

## MCA UPDATES

### **1. Manner of books of accounts to be kept in electronic mode- (The Companies (Accounts) Fourth Amendment Rules, 2022)**

On **August 05, 2022**, MCA vide Notification No. G.S.R. 624(E) amended the Companies (Accounts) Rules, 2014, which shall come into force from **August 05, 2022**. The highlights of amendments are as follows:

- (a) The companies to ensure that it is maintaining books of accounts and other relevant books and papers in electronic form accessible in India **at all times**.  
**Earlier it was required to be accessible in India, now at all times is added.**
- (b) The backup of the books of account and other books and papers of the company maintained in electronic mode is required to be maintained **on a daily basis**.  
**Earlier it was to be maintained on a periodic basis.**
- (c) A **new clause requirement** is added that if the service provider is located outside India, then the Company **to intimate to RoC** on annual basis at the time of filing of financial statement about the name and address of the authorized person in control of the books of account and other books and papers in India.

The link for the aforesaid Notification is as below:

[Notifications \(mca.gov.in\)](https://www.mca.gov.in/Ministry/pdf/Notifications)

### **2. FAQs V3 COMPANY FORMS (Director KYC, Charge & Deposit Forms):**

On **August 16, 2022**, MCA released Frequently Asked Questions (FAQs) for guiding the stakeholders on how to access MCA V3 portal for Company related forms.

Links for the aforementioned FAQ is as follows:

<https://www.mca.gov.in/Ministry/pdf/FAQs-Set-1-forms-20220817.pdf>

### **3. Verification of Registered Office by the Registrar** **The Companies Incorporation Third Amendment Rules, 2022:**

On **August 18, 2022**, MCA vide Notification amended the Companies (Incorporation) Rules, 2014, in which new '**Rule 25B – Physical Verification of Registered Office of the Company**' has been inserted. The Notification shall be effective from **August 18, 2022**.

The highlights of amendments are as follows:

- (a) If the Registrar has reasonable cause to believe that the company is not carrying on any business or operations, he shall visit the Registered Office of the Company and may cause physical verification of it

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in the presence of two independent witnesses of that locality. If required, the Registrar may also seek the assistance from Police.

- (b) The Registrar shall also carry the documents filed on MCA21 in support of the Registered Office Address of the company for checking the authenticity of same by cross verification of documents collected during the said physical verification, authenticated from the occupant of the property where the Registered Office is situated.
- (c) The Registrar shall also take the photographs of the Registered Office while carrying out physical verification of the Registered Office.
- (d) The Registrar shall also prepare a report on physical verification as per the format prescribed in the Notification.
- (e) If Registrar finds that the Registered Office of the company is not capable of receiving the communication and notice, he shall send a notice to the company and all its Directors of his intention to remove the name of the company from the Register of Companies maintained by him and request the company or its Directors to send their representation along copies of relevant documents within 30 days of Notice before removing the name of Company from the Register of Companies maintained by him.

The link for the aforesaid Notification is as below:

[Notifications \(mca.gov.in\)](https://mca.gov.in/notifications)

#### **4. Notice by Registrar and Public Notice for Striking off the name of the Company**

**The Companies (Removal of Names of Companies from the Register of Companies) Second Amendment Rules, 2022:**

On **August 24, 2022**, MCA vide Notification issued Companies (Removal of Names of Companies from the Register of Companies) Second Amendment Rules, 2022 which shall come into force with immediate effect.

The Notice for strike-off issued by the Registrar in Form STK-1 and Public Notices in Form STK-5 and STK-5A has been amended to include provisions that the Registrar has reasonable cause to believe that the company is not carrying on any business or operations as revealed after the physical verification carried out u/s 12 (9) of the Companies Act, 2013.

The link for the aforesaid Notification is as below:

[getdocument \(mca.gov.in\)](https://mca.gov.in/getdocument)

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### **5. Forms relating to Charge/ Mortgage and power to Insolvency Professional to file on behalf of the Company**

**The Companies (Registration of Charges) Second Amendment Rules, 2022:**

On **August 29, 2022**, MCA vide Notification issued the Companies (Registration of Charges) Second Amendment Rules, 2022, effective from August 29, 2022. MCA has issued new formats of all Charge related forms like e-form CHG-1, CHG-4, CHG-6, CHG-8 and CHG-9 vide this amendment.

Also, a new Rule 13 relating to the signing of Charge related e-forms like CHG-1, CHG-4, CHG-8, and CHG-9 by Insolvency Resolution Professional or Resolution Professional or Liquidator for companies under resolution or liquidation and file it with Registrar.

The link for the aforesaid Notification is as below:

<https://www.mca.gov.in/bin/dms/getdocument?mds=4o6aHVQPvNWMAUqWvIFEow%253D%253D&type=open>

### **6. New Formats of Form for Directors KYC**

**The Companies (Appointment and Qualifications of Directors) Third Amendment Rules, 2022:**

On **August 29, 2022**, MCA vide Notification issued the Companies (Appointment and Qualifications of Directors) Third Amendment Rules, 2022, effective from August 29, 2022. MCA has issued new formats of E-forms DIR-3 KYC and DIR-3 KYC WEB vide this amendment.

The link for the aforesaid Notification is as below:

<https://www.mca.gov.in/bin/dms/getdocument?mds=slrNNMj6rSE43YrWxXorGw%253D%253D&type=open>

### **7. Form for Deposit or exempted Deposits need to be filed with declaration by the Statutory Auditors**

**The Companies (Acceptance of Deposits) Amendment Rules, 2022:**

On **August 29, 2022**, MCA vide Notification issued the Companies (Acceptance of Deposits) Amendment Rules, 2022, effective from August 29, 2022. MCA has also issued new formats of forms DPT-3 and DPT-4 vide this amendment.

Every year every company is required to file Form DPT-3, a Return of Deposits, for acceptance or exempted deposits, on or before June 30. Earlier the company needed to ensure that the information filled in this form is duly audited by the Auditors, now the requirement is that the company has to file a declaration issued by the Auditor to that effect.

The link for the aforesaid Notification is as below:

<https://www.mca.gov.in/bin/dms/getdocument?mds=99KwRbJSkMXjVLv09KTgJg%253D%253D&type=open>

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**SEBI UPDATES**

**1. SEBI (Intermediaries) (Amendment) Regulations, 2022:**

On **August 01, 2022**, SEBI vide Notification No. **SEBI/LAD-NRO/GN/2022/91** has notified SEBI (Intermediaries) (Amendment) Regulations, 2022 to further amend SEBI (Intermediaries) Regulations, 2008 ("the Regulations"). This Notification shall be effective from August 01, 2022.

**The following amendments have been made to the Regulations:**

1. The words "**designated member**", occurring throughout the regulation shall be substituted with the words "**competent authority**".
2. Due to the above amendment, in Regulation 22, the definition of the designated member is substituted with the definition of Competent Authority who shall be **a Whole Time Member or an officer of the Board who is not below the rank of Chief General Manager, as may be designated by the Board.**
3. Regulation 24 relating to the appointment of Designated Authority, sub-regulation (1) is substituted stating that the **Board may initiate proceedings against any person who has been granted a certificate of registration under the Act and Regulations for failure in compliance of conditions subject to which certificate was granted or contravenes provisions of the securities laws or directions, instructions or circulars as mentioned in regulation 23.**

Link for the aforesaid Notification is as follows:

[https://www.sebi.gov.in/legal/regulations/aug-2022/securities-and-exchange-board-of-india-intermediaries-amendment-regulations-2022\\_61681.html](https://www.sebi.gov.in/legal/regulations/aug-2022/securities-and-exchange-board-of-india-intermediaries-amendment-regulations-2022_61681.html)

**2. Announcements may be submitted by Listed Companies using Digital Signature:**

In accordance with Regulation 10 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR), all Listed Companies are required to file the reports, statements, documents, filings and any other information with the recognized Stock Exchange(s) on the electronic platform as specified by SEBI or the recognized Stock Exchange(s).

In wake of covid-19 pandemic, SEBI vide its various circulars dated April 17, 2020, July 31, 2020 and April 29, 2021 had permitted the use of digital signature certification for authentication/ certification of filings/ submissions made to Stock Exchanges. This measure was received well by the market participants.

Considering the advantages of using digital signature certifications for authentication of documents/ filings, National Stock Exchange (NSE), in consultation with other stock exchanges and SEBI, vide Circular No. **NSE/CML/2022/39** ("the Circular") dated **August 02, 2022**, decided to make it

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**mandatory to file announcements using digital signature certification to the Stock Exchange** except for following disclosures/events:

1. Outcome of Board meeting which includes only financial result.
2. Any disclosure in which document(s) issued by entity/ies other than Listed Company is/ are included (For e.g., Auditors certificate, NCLT/ other court's order, Credit Rating, etc.);
3. Newspaper advertisement.
4. Any other disclosure(s) as specified by Stock Exchanges from time to time.

The circular shall be effective from **September 01, 2022**.

Link for the aforesaid Circular is as follows:

<https://static.nseindia.com//s3fs-public/inline-files/Circular%20on%20use%20of%20digital%20signature%20certificate.pdf>

### **3. SEBI (Mutual Funds) (Second Amendment) Regulations, 2022:**

On **August 03, 2022**, SEBI vide Notification No. **SEBI/LAD-NRO/GN/2022/92** notified SEBI (Mutual Funds) (Second Amendment) Regulations, 2022 to further amend the SEBI (Mutual Fund) Regulations, 1996 ("the Regulations"). This Notification shall be effective from **September 02, 2022**.

The following amendments have been made to the Regulations:

1. In Regulation 2 relating to Definitions, a proviso has been inserted in the definition of Associate stating that ***the definition of associate shall not be applicable to such sponsors, which invest in various companies on behalf of the beneficiaries of insurance policies or such other schemes as may be specified by the Board from time to time.***
2. In Part B Fifth Schedule relating to the Code of Conduct for the Fund Managers and Dealers, the meaning of *Asset Management Company and a Sponsor shall be as per the definition of the associate as mentioned in Regulation 2 (amendment stated above).* Also, the meaning of associate for sponsor has been deleted.

