NEWSLETTER Weekly

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SECURITIES AND EXCHANGE BOARD OF INDIA

1. **Circular for implementation of recommendations of the Expert Committee for facilitating ease of doing business for listed entities.**

   On December 31, 2024, the Securities and Exchange Board of India (SEBI) issued a circular to implement recommendations from an Expert Committee aimed at easing the business operations of listed entities. These recommendations led to amendments in the SEBI (Listing Obligations and Disclosure Requirements) Regulations (LODR) and the introduction of Integrated Filing for governance and financial-related disclosures. The changes affect filings related to investor grievances, corporate governance reports, related party transactions, and financial results, with updated deadlines for quarterly submissions. The circular also outlines new guidelines for secretarial auditors and the disclosure of employee benefit scheme documents. Furthermore, it emphasizes the use of a single filing system and system-driven disclosures for certain filings. The changes, which come into effect from December 31, 2024, aim to streamline compliance and ensure timely transparency. SEBI also updated its Master Circular, making adjustments such as the removal of obsolete formats and the introduction of fines for non-compliance with timelines. Stock exchanges and depositories are tasked with implementing the necessary systems for monitoring these changes.

   For more information, you can access the SEBI circular here:
   https://www.sebi.gov.in/legal/circulars/dec-2024/circular-for-implementation-of-recommendations-of-the-expert-committee-for-facilitating-ease-of-doing-business-for-listed-entities_90406.html

2. **Clarifications to Cybersecurity and Cyber Resilience Framework (CSCRF) for SEBI Regulated Entities (REs).**

   Securities and Exchange Board of India (SEBI) has issued a circular (SEBI/HO/ITD-1/ITD_CSC_EXT/P/CIR/2024/184) dated December 31, 2024, offering clarifications on the Cybersecurity and Cyber Resilience Framework (CSCRF) for SEBI regulated entities (REs). This framework, introduced in August 2024, aims to strengthen cybersecurity measures and IT infrastructure for SEBI REs. The circular provides regulatory forbearance until March 31, 2025, allowing REs to demonstrate progress towards CSCRF compliance without facing immediate regulatory actions. It also extends the compliance deadlines for certain REs, including KYC Registration Agencies (KRAs) and Depository Participants (DPs), from January 1, 2025, to April 1, 2025. Additionally, SEBI has deferred decisions on Data Localization requirements for further consultation. These provisions will be enforced immediately and are part of SEBI's efforts to protect investors and regulate the securities market.

   For more information, you can access the SEBI circular here:
   https://www.sebi.gov.in/legal/circulars/dec-2024/clarifications-to-cybersecurity-and-cyber-resilience-framework-cscrf-for-sebi-regulated-entities-res-_90401.html

3. **Introduction of a Mutual Funds Lite (MF Lite) framework for passively managed schemes of Mutual Funds.**

   Securities and Exchange Board of India (SEBI) has introduced the "MF Lite" framework to ease regulatory requirements for passive mutual fund schemes. This initiative, aimed at promoting market liquidity, diversification, and innovation, offers a relaxed regime for passive funds, reducing entry barriers, compliance costs, and complexity. The framework applies to index funds, exchange-traded funds (ETFs), fund-of-funds (FoFs), and other passive schemes, with specific categories outlined for both domestic and overseas indices. It applies to funds with assets under management (AUM) exceeding INR 5,000 crores. The new framework includes eligibility criteria for sponsors, governance standards, and guidelines for asset management companies (AMCs), particularly those aiming to launch or manage passive schemes. The regulations also define the roles of trustees and AMCs under the MF Lite structure, including reporting and risk management duties, which can be simplified in comparison to active funds. With this framework, SEBI seeks to foster a more competitive, diversified investment landscape while ensuring investor protection.

