



# NEWSLETTER <sup>Weekly</sup>

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## SECURITIES AND EXCHANGE BOARD OF INDIA

### **1. Amendment to Master Circular for Real Estate Investment Trusts (REITs) dated May 15, 2024 – Board nomination rights to unitholders of REITs**

The Securities and Exchange Board of India (SEBI) vide circular dated August 06<sup>th</sup> 2024 released an amendment to master circular on REITs to provide clarity on the board nomination rights of REIT unitholders. According to Paragraph 18.2.2(b) of Chapter 18, eligible unitholders can nominate one Unitholder Nominee Director if their unitholding exceeds a specified threshold. This amendment aims to simplify processes and is effective immediately. The circular, issued under Section 11(1) of the SEBI Act, 1992, and Regulation 4(2)(g) of the SEBI (REITs) Regulations, 2014, has been approved by the competent authority.

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

[https://www.sebi.gov.in/legal/circulars/aug-2024/amendment-to-master-circular-for-real-estate-investment-trusts-reits-dated-may-15-2024-board-nomination-rights-to-unitholders-of-reits\\_85493.html](https://www.sebi.gov.in/legal/circulars/aug-2024/amendment-to-master-circular-for-real-estate-investment-trusts-reits-dated-may-15-2024-board-nomination-rights-to-unitholders-of-reits_85493.html)

### **2. Amendment to Master Circular for Infrastructure Investment Trusts (InvITs) dated May 15, 2024 - Board nomination rights to unitholders of InvITs**

The Securities and Exchange Board of India (SEBI) vide circular dated August 06<sup>th</sup> 2024 released an amendment to master circular on InvITs to clarify the board nomination rights of InvIT unitholders. Paragraph 22.3.1(b) of Chapter 22 initially stipulated that eligible unitholders could nominate only one Unitholder Nominee Director, provided their unitholding exceeded a specified threshold. This amendment aims to ease business operations and is effective immediately. The circular, issued under Section 11(1) of the SEBI Act, 1992, and Regulation 4(2)(h) of the SEBI (InvITs) Regulations, 2014, has been approved by the competent authority.

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

[https://www.sebi.gov.in/legal/circulars/aug-2024/amendment-to-master-circular-for-infrastructure-investment-trusts-invits-dated-may-15-2024-board-nomination-rights-to-unitholders-of-invits\\_85491.html](https://www.sebi.gov.in/legal/circulars/aug-2024/amendment-to-master-circular-for-infrastructure-investment-trusts-invits-dated-may-15-2024-board-nomination-rights-to-unitholders-of-invits_85491.html)

### **3. Valuation of Additional Tier- 1 Bonds**

The Securities and Exchange Board of India (SEBI) vide circular dated August 05<sup>th</sup> 2024 introduces key changes to the valuation of Additional Tier 1 (AT-1) Bonds, a financial instrument issued by banks to strengthen their capital base. These bonds are unsecured, perpetual, and non-convertible, offering higher interest rates but without a put option for

investors. SEBI's new guidelines, referencing its Master Circular from June 2024, mandate that mutual funds value AT-1 Bonds using the Yield to Call (YTC) approach. This method aligns with market practices where these bonds typically trade closer to their call dates rather than full maturity. This circular, issued under the authority of the SEBI Act of 1992 and SEBI (Mutual Funds) Regulations of 1996, aims to protect investors' interests and enhance the regulation of the securities market.

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

<https://www.sebi.gov.in/legal/circulars/aug-2024/valuation-of-additional-tier-1-bonds-85470.html>

#### **4. Institutional mechanism by Asset Management Companies for identification and deterrence of potential market abuse including front-running and fraudulent transactions in securities**

The Securities and Exchange Board of India (SEBI) vide circular dated August 05<sup>th</sup> 2024 directing all Asset Management Companies (AMCs) to establish an institutional mechanism to detect and deter market abuse, including front-running and fraudulent transactions in securities. Following consultations with stakeholders, including the Mutual Funds' Advisory Committee and a public consultation, the SEBI (Mutual Funds) Regulations, 1996 were amended to mandate this requirement. AMCs are required to implement enhanced surveillance systems, internal control procedures, and escalation processes to monitor and address misconduct. This circular aims to protect investors and regulate the securities market effectively.