Link for the aforesaid Notification is as follows:

[https://www.sebi.gov.in/legal/regulations/aug-2022/securities-and-exchange-board-of-india-mutual-funds-second-amendment-regulations-2022\\_61565.html](https://www.sebi.gov.in/legal/regulations/aug-2022/securities-and-exchange-board-of-india-mutual-funds-second-amendment-regulations-2022_61565.html)

### **4. Enhanced Guidelines for Debenture Trustee and Listed issuer companies on security creation and initial due diligence:**

SEBI on **August 04, 2022**, vide Circular No. **SEBI/HO/DDHS/DDHS\_Div1/P/CIR/2022/106** issued Enhanced Guidelines for Debenture Trustees and Listed Issuer Companies on security creation and initial due diligence

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SEBI Board, in its meeting on **September 28, 2020**, approved changes to the regulatory framework relating to Debenture Trustees (DTs), enhancing their role. Resultant amendments were made in the SEBI (Debenture Trustees) Regulations, 1993, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and erstwhile SEBI (Issue and Listing of Debt Securities) Regulations, 2008, pursuant to which a circular on the creation of security and due diligence by DTs was issued on **November 03, 2020**.

Since the issue of the circular dated November 03, 2020, SEBI has received feedback from market participants on the aspects of due diligence and security creation.

Hence this Enhanced Guidelines are issued by SEBI on security creation and initial due diligence which provides for the following:

- A. Manner of change in security/creation of additional security/conversion of unsecured to secured in case of already listed non-convertible debt securities;
- B. Encumbrance on securities for issuance of listed debt securities;
- C. Due Diligence Certificate in case of Shelf Prospectus/Memorandum;
- D. Empanelment of External Agencies by Debenture Trustee(s);
- E. Compliance with SEBI Circulars on 'Security & Covenant Monitoring System.

Link for the aforesaid Circular is as follows:

[https://www.sebi.gov.in/legal/circulars/aug-2022/enhanced-guidelines-for-debenture-trustees-and-listed-issuer-companies-on-security-creation-and-initial-due-diligence\\_61629.html](https://www.sebi.gov.in/legal/circulars/aug-2022/enhanced-guidelines-for-debenture-trustees-and-listed-issuer-companies-on-security-creation-and-initial-due-diligence_61629.html)

### **5. Consultation Paper on Green and Blue Bonds as a mode of Sustainable Finance:**

Sustainable Finance is the process of taking due account of environmental, social and governance (ESG) considerations while making investment decisions in the financial sector, leading to increased longer-term investments into sustainable economic activities and projects.

Corporate finance being driven purely by profit motives and corporate governance norms being followed as the exception rather than the norm, the need for sustainable finance was felt in the aftermath of repeated environmental disasters and extreme weather events.

In the year 2021, the United Nations Climate Change Conference, more commonly referred to as **COP26**, held in Glasgow, Scotland, 197 Countries, including India, have made enhanced commitments toward mitigating climate change and promising more climate finance for developing countries to adapt to climate impacts.

SEBI introduced the concept of '**green debt securities**' under the erstwhile Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 vide circular dated May 30, 2017.

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Since the framework of green debt securities was laid down by SEBI, there have been multiple events in the sustainable finance space around the world, thereby necessitating a review in the Indian context.

On **August 04, 2022**, SEBI published Consultation Paper on Green and Blue Bonds as a mode of Sustainable Finance. SEBI, through this consultation paper, inter-alia, is seeking public comments on a proposed regulatory framework:

- a. to amplify the definition of green debt securities
- b. to introduce the concept of blue bonds
- c. to reduce the compliance cost for issuers of green debt securities with while not creating any perverse incentives that may lead to 'greenwashing'.

Suggestions are also solicited towards the following:

- a. increasing avenues for sustainable finance in India;
- b. scope of financing through green bonds, schemes/policies of the Government of India (GoI) initiated in pursuit of commitments made towards climate change goals at COP26 summit in Glasgow and additional schemes / polices that can be undertaken in pursuit of the said commitment;
- c. potential for sustainable financing in emerging areas;
- d. potential for blue bonds;
- e. scope of blue bonds in India and various initiatives that have scope for financing through blue bonds;
- f. need to revisit the existing green bond framework in order to align with the updated Green Bond Principles (GBP) published by the International Capital Market Association (ICMA);
- g. greenwashing viz. practice of channelling proceeds from green bonds towards projects or activities having negligible or negative environmental benefits

The public comments may be sent via email to [pradeepr@sebi.gov.in](mailto:pradeepr@sebi.gov.in); [nikhilc@sebi.gov.in](mailto:nikhilc@sebi.gov.in); and [vikramj@sebi.gov.in](mailto:vikramj@sebi.gov.in) or through post on the address mentioned in the consultation paper, latest by August 31, 2022.

The link for the aforesaid Consultation Paper is as below:

[https://www.sebi.gov.in/reports-and-statistics/reports/aug-2022/consultation-paper-on-green-and-blue-bonds-as-a-mode-of-sustainable-finance\\_61636.html](https://www.sebi.gov.in/reports-and-statistics/reports/aug-2022/consultation-paper-on-green-and-blue-bonds-as-a-mode-of-sustainable-finance_61636.html)

### **6. Framework for restricting trading by Designated Persons ("DPs") by freezing PAN at security level under SEBI (Prohibition of Insider Trading) Regulations, 2015 ("PIT Regulations"):**

Schedule B Clause 4 (1) read with Regulation 9 of PIT Regulations, states that "Designated Persons" (DP) may execute trades subject to compliance with PIT Regulations. Towards this end, a notional trading window shall be used as an instrument of monitoring trading by the DP.

The trading window shall be closed when the compliance officer determines that a DP or class of DP can reasonably be expected to have possession of unpublished price sensitive information ("UPSI") and

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such closure shall be imposed on such securities to which the UPSI relates. DPs and their immediate relatives shall not trade in securities when the trading window is closed.

Clause 4(2) of Schedule B read with Regulation 9 of PIT Regulations provides for one of the instances of closure of trading window which inter-alia states that ***“trading restriction period shall be made applicable from the end of every quarter till 48 hours after the declaration of financial results”***.

In order to rationalize the compliance requirement under Schedule B Clause 4 read with Regulation 9 of PIT Regulations, improve ease of doing business and prevent inadvertent non-compliances of provisions of PIT Regulations by DPs, SEBI after having deliberations with Stock Exchanges and Depositories and listed companies, on **August 05, 2022**, vide its Circular No. **SEBI/HO/ISD/ISD-SEC-4/P/CIR/2022/107** (“the Circular”), had decided that Stock Exchanges and Depositories shall develop a system to restrict trading by DPs of Listed Company during trading window closure period.

The procedure for implementation of the system and flow chart of the procedure is as mentioned the circular.

To begin with, the provisions of the Circular shall be applicable to declaration of financial results of the listed company that is or was part of benchmark indices i.e., NIFTY 50 and SENSEX from the date of implementation of this circular.

Further, the restriction on trading shall be for on-market transactions, off-market transfers and creation of pledge in equity shares and equity derivatives contracts (i.e. Futures and Options) of such listed companies.

This circular shall come into force with effect from the quarter ending **September 30, 2022**.

Till further communication from SEBI, the Compliance Officer and DPs of listed companies shall continue to independently comply with the obligations under PIT Regulations, as applicable to them.

Link for the aforesaid Circular is as follows:

<https://www.sebi.gov.in/legal/circulars/aug-2022/trading-window-closure-period-under-clause-4-of-schedule-b-read-with-regulation-9-of-sebi-prohibition-of-insider-trading-regulations-2015-framework-for-restricting-trading-by-designated-persons-b-61781.html>

### **7. FPI Advisory Committee:**

On **August 05, 2022**, SEBI vide **Press Release No. 26/2022** informed the public that in order to provide recommendations and advise SEBI on policy matters relating to Foreign Portfolio Investors (‘FPIs’), it has constituted a Standing Committee called **‘FPI Advisory Committee’ (FAC)** for facilitation of FPI Investments. The terms of reference of the Committee include:

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- (a) To advise on issues related to investments and operations of FPIs in the Indian financial markets, including measures to facilitate ease of doing business by FPIs in India;
- (b) To review investment avenues available for FPIs and to advise on feasibility of new investment avenues;
- (c) To advise SEBI on measures required to encourage FPI participation in the bond market, legal framework for simplification of FPI regulations & enhance transparency;
- (d) To advise SEBI on measures required, if any, in the legal framework for simplification of FPI regulations;
- (e) To advise SEBI on measures required, if any, in the legal framework to enhance transparency;
- (f) To advise SEBI on Custodian related matters pertaining to FPIs;
- (g) To discuss any other issues pertaining to FPIs.

Several high-profile dignitaries as named in the said press release have been appointed as members of FAC.

Link for the aforesaid Press Note is as follows:

<https://www.sebi.gov.in/media/press-releases/aug-2022/sebi-constitutes-fpi-advisory-committee-fac-61783.html>

### 8. Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) (Amendment) Regulations, 2022:

On **August 11, 2022**, SEBI vide Notification No. **SEBI/LAD-NRO/GN/2022/93** notified the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) (Amendment) Regulations, 2022 (“Amendment Regulations”) to further amend the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (“the Regulations”).

The following changes have been made vide the Amendment Regulations:

1. In ‘**Regulation 22C** – For a “**Recognized Limited Purpose Clearing Corporation**” (RLPCC) it has been made mandatory to have Nominee Directors, Independent Directors, Managing Director & such other Directors as may be specified by the RBI or the SEBI on the governing board. Additionally, Representative of the issuers of debt securities may be appointed on the governing board of a RLPCC a **rotational basis** and such a director shall be **deemed to be a nominee director**;

Now the substituted Regulation 22C reads as under:

*“(1) The governing board of a recognized limited purpose clearing corporation shall include:*

- (a) nominee directors;*
- (b) independent directors;*
- (c) managing director; and*
- (d) such other directors as may be specified by the Reserve Bank of India or the Board from time to time.*

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(2) *The representative of the issuers of debt securities may be appointed on the governing board of the recognized limited purpose clearing corporation on a rotational basis and such a director shall be deemed to be a nominee director*

*Explanation — For the purpose of sub-regulation (2), the representative of the issuers of debt securities during a financial year shall be one of the top three issuers, which are public sector undertakings, based on their issue size in the preceding financial year”*

2. In ‘**Regulation 22F - Dispute Resolution Mechanism**’ the RLPC shall put in place dispute resolution mechanism for settlement of disputes or claims arising out of transactions cleared and settled by it. Further, SEBI in consultation with RBI shall specify the manner in which disputes or claims shall be settled;

Now the substituted Regulation 22F reads as under:

***“The recognized limited purpose clearing corporation shall put in place a dispute resolution mechanism, for settlement of disputes or claims arising out of transactions cleared and settled by it, in the manner as specified by the Board in consultation with the Reserve Bank of India”***

3. SEBI has inserted two (2) new sub-regulations namely **Regulation 22G & 22H** containing General Provisions providing that *limited purpose clearing corporation* is required to **ensure compliance with RBI regulations and directions**. In case of different compliance requirements under these regulations and directions issued by RBI, the compliance requirements shall be made applicable to the *limited purpose clearing corporation* after consultation with RBI. Further, in case *limited purpose clearing corporation* is required to obtain prior approval of SEBI and RBI then it shall obtain approval of SEBI before seeking approval of RBI.