For more information, you can access the SEBI circular here:
https://www.sebi.gov.in/legal/circulars/dec-2024/introduction-of-a-mutual-funds-lite-mf-lite-framework-for-passively-managed-schemes-of-mutual-funds_90393.html

4. **Allowing subscription to the issue of Non- Convertible Securities during trading window closure period.**

SEBI has issued a circular allowing the subscription to non-convertible securities during trading window closure periods. This amendment aligns with Clause 4(3)(b) of Schedule B and Regulation 9(1) of the SEBI (Prohibition of Insider Trading) Regulations, 2015 (PIT Regulations). Trading window restrictions, previously relaxed for rights issues, public issues, preferential allotments, buy-back offers, and other specified transactions, now extend to subscriptions for non-convertible securities. This change builds on SEBI's earlier circular from July 23, 2020, which included Offer for Sale and Rights Entitlement transactions in the exemption framework. The revised provision aims to stream-line transactions in securities markets, ensuring regulatory clarity and operational ease for listed entities and investors. Stock exchanges are required to notify listed companies and disseminate this update on their web-sites. The circular, issued under SEBI's regulatory powers, takes immediate effect and is available on SEBI's website under the "Legal→ Circulars" section. For further details or clarifications, stakeholders may contact SEBI via the provided channels.

For more information, you can access the SEBI circular here:
https://www.sebi.gov.in/legal/circulars/dec-2024/allowing-subscription-to-the-issue-of-non-convertible-securities-during-trading-window-closure-period_90338.html

5. **Master Circular for Stock Exchanges and Clearing Corporations.**

Securities and Exchange Board of India (SEBI) issued a Master Circular on December 30, 2024, consolidating all applicable circulars and directions for recognized stock exchanges and clearing corporations. Effective immediately, the Master Circular compiles SEBI's relevant circulars up to October 31, 2024, and replaces prior communications, including the earlier Master Circular dated October 16, 2023. It ensures continuity by preserving the validity of actions taken under rescinded circulars, including approvals, penalties, or legal proceedings initiated earlier. References to outdated statutes have been updated, ensuring alignment with current regulations. The circular also outlines provisions covering trading, settlement, risk management, derivatives, and the administration of stock exchanges and clearing corporations. Issued under SEBI's regulatory powers, it aims to streamline compliance, safeguard investor interests, and support the securities market's orderly functioning. The document and its enclosures are accessible on the SEBI website.

For more information, you can access the SEBI master circular here:
https://www.sebi.gov.in/legal/master-circulars/dec-2024/master-circular-for-stock-exchanges-and-clearing-corporations_90353.html

MINISTRY OF FINANCE

1. **DFS Secretary Shri M. Nagaraju chairs meeting to expedite resolution of public grievances.**

Shri M. Nagaraju, Secretary, Department of Financial Services (DFS), chaired a meeting today and reviewed 20 randomly-selected public grievances resolved by Public Sector Banks (PSBs) and insurance companies to assess resolution quality. The meeting was also attended by complainants, PSBs, insurance companies and regulators. At the outset, DFS Secretary reiterated the Prime Minister's direction given in Pragati meeting held on 26th December 2024 that all the Senior officers at the level of Chairman/ MD/ ED of PSBs/PSICs should review at least 20 cases to monitor quality of resolution of the resolved grievances every month. During the review meeting, the DFS Secretary observed that the majority of customers raised complaints due to genuine grievance against an organization, and stressed that customer satisfaction is at the heart of the grievance redressal mechanism.

For more information, you can access the GOI press release here:
https://pib.gov.in/PressReleasePage.aspx?PRID=2089353

2. **Ministry of Finance Year Ender 2024: Department of Economic Affairs.**

In 2024, the Department of Economic Affairs (DEA), Ministry of Finance, spearheaded transformative initiatives to enhance India's economic resilience and global integration. Notably, the Union Cabinet approved the new Framework on Currency Swap Arrangement for SAARC Countries (2024-27), fostering financial cooperation and regional integration. This framework introduced an INR Swap Window worth ₹25,000 crore, supplementing the USD/Euro Swap Window, and aimed to promote the internationalization of the Indian Rupee. These measures underscore India's commitment to strengthening ties with SAARC nations and providing financial stability in the region. Further solidifying India's international partnerships, the signing and enforcement of the India-UAE Bilateral Investment Treaty (BIT) marked a new chapter in fostering investor confidence and economic collaboration, while the India-Uzbekistan BIT emphasised investor protection and dispute resolution mechanisms. Additionally, the constitution of the Joint Task Force on Investment between India and Qatar facilitated deeper cooperation, and India's proactive role in Sri Lanka's economic stabilisation highlighted its leadership in addressing regional financial challenges. These initiatives reflect India's dedication to fostering global economic partnerships and supporting sustainable development.

