



NEWSLETTER ^{Weekly}

Volume-CXX, Issue-IV, Dated: 22nd July, 2024

MINISTRY OF LAW AND JUSTICE (Legislative Department)

- 1. Reference of the Indian Penal Code, 1860, or the Code of Criminal Procedure, 1973, or the Indian Evidence Act, 1872 shall respectively be read as the reference of the Bharatiya Nyaya Sanhita 2023, the Bharatiya Nagarik Suraksha Sanhita 2023 or the Bharatiya Sakshya Adhinyam, 2023**

Central Government notifies that in pursuance of section 8 of the General Clauses Act, 1897 where any reference of the Indian Penal Code, or the Code of Criminal Procedure, 1973 or the Indian Evidence Act, 1872 or any provisions thereof is made in any: (a) Act made by Parliament; or (b) Act made by the Legislature of any State; (c) Ordinance; (d) Regulations made under article 240 of the Constitution; (e) President's order; (f) rules, regulations, order or notification made under any Act, Ordinance or Regulation, for the time being in force, such reference shall respectively be read as the reference of the Bharatiya Nyaya Sanhita 2023, the Bharatiya Nagarik Suraksha Sanhita 2023 or the Bharatiya Sakshya Adhinyam, 2023 vide its notification dated 16.07.2024.

Notification can be accessed from here:

<https://egazette.gov.in/WriteReadData/2024/255467.pdf>

SECURITIES AND EXCHANGE BOARD OF INDIA

- 1. Enabling Credit Rating Agencies (CRAs) to undertake rating activities under IFSCA**

The Securities and Exchange Board of India (SEBI) vide circular dated July 19th 2024 allowed Credit Rating Agencies (CRAs) to undertake rating activities under the guidelines of the International Financial Services Centres Authority (IFSCA) within the IFSC-GIFT City. This inclusion of IFSCA as a financial sector regulator means that any issues arising from CRAs' activities in the IFSC will now fall under IFSCA's jurisdiction, including handling complaints and enforcement actions. This circular was issued to regulate and enhance the development of the securities market in line with SEBI's powers.

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

https://www.sebi.gov.in/legal/circulars/jul-2024/enabling-credit-rating-agencies-cras-to-undertake-rating-activities-under-ifsca_84849.html

- 2. Enabling ESG Rating Providers (ERPs) to undertake ESG rating activities under IFSCA**

The Securities and Exchange Board of India (SEBI) vide circular dated July 19th 2024 authorized ESG Rating Providers (ERPs) to conduct ESG rating activities under the

International Financial Services Centres Authority (IFSCA) within the IFSC-GIFT City. IFSCA is now included in the list of regulators that ERPs must follow for ESG ratings. Consequently, IFSCA will handle any issues arising from ERPs' activities in the IFSC, including complaints, enforcement actions, and interactions with third parties. This move aims to enhance the regulation and development of the securities market.

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

<https://www.sebi.gov.in/legal/circulars/jul-2024/enabling-esg-rating-providers-erps-to-undertake-esg-rating-activities-under-ifsca-84851.html>

MINISTRY OF CORPORATE AFFAIRS

1. New MCA rule allows Directors to update KYC details throughout the year

The Ministry of Corporate Affairs (MCA) has amended a key Rule to allow directors to update their KYC details, including official email addresses and mobile numbers, throughout the year. This change in the Rule —the Companies (Appointment and Qualification of Directors) Rules, 2014—provides significant flexibility compared to the previous system, where updates could only be made during the annual KYC filing. Previously, company directors were required to file their KYC annually, and any changes to their contact information could not be made until the following April. This often caused issues for directors who switched organizations or whose companies underwent restructuring, as their official contact details could become outdated. This amendment shall greatly benefit professional directors who change positions mid-year. The new MCA regulation ensures that directors can update their mobile numbers and email addresses in real-time, maintaining seamless communication and staying informed during organizational transitions. Directors must submit their KYC details to the Registrar of Companies using the DIR-3 KYC form annually, with no government fees charged for filing. The deadline for submission is 30.09.2024 and failure to meet this deadline results in the deactivation of the Director Identification Number (DIN), preventing the director from performing their duties until the DIN is reactivated. A late fee may apply for reactivation after the deadline. This amendment by the MCA aims to enhance the efficiency and convenience of the KYC update process, ensuring directors remain connected and informed throughout the year.

