEBI is accessible [here](#).)

9. The Securities and Exchange Board of India (SEBI) notified an amendment to the Master Circular for Infrastructure Investments Trusts (InvITs) dated May 15, 2024 (August 22, 2024):

Based on the recommendations made by the working group to improve ease of doing business related activities of InvITs and REITs, the SEBI amended the Master Circular for Infrastructure Investment Trusts dated May 15, 2024 in relation to the review of statement of investor complaints and timeline for disclosure of statement of deviation(s). The said amendment eliminates the need for prior review of investor complaints by the Board of Directors before submission to the stock exchanges. Further, the complaints are now required to be reviewed only on a quarterly basis by the Board and the Trustee.

(The circular bearing number SEBI/HO/DDHS/DDHS-PoD-2/P/CIR/2024/114 issued by the SEBI is accessible [here](#).)

FINTECH/ BANKING

10. The Reserve Bank of India (RBI) issued a circular for the review of regulatory framework for HFCs and harmonization of regulations applicable to HFCs and NBFCs (August 12, 2024):

The RBI had issued a circular DOR.NBFC (HFC).CC.No.118/03.10.136/2020-21 dated October 22, 2020, whereby, it advised for further harmonization of regulations applicable to housing finance banks (HFCs) and the non-banking financial companies (NBFCs) to be taken up in a phased manner. In line with the same, the RBI conducted a review of the extant regulations applicable to HFCs prescribed vide Master Directions - Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021, and issued revised regulations. The said revised regulations shall be effective from January 01, 2025.

(The circular bearing number DOR.FIN.REC.No.34/03.10.136/2024-25 issued by the Reserve Bank of India is accessible [here](#).)

11. The Reserve Bank of India (RBI) issued a circular for the review of the Master Direction – Non-Banking Financial Company – Peer to Peer Lending (Reserve Bank) Direction, 2021 (August 16, 2024):

The RBI had issued the Master Direction – Non-Banking Financial Company – Peer to Peer Lending Platform (Reserve Bank) Directions, 2017. The directions had provided Peer to Peer Lending Platforms (P2P Platforms) to act as an intermediary between lenders and borrowers. However, the RBI observed that the certain platforms were violating the said master directions including the fund transfer mechanism and by providing assured minimum returns. To curb the same, the RBI modified the said master directions.

(The circular bearing number DOR.FIN.REC.No.35/03.10.124/2024-25 issued by the Reserve Bank of India is accessible [here](#).)

12. The Reserve Bank of India (RBI) issued a press release notifying the framework for Self-Regulatory Organization (SRO) in Financial Market (August 19, 2024):

The RBI has issued a framework for the recognition of SROs in Financial Markets. The said framework is based on the ‘Omnibus Framework for recognition of Self-Regulatory Organisation for Regulated Entities of the Reserve Bank’ issued on March 21, 2024, and specifies the broad parameters, responsibilities, objectives, eligibility criteria, governance standards and application process for the recognition of SROs in the financial markets.

(The press release bearing number 2024-2025/926 issued by the Reserve Bank of India is accessible [here](#).)

OTHERS

13. The Department of Economic Affairs amends the Foreign Exchange Management (Non-Debt Instrument) Rules, 2019 (August 12, 2024):

In line with the announcements made by the Hon’ble Finance Minister in the Union Budget 2024-25 to simplify rules and regulations for Foreign Direct Investment and Overseas Investment, the Department of Economic Affairs has amended the Foreign Exchange Management (Non-debt Instruments) Rules, 2019, vide a notification dated August 16, 2024. The said amendment simplify cross-border share swaps and provide for the issue or transfer of Indian company equity instruments in exchange for foreign company equity instruments. The amendment further clarity on the treatment of downstream investments made by Overseas Citizen of India owned entities on a non-repatriation basis, aligning it with the treatment of Non-Resident Indian (NRI) – owned entities.

(The Foreign Exchange Management (Non-debt Instruments) (Fourth Amendment) Rules, 2024 is accessible [here](#).)

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THE RECITALS