Now the sub-regulation 22G & 22H reads as under:

*“22G. (1) The limited purpose clearing corporation shall ensure compliance with the provisions of these regulations as well as directions issued by the Reserve Bank of India.*

*(2) In cases of different compliance requirements as specified under the provisions of these regulations and the directions issued by the Reserve Bank of India, the compliance requirements shall be made applicable to the limited purpose clearing corporation after consultation with the Reserve Bank of India.*

*22H. In case the limited purpose clearing corporation is required to obtain the prior approval of the Board and the Reserve Bank of India, the limited purpose clearing corporation shall obtain the prior approval of the Board before seeking approval from the Reserve Bank of India”*

4. Regulation 23 relating to Composition of the governing board, states that managing director shall be included in the category of shareholder directors. However, a new proviso has been inserted **stating that for the purpose of limited purpose clearing corporation, Managing Director shall not be included in the category of shareholder directors.**

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5. Regulation 24 relating to Conditions of appointment of directors' states that public interest directors shall be nominated for a term of 3 years which may be extendable by another term of 3 years, subject to performance review. A new proviso has been inserted, restricting the age limit to 70 years for appointment of public interest directors or as specified by RBI or SEBI from time to time.
6. Regulation 27 relating to compensation and tenure of key management personnel (KMP) states that the report submitted by Stock Exchange shall **consist of (earlier it was shall comprise of)** ratio of compensation paid to each KMP, vis-à-vis median of compensation paid to all employees of the recognized stock exchange or recognized clearing corporation.
7. In Schedule II Part H relating to Appointment of Directors, in general conditions for appointment of Directors a new para 1A has been inserted stating that **the limited purpose clearing corporation shall complete the appointment process for the managing directors within 30 days from the date of approval of the RBI and submit a compliance report within 1 week from the date of appointment.**

Link for the aforesaid Notification is as follows:

[https://www.sebi.gov.in/legal/regulations/aug-2022/securities-contracts-regulation-stock-exchanges-and-clearing-corporations-amendment-regulations-2022\\_62028.html](https://www.sebi.gov.in/legal/regulations/aug-2022/securities-contracts-regulation-stock-exchanges-and-clearing-corporations-amendment-regulations-2022_62028.html)

### **9. Guidelines for Overseas Investment by Alternative Investment Funds (AIFs)/ Venture Capital Funds (VCFs)**

In terms of Regulation 12(ba) of erstwhile SEBI (Venture Capital Funds) Regulations, 1996 and Regulation 15(1)(a) of SEBI (Alternative Investment Funds) Regulations, 2012, AIFs/VCFs may invest in securities of companies incorporated outside India subject to such conditions or guidelines that may be stipulated or issued by the Reserve Bank of India and SEBI from time to time.

In this regard SEBI on **August 17, 2022**, SEBI vide its Circular No. **SEBI/HO/AFD-1/PoD/CIR/P/2022/108** ("the Circular") has issued guidelines for overseas investment by AIFs/ VCFs specifying the following. This Circular shall come into force with effect from August 17, 2022. This Circular is game changer for AIF / VCF.

1. For allocation of overseas investment limit, AIF/ VCF need to make an application to SEBI in the format specified in **Annexure A** to the circular which shall consist of:
  - (a) Details of the proposed overseas investment;
  - (b) Details of overseas investments made by the Scheme in the past;
  - (c) Undertaking to be submitted by the Trustee/Board/Designated Partners of the AIF/VCF (as applicable depending on the form of AIF/VCF);
  - (d) Undertaking to be submitted by the Manager of the AIF/VCF.
2. The Overseas investee company **is not required to have an Indian connection.**

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3. Overseas investee company **shall be incorporated in a country whose securities** market regulator is a signatory to the International Organization of Securities Commission's Multilateral Memorandum of Understanding or a signatory to the bilateral Memorandum of Understanding with SEBI.
4. AIFs/VCFs shall not invest in an overseas investee company, which is incorporated in a country identified in the public statement of Financial Action Task Force (FATF) as:
  - (a) a jurisdiction having a strategic Anti-Money Laundering or Combating the Financing of Terrorism deficiencies to which counter measures apply; or
  - (b) a jurisdiction that has not made sufficient progress in addressing the deficiencies or has not committed to an action plan developed with FATF to address the deficiencies.
5. If an AIF/VCF **liquidates investment** made in an Overseas investee company previously, **the sale proceeds received** from liquidation, to the extent of investment made in the said Overseas investee company, shall be available to all AIFs/VCFs (including the selling AIF/VCF) for reinvestment.
6. AIFs/VCFs shall transfer/sell the investment in Overseas investee company only to the entities eligible to make Overseas investments, as per the extant guidelines issued under the Foreign Exchange Management Act, 1999
7. AIFs/VCFs shall furnish the sale/divestment details of the Overseas investments to SEBI within three (3) working days of the divestment in the format given at **Annexure B** to the circular, by emailing to [aifreporting@sebi.gov.in](mailto:aifreporting@sebi.gov.in), for updating the overall limit available for overseas investment by AIFs/VCFs.
8. All the Overseas investments sold/divested by AIFs/VCFs till date, shall also be reported to SEBI in the format given at **Annexure B** to the circular within 30 days from the date of the circular, by emailing to [aifreporting@sebi.gov.in](mailto:aifreporting@sebi.gov.in).
9. The Trustee/Board/Designated Partners of the AIFs/VCFs shall submit an undertaking as specified in **Annexure A** to the circular, to SEBI with respect to the proposed overseas investment.

Link for the aforesaid Circular is as follows:

<https://www.sebi.gov.in/legal/circulars/aug-2022/guidelines-for-overseas-investment-by-alternative-investment-funds-aifs-venture-capital-funds-vcfs-62020.html>

### **10. Block Mechanism in demat account of clients undertaking sale transactions:**

On **July 16, 2021**, SEBI vide Circular No. **CIR/HO/MIRSD/DOP/P/CIR/2021/595**, had introduced block mechanism in the Demat account of clients undertaking sale transactions, for ease of operations in Early Pay-in mechanism. The Clause 5 of the aforementioned circular provided that the proposed facility of block mechanism is on optional basis for the purpose of Early Pay-in mechanism.

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Now, on **August 18, 2022**, SEBI vide its Circular No. **SEBI/HO/MIRSD/DoP/P/CIR/2022/109** (“the Circular”), pursuant to extensive consultation with Depositories, Clearing Corporations and Stock Exchanges, and considering the benefits of block mechanism, has amended the Clause 5 of the circular dated July 16, 2021, thereby making the facility of block mechanism mandatory for all Early Pay-in transactions. All other provisions in the Circular dated July 16, 2021, shall continue to remain applicable.

The circular shall be applicable with effect from November 14, 2022.

Link for the aforesaid Circular is as follows:

[https://www.sebi.gov.in/legal/circulars/aug-2022/block-mechanism-in-demat-account-of-clients-undertaking-sale-transactions\\_62131.html](https://www.sebi.gov.in/legal/circulars/aug-2022/block-mechanism-in-demat-account-of-clients-undertaking-sale-transactions_62131.html)

### **11. Participation as Financial Information Providers in Account Aggregator Framework:**

On **August 19, 2022**, SEBI vide its circular **SEBI/HO/MRD/DCAP/P/CIR/2022/110** (“the Circular”) has issued a guideline for **Participation as Financial Information Providers in Account Aggregator framework**. The circular shall come into force with effect from August 19, 2022.

- (1) An Account Aggregator (AA), is RBI regulated Non-Banking Finance Company (NBFC) that facilitates retrieval or collection of financial information, pertaining to a customer, from Financial Information Providers (FIP) on the basis of explicit consent of the customer.
- (2) RBI on **September 02, 2016** had issued Account Aggregator Master Directions (“RBI Master Directions”) for compliance by every Non-Banking Financial Company (NBFC-Account Aggregator) undertaking the business of AA. Out of the list of entities mentioned as FIPs in the RBI master directions, the Asset Management Companies (AMCs) through their Registrar and Transfer Agents (RTAs) and Depositories are inter-alia specified as FIPs for the purpose of sharing of information and are referred as FIPs in the securities markets.
- (3) The FIPs in the securities market will provide the “Financial Information” as specified in the RBI Master Directions, to the customers and Financial Information User (FIU) who furnish the consent artefact (electronic consent as defined in RBI Master Guidelines) through any of the Account Aggregators registered with RBI. For this purpose, FIPs in the securities market shall enter into a contractual framework with AAs.
- (4) The FIPs in the securities markets shall share the “Financial Information” pertaining to securities markets, through the AA only on receipt of a valid consent artefact from the customer through the Account Aggregator.
- (5) FIPs after due verification of the consent artefact shall digitally sign the financial information and securely transmit the same to the AA in accordance with the terms contained in consent artefact.

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- (6) All responses of FIPs shall be in real time and to enable these data flows FIPs shall put in place systems as specified in the circular.
- (7) FIPs are expected to adopt the technical specifications published by ReBIT, as updated from time to time as specified by Reserve Bank of India and adopt required scalable Information Technology (IT) framework and interfaces to ensure secure data flows to all the AA. There shall be adequate safeguards built in IT systems of FIPs in the securities markets to ensure that it is protected against unauthorized access, alteration, destruction, disclosure or dissemination of records and data.
- (8) FIPs shall abide by Code of Conduct and all the regulatory provisions under the SEBI Act, 1992, Depositories Act, 1996 and the regulations framed thereunder.
- (9) The participation of depositories as FIPs in the AA ecosystem shall not impact the existing mechanism as per circular dated November 12, 2014 of issuances of Consolidated Account Statement to the investors by depositories or AMCs/MF-RTAs providing consolidated information of the mutual fund investments and holdings of investors in demat accounts.
- (10) All the FIPs must disclose prominently on their websites the names of the Account Aggregators through which the FIP shares the information about assets held with respect to securities markets with the customers and Financial Information Users (FIUs).