For more information, you can access the GOI press release here:
https://pib.gov.in/PressReleasePage.aspx?PRID=2089236

3. **DFS Secretary launches revamped 'BAANKNET' e-auction portal for e-auction of properties as one-stop destination.**

Listings on the e-auction portal include residential properties such as flats, independent houses, and open plots, as well as commercial properties, industrial land and buildings, shops, vehicles, plant and machinery, agricultural and non-agricultural land. This platform consolidates information on e-auction properties from all PSBs and offers a one-stop destination for buyers and investors to discover a wide range of assets. The listings include residential properties such as flats, independent houses, and open plots, as well as commercial properties, industrial land and buildings, shops, vehicles, plant and machinery, agricultural and non-agricultural land.

For more information, you can access the GOI press release here:
https://pib.gov.in/PressReleasePage.aspx?PRID=2089806

4. **Ministry of Finance Year Ender 2024: Department of Investment and Public Asset Management (DIPAM).**

In the year 2024, the Department of Investment and Public Asset Management (DIPAM) continued its focus on value creation for investors, strategic disinvestment, and efficient financial planning.

A key highlight in 2024 was the continued emphasis on value creation in Central Public Sector Enterprises (CPSEs). Since the introduction of the New PSE Policy in January 2021, the NSE CPSE and BSE CPSE Indices have demonstrated remarkable growth, showcasing returns of 182.36% and 146.92%, respectively, as of November 2024. DIPAM successfully launched the Initial Public Offerings (IPOs) for key entities, including the Indian Renewable Energy Development Agency (IREDA) and MSTC Limited, which were met with strong investor response. The DIPAM also used the Offer for Sale (OFS) route to create value for

CPSEs like HAL, Coal India Limited, RVNL, SJVN Limited, and HUDCO, with the OFS collectively yielding Rs. 13,728 crores. The stocks involved continued to exhibit positive momentum post-OFS, reflecting investor confidence and contributing to capital gains.

For more information, you can access the GOI press release here:
https://pib.gov.in/PressReleasePage.aspx?PRID=2089041

INSOLVENCY AND BANKRUPTCY

1. **EPFO can initiate assessment proceedings during liquidation: NCLAT on companies under IBC.**

The insolvency appellate tribunal has held that there is no bar against assessment proceedings by statutory authorities, including the EPFO, once the liquidation process starts against any debt-ridden company under the IBC. However, it also clarified that once a debt-ridden company is protected under moratorium after the initiation of insolvency proceedings against it, the Employees' Provident Fund Organization (EPFO) cannot continue such proceedings.

For more information, you can access the article here:
https://economictimes.indiatimes.com/news/economy/policy/epfo-can-initiate-assessment-proceedings-during-liquidation-nclat-on-companies-under-ibc/articleshow/116921693.cms?from=mdr

RESERVE BANK OF INDIA

1. **Introduction of beneficiary bank account name look-up facility for Real Time Gross Settlement (RTGS) and National Electronic Funds Transfer (NEFT) Systems.**

Currently, the Unified Payments Interface (UPI) and Immediate Payments Service (IMPS) systems enable a remitter to verify the name of the beneficiary before initiating transfer. It has been decided to put in place a similar facility that would enable a remitter to verify the beneficiary bank account name before initiating a transaction using RTGS or NEFT system. Accordingly, National Payments Corporation of India (NPCI) has been advised to develop the facility and onboard all banks. Banks which are participants of RTGS and NEFT Systems, shall make this facility available to their customers through Internet banking and Mobile banking. The facility shall also be available to remitters visiting branches for making transactions. Detailed requirements for the same are provided in the Annex. All banks who are direct members or sub members of RTGS and NEFT are advised to offer this facility no later than April 1, 2025. This directive is issued under Section 10 (2) read with Section 18 of Payment and Settlement Systems Act, 2007 (Act 51 of 2007).