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

<https://www.sebi.gov.in/legal/circulars/aug-2024/institutional-mechanism-by-asset-management-companies-for-identification-and-deterrence-of-potential-market-abuse-including-front-running-and-fraudulent-transactions-in-securities-85468.html>

#### **5. Master Circular for Stock Brokers**

The Securities and Exchange Board of India (SEBI) vide master circular dated August 09<sup>th</sup> 2024 updates the previous Master Circular issued on May 22, 2023, incorporating all relevant circulars issued up to March 31, 2024. The rescission of earlier circulars doesn't affect past actions or liabilities. The circular is issued under Section 11(1) of the Securities and Exchange Board of India Act, 1992.

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

<https://www.sebi.gov.in/legal/master-circulars/aug-2024/master-circular-for-stock-brokers-85605.html>

#### **6. SEBI Annual Report 2023-24**

The Securities and Exchange Board of India (SEBI) vide press release dated August 09<sup>th</sup> 2024 released its Annual Report for 2023-24, the statutory report submitted to the Government of India and tabled in Parliament as mandated under the SEBI Act, 1992. The Report is prepared as per the format laid down in SEBI (Annual Report) Rules, 2021 and covers the policies, programmes and activities of SEBI and market trends for the period April 2023 -March 2024.

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

[https://www.sebi.gov.in/media-and-notifications/press-releases/aug-2024/sebi-annual-report-2023-24\\_85602.html](https://www.sebi.gov.in/media-and-notifications/press-releases/aug-2024/sebi-annual-report-2023-24_85602.html)

## **7. SEBI statement on the Hindenburg Research's Report dated August 10, 2024**

The Securities and Exchange Board of India (SEBI) vide press release dated August 11<sup>th</sup> 2024 denied all allegations and advised investors to remain calm and exercise due diligence before reacting to such reports. SEBI also mentioned that investors may also like to take note of the disclaimer in the report that states that readers should assume that Hindenburg Research may have short positions in the securities covered in the report.

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

[https://www.sebi.gov.in/media-and-notifications/press-releases/aug-2024/sebi-statement-on-the-hindenburg-research-s-report-dated-august-10-2024\\_85606.html](https://www.sebi.gov.in/media-and-notifications/press-releases/aug-2024/sebi-statement-on-the-hindenburg-research-s-report-dated-august-10-2024_85606.html)

### **MINISTRY OF CORPORATE AFFAIRS**

#### **1. MCA launches consultations with industry on new internship scheme.**

The Corporate Affairs Ministry (MCA) on Friday began consultations with industry on the Budget 2024 proposal to offer internships in top 500 companies to 1 Crore youth over five years. The two-hour long consultation meeting, held in the Capital, was chaired by MCA Secretary Manoj Govil and saw participation of over hundred members from Confederation of Indian Industry (CII). The internship scheme — a voluntary scheme — is part of the Prime Minister's package of five schemes announced in recent Budget 2024 to facilitate employment, skilling and other opportunities for 4.1 Crore youth over a 5-year period with a central outlay of ₹2 lakh Crore. MCA is spearheading the internship scheme and in partnership with CII looking to finalise the contours of the scheme. It will be available in top five hundred companies by Corporate Social Responsibility (CSR) spend. More than hundred CII members attended the consultation meeting.

