



NEWSLETTER ^{Weekly}

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MINISTRY OF CORPORATE AFFAIRS

1. MCA Announces Filing of Forms BEN-2 and MGT-6 Amid MCA 21 Portal V3 Migration.

The Ministry of Corporate Affairs (MCA) has issued General Circular No. 04/2024 on July 4, 2024, to address the filing of Forms BEN-2 and MGT-6 during the transition from the V2 Version to the V3 Version of the MCA 21 Portal. This migration will take place from July 4, 2024, to July 14, 2024. All stakeholders are hereby informed that this Ministry is launching e-Form MGT-6 (Form of return to be filed with the Registrar under section 89) and BEN-2 (Return to the Registrar in respect of declaration under section 90) in MCA-21 Version 3.0 on July 15, 2024. These e-Forms will not be available in MCA-21 Version-2 from July 04, 2024 to July 14, 2024. Keeping in view the above, it has been decided to allow additional time of 15 days, without levying additional fees, to the stakeholders, in cases where the due dates for filing of these 02 forms fall during the period between July 04, 2024 and July 14, 2024.

For more information you can access the circular over here.

<https://www.mca.gov.in/bin/dms/getdocument?mds=AggEU1DAsgbsTulfh3wD0Q%253D%253D&type=open>

RESERVE BANK OF INDIA

1. Online submission of Form A2: Removal of limits on amount of remittance

The Reserve Bank of India (RBI) vide notification dated July 03rd 2024 notified that it is now decided to permit all Authorised Dealers (AD Category-I banks and AD Category-II entities) to facilitate remittances on the basis of online / physical submission of Form A2 and other related documents, if and as may be necessary, subject to the conditions laid down in Section 10(5) of FEMA 1999. Accordingly, there shall not be any limit on the amount being remitted on the basis of 'online' Form A2.

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

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12697&Mode=0>

2. Release of foreign exchange for Miscellaneous Remittances

The Reserve Bank of India (RBI) vide notification dated July 03rd 2024 notified that it is now decided that Authorised Dealers shall obtain Form A2 in physical or digital form for all cross-border remittances irrespective of the value of transaction. Consequently, the circulars mentioned in the notification stand withdrawn with immediate effect. Authorised Dealers shall continue to take necessary steps, in terms of Section 10(5) of Foreign Exchange Management Act, 1999, to assure themselves that such transactions do not involve any contravention of the provisions of FEMA.

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

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12696&Mode=0>

3. Regulation of Foreign Trade under Foreign Exchange Management Act (FEMA), 1999 - DRAFT REGULATIONS AND DIRECTIONS

The Reserve Bank of India (RBI) vide press release dated July 02nd 2024 introduced draft regulations under FEMA to rationalise regulations that cover export and import transactions. The proposed regulations are intended to promote ease of doing business, especially for small exporters and importers. They are also intended to empower Authorised Dealer banks to provide quicker and more efficient service to their foreign exchange customers. Comments/feedback on the draft proposals (regulations as well as directions) may be forwarded via email by September 01, 2024, with the subject line "Feedback on draft regulations and directions on export and import under FEMA".

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

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=58212

4. Reserve Bank of India and ASEAN Countries to Create a Platform to Facilitate Instantaneous Cross-Border Retail Payments

The Reserve Bank of India (RBI) vide press release dated July 02nd 2024 informed that it has now joined the Project Nexus, a multilateral international initiative to enable instant cross-border retail payments by interlinking domestic FPSs. Nexus, conceptualised by the Innovation Hub of the Bank for International Settlements (BIS), aims to connect the FPSs of four ASEAN countries (Malaysia, Philippines, Singapore, and Thailand); and India, who would be the founding members and first mover countries of this platform. An agreement to this effect was signed by the BIS and the central banks of the founding countries i.e., Bank Negara Malaysia (BNM), Bank of Thailand (BOT), Bangko Sentral ng Pilipinas (BSP), Monetary Authority of Singapore (MAS), and Reserve Bank of India on June 30, 2024, in Basel, Switzerland. Indonesia, which has been involved from the early stages, continues to be involved as a special observer. The platform is expected to go live by 2026.

