



# NEWSLETTER <sup>Weekly</sup>

Volume-CXXI, Issue-IV, Dated: 27<sup>th</sup> August, 2024

## MINISTRY OF FINANCE

### **1. GST Amnesty Scheme Circular likely in October/November.**

The Ministry of Finance is expected to issue a circular regarding the much-anticipated goods and services tax (GST) Amnesty Scheme, which was recently proposed in the Budget 2024, as per sources. The scheme aims to provide relief to taxpayers by waiving interest and penalties under certain conditions for tax matters arising between July 1, 2017, and March 31, 2020. It covers show cause notices (SCNs), adjudicating orders, and appeal orders issued for the financial years 2017-18, 2018-19, and 2019-20. According to sources, under the scheme, taxpayers can benefit from a waiver of interest and penalties if they pay the full amount of tax due by 31.03.2025. However as per the Government Source cases concerning refunds are explicitly excluded from the scheme. Taxpayers currently involved in appeals or court proceedings must withdraw these cases to be eligible for amnesty. Furthermore, once a case is resolved under the scheme, it cannot be appealed against.

## SECURITIES AND EXCHANGE BOARD OF INDIA

### **1. Guidelines for borrowing by Category I and Category II AIFs and maximum permissible limit for extension of tenure by LVFs**

The Securities and Exchange Board of India (SEBI) vide notification dated August 19<sup>th</sup> 2024 detailing new guidelines for Category I and II Alternative Investment Funds (AIFs) regarding borrowing and tenure extension for Large Value Funds (LVFs). Under the updated regulations, these AIFs are restricted from borrowing funds for investments, except to address short-term funding gaps. Such borrowing must not exceed 20% of the intended investment or 10% of the investable funds and must only occur in emergencies. The cost of borrowing is to be borne by the investors who fail to provide the necessary drawdown amount, and the process cannot be used to offer different drawdown timelines. Additionally, SEBI has revised the maximum tenure extension for LVFs to five years, with the consent of two-thirds of unit holders by value. Existing LVF schemes must align with these new rules by November 18, 2024. SEBI mandates a 30-day cooling-off period between borrowings and requires comprehensive disclosure to all investors regarding borrowed amounts. Compliance with these guidelines is mandatory and will be enforced immediately.

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

[https://www.sebi.gov.in/legal/circulars/aug-2024/guidelines-for-borrowing-by-category-i-and-category-ii-aifs-and-maximum-permissible-limit-for-extension-of-tenure-by-lvfs\\_85909.html](https://www.sebi.gov.in/legal/circulars/aug-2024/guidelines-for-borrowing-by-category-i-and-category-ii-aifs-and-maximum-permissible-limit-for-extension-of-tenure-by-lvfs_85909.html)

## **2. Modalities for migration of Venture Capital Funds registered under erstwhile SEBI (Venture Capital Funds) Regulations, 1996 to SEBI (Alternative Investment Funds) Regulations, 2012**

The Securities and Exchange Board of India (SEBI) vide notification dated August 19<sup>th</sup> 2024 has issued a circular outlining the migration process for Venture Capital Funds (VCFs) registered under the erstwhile SEBI (Venture Capital Funds) Regulations, 1996, to the SEBI (Alternative Investment Funds) Regulations, 2012. The amendment, effective July 20, 2024, allows these funds to transition to AIF Regulations, providing flexibility for managing unliquidated investments post-tenure. VCFs seeking migration must submit their original registration certificate and required information by July 19, 2025. The circular details conditions for schemes with both expired and unexpired liquidation periods. VCFs with unresolved investor complaints are ineligible for migration. Additionally, VCFs that choose not to migrate will face enhanced regulatory reporting or potential regulatory action. SEBI has also mandated the surrender of registration by March 31, 2025, for VCFs that have wound up all schemes or made no new investments. The circular emphasizes compliance responsibilities for VCF managers and trustees, ensuring adherence to SEBI regulations. This move aims to streamline the regulatory framework for investment funds and protect investor interests.

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

[https://www.sebi.gov.in/legal/circulars/aug-2024/modalities-for-migration-of-venture-capital-funds-registered-under-erstwhile-sebi-venture-capital-funds-regulations-1996-to-sebi-alternative-investment-funds-regulations-2012\\_85914.html](https://www.sebi.gov.in/legal/circulars/aug-2024/modalities-for-migration-of-venture-capital-funds-registered-under-erstwhile-sebi-venture-capital-funds-regulations-1996-to-sebi-alternative-investment-funds-regulations-2012_85914.html)

