



NEWSLETTER ^{Weekly}

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SECURITIES AND EXCHANGE BOARD OF INDIA

1. Change in timing for securities payout in the Activity schedule for T+1 Rolling Settlement

On October 10, 2024, the Securities and Exchange Board of India (SEBI) issued a circular announcing a change in the timing for the payout of securities under the T+1 Rolling Settlement system. Following a previous mandate from June 5, 2024, requiring Clearing Corporations to credit securities directly to clients' demat accounts, the payout timing has been revised from 1:30 PM to 3:30 PM. This adjustment allows for securities to be credited to clients' accounts on the same settlement day, improving efficiency in the process. The circular also stipulates that Stock Exchanges, Clearing Corporations, and Depositories must amend relevant regulations to implement this change and inform market participants accordingly. SEBI has implemented this decision to safeguard investor interests and enhance the regulatory framework of the securities market. The circular can be accessed on the SEBI website for further details.

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

https://www.sebi.gov.in/legal/circulars/oct-2024/change-in-timing-for-securities-payout-in-the-activity-schedule-for-t-1-rolling-settlement_87512.html

2. Extension of timeline for implementation of SEBI Circular SEBI/HO/MIRSD/MIRSD-PoD1/P/CIR/2024/75 dated June 05, 2024

On October 10, 2024, the Securities and Exchange Board of India (SEBI) announced an extension for the implementation of its circular (SEBI/HO/MIRSD/MIRSD-PoD1/P/CIR/2024/75) dated June 5, 2024, which mandates the direct pay-out of securities to clients' demat accounts. Initially scheduled for October 14, 2024, the new effective date is now set for November 11, 2024. This extension follows the late issuance of final operational guidelines by Clearing Corporations (CCs) due to extensive consultations with the Brokers' Industry Standards Forum. SEBI's review meeting with Market Infrastructure Institutions (MIIs) and feedback from the Brokers' ISF prompted the decision to delay implementation to facilitate smoother execution and minimize disruptions for market players and investors. In line with this, stock exchanges, depositories, and CCs are instructed to inform their members, establish compliance systems, and amend relevant regulations to align with the new timeline. This circular is part of SEBI's efforts to enhance operational efficiency and reduce risks in the securities market. For further details, the circular can be accessed on the SEBI website under the 'Legal → Circulars' section.

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

https://www.sebi.gov.in/legal/circulars/oct-2024/extension-of-timeline-for-implementation-of-sebi-circular-sebi-ho-mirsd-mirsd-pod1-p-cir-2024-75-dated-june-05-2024_87508.html

3. Specific due diligence of investors and investments of AIFs

On October 8, 2024, the Securities and Exchange Board of India (SEBI) issued a circular regarding specific due diligence requirements for Alternative Investment Funds (AIFs) and their managers. The circular, in accordance with Regulation 20(20) of the AIF Regulations, mandates that AIFs must conduct due diligence on their investors and investments to prevent circumvention of various regulatory frameworks. These include provisions related to Qualified Institutional Buyers (QIBs), Qualified Buyers (QBs), and regulations set by

the Reserve Bank of India (RBI) concerning stressed assets. The circular specifies that AIFs with investors contributing 50% or more to a scheme's corpus must adhere to implementation standards set by the Standard Setting Forum for AIFs (SFA) before availing benefits for QIBs or QBs. Additionally, AIFs must ensure that no investments indirectly allow RBI-regulated entities to acquire interests they cannot hold directly. The circular also outlines due diligence checks for existing investments, particularly those from countries sharing land borders with India. Custodians are responsible for compiling and reporting investment details to SEBI, emphasizing the necessity of compliance with the circular's provisions.

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

https://www.sebi.gov.in/legal/circulars/oct-2024/specific-due-diligence-of-investors-and-investments-of-aifs_87434.html

4. Timelines for disclosures by Social Enterprises on Social Stock Exchange (“SSE”)

Securities and Exchange Board of India (SEBI) issued a circular on October 7, 2024, regarding the timeline for disclosures by Social Enterprises listed on the Social Stock Exchange (SSE) for the financial year 2023-24. Previously, SEBI had set deadlines for annual disclosures under Regulation 91C(1) and annual impact reports under Regulation 91E(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, through a circular dated May 27, 2024. In this new circular, SEBI has extended the outer deadline for both annual disclosures and impact reports until January 31, 2025. Social Enterprises, stock exchanges, depositories, and other stakeholders are advised to comply with this extended timeline. The circular is available on SEBI's website for further reference.

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

<https://www.sebi.gov.in/legal/circulars/oct-2024/timelines-for-disclosures-by-social-enterprises-on-social-stock-exchange-sse-87387.html>

MINISTRY OF CORPORATE AFFAIRS

1. Use of Aadhaar as identity document for delivery of services or benefits under administering the Prime Minister's Internship Scheme.

