



**Newsletter for March, 2020 By Team of Amita Desai & Co.**



We love to serve and add value to business of our clients



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## **Greetings and a warm welcome to our March, 2020 Month's edition of Newsletter!**

We are pleased to share our Newsletter for the month of March, 2020. The newsletter covers the updates / amendments of Ministry of Corporate Affairs (MCA), Securities and Exchange Board of India (SEBI) Reserve Bank of India (RBI), Insolvency and Bankruptcy Board of India (IBBI) and National Company Law Appellate Tribunal (NCLAT).

The Newsletter is part of our knowledge sharing initiative. Efforts have been made to share notifications and circulars issued by regulatory authorities during the month in concise and in simplified manner.

**Our article of the month relates to:**

**“COVID-19 Pandemic”**

**“FRESH START—a new slate to Companies and LLPs in India”**

**“Fresh Start Scheme, 2020 (CFSS -2020) and LLP Settlement Scheme, 2020 (LLPSS-2020) --- Golden Opportunity to clean the slate---FAQs/Clarifications”**

We appreciate your support and are so happy to have you as a reader.

With warmest thanks,  
**Amita Desai & Team**



### **A. CLARIFICATION ON PROSECUTION FILED OR INTERNAL ADJUDICATION PROCEEDINGS INITIATED AGAINST INDEPENDENT DIRECTORS, NON-PROMOTERS AND NON-KMP NON-EXECUTIVE DIRECTORS:**

- Ministry of Corporate affairs (MCA), on March 02, 2020 vide its general circular no. 5/2020 issues clarification that prosecution proceedings will not be initiated against independent and non-executive directors unless there is strong evidence of their complicity in frauds committed by the companies.
- At the time of serving notices to the Company by the Registrar of Companies (ROC) & Regional Director (RD), in case where lapses are attributable to the decisions taken by the Board or its Committees, all care must be taken to ensure that civil or criminal proceedings are not unnecessarily initiated against the IDs or the NEDs, unless sufficient evidence exists to the contrary.

The link for the aforesaid circular is as mentioned below:

[http://www.mca.gov.in/Ministry/pdf/Circular\\_03032020.pdf](http://www.mca.gov.in/Ministry/pdf/Circular_03032020.pdf)

### **B. LLP SETTLEMENT SCHEME, 2020**

- MCA vide its General Circular No. 6/2020 dated March 04, 2020 notified LLP settlement Scheme, 2020 which is a one-time settlement scheme for LLPs that have yet to submit their statutory documents to gain immunity from prosecution for defaults by filing pending documents. This is further modified vide Circular No. 13/ 2020 dated March 30, 2020

Click on the following link to view our detailed article on the said circular:

<https://www.amitadesai.com/uploads/News%20Alert%20for%20LLP%20Settlement%20Scheme,%202020%20by%20Amita%20Desai%20&%20Co..pdf>

### **C. EXTENSION OF THE LAST DATE OF FILING OF FORM NFRA-2:**

- In Continuation of Ministry's General Circular No. 14/2019 dated November 27 , 2019, Ministry vide its General Circular No. 07/2020 dated March 05, 2020 announced that the time limit for filing of form NFRA-2, for the reporting period Financial Year 2018-19, will be 150 days from the date of deployment of form NFRA-2 on website of National Financial Reporting Authority (NFRA).

The link for the aforesaid circular is as mentioned below:

[http://www.mca.gov.in/Ministry/pdf/Circular\\_06032020.pdf](http://www.mca.gov.in/Ministry/pdf/Circular_06032020.pdf)

### **D. FILING OF FORMS IN REGISTRY (MCA-21) BY INSOLVENCY PROFESSIONAL [INTERIM RESOLUTION PROFESSIONAL (IRP) OR RESOLUTION PROFESSIONAL (RP) OR LIQUIDATOR] APPOINTED UNDER IBC, 2016;**

- MCA vide general circular no. 08/2020 dated March06, 2020 issued a clarification that IP (IRP/RP/Liquidator) would have to file the NCLT order approving him/ her as IP in e-form

INC-28 through the MCA21 portal and once the same is approved IP will be allowed to file any form for and on behalf of the company.

- The IP shall choose his designation as “Chief Executive Officer” (CEO), for the purpose of filing various e-forms.
- The Master Data for the company will accordingly be changed from "Active"/ "Inactive" to “CIRP/ Liquidation or CIRP/Liquidation” which shall be effected on the basis of Formal Change Request Form submitted by IBBI to e-governance Cell.
- The IRP/ RP/ Liquidator shall be responsible for filing all the e-forms in the MCA portal and sign the form in the capacity of CEO. However, this shall in no way affect his/her legal status as IRP/ RP/ Liquidator.
- All filings of e-forms including AOC-4 and MGT-7 shall be filed through e-form GNL-2 by way of attachments till the company is under CIRP. In GNL-2, IRP/ RP/ Liquidator will choose radio button "Filings under IBC".

The link for the said circular is mentioned below:

[http://www.mca.gov.in/Ministry/pdf/Circular8\\_06032020.pdf](http://www.mca.gov.in/Ministry/pdf/Circular8_06032020.pdf)

**E. CONSTITUTION OF HIGH LEVEL COMMITTEE FOR PREPARATION OF INVESTIGATION MANUAL FOR SERIOUS FRAUD INVESTIGATION OFFICE (SFIO):**

- MCA on March 06, 2020 constituted 12 member Committee under the Chairmanship of Mr. Injeti Srinivas, Secretary MCA to prepare an Investigation Manual for SFIO.
- Mr. Ashish Garg, President of Institute of Company Secretary of India (ICSI) is also one of the member of this Committee. The time line for preparing this Manual is 45 days from the first meeting of the Committee and submit it to MCA.

Click on the following link to view our detailed article on the same:

<https://www.amitadesai.com/uploads/Article%20SFIO%20%20-%2015032020%20Amita%20Desai.pdf>

**F. EXEMPTION TO BANKING COMPANY FROM THE REGULATIONS OF COMBINATION UNDER THE COMPETITION ACT 2002:**

- MCA vide its notification dated March 11, 2020, announced that Central Government exempts Banking Companies from the application of the provisions of Sections 5 and 6 of the Competition Act, 2002, in public interest for a period of five years from the date of publication of this notification in the Official Gazette i.e. March 11, 2020.
- Section 5 of competition Act, 2002 prescribes about the acquisition of one or more enterprises by one or more persons or merger or amalgamation of enterprises shall be a combination of such enterprises and persons or enterprises.
- Section 6 of competition Act, 2002 prescribes that No person or enterprise shall enter into a combination which causes or is likely to cause an appreciable adverse effect on competition within the relevant market in India and such a combination shall be void.
- Thus through this notification the Banking companies are exempted from the Section 5 & 6 of the Competition Act 2002.

The link for the aforesaid notification is as mentioned below:

[http://www.mca.gov.in/Ministry/pdf/BankingNotification\\_11032020.pdf](http://www.mca.gov.in/Ministry/pdf/BankingNotification_11032020.pdf)

**G. RELAXATION OF ADDITIONAL FEES AND EXTENSION OF LAST DATE IN FILING OF FORMS MGT-7 (ANNUAL RETURN) AND AOC-4 (FINANCIAL STATEMENT) UNDER THE COMPANIES ACT, 2013-UT OF J&K AND UT OF LADAKH:**

- MCA vide its general circular no. 09/2020 dated March 12, 2020, has extended the due date up to June 30, 2020 for filing of e-form AOC-4, AOC-4 (CFS), AOC-4 XBRL and e-form MGT-7 for the F.Y. ended on March 31, 2019, without levy of any additional fee, by the companies incorporated under UT of J&K and UT of Ladakh

The link for the aforesaid circular is as mentioned below:

[http://www.mca.gov.in/Ministry/pdf/Circular\\_12032020.pdf](http://www.mca.gov.in/Ministry/pdf/Circular_12032020.pdf)

**H. THE COMPANIES (REGISTRATION OFFICES AND FEES) SECOND AMENDMENT RULES, 2020:**

- MCA vide its notification dated March 12, 2020 notifies the Companies (Registration of Offices and Fees) Second Amendment Rules, 2020 and made certain amendment if form GNL-2 which is for submission of documents with the Registrar.

In serial no. 3 of form GNL-2, instead of “Form 159 of the Companies (Court) Rules, 1959”, “Filing under Insolvency and Bankruptcy Code, 2016” is inserted. The same is enabling IRP/ IP or liquidator to file forms for Companies under CIRP process or under Liquidation.

The link for the aforesaid Notification is as mentioned below:

[http://www.mca.gov.in/Ministry/pdf/rule1\\_13032020.pdf](http://www.mca.gov.in/Ministry/pdf/rule1_13032020.pdf)

**I. THE COMPANIES (INCORPORATION) SECOND AMENDMENT RULES, 2020:**

- MCA vide its notification dated March 12, 2020 notifies the Companies (Incorporation) Second Amendment Rules, 2020.
- The amendment has been made in the form INC-28 which is filing Notice of the order of the court or any other competent authority.
- In Form No. INC-28, in serial number 5, in clause (a) after sub-clause (ii), the following shall be inserted, namely-  
“(iii) Section of Insolvency and Bankruptcy Code, 2016 under which order passed”.”

The link for the aforesaid Notification is mentioned below:

[http://www.mca.gov.in/Ministry/pdf/rule\\_13032020.pdf](http://www.mca.gov.in/Ministry/pdf/rule_13032020.pdf)

**J. COMPANIES (MEETINGS OF BOARD AND ITS POWERS) AMENDMENT RULES, 2020:**

- MCA vide its Notification dated March 19, 2020 notified the Companies (Meetings of Board and its Powers) Amendment Rules, 2020.

