



# NEWSLETTER <sup>Weekly</sup>

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## SECURITIES AND EXCHANGE BOARD OF INDIA

### **1. Repository of documents relied upon by Merchant Bankers during due diligence process in public issues.**

Securities and Exchange Board of India (SEBI) issued a circular on December 5, 2024, addressing the maintenance of due diligence documents by Merchant Bankers during public issues. Under the SEBI (Merchant Bankers) Regulations, 1992, these bankers must maintain records related to both pre- and post-issue activities for a minimum of five years. To facilitate efficient document management, SEBI has directed that these documents be uploaded to a Document Repository platform set up by Stock Exchanges. Merchant bankers are required to upload relevant documents within specific timelines: within 20 days of filing the draft offer document with SEBI/Stock Exchanges and within 20 days of listing from January 1, 2025. Starting April 1, 2025, this period reduces to 10 days. The uploaded documents must be accessible only to the respective Merchant bankers, with SEBI retaining supervisory access. The circular applies to draft offer documents filed on or after January 1, 2025, for listing on Mainboard or SME exchanges.

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

[https://www.sebi.gov.in/legal/circulars/dec-2024/repository-of-documents-relied-upon-by-merchant-bankers-during-due-diligence-process-in-public-issues\\_89321.html](https://www.sebi.gov.in/legal/circulars/dec-2024/repository-of-documents-relied-upon-by-merchant-bankers-during-due-diligence-process-in-public-issues_89321.html)

### **2. SMS and E-mail alerts to investors by stock exchanges.**

The Securities and Exchange Board of India (SEBI) issued a circular on December 3, 2024, providing clarifications on SMS and email alerts for investors. This follows the guidelines established in SEBI Circular no. CIR/MIRSD/15/2011 and the Master Circular for Stock Brokers. The new directive allows stock brokers to upload the same mobile number or email address for multiple clients under exceptional circumstances, provided the clients belong to the same family or, in the case of non-individual clients, are authorized persons of entities such as HUFs, partnerships, trusts, or corporates. The family definition includes self, spouse, dependent children, and dependent parents, while authorized persons for non-individual clients may include Karta or Co-parceners in an HUF, partners in a partnership firm, trustees or beneficiaries in a trust, and corporate authorized persons based on board resolutions. This amendment is effective immediately, and stock exchanges are required to notify their members and amend relevant rules accordingly. The provisions are aimed at enhancing investor protection and ensuring efficient market functioning.

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

[https://www.sebi.gov.in/legal/circulars/dec-2024/sms-and-e-mail-alerts-to-investors-by-stock-exchanges\\_89241.html](https://www.sebi.gov.in/legal/circulars/dec-2024/sms-and-e-mail-alerts-to-investors-by-stock-exchanges_89241.html)

### **3. Master Circular for Depositories.**

The Securities and Exchange Board of India (SEBI) issued a Master Circular for Depositories on December 3, 2024. This circular consolidates all applicable directions and communications issued up to September 30, 2024, ensuring users can access these in one document. It supersedes the Master Circular issued on October 6, 2023, with updates on repealed statutes and regulations. The circular rescinds several earlier directives but retains the validity of actions, approvals, or penalties under the rescinded circulars. Applications and legal proceedings initiated under the old circulars remain unaffected. Divided into four sections—Beneficial

Owner (BO) Accounts, Depository Participants (DP) Related, Issuer Related, and Depositories Related—it includes cross-references for comprehensive compliance guidance. Terms used but not defined follow the definitions in relevant securities laws. Issued under SEBI Act Section 11(1), the circular aims to protect investors and regulate the securities market. It is available on the SEBI website under “Legal → Master Circulars.”