The Ministry of Corporate Affairs in the Government of India is administering the Prime Minister's Internship Scheme with an objective to provide internship opportunities to the youth in identified companies over the next five years. In pursuance of Section 7 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016, the Central Government has notified that an individual desirous of availing the benefit under the Prime Minister's Internship Scheme shall be required to furnish proof of possession of the Aadhaar number or undergo Aadhaar authentication. Accordingly, the Ministry is required to offer Aadhaar enrolment facilities for the beneficiaries who are not yet enrolled for Aadhaar.

For more information, you can access the gazette here:

[https://egazette.gov.in/\(S\(zc1ybinjib0oxzreok0ceeq\)\)/ViewPDF.aspx](https://egazette.gov.in/(S(zc1ybinjib0oxzreok0ceeq))/ViewPDF.aspx)

2. The Companies (Adjudication of Penalties) Second Amendment Rules, 2024.

In exercise of the powers conferred Companies Act, 2013, the Central Government has notified the Companies (Adjudication of Penalties) Second Amendment Rules, 2024 clarifying on the proceedings pending before the Adjudicating Officer or Regional Director. According to the amendment in the Companies (Adjudication of Penalties) Rules, 2014, in Sub-rule (1) of Rule 3A the following proviso shall be inserted, namely: “Provided that the proceedings pending before the Adjudicating Officer or Regional Director on the date of such commencement shall continue as per provisions of these rules existing prior to such commencement.”

For more information, you can access the gazette here:

[https://egazette.gov.in/\(S\(zc1ybinjib0oxzreok0ceeq\)\)/ViewPDF.aspx](https://egazette.gov.in/(S(zc1ybinjib0oxzreok0ceeq))/ViewPDF.aspx)

INSOLVENCY AND BANKRUPTCY BOARD OF INDIA

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

Vide Circular No. IBBI/LIQ/74/2024 dated 28.06.2024 the liquidators were directed to file forms relating to the voluntary liquidation latest by 30.09.2024. In this regard, representations have been received from the liquidators and Insolvency Professional Agencies for extending the date citing the technicalities and issues involved in the submission of the forms. Considering the above-mentioned representations and difficulties faced by the liquidator, it has been decided to extend the last date of submission of forms till 30.11.2024.

For more information, you can access the framework here:

<https://ibbi.gov.in/uploads/legalframework/e180efd9d21978b4b0a3cab6bcfb64c1.pdf>

2. Extension of time for filing Forms to monitor liquidation processes under the IBC, 2016, and the regulations made thereunder.

Vide Circular No. IBBI/LIQ/73/2024 dated 28.06.2024 the liquidators were directed to file forms relating to the liquidation process latest by 30.09.2024. In this regard, representations have been received from the liquidators and Insolvency Professional Agencies for extending the date citing the technicalities and issues involved in the submission of the forms. Considering the above-mentioned representations and difficulties faced by the liquidator, it has been decided to extend the last date of submission of the forms till 30.11.2024.

For more information, you can access the framework here:

<https://ibbi.gov.in/uploads/legalframework/907c68c10df0dbdfbd2b4b86189c6955.pdf>

RESERVE BANK OF INDIA

1. Interest Equalization Scheme (IES) on Pre and Post Shipment Rupee Export Credit

Government of India, vide Trade Notice No.18/2024-2025 dated September 30, 2024, has allowed for an extension of the Interest Equalization Scheme for Pre and Post Shipment Rupee Export Credit ('Scheme') for three months up to December 31, 2024, with the following modifications to the Scheme:

- (a) Fiscal benefits of each MSME, on aggregate, will be restricted to ₹50 lakhs for the Financial Year 2024-25 till December 31, 2024.
- (b) Accordingly, MSME manufacturer exporters who have already availed equalisation benefits of ₹50 lakhs or more in the Financial Year 2024-25 till September 30, 2024, will not be eligible for any further benefit in the extended period.

Other terms and conditions/provisions of the extant instructions issued by the Bank on the captioned Scheme shall remain unchanged.

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

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12738&Mode=0>

2. Implementation of Credit Information Reporting Mechanism subsequent to cancellation of licence or Certificate of Registration

The Reserve Bank of India (RBI) issued a circular on October 10, 2024, to address the challenges faced by borrowers of Credit Institutions (CIs) whose licenses or Certificates of Registration (CoR) have been cancelled. Under the Credit Information Companies (Regulation) Act, 2005 (CICRA), only CIs can provide credit information to Credit Information Companies (CICs). The circular mandates that even after license cancellation, these CIs must continue to report credit information for borrowers onboarded prior to the

cancellation until the loan lifecycle is completed or the institution is wound up. This measure aims to ensure that borrowers' repayment histories are updated, alleviating difficulties for those who continue to meet their obligations. The implementation of this reporting mechanism is required within six months and includes provisions for tagging these entities as "Licence Cancelled Entities" in credit reports

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

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12739&Mode=0>

3. Submission of information to Credit Information Companies (CICs) by ARCs

The Reserve Bank of India (RBI) has revised guidelines for Asset Reconstruction Companies (ARCs) regarding their membership and data submission to Credit Information Companies (CICs). Effective January 1, 2025, ARCs are required to become members of all CICs and submit borrower data according to the RBI's Uniform Credit Reporting Format, updating this information at least bi-weekly or more frequently as agreed with the CICs. Additionally, ARCs must rectify any rejected data within seven days and establish a standard operating procedure for managing CIC-related matters, including appointing a nodal officer and prioritizing customer grievance redressal. These changes aim to align ARC practices with those of banks and non-banking financial companies (NBFCs) to ensure comprehensive tracking of borrowers' credit histories following loan transfers.