For more information, you can access the RBI notification here:
https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12759&Mode=0

2. **Government Debt Relief Schemes (DRS).**

The Prudential Framework for Resolution of Stressed Assets dated June 7, 2019, read with the Framework for Compromise Settlements and Technical Write-offs dated June 08, 2023, provides a principle-based resolution framework to the regulated entities (REs) for addressing any stress in borrower accounts. Further, specific frameworks have been provided for REs to restructure exposures affected by natural calamities. Some of the REs may also be involved in implementation of various forms of Debt Relief Schemes (DRS) announced by State Governments that inter alia entail sacrifice/waiver of debt obligations of a targeted segment of borrowers, against fiscal support. If such schemes are announced frequently, incommensurately, or without due consideration to the principles of financial discipline, they would negatively affect credit discipline and in the long run, may be counter-productive to the credit flow to such borrowers. Apart from the broader implications for the credit discipline and moral hazard issues, DRS also raises certain prudential concerns, which include delay in receipt of dues; mismatch between the claims admitted / submitted by the REs and accepted by the concerned Government as per the terms of the scheme; mandatory requirement of fresh credit by the REs, etc. As such, the REs participating as lenders under such DRS shall comply with the guidelines contained in Annex-1, that lay down certain broad principles in this regard. The guidelines shall apply in respect of DRS notified on or after the date of issue of this guideline and shall be without prejudice to the extant guidelines on resolution of stressed assets applicable to the respective REs. In this context, a model operating procedure (MOP) has also been shared with the State Governments (Annex-2) for their consideration while designing and implementing such DRS through a consultative approach, to avoid any non-alignment of expectations of the stakeholders involved, including the Government, lenders, borrowers, etc. In respect of relief measures announced prior to the introduction of these guidelines, any dues pending receipt from Government, for more than 90 days shall attract specific provision of 100%. REs shall take necessary action and actively follow up with the respective Governments for settlement of such dues at the earliest.

For more information, you can access the RBI notification here:
https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12760&Mode=0

3. **Participation of NaBFID as an AIFI in financial markets.**

Please refer to the press release dated March 09, 2022 wherein it was communicated that the National Bank for Financing Infrastructure and Development (NaBFID) shall be regulated and supervised as an All-India Financial Institution (AIFI) by the Reserve Bank under Sections 45L and 45N of the Reserve Bank of India Act, 1934 and the Master Direction - Reserve Bank of India (Prudential Regulations on Basel III Capital Framework, Exposure Norms, Significant Investments, Classification, Valuation and Operation of Investment Portfolio Norms and Resource Raising Norms for All India Financial Institutions) Directions, 2023 dated September 21, 2023 which specify that AIFIs can undertake credit default swap and repo transactions, in terms of Master Direction – Reserve Bank of India (Credit Derivatives) Directions, 2022 and the Repurchase Transactions (Repo) (Reserve Bank) Directions, 2018, as amended from time to time. In this regard, the following Directions have been updated, as attached, to amply clarify that NaBFID is permitted to participate as an AIFI in financial markets regulated by the Reserve Bank:

i. Master Direction – Reserve Bank of India (Credit Derivatives) Directions, 2022; and

ii. Repurchase Transactions (Repo) (Reserve Bank) Directions, 2018 (Updated as on November 28, 2019).

The Directions shall be applicable with immediate effect. The Directions contained in this circular have been issued in exercise of the powers conferred under section 45W of the Reserve Bank of India Act, 1934 read with section 45U of the Act and of all the powers enabling it in this behalf.