- The amendment provides temporary relaxation, till 30th June, 2020, to the requirement of physical presence of directors in board meetings where the financials, board reports, etc. to be taken, considering the need to take precautionary steps to overcome the outbreak of the corona virus (Covid-19).

The link for the aforesaid Notification is as mentioned below:

[http://www.mca.gov.in/Ministry/pdf/Rules\\_19032020.pdf](http://www.mca.gov.in/Ministry/pdf/Rules_19032020.pdf)

#### **K. MCA SPECIFIES TIME-FRAME FOR FILING DECLARATION TO CENTRAL GOVERNMENT IN FORM NDH-4:**

- MCA on March 19, 2020 has provided the time limit for Nidhi companies to apply to the Central Government for updation of Nidhi company status/declaration in e-Form NDH-4.
- This initiative has been made in order to make regulatory regime for Nidhi Companies more effective and also to accomplish the objectives of transparency & investor friendliness in corporate environment of the country.
- Under Nidhi Rules, 2014, Nidhi is a company which has been incorporated as a Nidhi with the object of cultivating the habit of thrift and saving amongst its members, receiving deposits from, and lending to, its members only, for their mutual benefit.
- The time-frame for applying to Central Government in form NDH-4 is as under:
  - i. Companies incorporated as Nidhi before Nidhi Amendment Rules, 2019 i.e. 15.08.2019 have to apply within a period of one year from the date of its incorporation or within 9 months of the Nidhi Amendment Rules i.e. 15.08.2019 whichever is later.
  - ii. Companies incorporated as Nidhi on or after Nidhi Amendment Rules, 2019 i.e. 15.08.2019 have to apply within 60 days of expiry of one year from the date of incorporation or extended period (as granted by concerned Regional Director).
- In case of failure to comply with the above requirements, a company shall not be allowed to file Form No. SH-7 (Notice to Registrar for any alteration of share capital) and Form PAS-3 (Return of Allotment).

The link for the aforesaid notice is as mentioned below:

[http://www.mca.gov.in/Ministry/pdf/Nidhi\\_19032020.pdf](http://www.mca.gov.in/Ministry/pdf/Nidhi_19032020.pdf)

#### **L. CLARIFICATION ON SPENDING OF CSR FUNDS FOR COVID-19:**

- MCA on March 23, 2020 vide its General Circular 10/2020 has clarified that the spending of CSR funds by the Companies spending for COVID-19 is eligible as CSR activities.
- Funds may be spent for various activities related to COVID-19 under item nos. (i) and (xii) of Schedule VII relating to promotion of health care including preventive health care, sanitation, and disaster management.

The link for the said Circular is mentioned below:

[http://www.mca.gov.in/Ministry/pdf/Covid\\_23032020.pdf](http://www.mca.gov.in/Ministry/pdf/Covid_23032020.pdf)



#### **M. SPECIAL MEASURES UNDER COMPANIES ACT, 2013 (CA-2013) AND LIMITED LIABILITY PARTNERSHIP ACT, 2008 IN VIEW OF COVID-19 OUTBREAK:**

- MCA vide its General Circular 11/2020 dated March 24, 2020 issues the Special Measures under Companies Act, 2013 (CA-2013) and Limited Liability Partnership Act, 2008 in view of COVID-19 outbreak.
- In order to support and enable Companies and LLPs in India to focus on taking necessary measures to address the COVID-19 threat, including the economic disruptions caused by it, the following measures have been implemented by the MCA to reduce their compliance burden and other risks:
  - i. **No additional fees** shall be charged for late filing during a moratorium period from 01<sup>st</sup> April, 2020 to 30<sup>th</sup> September, 2020 in respect of any document, return, statement etc.
  - ii. The mandatory requirement Board Meetings (BM) within the intervals provided in section 173 of the CA, 2013 (i.e. 120 days) stands extended by a period of 60 days till next 2 quarters. Accordingly, as a onetime relaxation, **the gap between 2 consecutive BM meetings may extend to 180 days till the next 2 quarters**, instead of 120 days as required in the CA, 2013.
  - iii. The Companies (Auditor's Report) Order, 2020 **(CARO 2020) shall be made applicable from the financial year 2020-2021** instead of being applicable from the financial year 2019-2020 notified earlier.
  - iv. As per Schedule IV of the CA, 2013 Independent Directors (IDs) are required to hold at least one meeting without the attendance of Non-independent directors and members of management. For the financial year 2019-20, **if the IDs of a company have not been able to hold such a meeting, the same shall not be viewed as a violation**.
  - v. Requirement under section 73(2)(c) of the CA, **2013 to create the deposit repayment reserve of 20% of deposits** maturing during the financial year 2020-21 before 30<sup>th</sup> April, 2020 shall be allowed to be complied with till 30<sup>th</sup> June, 2020.
  - vi. Requirement under rule 18 of the Companies (Share Capital & Debentures) Rules, 2014 to invest or **deposit at least 15% of amount of debentures maturing in specified methods of investments or deposits before 30<sup>th</sup> April, 2020, may be complied with till 30<sup>th</sup> June, 2020**.
  - vii. Newly incorporated companies are required to file a declaration for **Commencement of Business within 180 days of incorporation** under section 10A of the CA, 2013. An additional period of 180 more days is allowed for this compliance.
  - viii. Non-compliance of **minimum residency in India** for a period of at least 182 days by at least 1 director of every company, pursuant to Section 149 of the CA, 2013 shall not be treated as a non-compliance for the financial year 2019-20.

The link for the aforesaid Circular is mentioned below:

[http://www.mca.gov.in/Ministry/pdf/Circular\\_25032020.pdf](http://www.mca.gov.in/Ministry/pdf/Circular_25032020.pdf)

#### **N. CLARIFICATION ON SPENDING OF CSR FUNDS FOR COVID-19:**

- The Government of India has set up the Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) with the primary objective of dealing with any kind of emergency or distress situation such as that posed by COVID-19 pandemic.
- Thus MCA on March 28, 2020 has clarified that item no. (viii) of the Schedule VII of the Companies Act, 2013, which enumerates activities that may be undertaken by companies in

discharge of their CSR obligations, inter alia provides that contribution to any fund set up by the Central Government for socio-economic development and relief qualifies as CSR expenditure.

- The **PM-CARES Fund** has been set up to provide relief to those affected by any kind of emergency or distress situation and any **contribution made to the PM CARES Fund shall qualify as CSR expenditure under the Companies Act 2013.**

The link for the aforesaid office memorandum is as mentioned below:

[http://www.mca.gov.in/Ministry/pdf/Circular\\_29032020.pdf](http://www.mca.gov.in/Ministry/pdf/Circular_29032020.pdf)

## **O. COMPANIES FRESH START SCHEME, 2020:**

- MCA vide its General Circular 12/2020 dated March 30, 2020 issued Companies Fresh Start Scheme, 2020 (**CFSS-2020**) (“Scheme”) in order to facilitate all the defaulting companies registered in India to make a **fresh start** on a clean slate.
- The Scheme shall come in force on **April 01, 2020** and shall remain in force till **September 30, 2020**.
- This is in pursuance of the Government of India’s efforts to provide relief to defaulting companies **to make good** any filing related defaults, **irrespective of duration of default**, and make a fresh start as a fully compliant entity.
- Following are the few important **definitions** prescribed in the Scheme:
  - i. **“Company”** means a Company defined in clause (20) of section 2 of the Companies Act, 2013;
  - ii. **“Defaulting Companies”** means a company defined under the Companies Act, 2013, and which has made a default in filing of any of the documents, statement, returns, etc. including annual statutory documents on MCA-21 registry;
  - iii. **“Designated authority”** means the Registrar of Companies having jurisdiction over the registered office of the company;
  - iv. **“Immunity certificate”** means the certificate referred to in sub-paragraph [viii] of paragraph 6 of the Scheme;
  - v. **“Inactive Company”** means a company as defined in Explanation (i) to sub-section (1) of section 455(1) of the Companies Act, 2013.
- **Applicability of the Scheme:** *Any “defaulting company” is allowed to file* its belated e-forms which are yet to be uploaded and which attracts additional fees, under this scheme with normal filing fees.
- **Non-Applicability:** Scheme shall not apply to following cases:
  - i. Companies struck off by ROC u/s 248;
  - ii. Companies applied for strike off;
  - iii. Companies Amalgamated/merged;
  - iv. Companies applied for dormant status u/s 455;
  - v. Vanishing Companies;
  - vi. E-Form SH-7;
  - vii. E-Form CHG-1, CHG-4, CHG-8 & CHG-9.
- This **Initiative** has been taken for the following:



- i. to condone the delay in filing of any e-forms like AOC-4, MGT-7, ADT-1, PAS-3, etc. except two e-forms i.e. SH-7 & Charge related forms;
- ii. to immune from launch of prosecution [only pertaining to delay associated with filing of belated documents];
- iii. to immune from proceedings for impose of penalty due to delay in filing of e-forms.

[Note: Companies which has appealed against any prosecution launched for imposing penalties shall withdraw the appeal before availing the scheme]

- On completion of the said scheme, Company has to apply to **seek immunity** in respect of belated documents filed under the scheme by filing e-form CFSS-2020. [No fee applicable for filing of such e-form CFSS-2020]
- Designated Authority shall thereafter **issue Immunity Certificate**.
- Also the Scheme offers the defaulting inactive companies to choose either following two option after filing due documents under CFSS-2020:
  - i. Apply for Dormant Status, or
  - ii. Apply for Striking off
- With this scheme company can file such e-forms by paying only normal fees without attracting any additional fees.