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

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12740&Mode=0>

4. Facilitating accessibility to digital payment systems for Persons with Disabilities - Guidelines

On October 11, 2024, the Reserve Bank of India (RBI) issued a circular aimed at enhancing accessibility to digital payment systems for persons with disabilities. This initiative builds on previous guidelines from the Master Circular on Customer Service in Banks dated July 1, 2015, and aligns with the "Accessibility Standards and Guidelines for Banking Sector" released by the Ministry of Finance on February 2, 2024. The circular directs payment system participants, including banks and authorized non-bank payment service providers, to review and modify their payment systems and devices, such as Point-of-Sale machines, to ensure they are user-friendly for persons with disabilities. Participants must submit a detailed action plan to the RBI within one month, outlining necessary modifications and timelines for implementation, while ensuring that security is not compromised during these enhancements.

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

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12741&Mode=0>

5. Monetary Policy Statement, 2024-25 Resolution of the Monetary Policy Committee (MPC) October 7 to 9, 2024

On October 9, 2024, the Reserve Bank of India's Monetary Policy Committee (MPC) decided to maintain the policy repo rate at 6.50%, marking the ninth consecutive meeting without a change. The MPC shifted its monetary policy stance to "neutral," focusing on achieving a durable alignment of inflation with the target while supporting economic growth. The decision comes amid a resilient global economy and a projected real GDP growth of 7.2% for the fiscal year, supported by strong private consumption and investment. Headline inflation has decreased to 3.6% and 3.7% in July and August, respectively, but is expected to rise in September due to base effects and food price fluctuations. The MPC remains vigilant regarding potential risks from geopolitical tensions and commodity price increases while projecting CPI inflation at 4.5% for 2024-25. The minutes of this meeting will be published on October 23, 2024, with the next MPC meeting scheduled for December 4-6, 2024.

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

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=58850

6. Statement on Developmental and Regulatory Policies

On October 9, 2024, the Reserve Bank of India's Monetary Policy Committee (MPC) decided to The Reserve Bank of India (RBI) has issued a statement outlining several developmental and regulatory policy measures focused on regulations and payment systems. Key highlights include the expansion of responsible lending conduct to prohibit foreclosure charges on loans to Micro and Small Enterprises (MSEs), along with a discussion paper aimed at enhancing capital raising avenues for Primary (Urban) Co-operative Banks. Additionally, the RBI announced the creation of the Reserve Bank Climate Risk Information System (RB-CRIS) to address climate-related data gaps, facilitating climate risk assessments for regulated entities. In the payment systems sector, enhancements to the Unified Payments Interface (UPI) limits were introduced, including an increase in transaction limits for UPI123Pay and UPI Lite. Furthermore, a new beneficiary account name look-up facility will be implemented for Real Time Gross Settlement System (RTGS) and National Electronic Funds Transfer (NEFT) to improve transaction accuracy and reduce fraud risks.

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

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=58852

7. RBI launches Quarterly Order Books, Inventories and Capacity Utilisation Survey: July - September 2024 (Round 67)

The Reserve Bank of India (RBI) has launched the 67th round of its Order Books, Inventories and Capacity Utilisation Survey (OBICUS) for the manufacturing sector, covering the reference period of July to September 2024. This quarterly survey, conducted since 2008, collects critical data on new orders, backlogs, and inventory levels, including finished goods, work-in-progress, and raw materials. It also assesses production quantities and values against installed capacity, providing essential insights for monetary policy formulation. Selected manufacturing companies will be approached for participation, while others can voluntarily join by downloading the survey questionnaire from the RBI's website. The RBI emphasizes that all company-level data will remain confidential and will not be disclosed.

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

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=58857

8. Internal Risk Assessment Guidance for Money Laundering/ Terrorist Financing Risks

The Reserve Bank of India (RBI) has released "The Internal Risk Assessment Guidance for Money Laundering/Terrorist Financing" to assist its regulated entities in conducting effective risk assessments. This guidance aligns with the RBI's Master Direction on Know Your Customer (KYC) from 2016, which mandates periodic assessments of money laundering (ML), terrorist financing (TF), and proliferation financing (PF) risks. Targeted primarily at the dealing staff and Anti-Money Laundering (AML) practitioners, the Guidance Note outlines key principles and methodologies to enhance compliance efforts and improve the financial sector's ability to detect and deter such risks. It emphasizes a comprehensive approach that incorporates data from various internal and external sources, urging regulated entities to avoid siloed practices in their risk assessment processes. The guidance is indicative and should be used alongside existing RBI instructions, which take precedence in case of inconsistencies.

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

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=58859

You may send your suggestions at niyati@asalegal.in

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