

Info Capsule

Friday

August 07, 2020

President : CS Ashish Garg

Vice President : CS Nagendra D. Rao

❖ **Securities Laws**

SEBI CIRCULAR

Administration and Supervision of Investment Advisers (August 6, 2020)

Considering the growing number of registered Investment Advisers (IAs), SEBI has decided to recognize a wholly-owned subsidiary of the stock exchange (Stock Exchange Subsidiary) to administer and supervise IAs registered with SEBI. In this regard, SEBI has issued a circular which, *inter alia*, provides the criteria for grant of recognition, setting up of requisite systems by stock exchanges for the purpose and responsibilities of subsidiary of a stock exchange.

https://www.sebi.gov.in/legal/circulars/aug-2020/administration-and-supervision-of-investment-advisers_47276.html



**THE INSTITUTE OF
Company Secretaries of India**

भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE

Statutory body under an Act of Parliament

(Under the jurisdiction of Ministry of Corporate Affairs)

❖ **Banking & Insurance**

• **Offline Retail Payments using Cards / Wallets / Mobile Devices - Pilot Scheme**

The Statement on Developmental and Regulatory Policies issued as part of Monetary Policy statement dated August 06, 2020 proposed that the Reserve Bank would allow a pilot scheme for small value payments in offline mode. The pilot scheme shall be undertaken till March 31, 2021 only. The Reserve Bank shall decide on formalising such a system based on the experience gained under the pilot.

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11947&Mode=0>

• **Online Dispute Resolution (ODR) System for Digital Payments**

As per the Statement on Developmental and Regulatory Policies issued as a part of Monetary Policy statement dated August 06, 2020, it is informed that the Reserve Bank of India (RBI) had announced introduction of Online Dispute Resolution (ODR) system for resolving customer disputes and grievances pertaining to digital payments, using a system-driven and rule-based mechanism with zero or minimal manual intervention.

To begin with, authorised PSOs shall be required to implement an ODR system for disputes and grievances related to failed transactions in their respective payment systems by January 1, 2021.

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11946&Mode=0>

• **Opening of Current Accounts by Banks - Need for Discipline**

The Reserve Bank of India (RBI) has reviewed and revised the instructions for opening of current accounts by banks. No bank shall open current accounts for customers who have availed credit facilities in the form of cash credit (CC)/ overdraft (OD) from the banking system and all transactions shall be routed through the CC/OD account.

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11945&Mode=0>

• **Loans against Gold Ornaments and Jewellery for Non-Agricultural End-uses**

With a view to further mitigate the economic impact of the COVID19 pandemic on households, entrepreneurs and small businesses, it has been decided to increase the permissible loan to value ratio (LTV) for loans against pledge of gold ornaments and jewellery for non-agricultural purposes from 75 per cent to 90 per cent. This enhanced LTV ratio will be applicable up to March 31, 2021 to enable the borrowers to tide over their temporary liquidity mismatches on account of COVID 19. Accordingly, fresh gold loans sanctioned on and after April 1, 2021 shall attract LTV ratio of 75 per cent.

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11944&Mode=0>

• **Resolution Framework for COVID-19-related Stress**

The Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions 2019, dated June 7, 2019 ("Prudential Framework") provides a principle-based resolution framework for addressing borrower defaults under a normal scenario. Any resolution plan implemented under guidelines of "Prudential Framework" which involves granting of any concession on account of financial difficulty of the borrower entails an asset classification downgrade, except when it is accompanied by a change in ownership, which allows the asset classification to be retained as or upgraded to Standard, subject to the prescribed conditions.

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11941&Mode=0>

❖ **Indirect Tax****Goods and Services Tax**• **Restriction on filing Revocation Application removed**

In view of the Removal of Difficulty Order No. 01/2020 dated June 25, 2020, the restriction on filing revocation application, in case it was rejected, has been removed. Aggrieved taxpayers can file application for revocation of cancellation of registration once again.

<https://www.gst.gov.in/newsandupdates/read/390>

• **Offline Tool to prepare Form GSTR-4 Annual Return by Composition Taxpayers**

An EXCEL based offline tool has been provided on GST portal for composition taxpayers to prepare their GSTR-4 Annual Return.