#### **Big Relief:**

DIN holders of DINs marked as 'Deactivated' due to non-filing of DIR-3KYC/ DIR-3 KYC-Web and those Companies whose compliance status has been marked as "ACTIVE non-compliant" due to non-filing of e-form ACTIVE are encouraged to become compliant once again in pursuance of the General Circular No. 11 dated 24<sup>th</sup> March, 2020 & General Circular No.12 dated 30<sup>th</sup> March 2020 and file DIR-3KYC/DIR-3KYC-Web/ ACTIVE as the case may be between 1<sup>st</sup> April, 2020 to 30<sup>th</sup> September, 2020 without any filing fee of INR 5000/INR 10000 respectively.

The link for the aforesaid Circular is as mentioned below:

[http://www.mca.gov.in/Ministry/pdf/Circular12\\_30032020.pdf](http://www.mca.gov.in/Ministry/pdf/Circular12_30032020.pdf)

#### **P. LLP SETTLEMENT SCHEME, 2020---- MODIFIED**

- MCA in continuation with its general circular no. 06/2020 dated March 04, 2020 issues Modified LLP Settlement Scheme, 2020 vide general circular 13/2020 dated March 30, 2020 in order to provide relief to defaulting LLPs registered in India to focus on taking necessary measures to address COVID-19 threat and to reduce their compliance burden.
- Following are the changes/modification made to Scheme:

Sr. No.	Changes	LLP Settlement Scheme, 2020	Modified LLP Settlement Scheme, 2020
1	Time Limit of the	From March 16, 2020 to June 13, 2020	From April 01, 2020 to September 30, 2020

	Scheme		
2	Applicability	Any defaulting LLP for filing belated documents due till 31 <sup>st</sup> October, 2019	Any defaulting LLP for filing belated documents due till 31 <sup>st</sup> August, 2020
3	Non-Applicability	LLP which have applied for Striking off the name	LLP which have applied for Striking off the name
4	Fees Payable	Pay Normal fees, and additional fee payable Rs. 10 per day of default subject to maximum of Rs. 5000 per document	only Normal fees applicable no additional fee payable
5	Immunity from	Launch of prosecution [only pertaining to delay associated with filing of belated documents]	Launch of prosecution [only pertaining to delay associated with filing of belated documents]
6	Forms	<b>Only following forms:</b> Form 3 - Information regarding to LLP Deed and changes;  Form 4 - Notice of appointment/cessation, Change in name/address/designation and Consent to become in relation to partner or designated partner;  Form 8 - Statement of Account & Solvency;  Form 11- Annual Return	<b>All e-forms</b> required to be filed by LLP

The link for the aforesaid Circular is as mentioned below:

[http://www.mca.gov.in/Ministry/pdf/Circular13\\_30032020.pdf](http://www.mca.gov.in/Ministry/pdf/Circular13_30032020.pdf)

## SEBI UPDATES

### A. REVIEW OF NORMS REGARDING REGAINING OF MATCHED BOX FOR COMMODITY DERIVATIVE SEGMENT

- SEBI on September 01, 2016 had come out with risk-mitigating tools, christened as regaining matched book rule, for the commodity market. SEBI vide its circular dated **March 3, 2020** said that the norms related to compensation and penalty applicable on tear-up of

positions have been revised following feedback from Clearing Corporations (CCs) and stakeholders.

- The revised norms call for voluntary tear-up at last mark-to-market price along with compensation equal to 10% of last mark-to-market price and penalty equal to 1% of last mark-to-market price (to be credited to SGF).
- Partial tear-up (pro-rata against members/clients having opposite positions) would be at last mark-to-market price along with compensation equal to 8% of last mark-to-market price and penalty equal to 1% of last mark-to-market price (to be credited to SGF).
- For timely and error free execution, CCs have been asked to have an automated system to implement all such tools.
- Aforesaid circular is issued to promote the development of and to regulate the securities market.
- The circular also mentioned that the other provisions with regards to regaining of the matched book prescribed by SEBI in September 2016, will continue to prevail.

The link for the aforesaid circular is as mentioned below:

[https://www.sebi.gov.in/legal/circulars/mar-2020/review-of-norms-regarding-regaining-matched-book-for-commodity-derivatives-segment\\_46179.html](https://www.sebi.gov.in/legal/circulars/mar-2020/review-of-norms-regarding-regaining-matched-book-for-commodity-derivatives-segment_46179.html)

#### **B. RELAXATION OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 DUE TO THE COVID -19 PANDEMIC**

- Due to the COVID 19 virus pandemic SEBI vide its circular dated **March 19, 2020** has granted certain temporary relaxations to the Listed Entities from the compliance under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR').

The link for the aforesaid circular is as mentioned below:

[https://www.sebi.gov.in/legal/circulars/mar-2020/relaxation-from-compliance-with-certain-provisions-of-the-sebi-listing-obligations-and-disclosure-requirements-regulations-2015-due-to-the-covid-19-virus-pandemic\\_46360.html](https://www.sebi.gov.in/legal/circulars/mar-2020/relaxation-from-compliance-with-certain-provisions-of-the-sebi-listing-obligations-and-disclosure-requirements-regulations-2015-due-to-the-covid-19-virus-pandemic_46360.html)

#### **C. RELAXATIONS TO LISTED ENTITIES WHICH HAVE LISTED THEIR NCDS, NCRPS, MDS AND CPS.**

- In continuation of the March 19, 2020 circular, SEBI has further issued relaxation to listed entities vide its circular dated **March 23, 2020** in respect of compliance of certain provisions by extending the timelines relating to Non-Convertible Debentures (NCDs), Non-Convertible Redeemable Preference Shares (NCRPS), Commercial Paper(s) due to COVID-19 virus pandemic.

The link for the aforesaid circular is as mentioned below:

<https://www.sebi.gov.in/legal/circulars/mar-2020/relaxation-from-compliance-with-certain-provisions-of-the-sebi-listing-obligations-and-disclosure-requirements-regulations-2015-and-certain-sebi-circulars-due-to-the-covid-19-virus-pandemic-cont-46395.html>

#### **D. MEASURES TO BE TAKEN BY MINISTRIES AND DEPARTMENTS OF THE GOVERNMENT OF INDIA DUE TO COVID-19 PANDEMIC**

- The Ministry of Home affairs had issued an Order No. 40-3/2020-D in which various guidelines had been issued about the measures to be taken by various ministries and departments for containment of COVID-19 Epidemic in the country. The same has been notified by SEBI vide its notification dated **March 24, 2020**.
- The Order *inter alia* provides that Commercial and private establishment shall be closed down but that the capital and debt market service as notified by SEBI shall be exempted from such closures.

The link for the aforesaid circular is as mentioned below:

[https://www.sebi.gov.in/legal/circulars/mar-2020/sebi-notification-covid-19\\_46425.html](https://www.sebi.gov.in/legal/circulars/mar-2020/sebi-notification-covid-19_46425.html)

#### **E. RELAXATION FROM COMPLIANCE WITH CERTAIN PROVISION OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

- SEBI, vide circular dated March 19, 2020 had provided relaxation from compliance with certain provisions of LODR. In its continuation, SEBI vide its circular dated **March 26, 2020** has granted further relaxations from certain compliances of LODR.
- Compliance Certificate under Reg. 40(9) from Practicing Company Secretary on timely issue of share certificates – extended till May 31st, 2020 (period of relaxation – 1 month).
- Relaxation of holding AGM and meeting of Board/Committee(s):
  - i. As per Reg. 17(2) and 18(2)(a) the board of directors and the audit committee shall meet at least four times a year with a maximum time gap of one hundred and twenty days between any two meetings.
  - ii. The board of directors and Audit Committee of the listed entity are exempted from observing the maximum stipulated time gap between two meetings for the meetings held or proposed to be held between the period December 1, 2019 and June 30, 2020.
  - iii. However, the board of directors / Audit Committee shall ensure that they meet at least four times a year, as stipulated under regulations 17(2) and 18(2)(a) of the LODR.
  - iv. As per Reg. 19(3A) the Nomination and Remuneration Committee shall meet at least once in a year - extended till June 30th, 2020 (period of relaxation – 3 month).
  - v. As per Reg. 20(3A) the Stakeholder Relationship Committee shall meet at least once in a year - extended till June 30th, 2020 (period of relaxation – 3 month).
  - vi. As per Reg. 21(3A) the Risk Management Committee shall meet at least once in a year - extended till June 30th, 2020 (period of relaxation – 3 month).
  - vii. Holding of AGM under Reg. 44(5) by top 100 listed entities by market capitalisation for FY 19-20 - extended to September 30th, 2020 (period of relaxation – 1 month)
- Extension of timeline for filings under Regulation 7(3) till 31st May, 2020; Regulation 13(3) till 15th May, 2020; Regulation 24A till 30th June, 2020; Regulation 27(2) till 15th May, 2020; Regulation 31 till 15th May, 2020; Regulation 33 till 30th June, 2020 and Regulation 33 till 30th June, 2020.
- Also, SEBI vide its circular dated January 22, 2020 had issued the Standard Operating Procedure (SoP) effective on or after March 31, 2020 but the same shall now come into force with effect from compliance periods ending on or after June 30, 2020.

- Exempt publication of advertisements in newspapers as required under regulation 47 for all events scheduled till May 15, 2020.

The link for the aforesaid circular is as mentioned below:

<https://www.sebi.gov.in/legal/circulars/mar-2020/further-relaxations-from-compliance-with-certain-provisions-of-the-sebi-listing-obligations-and-disclosure-requirements-regulations-2015-lodr-and-the-sebi-circular-dated-january-22-2020-relating-46436.html>

#### **F. RELAXATION FROM COMPLIANCE OF SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVER) REGULATIONS, 2011**

- SEBI vide circular dated **March 27, 2020** has decided to extend the due date of filing disclosures in terms of Regulations 30(1), 30(2) and 31(4) of the SAST Regulations for the F.Y. ending March 31, 2020 to June 01, 2020 due to the COVID-19 pandemic which restricts travel and various other logistical challenges.

