



NEWSLETTER ^{Weekly}

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SECURITIES AND EXCHANGE BOARD OF INDIA

1. Introduction of Liquidity Window facility for investors in debt securities through Stock Exchange mechanism

Securities and Exchange Board of India (SEBI) has introduced a Liquidity Window facility for debt securities through its latest circular, effective November 1, 2024. This facility aims to enhance liquidity in the corporate bond market, which is often perceived as illiquid due to institutional investors holding bonds until maturity. The facility allows issuers to offer put options on pre-specified dates, giving investors—especially retail investors—greater flexibility. Issuers may opt to provide this facility at their discretion and must ensure it is objective and transparent. Debt securities eligible for this facility will only be considered after one year from issuance, and issuers must specify a percentage of the issue size that will be available under the Liquidity Window. SEBI mandates that the facility be offered in a non-discriminatory manner, with transparency in pricing and valuations, and that any securities tendered be managed either through sale or extinguishment. The new framework is intended to increase investor participation in the debt securities market while adhering to SEBI regulations.

For more information, you can access the SEBI circular here: https://www.sebi.gov.in/legal/circulars/oct-2024/introduction-of-liquidity-window-facility-for-investors-in-debt-securities-through-stock-exchange-mechanism_87674.html

2. Disclosure of expenses, half yearly returns, yield and risk-o-meter of schemes of Mutual Funds

The Securities and Exchange Board of India (SEBI) has issued new guidelines for mutual funds aimed at improving transparency and standardizing disclosures related to expenses, returns, and risk levels. Effective December 5, 2024, mutual funds are required to disclose separate total recurring expenses, half-yearly returns, and yields for direct and regular plans. Additionally, the risk-o-meter, which indicates the risk level of mutual fund schemes, will now incorporate a color scheme to enhance clarity for investors. The color designations range from “Low Risk” (Irish Green) to “Very High Risk” (Red). Any changes to the risk levels must be communicated to unitholders via notice, email, or SMS, with both the previous and revised risk levels disclosed for comparison. These changes, following recommendations from the Mutual Fund Advisory Committee, aim to protect investors’ interests and promote a clearer understanding of mutual fund products.

For more information, you can access the SEBI circular here: https://www.sebi.gov.in/legal/circulars/nov-2024/disclosure-of-expenses-half-yearly-returns-yield-and-risk-o-meter-of-schemes-of-mutual-funds_88230.html

INSOLVENCY AND BANKRUPTCY BOARD OF INDIA

1. Mediation route for operational creditors prior to NCLT process.

The Insolvency and Bankruptcy Board of India (IBBI) has proposed to include an option of mediation for operational creditors (OCs) under the Insolvency and Bankruptcy Code (IBC), as it aims to cut the load of National Company Law Tribunals (NCLTs). According to discussion paper floated by the IBBI on Monday, 04th November, 2024, the OCs would exercise the option of mediation before filing insolvency applications

under the Section 9 of the IBC. This is the same provision which allows OCs to initiate corporate insolvency resolution process (CIRP) against corporate debtor (CD) over non-payment of dues. However, if the mediation fails to reach settlement, the mediator will be asked to prepare a non-settlement report which shall be annexed with the application for initiation of CIRP before the Adjudicating Authority (AA). The mediation, as proposed, will take place as per the process prescribed under the Mediation Act, 2023. The IBBI has sought comments on the proposal from stakeholders till November 24.

MINISTRY OF FINANCE

1. CBDT successfully achieves target of month-long Special Campaign 4.0.

The Central Board of Direct Taxes (CBDT), Department of Revenue, Ministry of Finance, along with its subordinate offices all across India, enthusiastically participated in the Special Campaign 4.0 for Disposal of Pending Matters (SCDPM) 4.0 undertaken by the Government of India in two phases:

- a. Preparatory Phase from 15th September, 2024 to 30th September, 2024; and
- b. Implementation Phase from 2nd October, 2024 to 31st October, 2024.

CBDT reiterates its commitment to make Swachhata a habit and to continue to undertake cleanliness programmes from time to time, regular review and disposal/closure of old files, while also focusing on expeditious disposal of public grievances in a timely manner.

