

Info Capsule

Monday
December 13, 2021

President : CS Nagendra D. Rao

Vice President : CS Devendra V. Deshpande

❖ Ministry of Finance

Finance Minister Smt. Nirmala Sitharaman participates in G-20 Seminar on “Recover Together, Recover Stronger” (December 09, 2021)

Union Minister for Finance and Corporate Affairs Smt. Nirmala Sitharaman participated virtually from New Delhi in the G20 International Seminar hosted in Bali by the G20 Presidency of Indonesia. Speaking on the G20's theme for the year, “Recover Together, Recover Stronger”, the Finance Minister stressed on the fact that for a strong, sustainable, balanced and inclusive recovery of the global economy, it is imperative to ensure collective progress of all countries.

For details:

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1779674>



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Company Secretaries of India**

भारतीय कम्पनी सचिव संस्थान

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❖ Securities Laws & Capital Markets

SEBI Circulars

• **Circular on Mutual Funds (December 10, 2021)**

As per SEBI Mutual Funds Regulations, trustees and asset management companies (AMC) shall ensure that the assets and liabilities of each scheme are segregated and ring-fenced from other schemes of the mutual fund and bank accounts and securities accounts of each scheme are segregated and ring-fenced.

However, based on the recommendations of Mutual Funds Advisory Committee (MFAC), it has been decided that Mutual Funds may use pool accounts, only for such transactions which are executed at mutual fund level owing to certain operational and regulatory requirements. However, such use of pool accounts is subject to certain conditions.

Further, SEBI has extended the date of implementation of its circular dated September 27, 2021 and October 27, 2021 on “Risk Management Framework (RMF) for Mutual Funds” and on “Two-tiered structure for benchmarking of certain categories of Mutual Fund Schemes” respectively, to April 01, 2022.

For details:

https://www.sebi.gov.in/legal/circulars/dec-2021/circular-on-mutual-funds_54542.html

• **Publishing of Investor Charter and disclosure of Investor Complaints by Portfolio Managers/Mutual Funds/AIFs (December 10, 2021)**

With a view to enhancing awareness of investors about the various activities which an investor deals with while availing the services provided by portfolio managers/Mutual Funds/ AIFs, an investor charter has been prepared by SEBI. The registered Portfolio Managers and Mutual Funds are advised to bring to the notice of their clients the Investor Charter by prominently displaying on their websites.

However, AIFs are advised to bring the Investor Charter to the notice of their investors by disclosing in the Private Placement Memorandum (PPM) in case of new schemes and by disclosing to the investors on their registered e-mail in case of existing schemes.

Additionally, in order to enhance transparency in the Investor Grievance Redressal Mechanism, all Portfolio Managers and Mutual Funds on a monthly basis shall disclose on their websites as well as on Association of Mutual Funds in India (AMFI) website, the data pertaining to all complaints including SCORES complaints received by them. The information shall be made available by 7th of the succeeding month. For effective monitoring, AIFs shall maintain data on investor complaints, which shall be compiled latest within 7 days from the end of quarter.

The provisions of these circulars shall come into effect from January 01, 2022.

For details:

https://www.sebi.gov.in/legal/circulars/dec-2021/circular-on-investor-charter-and-disclosure-of-investor-complaints-by-mutual-funds-on-their-websites-and-amfi-website_54545.html

https://www.sebi.gov.in/legal/circulars/dec-2021/publishing-of-investor-charter-and-disclosure-of-investor-complaints-by-portfolio-managers-on-their-websites_54546.html

https://www.sebi.gov.in/legal/circulars/dec-2021/publishing-investor-charter-and-disclosure-of-complaints-by-aifs_54544.html

❖ **Banking and Insurance**

• **Introduction of Legal Entity Identifier for Cross-border Transactions (December 10, 2021)**

The Legal Entity Identifier (LEI) is a 20-digit number used to uniquely identify parties to financial transactions worldwide to improve the quality and accuracy of financial data systems. LEI has been introduced by the Reserve Bank in a phased manner for participants in the over the counter (OTC) derivative, non-derivative markets, large corporate borrowers and large value transactions in centralised payment systems. In order to further harness the benefits of LEI, it has been decided that AD Category I banks, with effect from October 01, 2022, shall obtain the LEI number from the resident entities (non-individuals) undertaking capital or current account transactions of ₹50 crore and above (per transaction) under FEMA, 1999. As regards non-resident counterparts/overseas entities, in case of non-availability of LEI information, AD Category I banks may process the transactions to avoid disruptions. Further, AD Category I banks may encourage concerned entities to voluntarily furnish LEI while undertaking transactions even before October 01, 2022. Once an entity has obtained an LEI number, it must be reported in all transactions of that entity, irrespective of transaction size.

For details:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12206&Mode=0>

- **Safety of depositors' money vital for growth of banks: PM Modi (December 13, 2021)**

Prime Minister Narendra Modi on December 12, 2021 said that Rs. 1,300 crore had been paid to over one lakh depositors who could not access their money due to financial crises at banks and that a further three lakh such depositors were set to receive payments for funds stuck at such banks. At an event on the theme 'Depositors First: Guaranteed Time-bound Deposit Insurance Payment up to Rs. 5 Lakh', he said that the move to guarantee deposits of up to Rs. 5 lakh up from Rs. 1 lakh earlier meant that about 98 per cent of accounts were fully covered and a total Rs. 76 lakh crore were insured by the Deposit Insurance and Credit Guarantee Corporation (DICGC).

For details:

<https://indianexpress.com/article/business/banking-and-finance/safety-depositors-money-vital-banks-growth-modi-7669526/>

❖ Terminology for today

Hyperinflation

Hyperinflation is a term to describe rapid, excessive, and out-of-control general price increases in an economy. While inflation is a measure of the pace of rising prices for goods and services, hyperinflation is rapidly rising inflation, typically measuring more than 50% per month

❖ Market Watch

Stock Market Indices as on 13.12.2021

S & P BSE Sensex	58283.42 (-503.25)
Nifty 50	17368.25 (-143.05)

Foreign Exchange Rates as on 09.12.2021

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

INR / 1 USD	INR / 1 EUR	INR / 1 GBP	INR / 1 JPY
75.35	85.20	99.68	0.66

Prepared by Directorate of Academics

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

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