The link for the aforesaid circular is as mentioned below:

<https://www.sebi.gov.in/legal/circulars/mar-2020/relaxation-from-compliance-with-certain-provisions-of-the-sast-regulations-2011-due-to-the-covid-19-pandemic-46442.html>

#### **G. RELAXATION FROM COMPLIANCE FOR PROCESSING DEMAT REQUEST DUE TO COVID-19 PANDEMIC**

- NSDL vide its circular dated **March 30, 2020** has granted temporary relaxation in compliance with deadline prescribed for processing of Demat requests in SEBI (Depositories & Participants) Regulations, 2018.

The link for the aforesaid circular is as mentioned below:

[https://nsdl.co.in/downloadables/pdf/15%20Circular%20for%20Relaxation%20from%20compliance%20with%20deadline%20prescribed%20for%20processing%20of%20demat%20request%20in%20SEBI%20\(D&P\)%20Regulations,%202018.pdf](https://nsdl.co.in/downloadables/pdf/15%20Circular%20for%20Relaxation%20from%20compliance%20with%20deadline%20prescribed%20for%20processing%20of%20demat%20request%20in%20SEBI%20(D&P)%20Regulations,%202018.pdf)

#### **H. RELAXATION IN PROCESSING FPIs AND DDPs DUE TO COVID-19**

- SEBI has granted temporary relaxation from compliance of SEBI (Foreign Portfolio Investors) Regulation, 2019 vide circular dated **March 30, 2020**.
- Relaxations in processing of FPIs and DDPs shall be applicable till June 30, 2020.
- DDPs & Custodians shall ensure to obtain the original and/or certified documents within 30 days from the aforesaid deadline, if not then accounts of such FPIs shall be blocked for any fresh purchase.
- Intermediaries should undertake necessary due diligence while processing FPIs and DDPs.

The link for aforesaid circular is mention as below:

<https://www.sebi.gov.in/legal/circulars/mar-2020/temporary-relaxation-in-processing-of-documents-pertaining-to-fpis-due-to-covid-19-46455.html>

## RBI UPDATES

### **A. FOREIGN EXCHANGE MANAGEMENT (MANNER OF RECEIPT AND PAYMENT) (SECOND AMENDMENT) REGULATIONS, 2020**

- RBI vide its notification no. FEMA 14(R)/(2)/2020-RB dated March 04, 2020 has amended the Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2016 (hereinafter referred as 'the Principal Regulations').
- These Regulations are called as Foreign Exchange Management (Manner of Receipt and Payment)(Second Amendment) Regulations, 2020.
- In the Principal Regulation following substitution has been made namely:
  - i. In sub Regulation 1(A) of Regulation 3 and 5 shall be substituted by "Members of Asian Clearing Union (ACU)"
  - ii. In sub-Clause (a) of Clause (i) of sub-Regulation (1)(A) of Regulation 3 shall be substituted by "Receipt for export of eligible goods and services by debit to the ACU Dollar account and / or ACU Euro account and / or ACU Japanese Yen account in India of a bank of the member country in which the other party to the transaction is resident or by credit to the ACU Dollar account and / or ACU Euro Account and / or ACU Japanese Yen account of the authorized dealer maintained with the correspondent bank in that member country;"
  - iii. In sub-Clause (a) of Clause (i) of sub-Regulation (1)(A) of Regulation 5 shall be substituted by "Payment for import of eligible goods and services by credit to the ACU Dollar account and / or ACU Euro account and / or ACU Japanese Yen account in India of a bank of the member country in which the other party to the transaction is resident or by credit to the ACU Dollar account and / or ACU Euro Account and / or ACU Japanese Yen account of the authorized dealer maintained with the correspondent bank in that member country;"

The link for aforesaid notification is mentioned as below:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/FEMA14R217032020CA6D5025C3A84063B70F4913618D0DFA.PDF>

### **B. IMPLEMENTATION OF SECTION 51A OF UAPA, 1967 - ADDITION OF THREE ENTITIES TO 1267 LIST**

- RBI vide its notification no. DOR.AML.BC.No.40/14.06.001/2019-20 dated March 06, 2020 has issued a notification on Implementation of Section 51A of UAPA, 1967 by addition of three entities to 1267List.
- As per Section 51A of Unlawful Activities (Prevention) (UAPA) Act, 1967, Regulated Entities (REs) shall ensure that they do not have any account in the name of individuals/entities appearing in the lists of individuals and entities, suspected of having terrorist links, which are approved by and periodically circulated by the United Nations Security Council (UNSC).



- In this regard Ministry of External Affairs (MEA) has now forwarded a press release regarding addition of 3 entities [i.e. JAMAAH ANSHARUT DAULAH, QDe.165: ISLAMIC STATE IN IRAQ AND THE LEVANT - LIBYA, and QDe. 166: ISLAMIC STATE IN IRAQ AND THE LEVANT – YEMEN] in UNSC's 1267/ 1989 ISIL (Da'esh) & Al-Qaida Sanctions List.]
- Also, Regulated Entities (REs) are advised to ensure meticulous compliance with the aforementioned instruction pertaining to UAPA and ensure that they do not have any account in the name of individuals/entities appearing in the lists of individuals and entities, suspected of having terrorist links, circulated by the UNSC.

The link for aforesaid press release and notification is mentioned as below:

<https://www.un.org/securitycouncil/sanctions/1267/press-releases>  
<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NOTI1691720471CC44E4CCB8651D4AE5121A9.PDF>

### **C. IMPLEMENTATION OF INDIAN ACCOUNTING STANDARDS**

- RBI vide its notification no. DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 has issued Implementation of Indian Accounting Standard for Non-Banking Financial Companies (NBFCs) for the preparation of their financial statements.
- It is applicable on Ind AS implementing NBFCs and Asset Reconstruction Companies (ARCs) for preparation of their financial statements from financial year 2019-20 onwards.
- The RBI has framed regulatory guidance on Ind AS for promoting a high quality and consistent implementation as well as to facilitate the comparison and better supervision.
- The guidelines are not meant to provide a comprehensive commentary on the accounting standards or comprehensive technical interpretation of the standards, nor intended to cover all possible situations.

The link for aforesaid annexure is mentioned as below:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NOTI170F341D8DE49C04D4B8382D855A9858583.PDF>

### **D. LIMITS ON EXPOSURE TO SINGLE AND GROUP BORROWERS/PARTIES AND LARGE EXPOSURES AND REVISION IN THE TARGET FOR PRIORITY SECTOR LENDING – UCBS**

- RBI vide its Circular no. DOR (PCB).BPD.Cir No.10/13.05.000/2019-20 dated March 13, 2020 has revised the prudential exposure limits of Primary (Urban) Co-operative Banks (UCBs) from 15% and 40% of their capital funds to a single borrower and a group of borrowers respectively to 15% and 25% of their capital funds to a single borrower and a group of borrowers respectively of their tier-I capital.
  - i. The revised exposure limits shall apply to all types of fresh exposures taken by UCBs.

- ii. Tier-I capital as on March 31 of the preceding financial year shall be reckoned for the purpose of fixing the exposure limits. Tier-I capital for the purpose will be the same as that prescribed for computation of capital adequacy of UCBs.
- UCBs shall have at least 50 per cent of their aggregate loans and advances comprising loans of not more than Rs. 25 lakh or 0.2% of their tier I capital, whichever is higher, subject to a maximum of Rs.1 crore, per borrower/party.
- The overall priority sector lending (PSL) target for UCBs also increased from 40% of the adjusted net bank credit (ANBC) or credit equivalent amount of off-balance sheet exposure (CEOBSE), whichever is higher to 75% of ANBC or CEOBSE, whichever is higher.

The link for aforesaid Circular is mentioned as below:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NT17144DF8BCA29824951B879D5B34668767A.PDF>

## **E. COVID-19- OPERATIONAL AND BUSINESS CONTINUITY MEASURES**

- RBI vide its notification no. DoS.CO.PPG.BC.01/11.01.005/2019-20 dated March 16, 2020 has issued Operational and Business Continuity Measures to all Banks and NBFC, for preventing and controlling the local transmission of novel coronavirus disease (COVID-19).
- Following steps are required to be taken by the respective banks/financial institutions as a part of their existing operational and business continuity plans:
  - i. **Devising strategy and monitoring mechanism** concerning the spread of the disease within the organisation, making timely interventions for preventing further spread in case of detection of infected employees including travel plans and quarantine requirements as well as avoiding spread of panic among staff and members of the public;
  - ii. **Taking stock of critical processes** and revisiting Business Continuity Plan (BCP) in the emerging situations/scenarios with the aim of continuity in critical interfaces and preventing any disruption of services, due to absenteeism either driven by the individual cases of infections or preventive measures;
  - iii. Taking steps of **sharing important instructions/ strategy** with the staff members at all levels, for soliciting better response and participation and sensitizing the staff members about preventive measures/steps to be taken in suspected cases, based on the instructions received from health authorities, from time-to-time;
  - iv. Encourage the customers **to use digital banking facilities** as far as possible.
- Besides taking above steps the entities should also assess the impact on their balance sheet, asset quality, liquidity etc. arising out of potential scenarios such as further spread of COVID-19 in India and its effect on the economy.
- The situation requires close monitoring both from business and social perspective, a Quick Response Team may be constituted for the purpose, which shall act as single point of contact and provide regular updates to top management on significant developments.

