



NEWSLETTER ^{Weekly}

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RESERVE BANK OF INDIA

RBI CLARIFICATION ON BANKS UNDER PROMPT CORRECTIVE ACTION

The Reserve Bank has clarified that the PCA framework is not intended to constrain normal operations of the banks for the general public.

It is further clarified that the Reserve Bank, under its supervisory framework, uses various measures/tools to maintain sound financial health of banks. PCA framework is one of such supervisory tools, which involves monitoring of certain performance indicators of the banks as an early warning exercise and is initiated once such thresholds as relating to capital, asset quality etc. are breached. Its objective is to facilitate the banks to take corrective measures including those prescribed by the Reserve Bank, in a timely manner, in order to restore their financial health. The framework also provides an opportunity to the Reserve Bank to pay focused attention on such banks by engaging with the management more closely in those areas. The PCA framework is, thus, intended to encourage banks to eschew certain riskier activities and focus on conserving capital so that their balance sheets can become stronger.

The Reserve Bank has emphasized that the PCA framework has been in operation since December 2002 and the guidelines issued on April 13, 2017 is only a revised version of the earlier framework.

Source: https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=42651

APPLICABLE AVERAGE BASE RATE TO BE CHARGED BY NBFC-MFIS FOR THE QUARTER BEGINNING JANUARY 01, 2018

The Reserve Bank of India on 29th December, 2017 has communicated that the applicable average base rate to be charged by Non-Banking Financial Company – Micro Finance Institutions (NBFC-MFIs) to their borrowers for the quarter beginning January 01, 2018 will be 8.96 per cent.

It may be recalled that the Reserve Bank had, in its circular dated February 7, 2014, issued to NBFC-MFIs regarding pricing of credit, stated that it will, on the last working day of every quarter, advise the average of the base rates of the five largest commercial banks for the purpose of arriving at the interest rates to be charged by NBFC-MFIs to its borrowers in the ensuing quarter.

Source: https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=42699

INSOLVENCY AND BANKRUPTCY BOARD OF INDIA

INSOLVENCY BANKRUPTCY BOARD OF INDIA GRANTS RECOGNITION TO TWO REGISTERED VALUERS ORGANISATIONS

In pursuance to the Companies (Registered Valuers and Valuation) Rules, 2017, the Insolvency and Bankruptcy Board of India (IBBI) had recognized on 27th December, 2017 the following two Registered Valuers Organisations:

- a. The Institution of Estate Managers and Appraisers in the Asset Class of Land and Building, and
- b. The IOV Registered Valuers Foundation in the Asset Classes of:
 - i) Land and Building
 - ii) Plant and Machinery, and
 - iii) Securities or Financial Assets.

In accordance with the Companies (Registered Valuers and Valuation) Rules, 2017, these Registered Valuers Organisations shall conduct educational courses in valuation, grant membership and certificate of practice to individuals, conduct training for its members and lay down and enforce the Code of Conduct for the registered valuers, who are its members.

Source: <http://ibbi.gov.in/webadmin/pdf/whatsnew/2017/Dec/press%20release%20for%20RVO%202017-12-27%2019:52:48.pdf>

INSOLVENCY AND BANKRUPTCY CODE (AMENDMENT) BILL, 2017

This Act may be called the Insolvency and Bankruptcy Code (Amendment) Act, 2017.

The Bill on coming into effect would amend certain Sections such as Section 2, Section 5, Section 25, Section 30, Section 35 and Section 240 and insert some new sections such as Section 29A-Persons not eligible to be resolution applicant, Section 235A-Punishment where no specific penalty or punishment is provided and omit certain words of clauses and substitute the clauses of Section 2.

The Insolvency and Bankruptcy Code (Amendment) Ordinance, 2017 is hereby repealed shall be deemed to have been done or taken under the corresponding provisions of the said Code, as amended by this Act.