RESERVE BANK OF INDIA

1. Master Directions on Fraud Risk Management in Commercial Banks (including Regional Rural Banks) and All India Financial Institutions

The Reserve Bank of India (RBI) vide notification dated July 15th 2024 issued Master Directions on Fraud Risk Management in Commercial Banks (including Regional Rural Banks) and All India Financial Institutions. These Directions replace the earlier guidelines issued in 2016 and updated in 2017. The directions emphasize a robust framework for governance in fraud risk management, early detection mechanisms through Early Warning Signals (EWS) and Red Flagging of Accounts (RFA), and stringent measures for reporting frauds to law enforcement agencies (LEAs) and the RBI itself. The guidelines also outline procedures for the Central Fraud Registry (CFR), modalities of reporting fraud incidents, and the treatment of fraud cases under resolution.

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

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12702&Mode=0>

2. Master Directions on Fraud Risk Management in Urban Cooperative Banks (UCBs) / State Cooperative Banks (StCBs) / Central Cooperative Banks (CCBs)

The Reserve Bank of India (RBI) vide notification dated July 15th 2024 issued Master Directions on Fraud Risk Management in Urban Cooperative Banks (UCBs) / State Cooperative Banks (StCBs) / Central Cooperative Banks (CCBs). These Directions replace previous guidelines and aim to establish a robust framework for preventing, detecting, and reporting frauds in Cooperative Banks. Under the authority conferred by the Banking Regulation Act, 1949, these Directions mandate that all Cooperative Banks implement a comprehensive Fraud Risk Management Policy approved by their Board. This policy must include mechanisms for early detection through Early Warning Signals (EWS), governance oversight through specialized committees, and stringent reporting procedures to RBI and Law Enforcement Agencies (LEAs). The Directions emphasize the role of the Board in setting up dedicated committees for fraud oversight and ensuring compliance with principles of natural justice in fraud investigations.

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

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12703&Mode=0>

3. Master Directions on Fraud Risk Management in Non-Banking Financial Companies (NBFCs) (including Housing Finance Companies)

The Reserve Bank of India (RBI) vide notification dated July 15th 2024 issued the Master Directions on Fraud Risk Management in Non-Banking Financial Companies (NBFCs), including Housing Finance Companies, for the financial year 2024-25. These directions, superseding previous guidelines from 2016, are aimed at enhancing fraud prevention, early detection, and timely reporting mechanisms within NBFCs. The directions mandate a robust governance structure, including the establishment of Board-approved policies for fraud risk management and the constitution of special committees for monitoring fraud cases.

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

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12704&Mode=0>

4. RBI Bulletin – July 2024

The Reserve Bank of India (RBI) vide press release dated July 18^h 2024 released the July 2024 issue of its monthly Bulletin. The Bulletin includes six speeches, five articles, and current statistics.

The five articles are: I. State of the Economy; II. Updating Estimates of the Natural Rate of Interest for India with Post-Pandemic Evidence; III. Estimating the Financial Wealth of Indian Households; IV. Measuring the Contribution of Labour Composition in Gross Value Added in India – The Human Capital Approach; and V. Fiscal Performance of Himalayan States/ Union Territories.

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

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=58319

5. HaRBInger 2024 – Third Global Hackathon of Reserve Bank of India – Extension of timeline for submission of applications

The Reserve Bank of India (RBI) vide press release dated July 18^h 2024 launched its third global hackathon – ‘HaRBInger 2024 – Innovation for Transformation’ with two themes of ‘Zero Financial Frauds’ and ‘Being Divyang Friendly’ which was communicated vide Press Release dated June 7, 2024. Keeping in view the requests received, it has been decided to extend the timeline for registration and submission of applications up to July 31, 2024.

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

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=58325

6. Reserve Bank of India clarifies on impact of outage in Microsoft Services on its Regulated Entities

The Reserve Bank of India (RBI) vide press release dated July 19^h 2024 informed that RBI has made an assessment of the impact of this outage on its Regulated Entities. Critical systems of most banks are not in cloud and further, only a few banks are using the CrowdStrike tool. Our assessment shows that only 10 banks and NBFCs had minor disruptions which have either been resolved or are being resolved. Overall, the Indian financial sector in the Reserve Bank’s domain remains insulated from the global outage. The Reserve Bank has issued an Advisory today to its Regulated Entities for taking necessary steps to remain alert and ensure operational resilience and continuity.

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

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=58336

You may send your suggestions at kartikey@asalegal.in

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