



NEWSLETTER ^{Weekly}

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SECURITIES AND EXCHANGE BOARD OF INDIA

1. Relaxation from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

On October 3, 2024, SEBI issued a circular extending the relaxation for listed entities from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR Regulations). Initially provided for AGMs and general meetings held electronically until September 30, 2024, the relaxation has now been extended until September 30, 2025. This extension aligns with the Ministry of Corporate Affairs (MCA) General Circular No. 09/2024 dated September 19, 2024, which allows AGMs to be conducted without sending physical copies of financial statements and related documents to shareholders. SEBI reiterated that listed entities must comply with specific conditions outlined in the Master Circular of July 2023 while availing these relaxations. The circular emphasizes that these relaxations are granted under SEBI's powers and are subject to the Companies Act, 2013, and any related modifications.

For more information, you can access the SEBI circular here: https://www.sebi.gov.in/legal/circulars/oct-2024/relaxation-from-compliance-with-certain-provisions-of-the-sebi-listing-obligations-and-disclosure-requirements-regulations-2015_87323.html

2. Review of Stress Testing Framework for Equity Derivatives segment for determining the corpus of Core Settlement Guarantee Fund

Securities and Exchange Board of India (SEBI) issued Circular No. SEBI/HO/MRD/MRD-PoD-2/P/CIR/2024/131 on October 1, 2024, to enhance the stress testing framework for equity derivatives. This revision aims to improve the Core Settlement Guarantee Fund (Core SGF) and assess credit risk more effectively. The circular outlines updated stress testing methodologies, which now include Stressed VaR, Filtered Historic Simulation, and a Factor Model to analyze potential price movements. Additionally, it introduces guidelines for inter-segment fund transfers to address increased Minimum Required Corpus (MRC) requirements and mandates that Clearing Corporations (CCs) evaluate their contributions to the Core SGF regularly. SEBI classifies CCs into two categories based on their share of clearing volumes, determining how credit exposure is calculated. Furthermore, CCs are instructed to create a joint Standard Operating Procedures (SOP) document detailing the implementation of these methodologies within 30 days and ensure compliance with the new framework. This circular represents a crucial step in enhancing risk management in equity derivatives trading.

For more information, you can access the SEBI circular here: https://www.sebi.gov.in/legal/circulars/oct-2024/review-of-stress-testing-framework-for-equity-derivatives-segment-for-determining-the-corpus-of-core-settlement-guarantee-fund_87209.html

3. Measures to Strengthen Equity Index Derivatives Framework for Increased Investor Protection and Market Stability

The Securities and Exchange Board of India (SEBI) issued Circular SEBI/HO/MRD/TPD-1/P/CIR/2024/132 on October 1, 2024, detailing measures to strengthen the equity index derivatives framework. The objective is to enhance investor protection and market stability amid increasing retail participation and speculative trading on expiry days. Key measures include the upfront collection of option premiums from buyers, the

removal of calendar spread treatment on expiry days, and the introduction of intraday monitoring for position limits. Additionally, SEBI has set a minimum contract size for index derivatives at ₹15 lakhs, effective November 20, 2024, and plans to rationalize weekly index derivatives products to curb excessive trading. The circular also introduces increased tail risk coverage on options expiry days to manage heightened speculative risks. These changes are aimed at improving the risk management and integrity of the derivatives market, with implementation dates ranging from November 20, 2024, to April 1, 2025.

For more information, you can access the SEBI circular here: https://www.sebi.gov.in/legal/circulars/oct-2024/measures-to-strengthen-equity-index-derivatives-framework-for-increased-investor-protection-and-market-stability_87208.html

MINISTRY OF CORPORATE AFFAIRS

1. MCA observes robust Director KYC filing during Financial 2024-25.

MCA observed robust Director KYC filing during FY 2024-25. During 01st April 2024 to 30th September 2024, 22.98 lakh DIR-3 KYC forms have been filed compared to 20.54 lakh forms filed during the period, 01.04.2023 to 30.09.2023. The filing up to September 2024 during FY 24-25 has exceeded filing of 22.02 lakh forms during entire FY 23-24. MCA is constantly endeavouring to enhance stakeholders' experience on MCA-21 portal and taking proactive measures towards Ease of Doing Business and Ease of Living. A Special Team has also been constituted to look into the grievances of stakeholders for efficient disposal, suggest systemic solution, if required, and provide better guidance to the stakeholders for their compliances on MCA-21 Portal.

For more information, you can access the press release here:
<https://pib.gov.in/PressReleasePage.aspx?PRID=2060942>.

INSOLVENCY AND BANKRUPTCY BOARD OF INDIA

1. Insolvency and Bankruptcy Board of India celebrates its Eighth Annual Day.

The Insolvency and Bankruptcy Board of India (IBBI) celebrated its Eighth Annual Day on 1st October, 2024. Chief Justice (Retd.) Shri Ramalingam Sudhakar, President, National Company Law Tribunal graced the occasion as the Chief Guest. Mr. Amitabh Kant, India's G20 Sherpa and Former CEO of NITI Aayog delivered the Annual Day Lecture this year. Dr. V. Anantha Nageswaran, Chief Economic Advisor, Ministry of Finance delivered the special address. Chief Justice (Retd.) Shri Ramalingam Sudhakar, President, National Company Law Tribunal in his keynote address highlighted the transformative impact of the Insolvency and Bankruptcy Code (IBC /Code) on India's corporate insolvency landscape. Quoting the Finance Minister's budget speech, he emphasized the need to further strengthen the IBC ecosystem and announced plans for an integrated technology platform to enhance consistency, transparency, and timely outcomes.