Link for the aforesaid Circular is as follows:

[https://www.sebi.gov.in/legal/circulars/aug-2022/participation-as-financial-information-providers-in-account-aggregator-framework\\_62157.html](https://www.sebi.gov.in/legal/circulars/aug-2022/participation-as-financial-information-providers-in-account-aggregator-framework_62157.html)

### **12. Enhanced Disclosure by Credit Rating Agencies (CRAs) and Norms on Rating Withdrawal:**

SEBI (Credit Rating Agencies) Regulations, 1999 (“CRA Regulations”) provide for a principle-based regulation of CRAs focusing inter alia on enhanced transparency and disclosures by CRAs. Over time, SEBI has prescribed various disclosures under different circulars under the CRA Regulations.

Now, on **August 25, 2022**, SEBI vide Circular No. **SEBI/HO/DDHS/DDHS-RACPOD2/P/CIR/2022/113** (“the Circular”) to allow investors and other stakeholders to properly use such disclosures in a fair assessment of CRAs, suggested changes for disclosures made by CRAs.

The circular shall be applicable to credit ratings of securities that are listed, or proposed to be listed, on a recognized stock exchange, and other credit ratings that are required under various SEBI Regulations or circulars thereunder.

Changes in the following disclosures made by CRAs have been suggested vide the circular:

1. Methodology for Computation of Sharp Rating Action – Applicable from H1 of FY 2022-23.

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2. Issuers Not Cooperating (INC) and information required for rating – To be applicable latest by March 31, 2023.
3. Rating Withdrawal Norms. – Applicable for Ratings withdrawn after September 30, 2022
4. Rating Withdrawal of Perpetual Debt Securities – Applicable for Ratings withdrawn after September 30, 2022.
5. Disclosure of Average Rating Transition Rates for Long-Term Credit Ratings – Applicable for Disclosures for FY 2022-23.
6. Enhanced Disclosure by CRAs on their websites – Applicable for Website Disclosures made after March 31, 2023.

Link for the aforesaid Circular is as follows:

[https://www.sebi.gov.in/legal/circulars/aug-2022/enhanced-disclosures-by-cras-and-norms-on-rating-withdrawal\\_62361.html](https://www.sebi.gov.in/legal/circulars/aug-2022/enhanced-disclosures-by-cras-and-norms-on-rating-withdrawal_62361.html)

### **13. Disclosure Requirement for Asset Management Companies:**

SEBI vide Gazette Notification No. **SEBI/LAD-NRO/GN/2022/92** dated **August 03, 2022**, had amended the definition of “**associate**” as per clause (c) of sub-regulation (1) of regulation (2) of SEBI (Mutual Funds) Regulations, 1996.

Now, on **August 25, 2022**, SEBI vide Circular No. **SEBI/HO/IMD/DOF2/P/CIR/2022/111**, has decided that AMCs shall ensure **scheme wise disclosure of investments**, as on the last day of each quarter, in securities of such entities that are excluded from the definition of associate which was amended by SEBI on **August 03, 2022**.

Disclosures shall include **ISIN wise value of investment and value as percentage of AUM of scheme**. Such disclosure shall be made on the websites of respective AMCs and on the website of AMFI, within one month from the close of each quarter.

Link for the aforesaid Circular is as follows:

<https://www.sebi.gov.in/legal/circulars/aug-2022/disclosure-requirement-for-asset-management-companies-amcs-62345.html>

### **14. Amendments to guidelines for preferential issue and institutional placement of units by a listed InvIT/ REIT:**

On **August 26, 2022**, SEBI vide **Circular No. SEBI/HO/DDHS/DDHS\_Div3/P/CIR/2022/0115** for InvIT and **SEBI/HO/DDHS/DDHS\_Div3/P/CIR/2022/0116** for REIT (“the Circular”) modified the guidelines for preferential issue and institutional placement of units by listed InvIT and REIT (“Guidelines”) issued on November 27, 2019, and subsequently revised vide circulars dated March 13, 2020, September 28, 2020 and November 17, 2020.

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The modifications made in the guidelines are as under:

1. Clause 3.5 of the Circular dated November 27, 2019 (as amended) relating to manner of issuance of unit is modified and states that *post allotment, InvIT/ REIT to make an application for listing of the units to the stock exchange(s) and the units shall **be listed within 2 working days** from the date of allotment. However, if InvIT/ REIT fail to list the units within the specified time, InvIT/REIT shall **refund the monies received through verifiable means within 4 working days** from the date of the allotment, and if any such money is not repaid within such time after the issuer becomes liable to repay it, the InvIT/REIT, investment manager of the InvIT/ REIT and its director or partner who is an officer in default shall, on and from the expiry of the 4<sup>th</sup> working day, be jointly and severally liable to **repay that money with interest at 15% p.a.***
  2. In Annexure I relating to manner of preferential issue of units by a listed InvIT/ REIT, **pricing** of frequently traded units is amended as under:
    - 2.1 Where the units of the InvIT/ REIT **are frequently traded**, the price of units to be allotted under preferential issue shall not be less than higher of the following:
      - 2.1.1. the **90 trading days' volume** weighted average price of the related units quoted on the recognised stock exchange preceding the relevant date; or
      - 2.1.2. the **10 trading days' volume** weighted average prices of the related units quoted on a recognised stock exchange preceding the relevant date.
    - 2.2 A preferential issue of units to "institutional investors" not exceeding 5 in number, shall be made at a **price not less than the 10 trading days' volume** weighted average prices of the related units quoted on a recognised stock exchange preceding the relevant date.
- Various terms have been explained:
- a) "**Relevant date**" related to preferential issue of units shall be 30 days prior to the date of meeting of unitholders in which preferential issue was considered. Where the relevant date falls on a weekend or a holiday, the day preceding the weekend or the holiday will be reckoned to be the relevant date.
  - b) "**Relevant stock exchange**" shall mean the recognised stock exchange in which the units of the InvIT/REIT are listed and in which the highest trading volume in respect of the units of the InvIT/ REIT has been recorded during the preceding 90 trading days prior to the relevant date.
  - c) "**Frequently traded units**" for purposes of these guidelines shall mean InvIT/ REIT units, in which the traded turnover on any recognised stock exchange during 240 trading days preceding the relevant date, is at least 10% of the total number of issued and outstanding units of such class of units of the issuer. However, if the number of issued and outstanding units of a particular class of units of the issuer is not identical throughout such period, the weighted average number of total units of such class of the issuer shall represent the total number of units.
3. In Annexure I relating to Manner of preferential issue of units by a listed InvIT/ REIT, clause 4.1 relating to allotment is modified and states that

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*preferential issue of units shall not be made to any person who has sold or transferred any units of the issuer during the 90 trading days preceding the relevant date. Further, where any person belonging to the sponsor(s) has sold/ transferred their units of the issuer during the 90 days preceding the relevant date, all sponsors shall be ineligible for allotment of units on a preferential basis. However, it states that this restriction on preferential issue of units shall not apply to a sponsor(s), in case any asset is being acquired by the InvIT/ REIT from that sponsor(s), and preferential issue of units is being made to that sponsor, as full consideration for the acquisition of such asset.*

Link for the aforesaid Circular for InvIT is as follows:

<https://www.sebi.gov.in/legal/circulars/aug-2022/amendments-to-guidelines-for-preferential-issue-and-institutional-placement-of-units-by-a-listed-invite-62399.html>

Link for the aforesaid Circular for REIT is as follows:

<https://www.sebi.gov.in/legal/circulars/aug-2022/amendments-to-guidelines-for-preferential-issue-and-institutional-placement-of-units-by-a-listed-reit-62396.html>

### **15. Corrigendum to Master Circular for Depositories dated February 05, 2021 on Opening of demat account in case of HUF:**

On **August 26, 2022**, SEBI vide Circular No. **SEBI/HO/MRD/MRD-POD-2/P/CIR/2022/114** issued corrigendum to Master Circular for Depositories dated February 05, 2021 with regards to opening of demat account in case of HUF.

In partial modification of the Master Circular dated February 05, 2021, sub-section 1.2(a) of section 1.4 of the said circular, shall be replaced with the following:

***“In the event of death of Karta of HUF, the name of the deceased Karta in the Beneficial Owner (BO) account shall be replaced by the new Karta of the HUF who in such a case shall be eldest coparcener in the HUF or a coparcener who is appointed as Karta by an agreement reached amongst all the coparceners of the HUF.”***

Link for the aforesaid Circular is as follows:

<https://www.sebi.gov.in/legal/circulars/aug-2022/corrigendum-to-master-circular-for-depositories-dated-february-05-2021-on-opening-of-demat-account-in-case-of-huf-62387.html>

### **16. Circular for Portfolio Managers:**

On **August 26, 2022**, SEBI vide **Circular No. SEBI/HO/IMD/IMD-I/DOF1/P/CIR/2022/112** (“the Circular”), pursuant to amendment to SEBI (Portfolio Managers) Regulations, 2020 (“PMS Regulations”) inter-alia mandating prudential limits on investments in associates/related parties of Portfolio Manager, the requirement of taking prior consent of client for such investments and restrictions based on the credit rating of securities, issued compliance requirements with regards to the following:

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- A. Limits on investment in securities of associates / related parties of Portfolio Managers
- B. Prior consent of the client regarding investments in the securities of associates/related parties as per format specified at **Annexure A** of the Circular.
- C. Minimum credit rating of securities for investments by Portfolio Managers.
- D. Disclosure of details of investments by Portfolio Managers.

All the requirements specified above and in Regulations 22 (1A), 22(4) (da) & (db), 24 (3A) to 3(E) of PMS Regulations shall not be applicable for **advisory portfolio management services, co-investment portfolio management services** and for client categories who in turn manage funds under government mandates and/or are governed under specific Acts of State and/or Parliament.

Notwithstanding the above, for advisory portfolio management services, Portfolio Managers shall make suitable disclosure to the client regarding **conflict of interest** with respect to investments in the securities of the associates/related parties, while giving advice.

The term “associate” for this purpose shall have the same meaning as defined under explanation to Regulation 24 (3C) of PMS Regulations. Further, Portfolio Managers shall disclose the credit rating of all securities, while giving advice.