## **3. Cybersecurity and Cyber Resilience Framework (CSCRF) for SEBI Regulated Entities (REs)**

The Securities and Exchange Board of India (SEBI) vide notification dated August 20<sup>th</sup> 2024 introduced a new Cybersecurity and Cyber Resilience Framework (CSCRF) aimed at strengthening cybersecurity for all regulated entities in the Indian securities market. This framework updates and supersedes previous cybersecurity guidelines issued by SEBI. The CSCRF is designed to address evolving cyber threats, align with industry standards, and ensure robust cybersecurity practices across various entities, including stock brokers, mutual funds, and investment advisors. It sets forth guidelines for anticipating, withstanding, containing, recovering from, and evolving against cyber incidents. The framework categorizes entities based on their size and scope and includes a structured methodology for implementation and compliance. It mandates the establishment of Security Operation Centres (SOC) and provides provisions for both self-managed and market-provided SOCs, aiming to simplify compliance for smaller entities. Implementation timelines vary, with some entities required to comply by January 1, 2025, and others by April 1, 2025.

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

<https://www.sebi.gov.in/legal/circulars/aug-2024/cybersecurity-and-cyber-resilience-framework-cscrf-for-sebi-regulated-entities-res-85964.html>

**4. Amendment to Master Circular for Real Estate Investment Trusts (REITs) dated May 15, 2024 - Review of statement of investor complaints and timeline for disclosure of statement of deviation(s)**

The Securities and Exchange Board of India (SEBI) vide notification dated August 22<sup>nd</sup> 2024 has amended its Master Circular for Real Estate Investment Trusts (REITs) through Circular SEBI/HO/DDHS/DDHS-PoD-2/P/CIR/2024/115, effective August 22, 2024. The amendments aim to align with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and improve operational efficiency. Key changes include eliminating the need for prior review of investor complaints by the Board of Directors before submission to stock exchanges. Instead, complaints must be reviewed quarterly by the Board and Trustee. Additionally, the timeline for disclosing statements of deviation in the use of proceeds from REITs' fundraising activities has been adjusted to match the quarterly submission of financial results, streamlining the process. These updates are intended to simplify compliance and improve the management of investor complaints and financial disclosures.

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

<https://www.sebi.gov.in/legal/circulars/aug-2024/amendment-to-master-circular-for-real-estate-investment-trusts-reits-dated-may-15-2024-review-of-statement-of-investor-complaints-and-timeline-for-disclosure-of-statement-of-deviation-s-86045.html>

**5. Amendment to Master Circular for Infrastructure Investment Trusts (InvITs) dated May 15, 2024 - Review of statement of investor complaints and timeline for disclosure of statement of deviation(s)**

The Securities and Exchange Board of India (SEBI) vide notification dated August 22<sup>nd</sup> 2024 issued a circular amending the Master Circular for Infrastructure Investment Trusts (InvITs) dated May 15, 2024. These amendments, effective immediately, focus on the review process for investor complaints and the timeline for disclosing deviations in the use of proceeds. Previously, the Board of Directors of the Investment Manager was required to review investor complaints before submitting the statement to stock exchanges. However, this requirement has been revised to align with SEBI's Listing Obligations and Disclosure Requirements (LODR) Regulations, 2015. Now, the statement will be reviewed on a quarterly basis. Additionally, the timeline for submitting statements on deviations from the stated use of proceeds has also been adjusted. Such statements will now be submitted to stock exchanges along with the financial results, rather than within 21 days of the quarter's end. These changes are intended to streamline compliance and promote ease of doing business for InvITs.

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

<https://www.sebi.gov.in/legal/circulars/aug-2024/amendment-to-master-circular-for-infrastructure-investment-trusts-invits-dated-may-15-2024-review-of-statement-of-investor-complaints-and-timeline-for-disclosure-of-statement-of-deviation-s-86047.html>

## **RESERVE BANK OF INDIA**

### **1. RBI Launches Nationwide Quiz for Undergraduate Students**

The Reserve Bank of India vide press release dated August 20<sup>th</sup> 2024 pleased to announce the launch of the *RBI90 Quiz* for college students at the undergraduate level. The quiz is a nationwide competition being held as part of the events to commemorate 90 years of RBI's functioning. *RBI90 Quiz* is general knowledge based and will feature a multi-level competition, commencing with an online phase, followed by state and zonal level rounds and culminating in a national final. Launching the *RBI90 Quiz* online platform on August 20, 2024, Governor Shri Shaktikanta Das, expressed confidence that the contest would help create greater awareness about the Reserve Bank and the financial eco system among the students. He further added that RBI has been encouraging the youth to cultivate responsible financial behaviour and develop the habit of safe and secure usage of digital financial products through its public awareness campaigns.