For more information, you can access the press release here:
<https://pib.gov.in/PressReleasePage.aspx?PRID=2060974>

MINISTRY OF FINANCE

1. Notification for Constitution of Monetary Policy Committee.

In exercise of the powers conferred by section 45ZB of the Reserve Bank of India Act, 1934, the Central Government hereby constitutes the Monetary Policy Committee of the Reserve Bank of India, consisting of the following, namely: -

- a. Governor of the Reserve Bank of India—Chairperson, ex officio;

- b. Deputy Governor of the Reserve Bank of India, in charge of Monetary Policy—Member, ex officio;
- c. One officer of the Reserve Bank of India to be nominated by the Central Board—Member, ex officio;
- d. Prof. Ram Singh, Director, Delhi School of Economics, University of Delhi—Member;
- e. Shri Saugata Bhattacharya, Economist; and
- f. Nagesh Kumar, Director and Chief Executive, Institute for Studies in Industrial Development, New Delhi —Member.

The Members of the Monetary Policy Committee referred to in clause (d) to (f) of Paragraph 1, shall hold office for a period of four years or until further orders, whichever is earlier.

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

[https://egazette.gov.in/\(S\(qprxzeh0js3iolnakzsuyd04\)\)/ViewPDF.aspx](https://egazette.gov.in/(S(qprxzeh0js3iolnakzsuyd04))/ViewPDF.aspx)

RESERVE BANK OF INDIA

1. Directions - Compounding of Contraventions under FEMA, 1999

The Government of India has issued Notification G.S.R. 566 (E) on September 12, 2024, which introduces the Foreign Exchange (Compounding Proceedings) Rules, 2024, effectively replacing the earlier Foreign Exchange (Compounding Proceedings) Rules, 2000. Under Section 15 of the Foreign Exchange Management Act, 1999 (FEMA), these rules enable the Reserve Bank of India to compound contraventions of FEMA provisions, except those specified under Section 3(a), upon application by the contravening party. The notification emphasizes the need for Authorized Dealers to implement robust checks and balances in their foreign exchange transaction systems to prevent contraventions. Additionally, it reiterates that the Reserve Bank may impose penalties for non-compliance with its directives or failure to submit required returns. All AD Category – I banks and authorized banks are instructed to inform their clients about these updated guidelines.

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

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12736&Mode=0>

2. Due diligence in relation to non-resident guarantees availed by persons resident in India

The Reserve Bank of India (RBI) has come across instances of guarantees (including Standby Letters of Credit [SBLCs] and / or performance guarantees) issued by persons resident outside India, favouring persons resident in India, which are not permitted under the extant FEMA regulations. AD Category-I banks may ensure that guarantee contracts advised by them to, or on behalf of, their resident constituents are in accordance with the FEMA regulations. The contents of this circular may be brought to the notice of your constituents. This direction is issued under Section 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999).

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

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12737&Mode=0>

3. RBI releases draft circular on Forms of Business and Prudential Regulation for Investments

The Reserve Bank of India (RBI) has released a draft circular titled 'Forms of Business and Prudential Regulation for Investments', inviting comments from banks and stakeholders by November 20, 2024. This initiative aims to consolidate regulations related to banks' core business and their investment activities, ensuring that core operations are safeguarded from risk-bearing non-core ventures. The draft emphasizes that banks must seek RBI approval for new activities through group entities, prohibits overlapping lending

activities within bank groups, and sets investment limits—capping stakes in any company at 30%. Additionally, it restricts banks from investing in Category III Alternative Investment Funds and mandates that only one entity within a bank group undertake specific business activities. Feedback can be submitted via email or postal mail to the RBI's Department of Regulation.

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

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=58823

4. Rate of interest on Government of India Floating Rate Bond 2028

The rate of interest on Government of India Floating Rate Bond 2028 (GOI FRB 2028) applicable for the half year October 04, 2024 to April 03, 2025 shall be 7.30 per cent per annum. It may be recalled that FRB 2028 carries a coupon, which has a base rate equivalent to the average of the Weighted Average Yield (WAY) of last three auctions (from the rate fixing day i.e., October 04, 2024) of 182 Day T-Bills, plus a fixed spread (0.64 per cent).

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

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=58815

5. DRG Study No. 50: Monetary Policy Transmission and Labour Markets in India

The Reserve Bank of India has published a draft study titled “Monetary Policy Transmission and Labour Markets in India,” co-authored by Chetan Ghate and others, which explores the impact of informality in India's labour markets on monetary policy transmission within an inflation-targeting framework. Analysing data from various employment surveys between 1980 and 2019, the study reveals that economic upturns correlate with increased formal employment and decreased casual work. It finds that contractionary monetary policy shocks negatively affect inflation, output, and employment after a lag. By employing a New Keynesian Dynamic Stochastic General Equilibrium model, the authors conclude that a more formalized labour market enhances the effectiveness of monetary policy, leading to greater reductions in inflation when the formal sector's size increases. This study represents a significant contribution to understanding how informal labour dynamics influence macroeconomic variables in India under current monetary policies. Stakeholders are invited to provide feedback on the draft by November 20, 2024.

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

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=58797

You may send your suggestions at niyati@asalegal.in

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