The Circular shall come into effect from September 20, 2022 and the requirements with respect to Disclosure Document under D above viz. Disclosure of details of investments by Portfolio Managers, shall come into effect from the quarter ending September 2022.

Link for the aforesaid Circular is as follows:

[https://www.sebi.gov.in/legal/circulars/aug-2022/circular-for-portfolio-managers\\_62374.html](https://www.sebi.gov.in/legal/circulars/aug-2022/circular-for-portfolio-managers_62374.html)

### **17. Extension of timeline for submission of public comments on the consultation paper for Green and Blue Bonds as a mode of Sustainable Finance:**

SEBI on **August 26, 2022** extended the timeline for submission of public comments on the Consultation Paper for Green and Blue Bonds as a mode of Sustainable Finance which was placed on its website for public comments on **August 04, 2022**. The extended date for submission of comment in the prescribed format is **September 30, 2022** to the prescribed email ids or postal address.

Link for the aforesaid Extension is as follows:

[https://www.sebi.gov.in/reports-and-statistics/reports/aug-2022/extension-of-timeline-for-submission-of-public-comments-on-the-consultation-paper-on-green-and-blue-bonds-as-a-mode-of-sustainable-finance\\_62406.html](https://www.sebi.gov.in/reports-and-statistics/reports/aug-2022/extension-of-timeline-for-submission-of-public-comments-on-the-consultation-paper-on-green-and-blue-bonds-as-a-mode-of-sustainable-finance_62406.html)

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**RBI UPDATES**

**1. Credit Information Companies are Regulated Entity for Ombudsman Scheme**

Reserve Bank - Integrated Ombudsman Scheme, 2021 (RBIOS, 2021):

On **August 05, 2022**, RBI notified that the '**Credit Information Company**' shall also be treated as a 'Regulated Entity' for the purpose of RBIOS, 2021. The amendment shall be effective from **September 01, 2022**.

In the public interest and to provide an avenue for cost-free alternate grievance redress to customers, RBI directed that 'Credit Information Company' defined in the Credit Information Companies (Regulation) Act, 2005 ("The Act"), shall also be treated as a 'Regulated Entity' for the purpose of RBIOS 2021.

As per Section 2(e) of the Act '**Credit Information Company**' means "a company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration under section 5 (2) of The Credit Information Companies (Regulation) Act, 2005".

The link for Notification is mentioned below:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/CICSRBIOS202169CBD71E8B4945D9A067C58423677A69.PDF>

**2. Bilateral Netting of Qualified Financial Contracts - Amendments to Prudential Guidelines:**

On **August 11, 2022**, RBI vide its Circular No. **RBI/2022-23/107** issued clarification regarding Bilateral Netting of Qualified Financial Contracts. This Circular is applicable to all Commercial Banks, Co-operative Banks, Standalone Primary Dealers, Systemically Important Non-Deposit taking Non-Banking Financial Companies (NBFC-ND-SIs), Deposit-taking Non-Banking Financial Companies (NBFC-Ds), and Housing Finance Companies (HFCs) with immediate effect.

As per the RBI Circular dated **March 30, 2021, and March 30, 2022**, while computing capital requirements for counterparty credit risk, the following exposures, wherever allowed to be undertaken, are exempted or capped:

- (a) foreign exchange (except gold) contracts that have an original maturity of 14 calendar days or less are excluded from capital requirements for counterparty credit risk.
- (b) 'sold options', provided the entire premium/ fee or any other form of income is received/ realised, are excluded from capital requirements for counterparty credit risk.
- (c) For a Credit Default Swap transaction where the bank is a protection seller, the exposure is capped at the amount of premium unpaid by the protection buyer.

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RBI after receiving queries from Regulated Entities, regarding the applicability of the above exemptions/caps under the Bilateral Netting framework, clarified the following:

- (a) The exemption for foreign exchange (except gold) contracts that have an original maturity of 14 calendar days or less shall be applicable to entities calculating the counterparty credit risk under the Original Exposure Method without taking the benefit of bilateral netting. Accordingly, the exemption is applicable only to Regional Rural Banks, Local Area Banks and Co-operative Banks, where the bank has not adopted the bilateral netting framework. For other entities, the exemption shall stand withdrawn.
- (b) 'Sold options', provided the entire premium/ fee or any other form of income is received/realized, can be excluded only when such 'sold options' are outside the netting and margin agreements.
- (c) For Credit Default Swaps where the bank is the protection seller and that are outside netting and margin agreements, the exposure may be capped to the amount of premium unpaid. Banks have the option to remove such credit derivatives from their legal netting sets in order to apply the cap.

The link for Circular is mentioned below:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NOT10715A45520C2B34D1DBCDB17B24C01829D.PDF>

### **3. Recommendations of the Working group on Digital Lending – Implementation:**

On **August 10, 2022**, RBI vide Press Release No. **2022-2023/689** issued recommendations of the Working Group on Digital Lending. Recently, innovative methods of credit products, i.e the Digital Lending route have acquired prominence. However, certain concerns have also emerged that may erode the confidence of the public in the digital lending ecosystem.

This regulatory framework is based on the principle that lending business can be carried out only by entities that are either regulated by the RBI or entities permitted to do so under any other law. RBI has classified the universe of digital lenders into 3 groups –

- (a) Entities regulated by the RBI and permitted to carry out lending business;
- (b) Entities authorized to carry out a lending as per other statutory/regulatory provisions but not regulated by RBI;
- (c) Entities lending outside the purview of any statutory/ regulatory provisions.

RBI's regulatory framework is focused on the digital lending ecosystem of RBI's Regulated Entities (REs) and the Lending Service Providers (LSPs) engaged by them to extend various permissible credit facilitation services.

As regards entities falling in the second category (b) above, the respective regulator/ controlling authority may consider formulating or enacting appropriate rules/ regulations on digital lending based on the recommendations of WGDL.

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For the entities in the third category (c) above, the WGDL has suggested specific legislative and institutional interventions for consideration by the Central Government to curb the illegitimate lending activity being carried out by such entities.

RBI examined the recommendations made by the WGDL and advised that all REs, their LSPs, Digital Lending Apps (DLAs) of REs, DLAs of LSPs engaged by REs be guided by the regulatory stance conveyed in this press release. These recommendations are accepted for immediate effect implementation.

The highlights of the requirements being mandated to be followed are as follows:

- (1) Customer Protection and Conduct Issues
- (2) Technology and Data Requirements
- (3) Regulatory Framework

The link for Press Release is mentioned below:

<https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR689DL837E5F012B244F6DA1467A8DEB10F7A.C.PDF>

#### **4. Outsourcing of Financial Services - Responsibilities of regulated entities employing Recovery Agents:**

On **August 12, 2022**, RBI vide Notification No. **RBI/2022-23/108**, issued an instruction to Commercial Banks, All-India Financial Institutions, Non-Banking Financial Companies, and Asset Reconstruction Companies elaborating responsibilities of these entities while employing recovery agents. However, this notification shall not apply to Microfinance Loans which are covered under RBI's Master Direction dated March 14, 2022.

RBI has from time to time advised Regulated Entities (REs) that the ultimate responsibility for their outsourced activities vests with them and they are responsible for the actions of their service providers including Recovery Agents (hereafter referred to as 'agents').

RBI stated that it has observed that the agents employed by REs have been deviating from the extant instructions governing the outsourcing of financial services. In view of concerns arising from the activities of these agents, it is advised that the REs shall strictly ensure that they or their agents do not resort to intimidation or harassment of any kind, either verbal or physical, against any person in their debt collection efforts, including acts intended to humiliate publicly or intrude upon the privacy of the debtors' family members, referees, and friends, sending inappropriate messages either on mobile or through social media, making threatening and/ or anonymous calls, persistently calling the borrower and/ or calling the borrower before 8:00 a.m. and after 7:00 p.m. for recovery of overdue loans, making false and misleading representations, etc.

The link for Notification is mentioned below:

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<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NT1085404663A577943BBB344A37057621C17.PDF>

### **5. Foreign Exchange Management (Overseas Investment) Directions, 2022:**

On **August 22, 2022**, RBI issued a Direction bearing No. **RBI/2022-2023/110** and took a significant step to operationalize new Overseas Investment regime namely Foreign Exchange Management (Overseas Investment) Rules, 2022 & Foreign Exchange Management (Overseas Investment) Regulations, 2022.

The new regime simplifies the existing framework for Overseas Investment by persons resident in India to cover wider economic activity and significantly reduces the need for seeking specific approvals. It reduces the compliance burden and associated compliance costs.

The forms were revised and following are some of the significant changes brought about through the new rules and regulations are summarized below:

- a. Enhanced clarity with respect to various definitions
- b. Introduction of the concept of “strategic sector”
- c. Dispensing with the requirement of approval for:
  - deferred payment of consideration
  - investment/disinvestment by persons resident in India under investigation by any investigative agency/regulatory body
  - issuance of corporate guarantees to or on behalf of second or subsequent level step down subsidiary (SDS)
  - write-off on account of disinvestment
- d. Introduction of “Late Submission Fee (LSF)” for reporting delays.

#### **A. Definition**

Direction defines certain terms, some are as below:

1. “**Foreign Entity**” means Joint Venture (JV) and Wholly Owned Subsidiary (WOS), including entity formed or registered in International Financial Services Centre (IFSC) in India
2. “**Strategic Sector**” shall include energy and natural resources sectors such as Oil, Gas, Coal, Mineral Ores, submarine cable system and start-ups and any other sector or sub-sector as deemed fit by the Central Government. The restriction of limited liability structure of foreign entity shall not be mandatory for entities with core activity in any strategic sector. Accordingly, Overseas Direct Investment (ODI) can be made in such sectors in unincorporated entities as well.
3. “**Subsidiary**”/ “**step down subsidiary (SDS)**” of a foreign entity means an entity in which the foreign entity has control and the structure of such subsidiary/SDS shall comply with the structural requirements of a foreign entity, *i.e.*, such subsidiary/SDS shall also have limited liability where the

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foreign entity's core activity is not in strategic sector. The investee entities of the foreign entity where such foreign entity does not have control (as defined above) shall not be treated as SDSs and therefore need not be reported henceforth.

#### 4. "Overseas Direct Investment (ODI)" means

- (i) acquisition of any unlisted equity capital or subscription as a part of the Memorandum of Association of a foreign entity, or
- (ii) investment in 10% or more of the paid-up equity capital of a listed foreign entity, or
- (iii) investment with control where investment is less than 10% of the paid-up equity capital of a listed foreign entity.

