



NEWSLETTER ^{Weekly}

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RESERVE BANK OF INDIA

1. Minutes of the Monetary Policy Committee Meeting, June 5 to 7, 2024

The Reserve Bank of India (RBI) vide press release dated June 21st 2024 published the minutes of the monetary policy committee meeting since, according to Section 45ZL of the Reserve Bank of India Act, 1934, the Reserve Bank shall publish, on the fourteenth day after every meeting of the Monetary Policy Committee, the minutes of the proceedings of the meeting which shall include the following, namely:

1. the resolution adopted at the meeting of the Monetary Policy Committee;
2. the vote of each member of the Monetary Policy Committee, ascribed to such member, on the resolution adopted in the said meeting; and
3. the statement of each member of the Monetary Policy Committee under sub-section (11) of section 45ZI on the resolution adopted in the said meeting.

For more information, you can access the RBI press release here:

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=58136

2. Conference for the Directors on the Boards of select large Urban Co-operative Banks (UCBs) of Western Zone held at Ahmedabad on June 21, 2024

The Reserve Bank of India (RBI) vide press release dated June 21st 2024 informed regarding a Conference of Directors on the Boards of select large Urban Cooperative Banks (UCBs) in Western Zone. The Governor, RBI inaugurated the Conference on the theme 'Governance in UCBs - Driving Sustainable Growth and Stability'. The Conference included sessions on IT and cybersecurity, governance and assurance functions, as well as supervisory and regulatory expectations.

For more information, you can access the RBI press release here:

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=58138

3. RBI launches Survey on International Trade in Banking Services (ITBS): 2023-24

The Reserve Bank of India (RBI) vide press release dated June 21st 2024 launched the 2023-24 round of its Survey on International Trade in Banking Services (ITBS). The survey, conducted annually since 2006-07, provides information on financial services rendered by branches/subsidiaries/joint ventures of Indian banks operating abroad and branches/subsidiaries of foreign banks operating in India, based on explicit / implicit fees / commission charged to customers.

For more information, you can access the RBI press release here:

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=58134

4. Invitation of applications for recognition of Self-Regulatory Organisations (SROs) for NBFCs

The Reserve Bank of India (RBI) vide press release dated June 19th 2024 issued 'Omnibus Framework for recognition of Self-Regulatory Organisations for Regulated Entities of the Reserve Bank' dated March 21, 2024, wherein broad parameters, viz., objectives, responsibilities, eligibility criteria, governance standards, application process, etc., were specified. It was also stated that other sector-specific guidelines like number of SROs, membership, etc., shall be issued separately whenever a sectoral SRO is intended to be set up.

For more information, you can access the RBI press release here:

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=58123

5. RBI Bulletin - June 2024

The Reserve Bank of India (RBI) vide press release dated June 19th 2024 released the June 2024 issue of its monthly Bulletin. The Bulletin includes three speeches, three articles, and current statistics.

The three articles are:

1. State of the Economy;
2. Financial Stocks and Flow of Funds of the Indian Economy 2021-22; and
3. India's Deposit Insurance @60: Retrospect and Prospect.

For more information, you can access the RBI press release here:

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=58121

6. Regulatory Sandbox: Fourth Cohort on 'Prevention and Mitigation of Financial Frauds' - Exit

The Reserve Bank of India (RBI) vide press release dated June 18th 2024 informed that in the Fourth Cohort of the Regulatory Sandbox (RS) with 'Prevention and Mitigation of Financial Frauds' as its theme, six entities were to commence testing of their products, all the entities have now exited the Fourth Cohort of the Regulatory Sandbox on 'Prevention and Mitigation of Financial Frauds'. The products found acceptable under this Cohort may be considered for adoption by Regulated Entities subject to compliance with applicable regulatory requirements.

For more information, you can access the RBI press release here:

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=58117

7. Priority Sector Lending - Amendments to the Master Directions

The Reserve Bank of India (RBI) vide notification dated June 21st 2024 amended the Para 7 - Adjustments for weights in PSL Achievement, Para 9 - Micro, Small & Medium Enterprises, And Para 27 - Monitoring of Priority Sector Lending targets.

