

**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 investments in overseas mutual funds/unit trusts by Indian mutual funds (November 04, 2024):**

The SEBI had issued a circular dated June 27, 2024 permitting mutual funds to invest in overseas securities including investments in overseas mutual funds/unit trusts. In order to facilitate the ease of investment in overseas mutual funds/unit trusts, to bring transparency in the manner of investments, and to enable mutual funds to diversify their overseas investments, the SEBI issued a circular setting out certain conditions applicable to investments in overseas mutual funds/unit trusts by the Indian mutual funds. The conditions include that the Indian mutual funds investing in overseas mutual funds/unit trusts shall not have a total exposure of more than 25% of their assets to Indian securities.

*(The circular bearing number SEBI/HO/IMD/IMD-I POD1/P/CIR/2024/149 issued by the SEBI is accessible [here](#).)*

**2. The Securities and Exchange Board of India (SEBI) issued a consultation paper on measures for reforms to Debenture Trustees Regulations including towards Ease of Doing Business (November 04, 2024):**

The SEBI has issued a consultation paper on measures for reforms to Debenture Trustees Regulations including towards ease of doing business. The objective of the consultation paper is to seek comments/views/suggestions from the public on the proposals pertaining to review of SEBI (Debenture Trustees) Regulations, 1993, including suggestions of the working group for ease of doing business for Debenture Trustees. The recommendations include specifying activity-based regulations for Debenture Trustees, inclusion of definition of 'cross default' and aggregation of debenture holders across ISINs for voting and decisions, and aligning the roles and responsibilities of the Debenture Trustees in line with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

*(The consultation paper on Measures for Reforms to Debenture Trustees Regulations including towards Ease of Doing Business issued by the SEBI is accessible [here](#).)*

**3. The Securities and Exchange Board of India (SEBI) issued a consultation paper on review of SEBI (Issue and Listing of Securitized Debt Instruments and Security Receipts) Regulations, 2008 (November 01, 2024):**

The SEBI has issued a consultation paper on the review of SEBI (Issue and Listing of Securitized Debt Instruments and Security Receipts) Regulations, 2008. Securitization in India are governed under (a) the SEBI (Issue and Listing of Securitized Debt Instruments and Security Receipts) Regulations, 2008 (“**SDI Regulations**”); (b) the Master Directions- RBI (Securitization of Standard Assets) Directions, 2021; and (c) Securitization and Reconstruction of Financial Assets and Enforcement of security Interest Act, 2002. The RBI had issued revised directions regulating securitization of standard assets in September, 2021. The SEBI issued a consultation paper seeking comments on the proposals issued by its working group created to re-assess and restate the SDI Regulations in line with the revised directions issued by the RBI.

*(The consultation paper on review of SEBI (Issue and Listing of Securitized Debt Instruments and Security Receipts) Regulations, 2008 issued by the SEBI is accessible [here](#).)*

**4. The Securities and Exchange Board of India (SEBI) issued a consultation paper on review of provisions of LODR Regulations pertaining to corporate governance norms for High Value Debt Listed entities (HVDLEs) (October 31, 2024):**

The SEBI has issued a consultation paper on the review of provisions of LODR Regulations pertaining to corporate governance norms for HVDLEs. The SEBI had inserted Regulation 15(1A) in the LODR Regulations specifying compliances of Regulation 16 to Regulation 27 by entity having outstanding value of listed non-convertible debt securities of INR 500 Crore and above, referred to as HVDLEs. The SEBI had constituted a working group to review the applicability of Corporate Governance norms under LODR Regulations, *inter alia*, keeping in mind the ease of doing business and interest of the investors in such HVDLEs. Based on the recommendations from the working group, the SEBI issued a consultation paper to seek comments from public on proposals regarding corporate governance norms for HVDLE.