*Explanation:* Once an investment in a foreign entity is classified as ODI, the investment shall continue to be treated as ODI even if such investment falls below 10% of the paid-up equity capital or the investor loses control in the foreign entity.

#### **B. Permission for making overseas investments:**

1. Overseas investment may be made in a foreign entity engaged in a bona fide business activity, directly or through SDS/special purpose vehicle (SPV). The person intending to make any financial commitment shall fill up the Form FC.
2. The application for overseas investment under the approval route would continue to be submitted to the Reserve Bank in physical/electronic form through email as hitherto, in addition to the online reporting.

#### **C. Exemption from Application for Overseas Investment**

As per OI Rules, 2022 dated 22 August 2022 mentioned below, certain investment overseas doesn't require any approval.

#### **D. Approval from the Reserve Bank**

Financial commitment by an Indian entity, exceeding USD 1 (one) billion (or its equivalent) in a financial year shall require prior approval of the Reserve Bank even when the total financial commitment of the Indian entity is within the eligible limit under the automatic route.

#### **E. No Objection Certificate (NOC) from the lender bank/regulatory body/investigative agency**

Any person resident in India having an account appearing as a **Non-Performing Asset (NPA)** or is classified as **wilful defaulter** or is **under investigation** by a financial sector regulator/ investigative agency need to first obtain an NOC from the lender bank/regulatory body/investigative agency concerned in accordance before making financial commitment or undertaking disinvestment

#### **F. Acquisition or Transfer of Immovable Property outside India**

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Any acquisition or transfer of immovable property outside India shall be governed by the provisions contained in Rule 21 of OI Rules. AD bank may allow an Indian entity having an overseas office to acquire immovable property outside India **for the business and residential purposes of its staff**, provided total remittances do not exceed the following limits as laid down for initial and recurring expenses, respectively:

- a) 15% of the average annual sales/income or turnover of the Indian entity during the last two FY or up to 25% of the net worth, whichever is higher;
- b) 10% of the average annual sales/income or turnover during the last two FY.

### **G. Online Reporting**

Authorised dealers (ADs) has provision for Maker, Checker and Authoriser. The online reporting shall be made by the Centralised Unit/Nodal Office of AD banks. The overseas investment application is hosted on the Reserve Bank's Website at <https://fed.rbi.org.in>. AD banks shall be responsible for the validity of the information reported online. Reserve Bank reserves the right to place the information received through the forms in the public domain.

There are other Directions wrt investment through Right Issue or Bonus Issue, ODI in Start-ups, mode of payment, Pricing Guideline, transfer, liquidation or restructuring, obligation of Indian Entity, Reporting and delay in reporting , Investment by Resident Indians or Person other than Resident Indian or Indian Entity etc. you may review the same from the link below.

The link for Direction is mentioned below:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NT110B29188F1C4624C75808B53ADE5175A88.PDF>

### **6. Foreign Exchange Management (Overseas Investment) Rules, 2022:**

On **August 22, 2022**, RBI vide Notification No. G.S.R. 646 (E), issued **Foreign Exchange Management (Overseas Investment) Rules, 2022 ("OI Rules")** which shall be in supersession of the Foreign Exchange Management (Transfer or Issue of Any Foreign Security) Regulations, 2004 and the Foreign Exchange Management (Acquisition and Transfer of Immovable Property Outside India) Regulations, 2015.

The OI Rules aim to simplify the existing framework for overseas investment by a person resident in India to cover wider economic activity and significantly reduce the need for seeking specific approvals. The OI Rules shall be applicable **from August 22, 2022**, and administered by RBI.

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### **1. Exemption from the application of OI Rules**

The OI Rules shall not be applicable to the following:

- a. Any investment made outside India by a Financial Institution in an IFSC,
- b. Acquisition or transfer of any investment outside India made:
  - (i) out of **Resident Foreign Currency Account**;
  - (ii) out of foreign currency resources held outside India by a person **who is employed in India for a specific duration** irrespective of length thereof or for a specific job or assignment, duration of which does not exceed 3 years;
  - (iii) A person resident in India may hold, own, transfer or invest in foreign currency, foreign security or any immovable property situated outside India if such currency, security or property was acquired, held or owned by such person **when he was resident outside India or inherited from a person who was resident outside India**.

### **2. Debt and Non Debt instruments**

The OI Rules also list down instruments which shall be debt instruments and non-debt instruments as determined by Central Government:

<b>Debt Instrument</b>	<b>Non-Debt Instrument</b>
Government Bonds	All investments in equity in incorporated entities
Corporate Bonds	Capital participation in LLP
All Tranches of Securitisation Structure which are not Equity Tranche	All instruments of investment as recognised in the FDI policy from time to time
Borrowings by Firms through Loans	Investment in units of AIF and Real Estate Investment Trust (REIT) and Infrastructure Investment Trusts (InvIT)
Depository Receipts whose Underlying Securities are Debt Securities	Investment in units of mutual funds and Exchange-Traded Fund which invest >50% in equity
	The junior-most layer (i.e. equity tranche) of securitization structure
	Acquisition, sale, or dealing directly in immovable property
	Contribution to Trusts
	Depository receipts issued against equity instruments

- a. The OI Rules provide that a person resident in India shall make or transfer any investment or financial commitment outside India only in accordance with the Act, Rules, Regulations, or Directions made thereunder.
- b. It further provides that any investment made outside India by a person resident in India shall be made in a foreign entity engaged in a bona fide business activity, directly or through a step-

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down subsidiary or the special-purpose vehicle, subject to the limits and the conditions laid down in these OI Rules and the said regulations.

### **3. Restrictions and Prohibitions:**

A person resident in India is prohibited from making any investment in a foreign entity engaged in:

- a. Real estate activity;
- b. Gambling in any form;
- c. Dealing in financial products linked to the Indian rupee without specific approval of the RBI

### **4. Investment in Start-Ups overseas only from Internal Accruals**

Any OI in start-ups recognised under the laws of the host country or host jurisdiction as the case may be shall be made by an Indian entity **only from the internal accruals** whether from the Indian entity or group or associate companies in India and in case of resident individuals, from own funds of such an individual.

### **5. Not more than two layers of subsidiaries**

No person resident in India shall make a financial commitment in a foreign entity that has invested or invests in India, at the time of making such financial commitment or at any time thereafter, either directly or indirectly, resulting in a structure with more than two layers of subsidiaries.

However, this restriction shall not be applicable to:

- a. Banking Company;
- b. NBFC as defined which is registered with the RBI and considered as systematically important NBFC by RBI;
- c. An insurance company being a company that carries on the business of insurance in accordance with provisions of the Insurance Act, 1938 and the Insurance Regulatory and Development Authority Act, 1999; and
- d. A Government company referred in the Companies Act, 2013.

### **6. Right Issue, Bonus Issue and Renunciation**

Any person resident in India who has acquired and continues to hold equity capital of any foreign entity in accordance with the provisions of the Act or the Rules or Regulations made thereunder–

- a. may invest in the equity capital issued a by such entity as a **rights issue; or**
- b. may be granted **bonus shares** subject to the terms and conditions under these rules.
- c. Also, a person resident in India acquiring the rights mentioned above, may **renounce** such rights in favour of a person resident in India or a person resident outside India.

### **7. No Objection Certificate (NOC):**

Any person resident in India who,

- a. has an account appearing as a NPA (non-performing asset\_); or
- b. is classified as a wilful defaulter by any bank; or

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- c. is under investigation by a financial service regulator or by investigative agencies in India, namely, the Central Bureau of Investigation or Directorate of Enforcement or Serious Frauds Investigation Office,

shall, before making any financial commitment or undertaking disinvestment under these OI Rules or the Foreign Exchange Management (Overseas Investment) Regulations, 2022, obtain a NOC from the lender bank or regulatory body or investigative agency by making an application in writing to such bank or regulatory body or investigative agency concerned.

However, if the lender bank or regulatory body or investigative agency concerned fails to furnish the certificate within 60 days from the date of receipt of such application, it may be presumed that there was no objection to the proposed transaction.

### **8. Pricing Guidelines:**

The OI Rules provide that issue or transfer of equity capital of a foreign entity from a person resident outside India or a person resident in India to a person resident in India who is eligible to make such investment or from a person resident in India to a person resident outside India shall be subject to a price arrived on an arm's length basis. It obligates AD Bank to ensure compliance with Arms' length pricing before facilitating such transactions.

### **9. Transfer or Liquidation:**

A person resident in India may transfer equity capital by way of sale to a person resident in India, who is eligible to make such investment under these OI Rules, or to a person resident outside India.

In case the transfer is on account of merger, amalgamation, or demerger or on account of buyback of foreign securities, such transfer or liquidation in case of liquidation of the foreign entity shall have the approval of the competent authority as per the applicable laws in India or the laws of the host country or host jurisdiction, as the case may be.

If disinvestment by a person resident in India relates to ODI then, the transferor shall not have dues outstanding for the receipt from the foreign entity as an investor in equity capital or debt.

In case of any disinvestment, the transferor must have stayed invested for at least 1 year from the date of making ODI.

However, the above conditions shall not be applicable in case of a merger, demerger or amalgamation between two or more foreign entities that are wholly-owned, directly or indirectly, by the Indian entity or where there is no change or dilution in aggregate equity holding of the Indian entity in the merged or demerged or amalgamated entity.

### **10. Restructuring:**

These OI Rules permit restructuring of the balance sheet by a foreign entity. It also states that, a person resident in India, who has made ODI in a foreign entity can permit restructuring of the balance

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sheet by a foreign entity, which has been **incurring losses for the previous 2 years** as per its last audited balance sheets.

However, restructuring can be permitted by a foreign entity only after ensuring compliance with reporting, documentation requirements, and diminution in the total value of the outstanding dues towards a person resident in India on account of investment in equity and debt.

The diminution in value is required to be duly certified on an arm's length basis by a registered valuer:

- a. where the amount of original investment is more than USD 10 million or
- b. where the amount of such diminution exceeds 20% of the total value of the outstanding dues towards the Indian entity or investor.

It must be noted that the certificate dated not more than 6 months shall be submitted to the AD bank.

### **11. Restriction on acquisition or transfer of immovable property outside India:**

No person resident in India shall acquire or transfer any immovable property situated outside India without general or special permission of the RBI.