Source: [http://ibbi.gov.in/webadmin/pdf/whatsnew/2017/Dec/280 2017 LS Eng 2017-12-28%2020:06:07.pdf](http://ibbi.gov.in/webadmin/pdf/whatsnew/2017/Dec/280%202017%20LS%20Eng%202017-12-28%2020:06:07.pdf)

SECURITIES AND EXCHANGE BOARD OF INDIA

SECURITIES AND EXCHANGE BOARD OF INDIA (SETTLEMENT OF ADMINISTRATIVE AND CIVIL PROCEEDINGS) (SECOND AMENDMENT) REGULATIONS, 2017

Insertion of CHAPTER VIA vide the Securities and Exchange Board of India (Settlement of Administrative and Civil Proceedings) (Second Amendment) Regulations, 2017 w.e.f. 27.12.2017.

14A.(1) Notwithstanding anything contained in Chapter VI, before initiating any specified proceeding the Board may issue a notice of settlement in the format as specified in Schedule III, calling upon the noticee to file a settlement application in respect of the specified proceeding(s) to be initiated, upon payment of the settlement amount and/or furnishing an undertaking in respect of other nonmonetary terms or compliance with other nonmonetary terms, as may be specified in the settlement notice in respect of the following alleged defaults:

- i. Late filing of returns, report, document, etc.;
- ii. Delay in making disclosures;
- iii. Non-disclosure in relation to companies exclusively listed on regional stock exchanges which have exited;
- iv. Failure to make disclosures in the prescribed formats;
- v. Delay in compliance of any of the requirements of law or with directions issued by the Board;
- vi. Such other violations as may be determined by the Board.

It also contains the terms and conditions which needs to be complied by notice and the Board

Source: <https://www.sebi.gov.in/legal/regulations/dec-2017/securities-and-exchange-board-of-india-settlement-of-administrative-and-civil-proceedings-regulations-2014-last-amended-on-december-27-2017-37185.html>

GRANT OF RENEWAL OF RECOGNITION UNDER REGULATION 12 OF THE SECURITIES CONTRACTS (REGULATION) (STOCK EXCHANGES AND CLEARING CORPORATIONS) REGULATIONS, 2012

The Securities and Exchange Board of India, having considered the application for grant of renewal of recognition under Regulation 12 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 by India International Clearing Corporation (IFSC) Ltd, 101, First Level, Hiranandani Signature Tower, GIFT International Financial Services Centre, GIFT City, Gandhinagar-382355, Gujarat and in exercise of the powers conferred by section 4 read with sub-section (4) of section 8A of the Securities Contracts (Regulation) Act, 1956, recognition to the said clearing corporation for one year, commencing on the 29th day of December, 2017 and ending on the 28th day of December, 2018 subject to the conditions stated herein below or as may be prescribed or imposed hereafter:

The Clearing Corporation shall comply with conditions specified by SEBI from time to time

Source: <http://egazette.nic.in/WriteReadData/2017/181252.pdf>

GRANT OF RENEWAL OF RECOGNITION MADE UNDER SECTION 3 OF THE SECURITIES CONTRACTS (REGULATION) ACT, 1956

The Securities and Exchange Board of India, having considered the application for renewal of recognition made under section 3 of the Securities Contracts (Regulation) Act, 1956 by India International Exchange (IFSC) Limited, having its registered office at 1st Floor, Unit No. 101, The Signature, Building No. 13B, Road IC, Zone-1, GIFT SEZ, GIFT CITY, Gandhinagar, Gujarat-382355 and being satisfied that it would be in the interest of trade and in exercise of the powers conferred under section 4 of the Securities Contracts (Regulation) Act, 1956, renewal of recognition to the said Exchange under section 4 of the said Act for a period of one year commencing on the 29th day of December, 2017 and ending on the 28th day of December, 2018

in respect of contracts in securities subject to the conditions stated herein below or as may be prescribed or imposed hereafter:

The Exchange shall comply with conditions as may be prescribed by SEBI from time to time

Source: <http://egazette.nic.in/WriteReadData/2017/181253.pdf>

Your suggestions are invited regarding improvement of the format of the newsletter and its relevance to your work.

You may send your suggestions at sujoy@asalegal.in

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