For more information, you can access the RBI newsletter here:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12694&Mode=0>

MINISTRY OF CORPORATE AFFAIRS

1. SBO violations: ministry hands out fines

The Ministry of Corporate Affairs has imposed fines totalling INR2.7 million (USD32,300) on Microsoft-owned LinkedIn India, Microsoft CEO Satya Nadella and eight other individuals for failing to comply with the Significant Beneficial Owner (SBO) norms under the Companies Act, 2013. According to the ministry announcement, LinkedIn India and its officers did not take the necessary steps to identify the SBOs of the company. The violation of SBO norms contravenes requirements set out in section 90(1) of the act, resulting in penalties under section 90(10) by the Registrar of Companies. Nadella, the head of Microsoft, which acquired LinkedIn in December 2016, and Ryan Roslansky, LinkedIn's global CEO since June 2020, were identified as the SBOs. They, along with LinkedIn India, were found liable for these violations. A penalty of INR 700,000 was imposed on LinkedIn India for SBO norms violations. Nadella and Roslansky faced fines of INR 200,000 each. Others penalised include Microsoft and LinkedIn executives Michelle Katty Leung, Lisa Emiko Sato, Keith Ranger Dolliver, Benjamin Owen Orndorff, Ashutosh Gupta, Henry Chining Fong, and Mark Leonard Nadres Legaspi.

SECURITIES AND EXCHANGE BOARD OF INDIA

1. Contribution to Core Settlement Guarantee Fund and Default Waterfall for Limited Purpose Clearing Corporation (LPCC)

The Securities and Exchange Board of India (SEBI) vide circular dated June 19th 2024 amended the guidelines for contributions to the Core Settlement Guarantee Fund (SGF) and the default waterfall mechanism for Limited Purpose Clearing Corporations (LPCCs). The amendments include the addition of participants' direct contributions to the Core SGF, which must be risk-based and pro-rata according to the risk they bring to the system. Participants can contribute upfront or stagger their contributions over time. If the LPCC does not seek immediate contributions from participants, it must cover the deficit to ensure the adequacy of the Core SGF. Participants' exposure-free collateral can be considered toward their Core SGF contributions.

For more information, you can access the SEBI circular here:

<https://www.sebi.gov.in/legal/circulars/jun-2024/contribution-to-core-settlement-guarantee-fund-and-default-waterfall-for-limited-purpose-clearing-corporation-lpcc-84295.html>

2. Modification in duration for Call auction in pre-open session for Initial Public Offer (IPO) and Relisted scrips

The Securities and Exchange Board of India (SEBI) vide circular dated June 20th 2024 modified the duration and introducing additional surveillance measures for the call auction in pre-open sessions for IPO and relisted scrips. Observations showed that some orders, placed at higher prices in large volumes during the pre-open session, were cancelled just before closure, potentially manipulating prices to the detriment of common investors. To address this, SEBI has revised the duration of the call auction session to 60 minutes, with 45 minutes for order entry, modification, and cancellation, 10 minutes for order matching and trade confirmation, and a 5-minute buffer. The session will close randomly within the last ten minutes to prevent manipulation.

For more information, you can access the SEBI circular here:

https://www.sebi.gov.in/legal/circulars/jun-2024/modification-in-duration-for-call-auction-in-pre-open-session-for-initial-public-offer-ipo-and-relisted-scrips_84317.html

3. Introduction of a special call auction mechanism for price discovery of scrips of listed Investment Companies (ICs) and listed Investment Holding Companies (IHCs)

The Securities and Exchange Board of India (SEBI) vide circular dated June 20th 2024 has introduced a special call auction mechanism for effective price discovery of scrips of listed Investment Companies (ICs) and listed Investment Holding Companies (IHCs). This decision follows observations of infrequent trading and significant discrepancies between market prices and book values of these scrips, affecting liquidity and fair price discovery. To address these issues, SEBI has established criteria for identifying eligible ICs and IHCs for this special auction, including that the scrips must have been listed for at least a year, and their 6-month volume-weighted average price (VWAP) should be less than 50% of their book value per share based on investments in other listed companies.

For more information, you can access the SEBI circular here:

<https://www.sebi.gov.in/legal/circulars/jun-2024/introduction-of-a-special-call-auction-mechanism-for-price-discovery-of-scrips-of-listed-investment-companies-ics-and-listed-investment-holding-companies-ihcs-84319.html>

4. System Audit of Professional Clearing Members (PCMs)

The Securities and Exchange Board of India (SEBI) vide circular dated June 20th 2024 outlining the requirement for Professional Clearing Members (PCMs) to conduct system audits. This new mandate, based on consultations with Clearing Corporations (CCs) and the Technical Advisory Committee (TAC), specifies that PCMs must follow the provided framework and terms of reference for system audits, as detailed in Annexures 1 and 2. Additionally, PCMs are required to maintain a list of relevant SEBI and CCs circulars and comply with technology-related guidelines, as per the format in Annexure 3. They must also report on exceptional major and minor non-compliances observed during the audit, using the format in Annexure 4, and include any unresolved observations from current and previous audits.

For more information, you can access the SEBI circular here:

<https://www.sebi.gov.in/legal/circulars/jun-2024/system-audit-of-professional-clearing-members-pcms-84321.html>

You may send your suggestions at kartikey@asalegal.in

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