The link for aforesaid notification is mentioned as below:

#### **F. ISSUE OF LONG TERM BONDS BY BANKS – FINANCING OF INFRASTRUCTURE AND AFFORDABLE HOUSING**

- RBI vide its notification no. DOR.No.BP.BC.41/08.12.014/2019-20 dated March 17, 2020 issued a notification on issue of Long Term Bonds by Banks – Financing of Infrastructure and Affordable Housing.
- Affordable housing has been included in the harmonised master list (HML) of infrastructure subsectors issued vide gazette notification dated August 13, 2018.
- On account of inclusion of affordable housing under the HML, it has been decided to align the definition of lending to affordable housing as per circular dated July 15, 2014 with the definition provided in the HML of infrastructure subsectors. Accordingly, for the purpose of issue of long terms bonds, definition has been revised as under:
  - i. **Existing definition:** Housing loans eligible under priority sector lending by the RBI (please see the Appendix to the circular dated July 15, 2014 and as updated from time to time), and also housing loans to individuals upto Rs. 50 lakhs for houses of values upto Rs. 65 lakhs located in the six metropolitan centres viz. Mumbai, New Delhi, Chennai, Kolkata, Bengaluru and Hyderabad and Rs. 40 lakhs for houses of values upto Rs. 50 lakhs in other centres for purchase/construction of dwelling unit per family.
  - ii. **Revised definition:** Housing loans eligible to be classified under priority sector lending (as updated from time to time) and housing loans to individuals for acquiring dwelling units within the prescribed threshold under the affordable housing definition in the HML.

The link for the aforesaid notification is as mentioned below:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NOTI176DD88A09482D34A878C5B25EC18ABE5A6.PDF>

#### **G. SETTLEMENT SYSTEM UNDER ASIAN CLEARING UNION (ACU) MECHANISM**

- RBI vide its Circular no. A. P. (DIR Series) Circular No. 22 dated March 17, 2020 notified to all Authorised Dealer Category – I Bank that Board of Directors of Asian Clearing Union (ACU) have permitted Japanese Yen for settling payments among the ACU member countries and has revised the agreement establishing the Asian Clearing Union and has included new Monetary Unit denominations.
- In order to facilitate transactions / settlements, effective March 06, 2020, participants in the Asian Clearing Union will have the option to settle their transactions in ACU Dollar or ACU Euro or ACU Yen.
- AD banks are allowed to open and maintain accounts with their correspondent banks in other participating countries.

- The directions contained in this circular has been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999) and is without prejudice to permissions / approvals, if any, required under any other law.

The link for the aforesaid circular is as mentioned below:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/APDIR224FEF73D3AC9D41B4A79F3D1117C3EB89.PDF>

#### **H. REPORTING AND ACCOUNTING OF CENTRAL GOVERNMENT TRANSACTIONS OF MARCH 2020**

- RBI vide its notification no. DGBA.GBD.No.1744/42.01.029/2019-20 dated March 17, 2020 has notified that the date for closing of Central Government accounts (including CBDT, CBIC, Departmentalised Ministries and non-Civil Ministries) of residual transaction for month of March be fixed as April 10, 2020 for the FY 2019-20.

The link for the aforesaid notification along with the Reporting of March, 2020 transactions are mentioned below:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NT1736843090120654D0282C1761EB48E9F4F.PDF>

#### **I. GUIDELINES ON REGULATION OF PAYMENT AGGREGATORS AND PAYMENT GATEWAYS**

- RBI vide its notification no. DPSS.CO.PD.No.1810/02.14.008/2019-20 dated March 17, 2020 has issued guidelines on Regulation of Payment Aggregators and Payment Gateways for (i) regulate in entirety the activities of PAs as per the guidelines and (ii) provide base line technology-related recommendations to PGs.
- These guidelines are issued under Section 18 read with Section 10(2) of the Payment and Settlement Systems Act, 2007 and shall come into effect from April 1, 2020 other than for activities for which specific timelines are mentioned.

The link for the aforesaid guidelines are mentioned below:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NT17460E0944781414C47951B6D79AE4B211C.PDF>

#### **J. PRUDENTIAL NORMS FOR CLASSIFICATION, VALUATION AND OPERATION OF INVESTMENT PORTFOLIO BY BANKS – SPREADING OF MTM LOSSES AND CREATION OF INVESTMENT FLUCTUATION RESERVE (IFR)**

- RBI vide its notification no. DOR.BP.BC.No.42/21.04.141/2019-20 dated March 17, 2020 has issued notification on Prudential Norms for Classification, Valuation and Operation of Investment Portfolio by Banks – spreading of MTM losses and creation of Investment Fluctuation Reserve (IFR), clarifying that there is no ceiling on IFR forming part of General Provisions and Loss Reserves by the Banks.

The link for the aforesaid notification is mentioned below:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NOTI175CD88250E49F74156850C2D9B312E8DF5.PDF>

#### **K. PRIORITY SECTOR LENDING - LENDING BY BANKS TO NBFCs FOR ON-LENDING**

- RBI vide its Circular No. FIDD.CO.Plan.BC.07/04.09.01/2019-20 dated August 13, 2019 stated that the bank loans to registered NBFCs (other than MFIs) for on-lending will be eligible for classification as priority sector under respective categories up to March 31, 2020 and will be reviewed thereafter.
- RBI vide its notification no. FIDD.CO.Plan.BC.No.19/04.09.01/2019-20 dated March 23, 2020 extended the priority sector classification for bank loans to NBFCs for on-lending for FY 2020-21. Further all the existing loans disbursed under the existing model shall be continued to be classified as under Priority sector till the date of repayment/ maturity.
- Bank credit to registered NBFCs (other than MFIs) and HFCs for on-lending will be allowed up to an overall limit of five percent of individual bank's total priority sector lending.

The link for the aforesaid notifications are mentioned below:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NOTI179A2BCEB830C3748BCB4A2688354A01584.PDF>

#### **L. LARGE EXPOSURE FRAMEWORK**

- RBI vide its notification no. DOR.No.BP.BC.43 /21.01.003/2019-20 dated March 23, 2020 issued a clarification to Banks on applicability of para 7.13 of Large exposures Framework issued by the RBI vide circular No.DBR.No.BP.BC.43/21.01.003/2018-19 dated June 03, 2019 to a person resident outside India.
- RBI has clarified that above clause will also apply to non-fund based credit facilities provided to a person resident outside India i.e. the exposure can be reckoned on the person resident outside India instead of treating it as an exposure on Head Office/ other overseas branch provided the transaction is otherwise compliant with Foreign Exchange Management (Guarantees) Regulations, 2000 (FEMA 8).
- The exposures shifted to a person resident outside India, will attract a minimum risk weight of 150%. Also, non-centrally cleared derivatives exposures will be outside the purview of exposure limits till April 01, 2021.

The link for the aforesaid notifications are mentioned below:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NOTI196099C6B756EDB4C2AAEEC2EE45BCCA122.PDF>

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NOTI178F15AA400A8224A4DBA056F5CA5506DAE.PDF>

**M. FORMATION OF NEW DISTRICT IN THE STATE OF CHHATTISGARH – ASSIGNMENT OF LEAD BANK RESPONSIBILITY**

- RBI vide its notification no. FIDD.CO.LBS.BC.No.21/02.08.001/2019-20 dated March 26, 2020 has notified that the Government of Chhattisgarh vide Gazette Notification No. F11-04/2019/Seven-4 dated December 30, 2019 had notified the formation of one new district viz. Gaurela Pendra-Marwahi in the State of Chhattisgarh with effect from February 10, 2020.
- It has been decided to assign the lead bank responsibility of the new district to “State Bank of India” as under:

Sr. No	Newly Carved District	Erstwhile District	Lead Bank Responsibility assigned to	District Working Code allotted to new district
1.	Gaurela-Pendra-Marwahi	Bilaspur	State Bank of India	00M

- New District Working Code has also been allotted for the purpose of BSR reporting by banks.
- No change in lead bank responsibilities of the erstwhile district and other districts in the state of Chhattisgarh.

The link for aforesaid notification is mentioned as below:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NOTI18138A11342DF9A4F91919102C0A4E55FD5.PDF>

**N. FORMATION OF NEW UNION TERRITORY OF THE DADRA AND NAGAR HAVELI AND DAMAN AND DIU - ASSIGNMENT OF UTLBC CONVENORSHIP**

- RBI vide its notification no. FIDD.CO.LBS.BC.No.20/02.01.001/2019-20 dated March 26, 2020 has decided to assign the UTLBC Convenorship for the newly formed Union Territory of Dadra and Nagar Haveli and Daman and Diu to “Bank of Baroda” and there is no change in the SLBC/ UTLBC Convenorship of other States and Union Territories.

The link for aforesaid notification is mentioned as below:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/180FIDD8086B7912A804D13B8F968BB9334356A.PDF>

**O. COVID-19 – REGULATORY PACKAGE**

- RBI vide its notification no. DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020 has announced COVID-19 Regulatory Package to mitigate the burden of debt servicing brought about by disruptions on account of COVID-19 pandemic and to ensure the continuity of viable businesses. Detailed instructions are as follows:
  - Rescheduling of Payments – Term Loans and Working Capital Facilities
    - i. In respect of all term loans, all commercial banks, co-operative banks, all India Financial Institutions and NBFCs (“lending institutions”) are permitted to grant a moratorium of three months on payment of all instalments falling due between March 1, 2020 and May 31, 2020, however Interest shall continue to accrue on the outstanding portion of the term loans during the moratorium period.



- ii. In respect of Working Capital facilities sanctioned in the form of cash credit/overdraft (“CC/OD”), lending institutions are permitted to defer the recovery of interest applied during the period from March 1, 2020 upto May 31, 2020. The accumulated accrued interest shall be recovered immediately after completion of this period.

➤ Easing of Working Capital Financing

- i. Working capital facilities sanctioned in the form of CC/OD to borrowers facing stress on account of the economic fallout of the pandemic, lending institutions may recalculate the ‘drawing power’ by reducing the margins and/or by reassessing the working capital cycle.

