

# Info Capsule

Tuesday  
June 15, 2021

President : CS Nagendra D. Rao

Vice President : CS Devendra V. Deshpande

## SEBI News

### SEBI imposes ₹15 cr fine on Franklin Templeton, 8 others over wound-up schemes (June 14, 2021)

Securities and Exchange Board of India (SEBI) has imposed a cumulative fine of ₹15 crore on nine entities, including Franklin Templeton Trustee Services, senior official and fund managers associated with the six debt schemes wound-up by the fund house.

In its latest action, SEBI has issued a fine of ₹3 crore on Franklin Templeton Trustee Services Pvt Ltd, and ₹2 crore each on Franklin Asset Management (India) Pvt Ltd President Sanjay Sapre and its Chief Investment Officer Santosh Kamat. The serious lapses and violations clearly appear to be a fallout of the Franklin Templeton's "obsession" to run high yield strategies without due regard from the concomitant risk dimensions, SEBI said.

For details:

<https://www.livemint.com/mutual-fund/mf-news/sebi-imposes-rs-15-cr-fine-on-franklin-templeton-8-others-over-wound-up-schemes-11623676795027.html>



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## ❖ Securities Laws and Capital Markets

### SEBI Circular

#### • Revised Framework for Regulatory Sandbox (June 14, 2021)

SEBI has revised the eligibility criteria of the Regulatory Sandbox in order to enhance the reach and achieve the desired aim. With the intent to promote innovation in the securities market, SEBI had issued framework for Regulatory Sandbox vide circular no. SEBI/HO/MRD-1/CIR/P/2020/95 dated June 05, 2020. The Objective of Regulatory Sandbox is to grant certain facilities and flexibilities to the entities regulated by SEBI so that they can experiment with FinTech solutions in a live environment and on limited set of real users for a limited time frame. The updated guidelines pertaining to the functioning of the Regulatory Sandbox are provided at Annexure A to this Circular.

For details:

[https://www.sebi.gov.in/legal/circulars/jun-2021/revised-framework-for-regulatory-sandbox\\_50521.html](https://www.sebi.gov.in/legal/circulars/jun-2021/revised-framework-for-regulatory-sandbox_50521.html)

### SEBI Press Release

#### • BSE Administration & Supervision Limited granted recognition for administration and supervision of Investment Advisers (June 14, 2021)

BSE Administration & Supervision Limited (BASL), a subsidiary of BSE Limited (BSE), has been granted recognition for administration and supervision of Investment Advisers (IAs) for a period of three years from June 01, 2021. In view of the experience gained while regulating IAs and in order to strengthen the regulatory framework for IAs, SEBI Board in its meeting held on December 16, 2020 had approved

amendment to SEBI (Investment Advisers) Regulations, 2013 (IA Regulations), requiring IAs to seek membership of a separate body recognised by SEBI for administration and supervision. All existing SEBI registered IAs shall be required to seek membership of BASL. Further, new applicants shall be required to obtain membership of BASL before applying for registration with SEBI as IA.

The Standard Operating Procedure (SOP) for obtaining BASL's membership, Frequently Asked Questions (FAQs) on the membership and other information in this regard are available on the websites of BASL and BSE.

*For details:*

*[https://www.sebi.gov.in/media/press-releases/jun-2021/bse-administration-and-supervision-limited-granted-recognition-for-administration-and-supervision-of-investment-advisers\\_50540.html](https://www.sebi.gov.in/media/press-releases/jun-2021/bse-administration-and-supervision-limited-granted-recognition-for-administration-and-supervision-of-investment-advisers_50540.html)*

## ❖ **Banking and Insurance**

### • **Bharat Bill Payment System – Addition of Biller Category (June 14, 2021)**

Bharat Bill Payment System (BBPS) started as an interoperable platform for repetitive bill payments, which covered bills of five categories viz. Direct to Home (DTH), Electricity, Gas, Telecom and Water. The system provided standardised bill payment experience, centralised customer grievance redressal mechanism, prescribed customer convenience fee and ensured availability of a bouquet of anytime, anywhere digital payment options. Now due to consistent growth in different biller categories and to facilitate mobile prepaid customers with more options to recharge, it has been decided to permit 'mobile prepaid recharges' as a biller category in BBPS, on a voluntary basis. This will be implemented on or before August 31, 2021.