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

[https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=58534](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=58534)

### **2. Minutes of the Monetary Policy Committee Meeting, August 6 to 8, 2024**

The Reserve Bank of India vide press release dated August 22<sup>nd</sup> 2024 published, the minutes of the proceedings of the fiftieth meeting of the Monetary Policy Committee (MPC), constituted under Section 45ZB of the Reserve Bank of India Act, 1934, during August 6 to 8, 2024, meeting which include the following, namely:

- the resolution adopted at the meeting of the Monetary Policy Committee;
- the vote of each member of the Monetary Policy Committee, ascribed to such member, on the resolution adopted in the said meeting; and
- 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=58545](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=58545)

### **3. Sovereign Gold Bond (SGB) Scheme Calendar for premature redemption during October 2024 – March 2025**

The Reserve Bank of India vide press release dated August 23<sup>rd</sup> 2024 in terms of Para 13 of the Consolidated Procedural Guidelines on the Sovereign Gold Bond (SGB) Scheme issued by the Reserve Bank of India vide circular IDMD.CDD.1100/14.04.050/2021-22 dated October 22, 2021, premature redemption of the gold bonds is permitted after five years from the date of issue of such bonds. Accordingly, the details of tranches falling due for premature redemption during the period October 01, 2024 – March 31, 2025, along with the window available for submission of request for premature redemption by the investors are as provided in the press release.

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

[https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=58564](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=58564)

#### **4. Inclusion of “UBS AG” in the Second Schedule of the Reserve Bank of India Act, 1934**

The Reserve Bank of India vide notification dated August 22<sup>nd</sup> 2024 advised that “UBS AG” has been included in the Second Schedule of the Reserve Bank of India Act, 1934 vide Notification DoR.LIC. No. S1371/23.03.025/2024-25 dated June 4, 2024 and published in the Gazette of India (Part III - Section 4) dated August 17 - August 23, 2024.

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

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12726&Mode=0>

#### **5. Processing of e-mandates for recurring transactions**

The Reserve Bank of India vide notification dated August 22<sup>nd</sup> 2024 updating the e-mandate framework for recurring transactions. The latest amendment includes the auto-replenishment of balances for FASTag and the National Common Mobility Card (NCMC). These transactions, which are recurring in nature but do not have a fixed periodicity, will now fall under the e-mandate framework. Importantly, payments for auto-replenishment will be exempt from the requirement of a pre-debit notification that typically needs to be sent to customers 24 hours before the actual charge or debit. This change aims to streamline the process for users who rely on these services for seamless transactions. All other instructions under the e-mandate framework remain unchanged. The circular is effective immediately and has been issued under the authority of the Payment and Settlement Systems Act, 2007.

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

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12722&Mode=0>

#### **6. Exclusion of “Krung Thai Bank Public Company Limited” from the Second Schedule of the Reserve Bank of India Act, 1934**

The Reserve Bank of India vide notification dated August 22<sup>nd</sup> 2024 advised that “Krung Thai Bank Public Company Limited” has been excluded from the Second Schedule of the Reserve Bank of India Act, 1934 vide Notification DoR.LIC.No.S1998/23.13.066/2024-25 dated July 3, 2024, which is published in the Gazette of India (Part III - Section 4) dated August 17- August 23, 2024.

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

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12723&Mode=0>

#### **7. Exclusion of “Credit Suisse AG” from the Second Schedule of the Reserve Bank of India Act, 1934**

The Reserve Bank of India vide notification dated August 22<sup>nd</sup> 2024 advised that “Credit Suisse AG” has been excluded from the Second Schedule of the Reserve Bank of India Act, 1934 vide Notification DoR.LIC.No.S1373/23.03.025/2024-25 dated June 4, 2024, which is published in the Gazette of India (Part III - Section 4) dated August 17- August 23, 2024.

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

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12724&Mode=0>

**8. Cessation of “Krung Thai Bank Public Company Limited” as a banking company within the meaning of sub section (2) of Section 36 (A) of the Banking Regulation Act, 1949**

The Reserve Bank of India vide notification dated August 22<sup>nd</sup> 2024 advised that the "Krung Thai Bank Public Company Limited" has ceased to be a banking company within the meaning of the Banking Regulation Act, 1949 vide Notification DoR.LIC.No.S1999/23.13.066/2024-25 dated July 3, 2024, which is published in the Gazette of India (Part III - Section 4) dated August 17 – August 23, 2024.

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

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12725&Mode=0>

**9. Cessation of “Credit Suisse AG” as a banking company within the meaning of sub section (2) of Section 36 (A) of the Banking Regulation Act, 1949**

The Reserve Bank of India vide notification dated August 22<sup>nd</sup> 2024 advised that the “Credit Suisse AG” has ceased to be a banking company within the meaning of the Banking Regulation Act, 1949 vide Notification DoR.LIC.No. S1372/23.03.025/2024-25 dated June 4, 2024, which is published in the Gazette of India (Part III - Section 4) dated August 17 – August 23, 2024.

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

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12727&Mode=0>

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