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

[https://www.sebi.gov.in/legal/master-circulars/dec-2024/master-circular-for-depositories\\_89245.html](https://www.sebi.gov.in/legal/master-circulars/dec-2024/master-circular-for-depositories_89245.html)

### **MINISTRY OF FINANCE**

#### **1. Department of Financial Services (DFS) organises ‘Coordination Meeting on Vigilance matters of Public Sector Banks (PSBs)’ to enhance inter-departmental cooperation and expedite investigation in bank fraud-related cases, in New Delhi.**

The Department of Financial Services (DFS) recently organized a coordination meeting to address vigilance matters in Public Sector Banks (PSBs). The primary goal of this meeting was to enhance inter-departmental cooperation and streamline investigations into bank fraud cases.

Key outcomes of the meeting include:

- **Strengthening Inter-departmental Collaboration:** The meeting emphasized the importance of seamless communication and collaboration between different departments, including the Central Bureau of Investigation (CBI), PSBs, and other relevant agencies.
- **Expediting Investigations:** Efforts are being made to expedite the investigation process for bank fraud cases. This involves creating platforms for regular dialogue between bankers and CBI officials to improve operational efficiency.
- **Leveraging Technology:** The PSB Alliance showcased an asset tracing IT application designed to assist banks in tracking assets used as loan collateral. PSBs are encouraged to evaluate the potential benefits of this technology.
- **Promoting Vigilance and Trust:** The meeting underscored the collective responsibility to strengthen vigilance measures, ensure timely prosecution of fraudsters, and reinforce public trust in the banking system.

Overall, this initiative signifies a proactive approach by the DFS to combat bank fraud and safeguard the interests of both banks and customers.

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

<https://pib.gov.in/PressReleasePage.aspx?PRID=2080816>

### **MINISTRY OF CORPORATE AFFAIRS**

#### **1. Ministry of Corporate Affairs has taken several steps to improve ease of doing business and enhance ease of compliance.**

In order to promote "Ease of Doing Business" in India, the Centre for Processing Accelerated Corporate Exit (C-PACE) was established by MCA Notification No. S.O. 1269(E) dated March 17, 2023, to centralize and expedite the voluntary strike-off process of companies under Section 248(2) of the Companies Act, 2013 in a fast-track manner.

Since its founding, ROC C-PACE has struck off 13,560 firms under Section 248(2) of the firms Act, 2013 in the fiscal year 2023–2024 and 11,855 companies in the current fiscal year 2024–2025 to November 15, 2024. Processing times for these applications have decreased to an average of 70–90 days.

The Ministry has centralized the striking off of Limited Liability Partnerships (LLPs) by enabling the CPACE to handle e-Forms associated with LLP striking off, as per notification No. G.S.R. 475(E) of August 5, 2024.

As of November 15, 2024, 3,264 LLPs had been struck off in accordance with Rule 37 of the Limited Liability Partnership Rules, 2009 and Section 75 of the Limited Liability Partnership Act, 2008, following the operationalization of e-Forms for processing LLP striking off through ROC C-PACE on August 27, 2024.

The following are some significant actions that MCA has made recently to increase ease of compliance and ease of doing business:

- Decriminalization of 63 offences under the Companies and LLP Acts. While providing relief to corporates, one of the objectives of decriminalization has also been reduction of litigation burden in judicial courts and shifting the prosecution cases towards adjudication.
- Conversion of more than 54 forms to Straight Through Process (STP) which earlier required approval of field offices.
- Introducing e-Form SPICe+ along with a linked form called AGILE PRO-S for providing different services at one place such as Name Reservation, Incorporation, Allotment of PAN, TAN, DIN, EPFO Registration, ESIC Registration, GST number, opening of Bank Account etc. at the time of incorporation of company to start the business immediately. Similarly, a new e-Form FiLLiP (Form for incorporation of Limited Liability Partnership) was introduced for providing the same services in a single application.
- Definition of Small Company has been amended by increasing the threshold limit of a small company from having a paid-up capital not exceeding Rs.2.00 Crore to Rs.4.00 Crore and turnover not exceeding Rs.20.00 Crore to Rs.40.00 Crore. Similarly, concept of small LLP has been introduced which is subject to lesser compliances, lesser fee to reduce the cost of compliances.
- Setting up of a Centralized Registrar of Companies (CRC) for incorporation to provide uniformity in the incorporation process.
- Setting up of a Central Scrutiny Centre (CSC) for centralized scrutiny of e-Forms filed under STP and a Central Processing Centre (CPC) for centralized processing of specified non-STP e-forms.
- Setting up an e-Adjudication Portal for adjudication of offences related to the Companies Act.
- Zero fee for incorporation of company with authorized capital up to Rs.15.00 Lakh.
- Extended fast track process for mergers under the Companies Act, 2013 to include mergers of Startups with other Startups and with small companies, so that the process of mergers & amalgamations is expedited.
- The scope of section 233 of CA-2013 (Fast Track Mergers & Amalgamation through approval of Regional Directors) enhanced. This now also covers merger of a transferor foreign company incorporated outside India (being a holding company) with its wholly owned subsidiary incorporated in India.
- Zero cost for shifting of the registered office of a company.

- Convening Annual General Meeting (AGM) and Extra-ordinary General Meeting (EGM) of a company through Video Conference (VC).
- Companies (Listing of Equity Shares in Permissible Jurisdictions) Rules, 2024 have been issued allowing Indian Public companies to list their equity shares on international stock exchange(s) at GIFT IFSC.

These changes are a component of the MCA's continuous initiatives to lower compliance costs, promote a more business-friendly atmosphere, and streamline regulatory processes in India. They usher in a new era of ease of doing business by establishing a more straightforward, effective, and growth-friendly framework. These efforts are expected to draw in both foreign and local investment, boost economic growth, and strengthen India's standing as a major player in the world economy by lowering compliance requirements and expediting processes.

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

<https://pib.gov.in/PressReleasePage.aspx?PRID=2080297>

## **INSOLVENCY AND BANKRUPTCY BOARD OF INDIA**

### **1. Insolvency and Bankruptcy Board of India in association with INSOL India organises International Conclave 2024 on “Insolvency Resolution: Evolution & Global Perspective”.**

The Insolvency and Bankruptcy Board of India (IBBI), in collaboration with INSOL India, organized an International Conclave focused on “Insolvency Resolution: Evolution & Global Perspective” The event gathered experts and practitioners from various regions to exchange knowledge and experiences regarding insolvency resolution.

Mr. M. Rajeshwar Rao, Deputy Governor of the Reserve Bank of India, was the Chief Guest. He discussed the significant changes brought about by the Insolvency and Bankruptcy Code (IBC) since 2016. He highlighted its vital role in enhancing bank asset quality and facilitating substantial settlements of debts over ₹10 lakh crore. While noting improvements in banks' financial health, he pointed out areas needing further progress and advocated for cooperation among stakeholders to focus on restructuring and revival, suggesting detailed studies of IBC cases for better lending strategies. Mr. Ravi Mital, Chairperson of IBBI, spoke about the IBC's adaptability and potential for change, emphasizing its impact on disrupting the "defaulters' paradise." He mentioned the resolution of over 28,000 cases before admission and identified challenges like the need for timely value preservation. He discussed regulatory reforms aimed at reducing delays and maximizing asset value and proposed innovative approaches such as mediation and group insolvency.

Mr. Rajnish Kumar, former Chairman of the State Bank of India, highlighted the IBC as a vital economic reform. He argued that its success should not only be measured by recovery rates but also by its transformative influence on debtor-creditor relationships and the banking sector's overall health. He stressed the Committee of Creditors' role in pursuing value maximization.

The Conclave featured three panel discussions on recent developments and challenges in restructuring and insolvency, judgment enforcement, and the role of institutional creditors. Two Fire Side Chat sessions addressed investors' roles in the stressed assets market and resolution applicants' perspectives on the IBC.