*(The consultation paper on review of the provisions of LODR Regulations pertaining to corporate governance norms for High Value Debt Listed entities issued by the SEBI is accessible [here](#).)*

**5. The Securities and Exchange Board of India (SEBI) issued a consultation paper on proposals for ease of doing business by ESG Rating Providers (ERPs) (October 31, 2024):**

The SEBI has issued a consultation paper to seek comments/views from the public on proposed amendment in provisions related to ERPs in SEBI (Credit Rating Agencies) Regulations, 1999 (“**CRA Regulations**”). The SEBI had introduced a regulatory framework for ERPs, under Chapter IVA of the CRA Regulations. Subsequent to the same, the SEBI has received representations from ERPs seeking clarifications on the applicability of certain

provisions for ERPs following subscriber-pays model. The SEBI issued a consultation paper recommending certain provisions applicable to ERPs following subscriber-pays model under the CRA Regulations.

*(The consultation paper on proposals for ease of doing business by ESG Rating Providers (ERPs) issued by the SEBI is accessible [here](#).)*

**6. The Securities and Exchange Board of India (SEBI) issued a consultation paper on proposals for REITs and InvITs (October 30, 2024):**

The SEBI has issued a consultation paper to seek comments/ views from the public on certain proposals related to REITs, SM REITs and InvITs. The SEBI has made proposals in the consultation paper based on the inputs received from various forums: (a) working group for review of compliance requirements and ease of doing business for REITs and InvITs; (b) Indian REITs Association; (c) Bharat InvITs Association; and (d) Hybrid Securities Advisory Committee. The recommendations have been categorized into two parts i.e., ease of doing business measures, and investor protection measures associated with REITs and InvITs.

*(The consultation paper on proposals for REITs and InvITs issued by the SEBI is accessible [here](#).)*

**7. The Securities and Exchange Board of India (SEBI) has issued a circular on Disclosure of expenses, half yearly returns, yield and risk-o-meter of schemes of Mutual Funds (November 05, 2024):**

The current regulatory framework for mutual funds mandates various disclosure requirements with respect to expenses and risks pertaining to the schemes. However, based on the discussions with the mutual fund industry, the SEBI issued a circular amending the disclosure requirements to enhance transparency, ease of comprehension by investors and a standardized approach towards disclosures. The circular requires the mutual funds to make half yearly returns, make separate disclosure of total recurring expense for direct and regular plan, and notified a new format of the risk-o-meter for product labelling.

*(The circular bearing number SEBI/HO/IMD/PoD1/CIR/P/2024/150 issued by the SEBI is accessible [here](#).)*

**OTHERS**

**8. The Insolvency and Bankruptcy Board of India (IBBI) issued a circular on Centralized Electronic Listing and Auction Platform for the Sale of Assets under Liquidation Process (October 29, 2024):**

Regulation 33(1) of the IBBI (Liquidation Process) Regulations, 2016 read with Schedule I provides that the liquidator shall sell the assets of the corporate debtor through auction only through an electronic auction platform empaneled by the IBBI. However, currently the liquidators are selling assets under liquidation through various auction platform which is leading to an information asymmetry. To address the same, the IBBI has collaborated with the Indian Banks' Association to facilitate the auction of assets through eBKray platform currently owned and managed by PSB Alliance Private Limited (a consortium of 12 public sector banks). eBKray shall act as a single listing platform to host all assets being sold in liquidation cases.

*(The circular bearing number IBBI/LIQ/78/2024 issued by the Insolvency and Bankruptcy Board of India is accessible [here](#).)*

**9. The Insolvency and Bankruptcy Board of India (IBBI) issued a discussion paper on Mediation by the operational creditors (OCs) before approaching Adjudicating Authority (AA) for filing Section 9 application (October 29, 2024):**

The IBBI had constituted an Expert Committee on the 'Framework for Use of Mediation under the Insolvency and Bankruptcy Code, 2016'. The said Expert Committee had submitted its report whereby, it was suggested that a pre-institution mediation shall be a preliminary step before the filing of insolvency application. In view of the recommendations from the Expert Committee, the IBBI issued a discussion paper dealing with voluntary mediation by operational creditors before initiating an application under Section 9 of the Insolvency and Bankruptcy Code, 2016 before the adjudicating authority.

*(The discussion paper on Mediation by the operational creditors (OCs) before approaching Adjudicating Authority issued by the Insolvency and Bankruptcy Board of India is accessible [here](#).)*

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