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

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=58197

5. Withdrawal of ₹2000 Denomination Banknotes - Status

The Reserve Bank of India (RBI) vide press release dated July 01st 2024 informed that the total value of ₹2000 banknotes in circulation, which was ₹3.56 lakh crore at the close of business on May 19, 2023, when the withdrawal of ₹2000 banknotes was announced, has declined to ₹7581 crore at the close of business on June 28, 2024. Thus, 97.87% of the ₹2000 banknotes in circulation as on May 19, 2023, has since been returned. The facility for exchange of the ₹2000 banknotes is available at the 19 Issue Offices of the Reserve Bank (RBI Issue Offices) since May 19, 2023. From October 09, 2023, RBI Issue Offices are also accepting ₹2000 banknotes from individuals / entities for deposit into their bank accounts. Further, members of the public are sending ₹2000 banknotes through India Post from any post office within the country, to any of the RBI Issue Offices for credit to their bank accounts.

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

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=58199

6. Governor, Reserve Bank of India meets MD & CEOs of Public and Private Sector Banks

The Reserve Bank of India (RBI) vide press release dated July 03rd 2024 informed regarding the meetings with the MD & CEOs of Public Sector Banks and select Private Sector Banks. The following issues were discussed at length in the meeting:

- a. Persisting Gap between Credit and Deposit growth;
- b. Liquidity Risk Management and ALM-related issues;
- c. Trends in Unsecured Retail lending;
- d. Cybersecurity, third-party risks, and digital frauds;
- e. Strengthening of Assurance functions;
- f. Credit flows to MSMEs;
- g. Increasing the usage of Indian Rupee for cross-border transactions;
- h. Banks' participation in innovation initiatives of the Reserve Bank.

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

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=58221

7. Dr. John C. Williams, President and Chief Executive Officer, Federal Reserve Bank of New York delivered the 4th Suresh Tendulkar Memorial Lecture

The Reserve Bank of India (RBI) vide press release dated July 05th 2024 informed that it hosted the 4th Suresh Tendulkar Memorial Lecture in Mumbai. The lecture was delivered by Dr. John C. Williams, President and Chief Executive Officer, Federal Reserve Bank of New York. The text of his lecture titled "Managing the Known Unknowns" is available on the RBI website.

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

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=58238

MINISTRY OF FINANCE

1. Government of India and ADB sign \$170 million loan to strengthen health system preparedness and response.

The Government of India and the Asian Development Bank (ADB) signed a \$170 million policy-based loan to consolidate and strengthen India's health system preparedness and response capacity to future pandemics. The programme builds on ADB's partnership with the Government of India to strengthen its health system and adopt transformative solutions. Through this policy-based loan, ADB will help the government fill the gaps in policy, legislative, and institutional governance and structures and contribute to India's goal of providing universal access to quality and affordable health care services to strengthen pandemic preparedness and response. The programme will be anchored in major government's plans and initiatives including the National Health Policy 2017; Pradhan Mantri Ayushman Bharat Health Infrastructure Mission (PM-ABHIM), the National One Health Mission, and the Government's efforts to strengthen human resources for health (HRH). The targeted reform areas through the program include: (i) strengthened disease surveillance and multisectoral response, (ii) strengthened human resources for health, and (iii) expanded climate resilient public health infrastructure and innovative service delivery.

For more information you can access the GOI circular over here.

<file:///C:/Users/Admin/Downloads/PIB2030329.pdf>

SECURITIES AND EXCHANGE BOARD OF INDIA

1. Charges levied by Market Infrastructure Institutions – True to Label

The Securities Exchange Board of India (SEBI) vide circular dated 01st July 2024 stated that from 1st October 2024, all the Market Infrastructure Institutions (MIIs) will have to charge on a 'True to Label' basis. Stock exchanges like the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) charge the brokers a fee, the higher the turnover, the lower the fee. The broker or Trading Member (TM) also charges the customer a fee. The difference between these is called a Rebate which is a source of revenue for brokers and TM. The new circular prohibits brokers from earning these rebates. This new position of the regulator will lead the brokers to charge their customers a higher fee. Discount brokers will also have to succumb to the brokerage hike.. The circular also highlights several issues regarding the current charging mechanism followed by the MIIs.

