

Info Capsule

Thursday
March 11, 2021

President : CS Nagendra D. Rao

Vice President : CS Devendra V. Deshpande

❖ International Business

Germany's New Financial Market Integrity Strengthening Act (March 10, 2021)

The Financial Market Integrity Strengthening Act includes a large number of innovations aimed at strengthening confidence in the German financial market by placing more comprehensive obligations on auditors when auditing companies of public interest. In addition to optimizing balance sheet control and further regulating the auditing of financial statements, the innovations also affect corporate governance at companies.

For details:

<https://www.lexology.com/library/detail.aspx?g=453f766a-f857-410b-a1c7-b4b5651a3d3c>



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❖ Securities Laws and Capital Markets

SEBI Circular

● Rollout of Legal Entity Template (March 10, 2021)

SEBI has directed the Registered Intermediaries (RI) to upload 'Know Your Customer' records pertaining to accounts of legal entities (LEs) opened on or after April 1, 2021, onto the Central KYC Registry (CKYCR). RIs have already been uploading the KYC records pertaining to all individual accounts opened on or after August 01, 2016, onto CKYCR in terms of the provisions of the Prevention of Money Laundering (Maintenance of Records) Rules, 2005. As the CKYCR is now fully operational for individual customers, it has been decided to extend the CKYCR to Legal Entities. The provisions of this circular are not applicable to Foreign Portfolio Investors (FPIs).

For details:

https://www.sebi.gov.in/legal/circulars/mar-2021/rollout-of-legal-entity-template_49461.html

● Review of norms regarding investment in debt instruments with special features, and the valuation of perpetual bonds (March 10, 2021)

SEBI issues framework for Mutual Funds investments in debt instruments with special features viz. subordination or convertible to equity upon trigger of a pre-specified event for loss absorption. Putting in place restrictions on the exposure of mutual funds to debt instruments with special features, it has been decided that a mutual fund under all its schemes will not be permitted to own more than 10% of such instruments issued by a single issuer. Presently, there are no specified investment limits for such instruments. Also, additional Tier I bonds and Tier 2 bonds issued under Basel III framework may come under debt instruments having special features.

For details:

https://www.sebi.gov.in/legal/circulars/mar-2021/review-of-norms-regarding-investment-in-debt-instruments-with-special-features-and-the-valuation-of-perpetual-bonds_49463.html

❖ *Direct Tax*

CBDT notifies Amendment to Rule 10V for Computation of Remuneration payable to Fund Managers (Notification No. 13 Dated March 9, 2021)

The Board notified the Income-tax (2nd Amendment) Rules, 2021 which seeks to further amend rule 10V of the Income-tax Rules, 1962. Sub-rule (12) of Rule 10V provides for the amount of remuneration to be paid by the fund to a fund manager. Second provision of the said sub-rule provides that the fund may seek Board's approval in case where the amount of remuneration is lower than the amount so prescribed.

In the Income-tax Rules, 1962, in rule 10V, in sub-rule (12), after the second proviso and before the Explanation, the two provisos shall be inserted.

Firstly, "Provided also that the provisions of sub-rules (3) to (12) of rule 10VA shall, mutatis mutandis, apply to the application made under the second proviso as they apply to application made under sub-rule (2) of the said rule,"

Secondly, "Provided also that the provisions of sub-rule (3) of rule 10VA shall not apply to an application made under the second proviso, if it is for the previous year beginning on the 1st day of April, 2021, and made on or before the 1st day of February, 2021,"

For details:

https://incometaxindia.gov.in/communications/notification/notification_no_13.pdf

❖ *Labour Law*

As Wistron restarts ops, Shettar has a word of advice for employees (March 11, 2021)

Taiwanese iPhone contract manufacturer Wistron has re-opened its facility at Narasapura in Kolar district, nearly three months after violent protests rocked the facility over delayed payments and longer work hours. Additional Chief Secretary, Industries and Commerce Department, said the officers should frequently visit industrial units and advise the management and staff on the facilities as well as resolve issues, if any.

For details: <https://www.newindianexpress.com/states/karnataka/2021/mar/11/as-wistron-restarts-ops-shettar-has-a-word-of-advice-for-employees-2275015.html>

❖ *Terminology for today*

Reserve Bank of India PCA Framework for Commercial Banks

The Reserve Bank has specified certain regulatory trigger points, as a part of prompt corrective action (PCA) Framework, in terms of three parameters, i.e. capital to risk weighted assets ratio (CRAR), net non-performing assets (NPA) and Return on Assets (RoA), for initiation of certain structured and discretionary actions in respect of banks hitting such trigger points. The PCA framework is applicable only to commercial banks and not extended to co-operative banks, Non-Banking Financial Companies (NBFCs) and FMIs.

For example, IDBI Bank had been under the PCA framework of RBI since 2017 but now it has taken IDBI Bank out of PCA framework after the bank improved its finances.

❖ **Banking and Insurance**

• **Cyber security critical for digital banking success: SBI official (March 10, 2021)**

Cyber security is critical for the success of digital banking and banks should create the infrastructure to win customers' trust for all such transactions, a senior SBI official said on March 10, 2021. Digital banking or Digital is here to stay and is the future but it is equally important to safeguard the interests of all stakeholders, State Bank of India (SBI) Deputy Managing Director and Chief Digital Officer Ravindra Pandey said at a webinar.

For details : https://economictimes.indiatimes.com/industry/banking/finance/banking/cyber-security-critical-for-digital-banking-success-sbi-official/articleshow/81435520.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

• **Uco Bank gets a new executive director after a year (March 10, 2021)**

The government has appointed Ishraq Ali Khan as the Executive Director (ED) at Uco Bank filling long vacuum at the top management. In similar exercise, the government has appointed A B Vijayakumar as ED in Bank of Maharashtra along with 12 other Chief General Managers /General Managers as EDs in Various Public Sector Banks.

For details: <https://economictimes.indiatimes.com/industry/banking/finance/banking/uco-bank-gets-a-new-executive-director-after-a-year/articleshow/81434285.cms>

• **IDBI Bank out of PCA framework (March 11, 2021)**

The Reserve Bank of India (RBI) has taken out IDBI Bank from the Prompt Corrective Action (PCA) framework, subject to certain conditions and continuous monitoring. The bank was put under PCA framework in May 2017, slapping curbs on expansion, investments and lending.

For details : <https://indianexpress.com/article/business/banking-and-finance/idbi-bank-out-of-pca-framework-7222964/>

❖ **Market Watch**

Foreign Exchange Rates as on 10.03.2021

(<https://www.fbil.org.in/#/home>)

INR / 1 USD	INR / 1 GBP	INR / 1 EUR	INR/ 1 JPY
72.9737	101.0554	86.6227	.6702

Prepared by Directorate of Academics

For any suggestions, please write to academics@icsi.edu, or call at 01204082116

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