For more information, you can access the RBI notification here:
https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12761&Mode=0

4. **Status of March 30, 2025 for Government transactions through integration with e-Kuber.**

The ‘e-Kuber’ which is the Core Banking Solution platform of RBI for Government and other payments does not process any Government transactions on Global holidays (which are 26th January, 15th August, 2nd October, all 2nd and 4th Saturdays of a month and on all Sundays). It is observed that March 30, 2025 falls on a Sunday. The Office of Controller General of Accounts, Government of India has advised that in order to account for all the Government transactions relating to receipts and payments in the financial year 2024-25 itself, March 30, 2025 (Sunday) be marked as a working day for the Government transactions. Accordingly, it has been decided that e-Kuber will be open for Government transactions on March 30, 2025 so that all the Government transactions through integration with e-Kuber processed on March 30, 2025 are accounted for and the cash balances of Central Government and State Governments are arrived as on March 30, 2025. Also, the luggage files from banks for transferring the data related to Government transactions to RBI would also be accepted by e-Kuber system on March 30, 2025 (Sunday) up to the stipulated cut-off time for accounting of the same on March 30, 2025 itself.

For more information, you can access the RBI notification here:
https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12763&Mode=0

5. **RBI releases the Financial Stability Report, December 2024.**

The Reserve Bank of India (RBI) has released its December 2024 Financial Stability Report (FSR), which assesses the resilience of the Indian financial system and identifies potential risks. The report indicates that while the global economy remains resilient and near-term risks have diminished, medium-term vulnerabilities persist, including high public debt and geopolitical tensions. The Indian economy is supported by strong macroeconomic fundamentals, with scheduled commercial banks (SCBs) demonstrating robust profitability and a significant reduction in non-performing assets (NPAs). Stress tests confirm that SCBs maintain adequate capital buffers, while non-banking financial companies (NBFCs) and the insurance sector also show healthy solvency ratios. Overall, the outlook for the Indian financial system is positive, bolstered by improving asset quality and strong balance sheets across sectors.

For more information, you can access the RBI press release here:
https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=59409

6. **Premature redemption under Sovereign Gold Bond (SGB) Scheme – Redemption Price for premature redemption due on January 01, 2025 (Series XIV of SGB 2017-18 and Series IV of SGB 2018-19).**

   In terms of GOI Notification F.No.4(25)–W&M/2017 dated October 06, 2017 (SGB 2017-18 Series XIV - Issue date January 01, 2018) and in terms of GOI Notification F.No.4(22)-B(W&M)/2018 dated October 08, 2018 (SGB 2018-19 Series IV - Issue date January 01, 2019) on Sovereign Gold Bond Scheme, premature redemption of Gold Bond may be permitted after fifth year from the date of issue of such Gold Bond on the date on which interest is payable. Accordingly, the next due date of premature redemption of the above tranches shall be January 01, 2025. Further, the redemption price of SGB shall be based on the simple average of closing gold price of 999 purity of previous three business days from the date of redemption, as published by the India Bullion and Jewellers Association Ltd (IBJA). Accordingly, the redemption price for premature redemption due on January 01, 2025, shall be ₹7,626/- (Rupees Seven Thousand Six Hundred and Twenty-six only) per unit of SGB based on the simple average of closing gold price for the three business days i.e., December 27, December 30, and December 31, 2024.

   For more information, you can access the RBI press release here:
   https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=59428

7. **Rate of Interest on Floating Rate Savings Bond, 2020 (Taxable) – FRSB 2020(T) for the Period January 01, 2025 – June 30, 2025.**

   In terms of Para 13 (ii) of Government of India Notification F.No.4(10)- B(W&M)/2020 dated June 26, 2020 on Floating Rate Savings Bonds, 2020 (Taxable)- FRSB 2020 (T), the coupon/interest rate of the bond would be reset half yearly, starting with January 01, 2021 and the coupon/interest rate will be set at a spread of (+) 35 bps over the prevailing National Savings Certificate (NSC) rate. Accordingly, the coupon rate on FRSB 2020 (T) for the period January 01, 2025 to June 30, 2025 and payable on July 1, 2025 remains at 8.05% (7.70%+0.35%), unchanged from the previous half-year.

   For more information, you can access the RBI press release here:
   https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=59433

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