<https://www.gst.gov.in/newsandupdates/read/392>

❖ **Customs Updates****Notification to determine the rate of exchange of conversion of foreign currencies [Notification No. 69/2020- Customs (NT), dated 6th August, 2020]**

The Central Board of Indirect Taxes and Customs determined the rate of exchange of conversion of several foreign currencies.

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2020/cs-nt2020/csnt69-2020.pdf>

❖ **Insolvency and Bankruptcy Board of India**• **Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) (Second Amendment) Regulations, 2020**

The Insolvency and Bankruptcy Code, 2016 enables a corporate person to initiate voluntary liquidation process if it has no debt or it will be able to pay its debts fully from the proceeds of the assets. The corporate person appoints an insolvency professional to conduct the voluntary liquidation process by a resolution of members or partners, or contributories, as the case may be. However, there can be situations which may require appointment of another resolution professional as the liquidator.

The amendment made to the Regulations provides that the corporate person may replace the liquidator by appointing another insolvency professional as liquidator by a resolution of members or partners, or contributories, as the case may be.

<https://www.ibbi.gov.in/uploads/legalframework/41dae71b62c3fa756602c8fec7848b58.pdf>

• **IBBI Amends liquidation process regulations**

A liquidator can claim fees only on the basis of the amount of work they have done during the liquidation process of a company, be it in terms of the amount realised or distributed.

https://economictimes.indiatimes.com/news/economy/policy/ibbi-amends-liquidation-process-regulations-liquidators-fee-to-depend-on-the-work-done/articleshow/77391077.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

• **In aid of Insolvency Professionals conducting Liquidation Process**

An Insolvency Professional (IP) plays a key role in various processes under the Insolvency and Bankruptcy Code, 2016 (Code). He acts as liquidator in liquidation and voluntary liquidation processes and the entire liquidation process revolves around him. The Adjudicating Authority (AA), National Company Law Appellate Tribunal (NCLAT), and High Courts, through their orders and judgements, have guided liquidators in the conduct of liquidation process. This communication presents a few significant directions and observations from these orders and judgements, which an IP may find useful. These are presented under the following six broad categories:

- A. Taking Charge as Liquidator, etc.
- B. Scope of Liquidation Estate, etc.
- C. Sale of Assets, etc.
- D. Attachments, etc.
- E. Managing the Affairs, etc., and
- F. Powers and Duties, etc.

<https://www.ibbi.gov.in/uploads/legalframework/c3b3b6a01a710b85c8e12d12db52c33f.pdf>

❖ **Market Watch**

| Capital Market | |
|------------------|-------------------|
| S & P BSE Sensex | 38040.57 (+15.12) |
| Nifty 50 | 11214.05 (+13.90) |

| Reference Rate | | | |
|-------------------|-------------------|-------------------|------------------|
| INR / 1 USD | INR / 1 GBP | INR / 1 EUR | INR / 1 JPY |
| 74.67 (-0.28%) | 97.90 (+0.11%) | 88.47 (+0.34%) | 0.71 (+0.03%) |

❖ **Business and Economic News**

- The policymakers should focus on protecting the economy as businesses struggle amid the corona virus pandemic instead of being overly focused on what ratings agencies think
<https://timesofindia.indiatimes.com/business/india-business/india-should-focus-on-protecting-economy-says-ex-rbi-governor-raghuram-rajana/articleshow/77396168.cms>
- Account-holders will soon be able to send to their bank the details of a high-value cheque they issue to third parties, which will enable safer and faster clearance of cheques above Rs 50,000.
http://timesofindia.indiatimes.com/articleshow/77402609.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst
- According to the documents filed with the US Securities and Exchange Commission (SEC), Amazon Founder and CEO Jeff Bezos has sold over \$3.1 billion worth of the company's shares this week. Following tax deductions, the world's richest man will take home an estimated \$2.4 billion.
<https://zeenews.india.com/international-business/jeff-bezos-sells-over-3-1-billion-in-amazon-shares-2300971.html>

Prepared by Directorate of Academics

For any suggestions, please write to academics@icsi.edu, or call at 01204082269

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