➤ Classification as Special Mention Account (SMA) and Non-Performing Asset (NPA)

- i. Since the moratorium/deferment/recalculation is being provided specifically to enable the borrowers to tide over economic fallout from COVID-19, the same will not be treated as concession or change in terms and conditions of loan agreements due to financial difficulty of the borrower.
- ii. The asset classification of term loans which are granted relief shall be determined on the basis of revised due dates and the revised repayment schedule
- iii. The rescheduling of payments, including interest, will not qualify default for the purpose of supervisory reporting and reporting to Credit Information Companies (CICs) by the lending institutions.

➤ Other Conditions

- i. Lending institutions shall frame Board approved policies for providing the abovementioned reliefs to all eligible borrowers.
- ii. Wherever the exposure of lending institution to a borrower is 5 crore or above as on March 1, 2020, the bank shall develop an MIS on the reliefs provided to its borrowers.
- iii. The instructions in this circular come into force with immediate effect. Also, the BOD and KMP shall ensure the instructions are properly communicated.

The link for aforesaid notification is mentioned as below:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NOTI186B27003E9DB3D4FB49BDDF955F4289D68.PDF>

**P. LIQUIDITY ADJUSTMENT FACILITY – REPO AND REVERSE REPO RATES**

- RBI vide notification no. FMOD.MAOG.No.140/01.01.001/2019-20 dated March 27, 2020 has notified that repo rate under the Liquidity Adjustment Facility (LAF) has been reduced by 75 basis points i.e. from 5.15 per cent to 4.40 per cent and reverse repo rate under LAF stand adjusted from 4.90 per cent to 4.00 per cent with immediate effect.

The link for aforesaid notification is mentioned as below:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NOTI18254BF5E95BC68481B93509081E833650E.PDF>

#### **Q. STANDING LIQUIDITY FACILITY FOR PRIMARY DEALERS**

- RBI vide its notification no. REF.No.MPD.BC.390/07.01.279/2019-20 dated March 27, 2020 has adjusted the repo rate under the Liquidity Adjustment Facility (LAF) by 75 basis points from 5.15 per cent to 4.40 percent with immediate effect.
- Accordingly, the Standing Liquidity Facility provided to Primary Dealers (PDs) (collateralised liquidity support) from the Reserve Bank would be available at the revised repo rate of 4.40 per cent with effect from March 27, 2020.

The link for aforesaid notification is mentioned as below:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/184SLFPDS5F1EB626C0594ADBA826D9B2FE76FD4B.PDF>

#### **R. MARGINAL STANDING FACILITY**

- RBI vide notification no. FMOD.MAOG.No.139/01.18.001/2019-20 dated March 27, 2020 notified that due to reduction in the repo rate under the Liquidity Adjustment Facility (LAF) by 75 basis points from 5.15 per cent to 4.40 percent, Marginal Standing Facility (MSF) rate also stands adjusted from 5.40 per cent to 4.65 per cent with immediate effect.

The link for aforesaid notification is mentioned as below:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NOT18374EDF2AB10C7490CBC3960537A95DE1D.PDF>

#### **S. BASEL III FRAMEWORK ON LIQUIDITY STANDARDS –NET STABLE FUNDING RATIO (NSFR)**

- RBI vide notification no. DOR.BP.BC.No.46/21.04.098/2019-20 dated March 27, 2020 has decided to defer the implementation of NSFR guidelines by six months, which will come into effect from October 01, 2020 as April 1, 2020.

The link for aforesaid notification is mentioned as below:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NOT1871F26056D40844CB286E2558B12EF7C98.PDF>

#### **T. BASEL III CAPITAL REGULATIONS- REVIEW OF TRANSITIONAL ARRANGEMENTS**

- RBI vide notification no. DOR.BP.BC.No.45/21.06.201/2019-20 dated March 27, 2020 has notified that As announced in para 9 of the Statement on Developmental and Regulatory Policies issued along with the Seventh Bi-monthly Monetary Policy Statement 2019-20, the implementation of the last tranche of 0.625% of Capital Conservation Buffer (CCB) shall stand deferred from March 31, 2020 to September 30, 2020.
- Accordingly, minimum capital conservation ratios in para 15.2.2 of Part D ‘Capital Conservation Buffer Framework’ ‘Basel III Capital Regulations’, as applicable from March

31, 2018, will also apply for a further period of six months from March 31, 2020 till the CCB attains the level of 2.5% on September 30, 2020.

- Additional Tier 1 instruments (PNCPS and PDI) shall remain at 5.5% of RWAs and will rise to 6.125% of RWAs on September 30, 2020.

The link for aforesaid notification is mentioned as below:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NOT1881813BBCFD848415FBEA388E4E3E29BE8.PDF>

#### **U. LEGAL ENTITY IDENTIFIER: EXTENSION OF DEADLINE**

- RBI vide its notification no. FMRD.FMID.No.24/11.01.007/2019-20 dated March 27, 2020 has extended the timeline for implementation of LEI (Phase III) due to the outbreak of novel coronavirus disease (COVID-19) and with a view to enabling smoother implementation of the LEI system in non-derivative markets.
- It is extended **till September 30, 2020** for the entities whose net worth is upto Rs. 200 crore. These directions are issued under section 45W, read with section 45U of the RBI Act.

The link for aforesaid notification is mentioned as below:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NOT185246CB2BC78DA4F7188740B5528CA73D2.PDF>

#### **V. CHANGE IN BANK RATE**

- RBI vide its notification no. DOR.No.Ret.BC.53/12.01.001/2019-20 dated March 27, 2020 has announced that as the Bank Rate is revised downwards by 75 basis points from 5.40 per cent to 4.65 per cent with immediate effect, all the penal interest rates on shortfall in reserve requirements, which are linked to the Bank rate are also stand revised.

The link for aforesaid notification is mentioned as below:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NOT19089EDCCF4DC674B7AB80F979AA01E4989.PDF>

#### **W. MAINTENANCE OF STATUTORY LIQUIDITY RATIO (SLR) – MARGINAL STANDING FACILITY (MSF)**

- RBI vide its notification no. DOR.No.Ret.BC.52/12.01.001/2019-20 dated March 27, 2020 notified that it has been decided to raise the borrowing limit of Scheduled Banks (excluding Regional Rural Bank) under the MSF scheme from 2 per cent to 3 per cent of their Net Demand and Time Liabilities (NDTL) outstanding at the end of the second preceding fortnight with immediate effect. The enhanced limit will be applicable up to June 30, 2020.

The link for aforesaid notification is mentioned as below:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NOT189D34B32393D5A4A81B6C7B322FF5D1743.PDF>

## **X. CHANGE IN DAILY MINIMUM CASH RESERVE MAINTENANCE REQUIREMENT**

- RBI vide its notification no. DOR.No.Ret.BC.51/12.01.001/2019-20 dated March 27, 2020 notified that maintenance of minimum daily Cash Reserve Ratio has reduced from 90 per cent of the requirement to 80 per cent effective from the fortnight beginning March 28, 2020. This is a one-time dispensation available up to June 26, 2020.

The link for aforesaid notification is mentioned as below:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NOT192925EFFEAB1B44D0BA813013B4B00A359.PDF>

## **Y. MAINTENANCE OF CASH RESERVE RATIO (CRR)**

- RBI vide its notification no. DOR.No.Ret.BC.49/12.01.001/2019-20 dated March 27, 2020 has decided to reduce the Cash Reserve Ratio (CRR) of all banks by 100 basis points from 4.00% to 3.00% of their Net Demand and Time Liabilities (NDTL) with effect from the reporting fortnight beginning March 28, 2020 for a period of one year, ending on March 26, 2021.

The link for aforesaid notification is mentioned as below:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NOT191853C2E37DDCA4A1CBF355C6A998F5660.PDF>

## **Z. RISK MANAGEMENT AND INTER-BANK DEALINGS- PARTICIPATION OF BANKS IN OFFSHORE NONDELIVERABLE RUPEE DERIVATIVE MARKETS**

- RBI vide its Circular no. RBI/2019-20/193 A.P. (DIR Series) Circular No.23 dated March 27, 2020 has announced that following amendments are being made to the Master Direction- Risk Management and Inter-bank Dealings dated July 06, 2016, as updated from time to time (Master Direction) which shall come into effect from June 1, 2020.
- In Part-A (Section II) of the Master Direction a new paragraph (9A) Non-deliverable derivative contracts (NDDC) and
- In Part C of the Master Direction a new paragraph (3A) Transaction in Non-deliverable derivative contracts (NDDC) is added.

The link for aforesaid notification is mentioned as below:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/SOLONDF01A3A921152B4A388D6A9C46B2D4FE4F.PDF>

## **AA. IMPLEMENTATION OF SECTION 51A OF UAPA, 1967**

- RBI vide its notification no. DOR.AML.BC.No.58/14.06.001/2019-20 dated March 27, 2020 has issued a notification on deletion of name of one entity [i.e. ISIL (Da'esh), Al-Qaida] from the list of 1267 individuals and entities, suspected of having terrorist links, as forwarded in a press release by Ministry of External Affairs (MEA).

The link for aforesaid notification is mentioned as below:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/UNSC51C7F22C6E404BE6A887D7E6009A358C.PDF>

## **BB. 'GUIDELINES FOR LICENSING OF SMALL FINANCE BANKS IN PRIVATE SECTOR'**

- RBI vide its notification no. DOR.NBD.No.44/16.13.218/2019-20 dated March 28, 2020 has modified the existing norms of Guidelines for Licensing of Small Finance Banks in Private Sector (SFBs) which shall come into force with immediate effect.
- For harmonising the instructions for existing SFBs with the SFBs licensed under on tap licensing it has been decided to:
  - i. Grant general permission to all existing SFBs to open banking outlets subject to adherence to Unbanked Rural Centre norms as per RBI I circular on 'Rationalisation of Branch Authorisation Policy - Revision of Guidelines' dated May 18, 2017, as amended from time to time.
  - ii. Exempt all existing SFBs from seeking prior approval of RBI for undertaking such non risk sharing simple financial service activities, which do not require any commitment of own fund, after three years of commencement of business of SFB.
- Further clarifications to existing SFBs:
  - i. Promoter could cease to be promoter or could exit from the bank after completion of 5 years would depend on the RBI's regulatory and supervisory comfort / discomfort and SEBI regulations in this regard at that time.
  - ii. 'Paid-up equity capital' in 'Guidelines for Licensing of SFBs in Private Sector - 2014' means 'paid-up voting equity capital'.