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

<https://pib.gov.in/PressReleaseDetail.aspx?PRID=2071002®=3&lang=1>

RESERVE BANK OF INDIA

1. Amendment to the Master Direction - Know Your Customer (KYC) Direction, 2016.

On a review, the Master Direction on KYC has been amended to (a) align the instructions with the recent amendments carried out in the Prevention of Money Laundering (Maintenance of Records) Rules, 2005 vide Gazette Notification dated July 19, 2024, (b) incorporate instructions in terms of the corrigendum dated April 22, 2024 issued by the Government of India to the Order dated February 2, 2021 on the 'Procedure for implementation of Section 51A of the Unlawful Activities (Prevention) Act, 1967', and (c) revise certain existing instructions. The amended provisions in the Master Direction shall come into force with immediate effect.

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

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12746&Mode=0>

2. 'Fully Accessible Route' for Investment by Non-residents in Government Securities – Inclusion of Sovereign Green Bonds.

The Reserve Bank of India (RBI) has announced updates regarding the issuance calendar for Sovereign Green Bonds for the second half of the fiscal year 2024-25, as detailed in a press release dated September 26, 2024. Notably, the RBI has decided to designate 10-year Sovereign Green Bonds as 'specified securities' under the Fully Accessible Route (FAR), which allows non-resident investors to invest in certain government securities without restrictions. The FAR was initially introduced on March 30, 2020, and has since been expanded through several circulars. This designation is effective immediately and aligns with the RBI's regulatory framework established under the Reserve Bank of India Act, 1934.

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

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12747&Mode=0>

3. Reporting of Foreign Exchange Transactions to Trade Repository.

The Reserve Bank of India has expanded the reporting requirements for foreign exchange transactions to include foreign exchange spot and tom deals, mandating that all Authorised Dealers report these transactions to the Trade Repository (TR) of the Clearing Corporation of India Ltd. (CCIL) starting February 10, 2025. This follows existing obligations for reporting over-the-counter (OTC) foreign exchange derivative contracts. Transactions involving INR must be reported hourly, while those not involving INR should be reported by 5:30 PM on the same day. Additionally, FX contracts executed with clients will be reported based on specific thresholds, starting from USD 1 million in May 2025 and USD 50,000 in November 2025. The reporting process does not require matching transactions with overseas counterparties, and Authorised Dealers are responsible for ensuring the accuracy of reported data. These directives are issued under the Reserve Bank of India Act and the Foreign Exchange Management Act.

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

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12748&Mode=0>

4. Premature redemption under Sovereign Gold Bond (SGB) Scheme – Redemption Price for premature redemption due on November 06, 2024 (Series VI of SGB 2017-18).

In terms of GOI Notification F.No.4(25) - W&M/2017 dated October 06, 2017 (SGB 2017-18 Series VI - Issue date November 06, 2017) on Sovereign Gold Bond Scheme, premature redemption of Gold Bond may be permitted after fifth year from the date of issue of such Gold Bond on the date on which interest is payable. Accordingly, the next due date of premature redemption of the above tranche shall be November 06, 2024. Further, the redemption price of SGB shall be based on the simple average of closing gold price of 999 purity of previous three business days from the date of redemption as published by the India Bullion and Jewelers Association Ltd (IBJA). Accordingly, the redemption price for premature redemption due on November 06, 2024, shall be ₹7850/- (Rupees Seven Thousand Eight Hundred Fifty only) per unit of SGB based on the simple average of closing gold price for three business days i.e., November 02, November 04, and November 05, 2024.

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

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=59031

5. Final redemption under Sovereign Gold Bond (SGB) Scheme - Redemption Price for final redemption of SGB 2016-17 Series III due on November 16, 2024 (November 17, 2024 being a holiday).

In terms of [GOI Notification F.No.4\(16\)-W&M/2016 dated October 20, 2016](#) (SGB 2016-17 Series III - Issue date November 17, 2016) on Sovereign Gold Bond Scheme, the Gold Bond shall be repayable on the expiration of eight years from the date of issue of the Gold Bonds. Accordingly, the final redemption date of the above tranche shall be November 16, 2024 (November 17, 2024 being a holiday). Further, the redemption price of SGB shall be based on the simple average of closing price of gold of 999 purity of the week (Monday-Friday), preceding the date of redemption, as published by the India Bullion and Jewelers Association Ltd (IBJA). Accordingly, the redemption price for the final redemption due on November 16, 2024 (November 17, 2024 being a holiday) shall be **₹7,788/- (Rupees Seven thousand seven hundred and eighty-eight only)** per unit of SGB based on the simple average of closing gold price for the week November 04-08, 2024.

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

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=59068

You may send your suggestions at niyati@asalegal.in

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