*For details : <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12113&Mode=0>*

### • **RBI releases Consultative Document on Regulation of Microfinance (June 14, 2021)**

The Reserve Bank of India had announced that a consultative document will be issued for harmonising the regulatory frameworks for various regulated lenders in the microfinance space. Accordingly, the Consultative Document on Regulation of Microfinance has been released on June 14, 2021 for feedback from all stakeholders.

Comments/observations/suggestions on the Consultative Document, especially on the discussion points mentioned therein, are invited from banks, NBFCs including NBFC-MFIs, industry associations and other stakeholders latest by July 31, 2021. Feedback on the Consultative Document may be sent by [microfinancefeedback@rbi.org.in](mailto:microfinancefeedback@rbi.org.in) with the subject line 'Feedback on the Consultative Document on Microfinance'.

*For details : [https://rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=51725](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=51725)*

## ❖ **Pronouncement**

May 13, 2021	<i>India Resurgence Arc Private Limited (Appellant) vs. M/S. Amit Metaliks Limited &amp; Anr. (Respondent (S))</i>	Supreme Court
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**Dissenting secured creditor cannot challenge the resolution plan under IBC by suggesting that higher amount should be paid with reference to the security interest**

### **Fact of the Case**

The appellant company was the assignee of the rights, title and interest carried by Religare Finvest Limited as secured financial creditor of the corporate debtor, having 3.94% of voting share in the Committee of Creditors. When the resolution plan submitted by the respondent No. 1 was taken up for consideration by the Committee of Creditors (CoC), the appellant expressed reservations on the share being proposed, particularly with reference to the value of the security interest held by it; and chose to remain a dissentient financial creditor.

It is contended that the CoC could not have approved the resolution plan which failed to consider the priority and value of security interest of the creditors while deciding the manner of distribution to each creditor even though the legislature in its wisdom has amended Section 30(4) of the Insolvency and Bankruptcy Code (IBC), requiring the CoC to take into account the order of priority amongst creditors as laid down in Section 53(1) of the IBC, including the priority and value of the security interest of a secured creditor.

The appellant's main grievance was that against its admitted claim of Rs. 13.38 crores over the corporate debtor, the resolution applicant had offered a "meagre amount" of about Rs. 2.026 crores without considering the valuation of the security held by the appellant, which admittedly had the valuation of more than Rs.12 Crores.

### **Judgment**

The Supreme Court observed that the matter is essentially that of the commercial wisdom of Committee of Creditors and the scope of judicial review remains limited within the four-corners of Section 30(2) of the IBC for the Adjudicating Authority and Section 30(2) read with Section 61(3) for the Appellate Authority.

The provisions of amended sub-section (4) of Section 30 of IBC, do not make out any case for interference with the resolution plan. As this amendment only amplified considerations for the Committee of Creditors while exercising its commercial wisdom so as to take an informed decision in regard to the viability and feasibility of resolution plan, with fairness of distribution amongst similarly situated Creditors and the business decision taken in exercise of the commercial wisdom of CoC does not call for interference unless creditors belonging to a class being similarly situated are denied fair and equitable treatment.

Hence, the Supreme Court has held that a dissenting secured creditor cannot challenge a resolution plan approved under the Insolvency and Bankruptcy Code(IBC) with an argument that higher amount should have been paid to it with reference to the value of the security interest held by it over the corporate debtor.

For details:

[https://main.sci.gov.in/supremecourt/2021/11286/11286\\_2021\\_40\\_10\\_28018\\_Judgement\\_13-May-2021.pdf](https://main.sci.gov.in/supremecourt/2021/11286/11286_2021_40_10_28018_Judgement_13-May-2021.pdf)

## ❖ Market Watch

### Stock Market Indices as on 15.06.2021

S & P BSE Sensex	52773.05 (+221.52)
Nifty 50	15869.25 (+57.40)

### Foreign Exchange Rates as on 14.06.2021

(<https://www.geojit.com/currency-futures/rbi-reference-rate>)

INR / 1 USD	INR / 1 EUR	INR / 1 GBP	INR / 1 JPY
73.11	88.56	103.14	0.67

### Prepared by Directorate of Academics

For any suggestions, please write to [academics@icsi.edu](mailto:academics@icsi.edu), or call at 01204082116

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