The link for aforesaid guidelines and clarifications are mentioned as below:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NT196F0C07E85E99849839CF6E370BC3D99BF.PDF>

[https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=32614](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=32614)

[https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=48807](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=48807)

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10972&Mode=0>

<https://rbidocs.rbi.org.in/rdocs/Content/PDFs/SFBFI01012015.pdf>

## **CC. AMALGAMATION OF PUBLIC SECTOR BANKS - ASSIGNMENT OF SLBC/ UTLBC CONVENORSHIP AND LEAD BANK RESPONSIBILITIES**

- RBI vide its notification no. FIDD.CO.LBS.BC.No.22/02.01.001/2019-20 dated March 30, 2020 has decided to assign the SLBC/ UTLBC Convenorship with regard to the amalgamations of Oriental Bank of Commerce and United Bank of India with Punjab National Bank; Andhra Bank and Corporation Bank with Union Bank of India; Syndicate Bank with Canara Bank and Allahabad Bank with Indian Bank which shall come into force on April 01, 2020.

SLBC/ UTLBC Convenorship for the following States/ UTs as under:

Sr. No.	State/UT	Existing SLBC/ UTLBC Convenor Bank	SLBC/ UTLBC Convenorship assigned to:
1.	Andhra Pradesh	Andhra Bank	Union Bank of India
2.	Karnataka	Syndicate Bank	Canara Bank
3.	Tripura	United Bank of India	Punjab National Bank
4.	West Bengal	United Bank of India	Punjab National Bank
5.	Delhi	Oriental Bank of Commerce	Punjab National Bank
6.	Lakshadweep	Syndicate Bank	Canara Bank

- Further, it has been decided to assign the Lead Bank responsibilities of the 111 districts hitherto held by Oriental Bank of Commerce, United Bank of India, Andhra Bank, Corporation Bank, Syndicate Bank and Allahabad Bank as per the Annex.
- Other than the above mentioned there is no change in SLBC/ UTLBC Convenorship and Lead bank responsibilities.

The link for aforesaid annexure is mentioned as below:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NT1978026F148C28D4BED9EADCA D322C41289.PDF>

#### **DD. INVESTMENT BY FOREIGN PORTFOLIO INVESTORS (FPI): INVESTMENT LIMITS**

- RBI vide circular no. RBI/2019-20/199 A.P.(DIR Series) Circular No. 24 dated March 30, 2020 increased the Investment Limit by Foreign Portfolio Investor (FPI) for FY 2020-21.
- Limit for FPI Investment in Corporate bonds increased by 15% of outstanding stock for FY 2020-21. Revised limit for FPI Investment in Corporate bonds are mentioned as under:

<b>Limits for FPI investment in corporate bonds for FY 2020-21</b>	
	(Rs. in Crore)
Current FPI limit	3,17,000
Revised limit for HY Apr 2020-Sep 2020	4,29,244
Revised limit for HY Oct 2020-Mar 2021	5,41,488

- The revised limits for FPI investment in Central Government securities (G-secs) and State Development Loans (SDLs) for FY 2020-21 will be advised separately. Till suchtime, the current limits, shall continue to be applicable.

The link for aforesaid notification is mentioned as below:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/APDIR199CBCDC327BD3543478215 44014A340B27.PDF>



#### **EE. 'FULLY ACCESSIBLE ROUTE' FOR INVESTMENT BY NON-RESIDENTS IN GOVERNMENT SECURITIES**

- RBI vide its Circular no. RBI/2019-20/200 A.P. (DIR Series) Circular No. 25 and notification no. FMRD.FMSD.No.25/14.01.006/2019-20 dated March 30, 2020 has issued direction on 'Fully Accessible Route (FAR)' for investment by non-residents in securities issued by the Government of India.
- The certain specified categories of Central Government securities would be opened fully for non-resident investors without any restrictions, apart from being available to domestic investors as well.
- All new issuances of Government securities of 5-year, 10-year and 30-year tenors from the financial year 2020-21 will be eligible for investment under the FAR as 'specified securities'.
- These directions shall come into effect from April 1, 2020.

The link for aforesaid notification and circular are mentioned as below:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NOT20002D420738201429395C108665A28EF27.PDF>

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/DIRECTION3619B5C52DDD4542A40C86D4B6B9F66D.PDF>

#### **FF. SHORT TERM CROP LOANS ELIGIBLE FOR INTEREST SUBVENTION SCHEME (ISS) AND PROMPT REPAYMENT INCENTIVE (PRI) THROUGH KCC**

- RBI vide its notification no. FIDD.CO.FSD.BC.No.23/05.02.001/2019-20 dated March 31, 2020 has decided in consultations with Ministry of Agriculture & Farmers Welfare, that the banks may convert the existing Short Term Crop Loans including agriculture gold loans into KCC loans by June 30, 2020 with commensurate extension of Interest Subvention (IS) and Prompt Repayment Incentive (PRI) benefit against such accounts till June 30, 2020.
- Also, to ensure that all Short Term Crop Loans eligible for Interest Subvention (IS) and Prompt Repayment Incentive (PRI) benefit are extended only through KCC w.e.f. April 1, 2020.

The link for aforesaid notification is mentioned as below:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/202STCLISSF5CBF1B339CA496EAB7BC5B11DD0DE24.PDF>

#### **GG. APPOINTMENT OF MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER (MD & CEO) / CEO / PARTTIME CHAIRPERSON (PTC) IN BANKS – 'DECLARATION AND UNDERTAKING' AND ALLIED MATTERS**

- RBI vide its notification no. DoR.Appt.No.58/29.67.001/2019-20 dated March 31, 2020 has issued revised the 'Declaration and Undertaking' (Annex I) and specimen of 'Form A' as well as 'Form B' for appointment of MD&CEO/ CEO/ PTC in Banks.
- Banks are advised to enable Reserve Bank to convey the requisite approval in time on the re-appointment of an MD & CEO/ CEO in banks, the complete applications in the prescribed forms i.e., 'Form B' along with 'Declaration and Undertaking' from candidate(s), along with the remarks of Nomination and Remuneration Committee of having satisfied itself that the

information is true and complete should be submitted to the Department of Regulation, Central Office, Reserve Bank of India, Mumbai, at least six months before the expiry of the term of office of the incumbent.

- Banks are advised to submit application seeking approval for appointment of new MD&CEO atleast four months before expiry of term of present officer.
- Declaration and Undertaking of modifications for conducting due diligence to determine their fit and proper status.

The link for aforesaid notification is mentioned as below:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/MDCEO8072757600AD4C3CB61E75743D52B74E.PDF>

#### **HH. FOREIGN EXCHANGE MANAGEMENT (EXPORT OF GOODS AND SERVICES) (AMENDMENT) REGULATIONS, 2020**

- RBI vide its notification no. FEMA 23(R)/(3)/2020-RB dated March 31, 2020 has issued Foreign Exchange Management (Export of Goods and Services) (Amendment) Regulations, 2020 for making following amendments in the Foreign Exchange Management (Export of Goods & Services) Regulations, 2015 (hereinafter referred to as 'the Principal Regulations'), namely:.
- In the Principal Regulations, in regulation 9, in sub-regulation (1) and sub-regulation (2)(a), for the words “nine months”, the words “nine months or within such period as may be specified by the Reserve Bank, in consultation with the Government, from time to time” shall be substituted.
- In sub-regulation (1) ( a), for the words “fifteen months”, the words “fifteen months or within such period as may be specified by the Reserve Bank, in consultation with the Government, from time to time “shall be substituted.
- In Regulation 9 (1)(b), for the words “period of nine months or fifteen months, as the case may be”, the words “said period” shall be substituted.
- In proviso to Regulation 9 (2)(a), for the words “period of nine months”, the words “said period” shall be substituted

The link for aforesaid notification is mentioned as below:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/FEMA23R3991A9612AEE34BB0BD8FC52B66CC4060.PDF>

### **IBBI UPDATES**

#### **A. FILING OF VARIOUS FORMS WITH THE REGISTRY (MCA-21) BY INSOLVENCY PROFESSIONALS (IP) APPOINTED UNDER INSOLVENCY BANKRUPTCY CODE, 2016:**

In supersession of earlier Circular No. 04/2020 dated February 17,-2020, the Ministry of Corporate Affairs (MCA) on March 06, 2020 vide general Circular No. 08/2020 has clarified the process of filing of forms in the MCA-21 Registry by Insolvency Professionals [Interim Resolution Professional (IRP) or Resolution Professional (RP) or Liquidator] appointed under the Insolvency Bankruptcy Code, 2016. Proceeds is mentioned in the Section of MCA above

The link for the aforesaid Regulations is as under:

<https://ibbi.gov.in/uploads/legalframework/f7b9978aaeaf73bbbed9ccc982d9269a8.pdf>

**B. MODIFICATION OF CIRP FORMS UNDER REGULATION OF 40B OF IBBI (INSOLVENCY RESOLUTION PROCESS FOR CORPORATE PERSONS) REGULATIONS, 2016:**

Insolvency and Bankruptcy Board of India (IBBI) has issued a Circular dated March 17, 2020 informing that they have enabled a feature on the platform for modification of an already submitted Form(s) (CIRP Forms including Form IP-1) by an IP.