Many stakeholders, including insolvency professionals, legal and consulting firms, financial creditors, and academics, participated in the Conclave in person and online. The event concluded with a vote of thanks from Mr. Kulwant Singh, Executive Director of IBBI.

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

<https://pib.gov.in/PressReleasePage.aspx?PRID=2082086>

## RESERVE BANK OF INDIA

### **1. Implementation of Section 51A of UAPA,1967: Updates to UNSC's 1267/ 1989 ISIL (Da'esh) & Al-Qaida Sanctions List: Amendments in 03 Entries.**

The Ministry of External Affairs (MEA) of India has announced updates regarding the implementation of Section 51A of the Unlawful Activities (Prevention) Act, 1967, in relation to the United Nations Security Council's (UNSC) 1267/1989 ISIL (Da'esh) and Al-Qaida Sanctions List. As per the UNSC press release dated December 2, 2024, three entries on this sanctions list have been amended, affecting individuals associated with terrorist activities. Regulated Entities (REs) in India are mandated to ensure compliance by not maintaining accounts for individuals or entities listed for suspected terrorist links. The amendments include operational details and biographical information about the individuals, such as their aliases, nationalities, and reasons for their listing. REs are advised to adhere strictly to these updates and follow the procedures outlined in the Master Direction on Know Your Customer (KYC) and related UAPA guidelines to prevent any financial transactions with these sanctioned individuals or entities.

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

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12751&Mode=0>

### **2. Amendment to Framework for Facilitating Small Value Digital Payments in Offline Mode.**

This has reference to the RBI circular CO.DPSS.POLC.No.S1264/02-14-003/2021-2022 dated January 03, 2022 (updated as on August 24, 2023) which enabled small value digital payments in offline mode (Offline Framework). The framework, inter-alia, prescribes an upper limit of ₹500 for offline digital payment transaction, and a total limit of ₹2,000 for a payment instrument at any point in time. A reference is also invited to the Statement on Developmental and Regulatory Policies dated October 09, 2024, wherein it was announced that the stated limits shall be enhanced for UPI Lite. Accordingly, the Offline framework has been updated and the enhanced limits for UPI Lite shall be ₹1,000 per transaction, with ₹5,000 being the total limit at any point in time. This circular is issued under Section 18 read with Section 10 (2) of the Payment and Settlement Systems Act, 2007 (Act 51 of 2007), and shall come into effect immediately.

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

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12752&Mode=0>

### **3. Interest Rates on Foreign Currency (Non-resident) Accounts (Banks) [FCNR(B)] Deposits.**

The Reserve Bank of India (RBI) has announced an increase in the interest rate ceilings for Foreign Currency Non-Resident (FCNR(B)) deposits, effective December 6, 2024, as part of its efforts to attract more foreign capital inflows. The new ceilings allow banks to offer interest rates of Overnight Alternative Reference Rate (ARR) plus 400 basis points for deposits with maturities between 1 year and less than 3 years, and ARR plus 500 basis points for deposits maturing between 3 and 5 years. This marks a significant increase from the previous limits of ARR plus 250 and 350 basis points, respectively. This relaxation will remain in effect until March 31, 2025, providing an attractive option for non-resident Indians (NRIs) seeking to invest in India while preserving their foreign currency earnings.

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

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12753&Mode=0>

### **4. Maintenance of Cash Reserve Ratio (CRR).**

The Reserve Bank of India (RBI) has announced a reduction in the Cash Reserve Ratio (CRR) by 50 basis points, lowering it from 4.5% to 4.0% of net demand and time liabilities (NDTL). This adjustment will be implemented in two phases: the CRR will be set at 4.25% starting from the reporting fortnight beginning December 14, 2024, and will further decrease to 4.0% from December 28, 2024. This move is expected to

release approximately ₹1.16 lakh crore into the banking system, enhancing liquidity and supporting economic growth amidst current financial challenges. The decision aligns with the RBI's neutral policy stance, aiming to manage liquidity effectively while maintaining economic stability.