#### **1. Exemption**

However, nothing contained in these OI Rule shall apply to a property:

- a. held by a person resident in India who is a national of a foreign State;
- b. acquired by a person resident in India on or before July 08, 1947 and continued to be held by such person with the permission of the RBI;
- c. acquired by a person resident in India on a lease not exceeding 5 years.

However, nothing mentioned above shall apply to:

- a. a person resident in India may acquire immovable property outside India by way of inheritance or gift or purchase from a person resident in India who has acquired such property as per the foreign exchange provisions in force at the time of such acquisition;
- b. a person resident in India may acquire immovable property outside India from a person resident outside India—
  - by way of inheritance;
  - by way of purchase out of foreign exchange held in RFC account;
  - by way of purchase out of the remittances sent under the Liberalised Remittance Scheme (LRS) instituted by RBI;
  - jointly with a relative who is a person resident outside India;
  - out of the income or sale proceeds of the assets, other than ODI, acquired overseas under the provisions of the Act;
- c. an Indian entity having an overseas office may acquire immovable property outside India for the business and residential purposes of its staff, as per the directions issued by RBI from time to time;
- d. a person resident in India who has acquired any immovable property outside India in accordance with the foreign exchange provisions in force at the time of such acquisition may—

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- transfer such property by way of gift to a person resident in India who is eligible to acquire such property under these OI Rules or by way of sale;
- create a charge on such property in accordance with the Act or the Rules or Regulations made thereunder or Directions issued by the Reserve Bank from time to time.

The link for Notification is mentioned below:

<https://rbidocs.rbi.org.in/rdocs/content/pdfs/GazetteRules23082022.pdf>

### **7. Foreign Exchange Management (Overseas Investment) Regulation, 2022:**

On **August 22, 2022**, RBI vide Notification No. **FEMA 400/2022-RB** issued Foreign Exchange Management (Overseas Investment) Regulation, 2022, which shall be effective from August 22, 2022. These Regulation is supplementary to Foreign Exchange Management (Overseas Investment) Rules, 2022 and provides framework for Overseas Investment that may be by Indian Entity.

The Regulation covers in detail for following matters:

#### **a) Financial commitment by Indian entity by modes other than equity capital:**

Indian entity can lend or invest in any debt instrument issued by the foreign entity or extend non-fund-based commitment after fulfilling the conditions-

- Eligible to make Overseas Direct Investment ('ODI');
- ODI should be in the foreign entity;
- The Indian entity has acquired control in foreign entity at the time of making commitments.

#### **b) Financial commitment by Indian entity by way of debt:**

An Indian entity may lend or invest in any debt instruments issued by a foreign entity subject to the condition that such loans are duly backed by a loan agreement where the rate of interest shall be charged on an arm's length basis.

#### **c) Financial commitment by way of guarantee:**

1. In the case of financial commitment by way of a guarantee, it can be issued to or on behalf of the foreign entity:
  - Corporate or performance guarantee by Indian entity
  - Corporate or performance guarantee by a group of Indian entity in India, being a holding company (holding 51% stake in Indian entity), or subsidiary company (51% held by Indian entity), or a promoter group company which should be a corporate body.
  - Personal guarantee by the resident individual promoter
  - Bank guarantee backed by a counter-guarantee or by collateral by the Indian entity and issued by a bank in India.
2. Where the guarantee is extended by a group company, it shall be counted towards the utilisation of its financial commitment limit independently and in case of a resident individual promoter, the same shall be counted towards the financial commitment limit of the Indian entity.

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3. If the commitment mentioned above is extended by a group company, any fund-based exposure to or from the Indian entity shall be deducted from the Net Worth of such group company for computing its financial commitment limit.
4. If the guarantee mentioned above is extended by a promoter, which is a body corporate or an individual, the Indian entity shall be a part of the promoter group.
5. No guarantee shall be open ended.
6. Where a guarantee has been extended jointly and severally by two or more Indian entities, 100% of the amount of such guarantee shall be reckoned towards the individual limits of each of such Indian entities.
7. In case of performance guarantee, 50% of the amount of guarantee shall be reckoned towards the financial commitment limit.
8. Roll-over of guarantee shall not be treated as fresh financial commitment where the amount on account of such roll-over does not exceed the amount of original guarantee.

### **d) Financial commitment by way of pledge or charge:**

1. In case of financial commitment by way of pledge, the Indian entity can pledge the equity capital of the foreign entity, held directly by the Indian entity in a foreign entity, in favour of Authorized Dealer ('AD') Bank/ a public financial institution in India/ an overseas lender, for availing fund based or non- fund-based facilities for itself or for any foreign entity in which it has made ODI.
2. In case of financial commitment by creating charge by way of mortgage, pledge, hypothecation on:
  - The assets in India in favour of an AD bank or a public financial institution in India or an overseas lender as security for availing of the fund based or non-fund-based facility or both, for any foreign entity in which it has made ODI or for its step-down subsidiary outside India;
  - The assets outside India of the foreign entity in which it has made ODI or of its step-down subsidiary outside India in favour of an AD bank in India or a public financial institution in India as security for availing of the fund based or non-fund-based facility or both, for itself or any foreign entity in which it has made ODI or for its step-down subsidiary outside India or in favour of a debenture trustee registered with SEBI in India for availing fund-based facilities for itself.

### **e) Acquisition or transfer by way of deferred payment:**

In case of acquisition or transfer by way of deferred payment, the payment of amount of consideration for the equity capital deferred for a definite period from the date of the agreement as is contained in the agreement in accordance with the conditions:

- The foreign securities equivalent to the amount of total consideration should be transferred or issued, upfront by the seller to the buyer;
- The full and final consideration should be in compliance with the applicable pricing guidelines.

### **f) Mode of payment:**

A person resident in India making Overseas Investment may make payment –

- by remittance made through banking channels;
- from funds held in an account maintained in accordance with the provisions of the Act;
- by swap of securities;

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- by using the proceeds of ADR or GDR or stock swap of such receipts or ECB raised in accordance with the provisions of the Act and the Rules and Regulations made thereunder for making ODI or financial commitment by way of debt by an Indian entity.

### **g) Obligations of person resident in India:**

- The resident of India acquiring equity capital has to submit the **share certificates** to the AD bank within 6 months from the date of effecting remittance/ the date on which the dues to such person are capitalized/ the date on which the amount due was allowed to be capitalized.
- A person resident in India, through its designated AD bank, shall obtain a **Unique Identification Number or "UIN" from RBI** for the foreign entity in which the ODI is intended to be made before sending outward remittance or acquisition of equity capital in a foreign entity, whichever is earlier. Such person making ODI shall designate an AD bank and route all transactions relating to a particular UIN through such AD.
- An Indian resident having ODI in a foreign entity should realize and **repatriate to India** all the dues receivable from the foreign entity, within 90 days from the date when such receivables fall due/ the date of transfer or disinvestment/ the date of actual distribution of assets made by the official liquidator.
- A person resident in India who is eligible to make ODI may make remittance towards **earnest money deposit** or obtain a bid bond guarantee from an AD bank for participation in bidding or tender procedure for the acquisition of a foreign entity. However, an open-ended bid bond guarantee, shall be converted into a close-ended guarantee not later than 3 months from the date of award of the contract.

### **h) Reporting requirements for Overseas Investment:**

- A person resident in India who has made ODI or making financial commitment or undertaking disinvestment in a foreign entity have to report the financial commitment, disinvestment within 30 days of receipt of such proceeds and restructuring within 30 days from the date of such restructuring.
- In the case of Overseas Portfolio Investment or its transferring, a report of the same has to be made within 60 days from the end of the half- year in which such investment or transfer is made as of September or March end.
- In case of OPI by way of acquisition of shares or interest under Employee Stock Ownership Plan or Employee Benefits Scheme, the reporting shall be done by the office in India or branch of an overseas entity or a subsidiary in India of an overseas entity or the Indian entity in which the overseas entity has direct or indirect equity holding where the resident individual is an employee or director.
- A person resident in India acquiring equity capital in a foreign entity which is reckoned as ODI, shall submit an Annual Performance Report (APR) with respect to each foreign entity every year by 31<sup>st</sup> December and where the accounting year of such foreign entity ends on 31<sup>st</sup> December, the APR shall be submitted by 31<sup>st</sup> December of the next year:

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However, reporting is not required where–

- (i) a person resident in India is holding ***less than 10% of the equity capital without control*** in the foreign entity and there is no other financial commitment other than by way of equity capital; or
- (ii) a foreign entity is ***under liquidation***.

### **i) Delay in reporting:**

- A person resident in India who does not submit the evidence of investment within the time specified or does not make any filing within the time specified, may make such submission or filing, as the case may be, along with **Late Submission Fee** (LSF) within such period as may be advised, and at the rates and in the manner as may be directed by the RBI, from time to time.
- However, such facility can be availed **within a maximum period of 3 years** from the due date of such submission or filing, as the case may be.

### **j) Restriction on further financial commitment or transfer:**

A person resident in India who has made a financial commitment in a foreign entity in accordance with the Act or Rules or Regulations made thereunder, shall not make any further financial commitment, whether fund-based or non-fund-based, directly or indirectly, towards such foreign entity or transfer such investment till any delay in reporting is regularised.

The link for Notification is mentioned below:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/FEMA400E3410E8B6F384DF982443E53E6688627.PDF>

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**IBBI UPDATES**

**1. The Insolvency and Bankruptcy Board of India (IBBI) and Indian Institute of Management, Bangalore (IIMB) Invites Research Papers for 2nd International Research Conference on Insolvency and Bankruptcy**

On **August 08, 2022**, IBBI, vide Press Release No. **IBBI/PR/2022/32** has issued an invite for Research Papers for the 2<sup>nd</sup> International Research Conference on Insolvency and Bankruptcy.

The Insolvency and Bankruptcy Code, 2016 (Code / IBC) is landmark legislation that has reformed and strengthened the insolvency and bankruptcy regime in India. Due to IBC the Indian regulatory environment for insolvency and bankruptcy of corporates has witnessed a remarkable transition from an archaic resolution and liquidation process to a modern one attempting and facilitating the faster resolution of distressed companies and assets.

There is now a growing body of literature that aims to address the gaps in theoretical aspects of insolvency law and its practice and impact on the ground. Deep research can bring together evidence to support policy makers in achieving real world outcomes.