- The sub-regulation (3) of regulation 40B of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 mandates that an IP shall ensure that the Forms and its enclosures filed under this regulation are accurate and complete. Further sub-regulation (4), enables modification (correction or updation) of a Form already filed, on payment of a fee.
- In view of the above, an IP may modify a Form already submitted by him by submitting a modified Form on the platform on payment of the applicable fee. However, such modification till 31st March, 2020 shall not attract any fee.
- IPs are advised to exercise due care and diligence, to submit the Forms timely and avoid any modifications, or it may invite actions for non-compliances with sub-regulation (3).

The link for the aforesaid Regulation is as under:

<https://ibbi.gov.in/uploads/legalframework/156d6c05fbef9e140bf622aea9a1c94e.pdf>

**C. PRE-REGISTRATION OF EDUCATIONAL COURSES ONLINE VALID UNDER IBBI (INSOLVENCY PROFESSIONAL) REGULATIONS, 2016:**

In the wake of COVID-19, it may be difficult for IPAs and prospective IPs to conduct and attend the classroom sessions, therefore pre-registration educational course if completed online will be accepted for registration. However, this will be applicable till 30<sup>th</sup> September, 2020, provided an Application for Registration to the Board is submitted by 31<sup>st</sup> October, 2020.

The link for the aforesaid Regulation is as under:

<https://ibbi.gov.in/uploads/legalframework/fcfb78c7a64c682ec5656dc9e281b35f.pdf>

**D. EDUCATIONAL COURSES AND CONTINUING EDUCATION UNDER THE COMPANIES (REGISTERED VALUES AND VALUATION) RULES, 2017:**

- In the wake of COVID-19, to minimize the difficulties for registered valuers and valuer members, it has been decided that educational courses completed online and continuing education undertaken online shall be considered valid. This will be available till 30<sup>th</sup> September, 2020 and hence Registered Valuer Organization (RVO) are encouraged to deliver the courses online for their professional members.

The link for the aforesaid Regulations is as under:

<https://ibbi.gov.in/uploads/legalframework/924139794bdd47c5eeb827d3e01ec0b6.pdf>

#### **E. PENALTY UNDER SECTION 4 OF IBC, 2016:**

- Under section 4 of IBC, 2016 of Part II, Chapter I, the Central Government specified the minimum amount of default of Rs.1 Crore (earlier it was Rs.1 Lakh) for the matters relating to the insolvency and liquidation of Corporate Debtors.

The link for the aforesaid Regulations is as under:

<https://ibbi.gov.in/uploads/legalframework/48bf32150f5d6b30477b74f652964edc.pdf>

#### **F. INSOLVENCY AND BANKRUPTCY BOARD OF INDIA (INSOLVENCY PROFESSIONALS) (AMENDMENT) REGULATIONS, 2020**

- IBBI vide its notification dated 28<sup>th</sup> March, 2020 further amends the Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016 to be called as the Insolvency and Bankruptcy Board of India (Insolvency Professionals) (Amendment) Regulations, 2020 to be published in the official gazette. These rules shall come into force from the 28<sup>th</sup> March, 2020.
- The following amendments shall be inserted:
  - For F.Y. 2019-2020, under Regulation 7(2)(ca) and Regulation 13(ca) for Second Schedule, an IP shall pay the fee on or before the 30th June, 2020.
  - Under Regulation 13(2)(b) and 13(2)(c), when an individual ceases or joins as a director/partner respectively on and from the date of commencement of these Regulations and ending on the 31st December 2020, the insolvency professional entity shall inform the Board, within 30 days of such cessation/ joining.

The link for the aforesaid Regulations is as under:

<https://www.ibbi.gov.in/uploads/whatsnew/025d1834c78712f658c66b0023601e54.pdf>

#### **G. INSOLVENCY AND BANKRUPTCY BOARD OF INDIA (INSOLVENCY RESOLUTION PROCESS FOR CORPORATE PERSONS) (THIRD AMENDMENT) REGULATIONS, 2020**

- IBBI vide its notification dated 29<sup>th</sup> March, 2020, in the wake of COVID19 outbreak further amended the regulations of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 yet to be published in the official gazette. These regulations shall be called the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) (Third Amendment) Regulations, 2020. These rules shall come into force from the 29<sup>th</sup> March, 2020.
- In the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, after regulation 40B, the following regulation will be inserted:
- In the wake of COVID19 outbreak, **Regulation 40C** is inserted after regulation 40B of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016. A special provision related to the timeline is included. The period of lockdown as imposed by the Central Government shall not be counted for the

purposes of the time-line for any activity that could not be completed due to such lockdown, in relation to a corporate insolvency resolution process.

The link for the aforesaid Regulations is as under:

<https://www.ibbi.gov.in/uploads/whatsnew/be2e7697e91a349bc55033b58d249cef.pdf>

## NCLAT UPDATES

### **SUO MOTO - COMPANY APPEAL (AT) NO. 01 OF 2020 ORDER DATED 30.03.2020**

- The NCLAT has taken suo moto cognizance of the unprecedented situation arising out of spread of COVID-19 pandemic. Having regard to the hardships being faced by various stakeholders as also the legal fraternity, which go beyond filing of Appeals/ cases, which has already been taken care of by the **Hon'ble Apex Court by extending the period of limitation with effect from 15th March, 2020 till further order/s in terms of order dated 23rd March, 2020 in Suo Motu Writ Petition (Civil) No(s).03/2020**, in as much as certain steps required to be taken by various Authorities or to comply with various provisions under the Companies Act, 2013, the Appellate Tribunal in exercise of powers conferred by Rule 11 of National Company Law Appellate Tribunal Rules, 2016 order as follows: -
- i. The period of lockdown shall be excluded for the purpose of counting of the period for 'Resolution Process' under Section 12 of the Insolvency and Bankruptcy Code, 2016, in all cases where 'Corporate Insolvency Resolution Process' has been initiated and pending before any Bench of the NCLT or in Appeal before this Appellate Tribunal.
  - ii. It is ordered that any interim order/ stay order passed by this Appellate Tribunal in anyone or the other Appeal under the IBC, 2016 shall continue till next date of hearing, which may be notified later.

The link for the aforesaid Order is as under:

<https://ibbi.gov.in/uploads/order/0fd02d6fd104fcdd63936eb4cb23021b.pdf>

## **ARTICLE OF THE MONTH**

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### **ARTICLE ON COVID-19**

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This article covers the Rights, Powers and Duties of Government and Citizens and Relaxation measures in compliances and relief packages announced by Government and Corporates.

The link for the article is mentioned below for your quick reference:

<http://www.amitadesai.com/uploads/Covid-19-%20Provisions%20of%20law,%20Relaxations%20given%20and%20Readiness%20to%20combat.pdf>

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### **ARTICLE ON FRESH START FOR COMPANIES AND LLPs IN INDIA**

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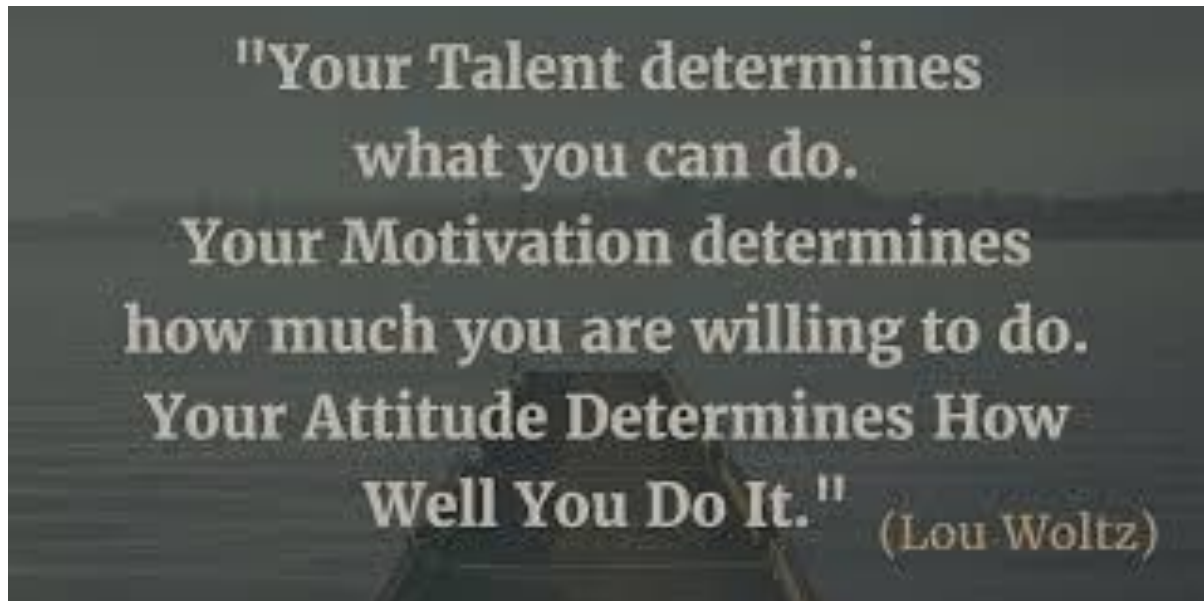
This article covers about a new Scheme namely Companies Fresh Start Scheme, 2020 (CFSS, 2020) for Companies and LLP Settlement Scheme, 2020 (LLPSS-2020) for the Limited Liability Partnerships (LLPs)

The link for the article is mentioned below for your quick reference:

<http://www.amitadesai.com/uploads/Companies%20Fresh%20Start%20Scheme,%202020.pdf>  
<http://www.amitadesai.com/uploads/Article%20on%20Fresh%20Start%20and%20LLPSS%20Sch%202020%20-%20Amita%20Desai%20&%20Co02%20April%202020.pdf>



## INSPIRATIONAL QUOTE



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