### **RESERVE BANK OF INDIA**

#### **1. Modified Interest Subvention Scheme for Short Term Loans for Agriculture and Allied Activities availed through Kisan Credit Card (KCC) during the financial year 2024-25**

The Reserve Bank of India (RBI) vide notification dated August 06<sup>th</sup> 2024 has extended the Modified Interest Subvention Scheme (MISS) for short-term agricultural loans through Kisan Credit Cards (KCC) for the financial year 2024-25. This scheme provides interest subvention on loans up to ₹3 lakh for crop and allied activities, such as animal husbandry and dairy, with a base rate of 7% and a subvention of 1.5%. An additional 3% subvention is available for timely repayments, reducing the effective rate to 4%. The scheme also supports small farmers storing produce in accredited warehouses for up to six months post-harvest and offers special provisions for loans restructured due to natural calamities. Aadhar linkage is mandatory for availing these benefits. Banks are required to report detailed data on the Kisan Rin Portal and ensure claims are certified by statutory auditors by June 30, 2025.

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

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12717&Mode=0>

## **2. Frequency of reporting of credit information by Credit Institutions to Credit Information Companies**

The Reserve Bank of India (RBI) vide notification dated August 08<sup>th</sup> 2024 issued a directive requiring Credit Institutions (CIs) and Credit Information Companies (CICs) to update and report credit information on a fortnightly basis, effective January 1, 2025. This update, replacing the previous monthly reporting cycle, aims to ensure more current and accurate Credit Information Reports (CIRs) that reflect borrowers' latest credit activities. CIs must submit credit data by the 15<sup>th</sup> and last day of each month, with CICs required to process and ingest this data within five days of receipt. Non-compliance will result in penalties under the Credit Information Companies (Regulation) Act, 2005. Additionally, CICs are instructed to provide a list of non-compliant CIs to the RBI for monitoring purposes on a half-yearly basis.

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

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12718&Mode=0>

## **3. RBI releases draft circular on 'Regulatory Principles for Management of Model Risks in Credit'**

The Reserve Bank of India (RBI) vide press release dated August 05<sup>th</sup> 2024 released the draft circular on 'Regulatory Principles for Management of Model Risks in Credit'. The Comments on the draft circular are invited from public/stakeholders by September 4, 2024.

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

[https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=58432](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=58432)

## **4. Governor's Statement: August 8, 2024**

The Reserve Bank of India (RBI) vide press release dated August 08<sup>th</sup> 2024 released the governor's statement.

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

[https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=58448](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=58448)

## **5. Monetary Policy Statement, 2024-25 Resolution of the Monetary Policy Committee (MPC) August 6 to 8, 2024**

The Reserve Bank of India (RBI) vide press release dated August 08<sup>th</sup> 2024 informed that it has decided to maintain the policy repo rate at 6.50% following its meeting from August 6 to 8, 2024. This decision aims to balance the goal of controlling inflation while fostering economic growth. The standing deposit facility rate remains at 6.25%, and the marginal standing facility rate and the Bank Rate are both at 6.75%. The MPC emphasized a continued withdrawal of accommodation to gradually align inflation with the 4% target, while also supporting economic growth. Global economic conditions show resilience with moderated inflation in major economies, though financial markets remain volatile. Domestically, economic activity is robust, supported by strong industrial output, growing private investment, and improving rural demand due to favourable monsoon conditions. Despite a rise in headline inflation to 5.1% in June 2024, driven mainly by food prices, core inflation remains moderate. The RBI projects a real GDP growth of 7.2% for 2024-25, with inflation expected to average 4.5% for the year. The MPC's focus remains on maintaining price stability

while ensuring steady economic growth. The next MPC meeting is scheduled for October 7-9, 2024.

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

[https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=58447](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=58447)

## 6. Finance Minister addresses the Central Board of Directors of Reserve Bank of India

The Reserve Bank of India (RBI) vide press release dated August 10<sup>th</sup> 2024 informed about the 609<sup>th</sup> meeting of the Central Board of Directors of the Reserve Bank of India which was attended by Smt. Nirmala Sitharaman, Hon'ble Union Minister of Finance and Corporate Affairs. The minister outlined the vision of the Union Budget 2024-25, its focus areas and the expectations from the financial sector. The finance minister also underlined the priorities for 'Viksit Bharat'. The Directors complimented the finance minister on the Budget and shared their views.

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

[https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=58470](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=58470)

**You may send your suggestions at [kartikey@asalegal.in](mailto:kartikey@asalegal.in)**

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