To promote research and discourse in the field of insolvency and bankruptcy, the IBBI and IIMB have jointly organized an international research conference on insolvency and bankruptcy from February 23, 2023, to February 25, 2023.

The three-day international research conference to be held by IBBI and IIMB, calls upon academics & researchers, lawyers, economists, and regulators, to submit research proposals. This conference is an opportunity to understand the importance and impact of IBC in its totality through multidisciplinary research papers.

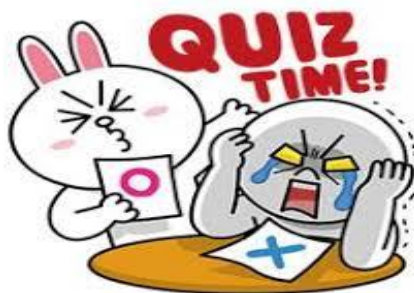
The link to the aforesaid Press Release is as follows:

<https://ibbi.gov.in/uploads/press/e9498d2a9bd0d5dbdb408f41b6e0f332.pdf>

## Amita Desai & Co. Company Secretaries, Mumbai

Edition No. 104 – Monthly Newsletter of August 2022

By Amita Desai & Co., Company Secretaries, Mumbai



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### 104<sup>th</sup> Monthly Newsletter – August 2022

#### Quiz

**Q-1 Is the presence of Auditors (Statutory & Secretarial) mandatory in the Annual General Meeting held via Video Conferencing (VC) & Other Audio-Visual Means (OAVM)?**

- a. Yes
- b. No

**Q-2 Can the companies hold the General meetings in a hybrid mode i.e. physical as well as video conferencing?**

- a. Yes
- b. No

**Q-3 Is a Whole-time Director considered to be an employee under section 186 of the Companies Act, 2013 for the purpose of giving loans or advances by the companies to their employees?**

- a. Yes
- b. No

**Q-4. Will providing a corporate guarantee to the bank by the holding company for a loan availed by its subsidiary company attract the provisions of Section 188 of the Companies Act, 2013?**

- a. Yes
- b. No

**Q-5. Can a loan raised for the purpose of financial expenditure of a capital nature be considered to be a temporary loan for the purpose of section 180(1)(c) of the Companies Act, 2013?**

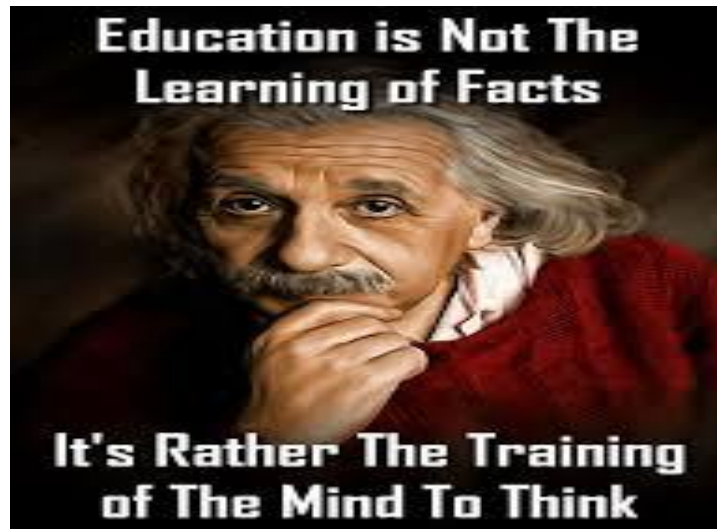
- a. Yes
- b. No

(Ans 1-a, 2-a, 3-a, 4-b, 5-b)

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**Important Days in the Month of September**

**Nutrition Week (1-7 September)**

National nutrition week is celebrated from 1 to 7 September Annually. The purpose of the celebration is to spread awareness about good nutrition and a healthy lifestyle. This year the theme of National Nutrition Week 2021 is "Feeding smart right from start". In 2018 Govt of India launched "POSHAN ABHIYAN" to educate people about nutrition and health.



**Teachers' Day (Dr. Radhakrishnan's birthday) - 5 September**

Since 1962, India has been celebrating National Teachers Day every year on the birth anniversary of Bharat Ratna awardee Dr. S Radhakrishnan. He was the first vice president and second president of Free India.

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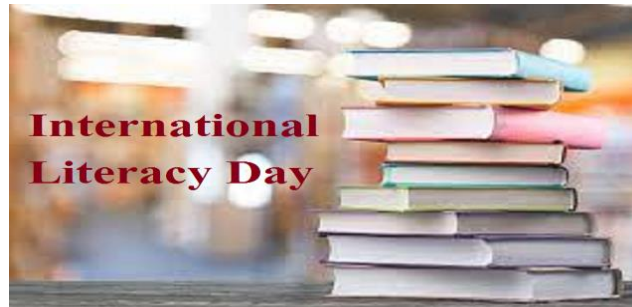
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### International Literacy Day - 8 September

International Literacy Day is observed globally on 8th September every year. Since 1967, International Literacy Day (ILD) celebrations have taken place annually around the world to remind the public of the importance of literacy as a matter of dignity and human rights, and to advance the literacy agenda toward a more literate and sustainable society. As per the UNESCO Report, by 2060 India will achieve universal literacy.



### Engineer's Day - 15 September

Engineer's Day is celebrated annually on 15 September. This day is celebrated since 1968 to recognize the contribution of engineers to the development of the country. In India, this day is celebrated every year to commemorate the birth anniversary of engineering pioneer and Bharat Ratna Awardee, Sir M. Vishweshvaraya.



### International Day of Democracy - 15 September

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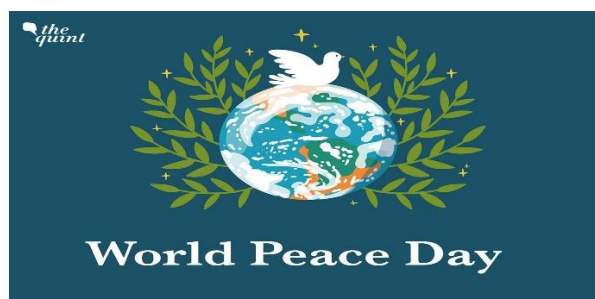
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International Day of Democracy is observed every year on 15 September. It was declared by a resolution passed by UN General Assembly in 2007. The aim of the day is to encourage governments to strengthen and consolidate democracy.



### **International Day of Peace - 21 September**

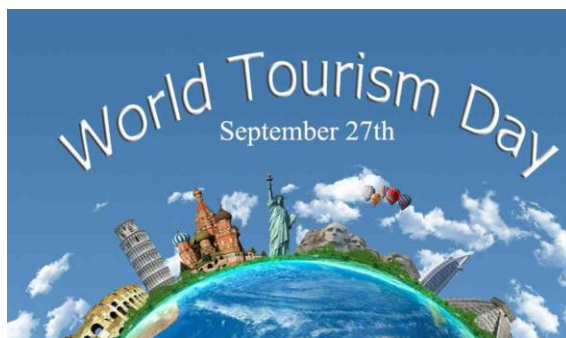
International Day of Peace is observed every year on 21 September. The UN General Assembly has declared this as a day devoted to strengthening the ideals of peace, through observing 24 hours of non-violence and cease-fire. Life is better in a world where peace exists and, today, we look to those who have been peacemakers and peacekeepers to learn what we can each do individually to make the world a more peaceful place.



### **World Tourism Day - 27 September**

World Tourism Day has been held on September 27th each year since 1980. With the theme of '***Rethinking Tourism***', the International Tourism Day of 2022 will focus on re-imagining the sector's growth, both in terms of size and relevance. The official World Tourism Day celebration will be held in Bali, Indonesia, on September 27, 2022, and it will highlight the shift towards tourism being recognized as a crucial pillar of development.

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**World Heart Day - 29 September**

World Heart Day is observed on 29 September, every year. The day is observed to spread awareness about Cardio Vascular Diseases (CVD). World Heart Day was initiated by World Heart Foundation. World Heart Day informs people around the globe that CVD, including heart disease and stroke, is the world's leading cause of death claiming 18.6 million lives each year, and highlights the actions that individuals can take to prevent and control CVD. It aims to drive action to educate people that by controlling risk factors such as tobacco use, unhealthy diet and physical inactivity, at least 80% of premature deaths from heart disease and stroke could be avoided.



**Legal Maxim which are commonly used**

- 1) **Alibi** – At another place, elsewhere.
- 2) **Bona vacantia** – Goods without an owner.
- 3) **Corpus delicti** – The facts and circumstances constituting a crime and Concrete evidence of a crime, such as a corpse (dead body).
- 4) **Doli incapax** – Incapable of crime. Or incapable of forming the intent to commit a crime. Read with section 82 of IPC.
- 5) **Lex non a rege est violanda** – The law must not be violated even by the king.
- 6) **Misnomer** – A wrong or inaccurate name or term
- 7) **Nemo Potest esse tenens et dominus** – Nobody can be both a landlord and a tenant of the same property.

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- 8) **Novation** – Transaction in which a new contract is agreed by all parties to replace an existing contract.
- 9) **Obiter dictum** – Things said by the way. It is generally used in law to refer to an opinion or non-necessary remark made by a judge. It does not act as a precedent.
- 10) **Particeps criminis** – A participator in the actual crime/partner in crime.

### Legal Words which are commonly used

- 1) **Assistant Attorney General:** An attorney who represents a state agency in civil cases.
- 2) **Bond Review:** A hearing for a judge to decide if the defendant's bond amount needs to be changed.
- 3) **Conditional Discharge:** A disposition, in criminal cases, where the defendant must satisfy certain court-ordered conditions instead of a prison term.
- 4) **Delinquent:** In civil or family cases, failing to pay an amount of money when due: In juvenile cases, a child who violated a law, local ordinance, or an order of the Superior Court.
- 5) **Garnishment:** A court order to collect money or property. For example, a garnishment may be issued to an employer to pay part of an employee's wages to someone else to pay a debt or judgment.
- 6) **Hearsay:** Testimony was given by a witness who tells second or third-hand information.
- 7) **Indigent:** Someone without enough money to either support himself or herself or his or her family. Someone who cannot afford to pay certain fees required by the court.
- 8) **Juvenile Delinquent:** A person under the age of 16 who commits a criminal act.
- 9) **Motion:** Usually, written request to the court in a case. Filed with the clerk's office.
- 10) **Ne Exeat:** A legal paper requesting that a person be required to remain within the jurisdiction of the court (either through incarceration or posting of a bond)

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