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

<https://www.sebi.gov.in/legal/circulars/jul-2024/charges-levied-by-market-infrastructure-institutions-true-to-label-84506.html>

2. Dispatch of Consolidated Account Statement (CAS) for all securities assets

The Securities Exchange Board of India (SEBI) vide circular dated 01st July 2024 aimed at modernizing and streamlining the dispatch of Consolidated Account Statements (CAS) and holding statements. In line with the increasing adoption of digital technology and as a part of green initiatives, SEBI has mandated the use of email as the default mode of communication for CAS by Depositories, Mutual Fund Registrar and Transfer Agents (MF-RTAs), and Depository Participants (DPs).

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

<https://www.sebi.gov.in/legal/circulars/jul-2024/dispatch-of-consolidated-account-statement-cas-for-all-securities-assets-84514.html>

3. Reduction in denomination of debt securities and non-convertible redeemable preference shares

The Securities Exchange Board of India (SEBI) vide circular dated 03rd July 2024 introduced significant modifications to the denomination of issuance and trading of non-convertible securities and non-convertible redeemable preference shares. This move aims to increase the participation of non-institutional investors in the corporate bond market by reducing the minimum denomination of these securities.

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

<https://www.sebi.gov.in/legal/circulars/jul-2024/reduction-in-denomination-of-debt-securities-and-non-convertible-redeemable-preference-shares-84573.html>

4. Measures to instil confidence in securities market - Brokers' institutional mechanism for prevention and detection of fraud or market abuse

The Securities Exchange Board of India (SEBI) vide circular dated 04th July 2024 mandated stock brokers to implement mechanisms for preventing and detecting fraud or market abuse,

as per Chapter IVA of the Broker Regulations. Brokers must establish systems for trading surveillance, internal controls, employee obligations, escalation and reporting mechanisms, and a whistleblower policy. The implementation standards will be developed by the Brokers' Industry Standards Forum (ISF) in consultation with SEBI. The circular's provisions will be phased in based on broker size, with effective dates ranging from January 1, 2025, to April 1, 2026. Qualified Stock Brokers must comply by August 1, 2024. Stock exchanges are instructed to inform brokers, amend relevant regulations, and report implementation status to SEBI monthly. This initiative aims to protect investor interests and enhance market integrity.

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

https://www.sebi.gov.in/legal/circulars/jul-2024/measures-to-instil-confidence-in-securities-market-brokers-institutional-mechanism-for-prevention-and-detection-of-fraud-or-market-abuse_84588.html

5. Modification to Enhanced Supervision of Stock Brokers and Depository Participants

The Securities and Exchange Board of India (SEBI) vide circular dated July 04th 2024 modifying the timelines for submission of annual audited accounts and net worth certificates by Stock Brokers and Depository Participants (DPs). Previously set for September 30th, these submissions must now be completed by October 31st of the relevant year, aiming to facilitate ease of business operations. This revision, effective immediately, is outlined in clauses of the Master Circular and prior SEBI Circulars. Stock Exchanges and Depositories are instructed to notify their members, amend regulations accordingly, and report implementation progress to SEBI in their Monthly Development Reports.

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

https://www.sebi.gov.in/legal/circulars/jul-2024/modification-to-enhanced-supervision-of-stock-brokers-and-depository-participants_84590.html

6. Measures for Ease of Doing Business for Credit Rating Agencies (CRAs) – Timelines and Disclosures

The Securities and Exchange Board of India (SEBI) vide circular dated July 04th 2024 introduced measures to ease business operations for CRAs by specifying timelines and disclosure requirements. This circular modifies Chapter III of the Master Circular dated May 16, 2024. The updated Para 28.3.3 outlines timelines for CRAs to communicate ratings to issuers within one working day of the Rating Committee meeting, for issuers to request reviews within three working days, and for CRAs to disseminate press releases within seven working days. Additionally, Para 31.1.2 mandates CRAs to maintain an archive of all disclosures on their websites for at least 10 years. Specific disclosures, such as the list of non-cooperative issuers, ratings not accepted by issuers, and delays in periodic reviews, have designated periods for publication. These records must be shared with Debenture Trustees upon request and kept under the issuer-specific Press Releases/Rating Rationale section. The circular takes effect on August 1, 2024, and its implementation will be monitored through the half-yearly internal audits as per CRA Regulations. This initiative aims to protect investor interests and enhance the regulatory framework of the securities market.

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

https://www.sebi.gov.in/legal/circulars/jul-2024/measures-for-ease-of-doing-business-for-credit-rating-agencies-cras-timelines-and-disclosures_84599.html

You may send your suggestions at kartikey@asalegal.in

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