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

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12754&Mode=0>

## **5. Credit Flow to Agriculture – Collateral free agricultural loans**

Keeping in view the overall inflation and rise in agriculture input cost over the years, it has been decided to raise the limit for collateral free agricultural loans including loans for allied activities from the existing level of ₹1.6 lakh to ₹2 lakh per borrower. Accordingly, banks are advised to waive collateral security and margin requirements for agricultural loans including loans for allied activities up to ₹2 lakh per borrower. The banks are advised to give effect to the revised instructions expeditiously and in any case not later than January 1, 2025. The banks are also advised to give adequate publicity to the above changes.

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

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12755&Mode=0>

## **6. Premature redemption under Sovereign Gold Bond (SGB) Scheme - Redemption Price for premature redemption due on December 04, 2024 (Series X of SGB 2017-18).**

In terms of GOI Notification F.No.4(25)-W&M/2017 dated October 06, 2017 (SGB 2017-18 Series X - Issue date December 04, 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 December 04, 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 Jewellers Association Ltd (IBJA). Accordingly, the redemption price for premature redemption due on December 04, 2024, shall be ₹7,646/- (Rupees Seven Thousand Six Hundred and Forty-Six only) per unit of SGB based on the simple average of closing gold price for the three business days i.e., November 29, December 02, and December 03, 2024.

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

[https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=59232](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=59232)

## **7. Monetary Policy Statement, 2024-25 Resolution of the Monetary Policy Committee December 4 to 6, 2024**

On December 6, 2024, the Reserve Bank of India's Monetary Policy Committee (MPC) decided to maintain the policy repo rate at 6.50%, marking the eleventh consecutive meeting without a change. The standing deposit facility (SDF) remains at 6.25%, while the marginal standing facility (MSF) and Bank Rate are set at 6.75%. The MPC continues to adopt a neutral monetary policy stance aimed at achieving a durable alignment of inflation with the medium-term target of 4% CPI inflation, while also supporting economic growth. Despite global economic stability, domestic challenges persist, with GDP growth slowing to 5.4% in Q2:2024-25 and CPI inflation rising to 6.2% in October. The MPC projects real GDP growth for the fiscal year at 6.6% and CPI inflation at 4.8%. Additionally, the MPC announced a reduction in the Cash Reserve Ratio (CRR) by 50 basis points to 4%, effective from December 14, 2024, to enhance liquidity in the banking system.

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

[https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=59244](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=59244)

## 8. Statement on Developmental and Regulatory Policies

In recent regulatory updates, the Reserve Bank of India (RBI) has announced significant measures aimed at enhancing liquidity and financial inclusion. Key initiatives include a 50-basis point reduction in the Cash Reserve Ratio (CRR), raising interest rate ceilings on Foreign Currency Non-Resident Bank deposits, and the introduction of a new Secured Overnight Rupee Rate (SORR) benchmark. Additionally, the RBI is launching a 'Connect 2 Regulate' initiative to foster stakeholder engagement, expanding collateral-free agriculture loan limits to ₹2 lakh, and permitting Small Finance Banks to offer pre-sanctioned credit lines via UPI. Furthermore, the RBI is establishing a framework for the ethical use of AI in finance and piloting an AI model for detecting financial fraud, reflecting its commitment to innovation and regulatory responsiveness in the evolving financial landscape.

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

[https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=59245](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=59245)

## 9. Rate of interest on Government of India Floating Rate Bond 2031.

The rate of interest on Government of India Floating Rate Bond 2031 (FRB 2031) applicable for the half year December 07, 2024 to June 06, 2025 shall be 7.59 per cent per annum. It may be recalled that FRB 2031 carries a coupon, which has a base rate equivalent to the average of the Weighted Average Yield of last three auctions (from the rate fixing day i.e. December 07, 2024) of 182 Day T-Bills, plus a fixed spread of One per cent.

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

[https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=59256](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=59256)

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