

Info Capsule

Monday
August 16, 2021

President : CS Nagendra D. Rao

Vice President : CS Devendra V. Deshpande

❖ Latest @ ICSI

Crash Course on MSME and Real Estate (Regulation & Development) Act (RERA): Registration open (August 16, 2021)

The ICSI has launched a Crash Course on MSME and RERA for ICSI Members, which will be conducted through web based interactive sessions. The Course will be imparted in total 5 sessions to be conducted on weekdays from 5:30 to 7:30 PM. Certificate of completion will be awarded to all the candidates, upon successfully completion of the course and MCQ based assessment.

For details:

https://www.icsi.edu/media/web_modules/MSME_designs.jpg

https://www.icsi.edu/media/web_modules/RERA_Flyer.jpg



**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)

❖ Ministry of Corporate Affairs

The Limited Liability Partnership (Amendment) Bill, 2021 receives President's assent (August 13, 2021)

The President of India has given its assent to the Limited Liability Partnership (Amendment) Bill, 2021 which further amends the Limited Liability Partnership Act, 2008. The Limited Liability Partnership (Amendment) Bill, 2021 has been published in the Official Gazette on August 13, 2021 as Limited Liability Partnership (Amendment) Act, 2021.

For details:

<https://egazette.nic.in/WriteReadData/2021/228987.pdf>

❖ Securities Laws & Capital Markets

SEBI NOTIFICATIONS

• SEBI (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2021 (August 13, 2021)

SEBI vide its notification dated August 13, 2021, amends the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, which shall come into force on the date of their publication in the Official Gazette. The following amendments have been made:

- The lock-in of promoters' shareholding to the extent of minimum promoters contribution shall be for a period of 18 months from the date of allotment in initial public offering (IPO)/further public offering (FPO) instead of existing three years. However, in case the majority of the issue proceeds excluding the portion of offer for sale is proposed to be utilized for capital expenditure, then the lock-in period shall be 3 years from the date of allotment in the initial public offer.

- The lock-in of pre-issue capital held by persons other than the promoters shall be locked-in for a period of 6 months from the date of allotment in the IPO instead of existing 1 year.

For details: <https://egazette.nic.in/WriteReadData/2021/228972.pdf>

- **SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2021 (August 13, 2021)**

SEBI vide its notification dated August 13, 2021, amends the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, pertaining to issuers who have listed Non-Convertible Debt Securities, Non-Convertible Redeemable Preference Shares, Perpetual Debt Instruments and/ or Perpetual Non-Cumulative Preference Shares. These amendments aim to improve transparency, rationalization and removing of redundant provisions so as to provide further robustness to the corporate bond market.

For details: <https://egazette.nic.in/WriteReadData/2021/228975.pdf>

- **SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (August 13, 2021)**

The SEBI has merged the SEBI (Issue of Sweat Equity) Regulations, 2002 (“Sweat Equity Regulations”) and SEBI (Share Based Employee Benefits) Regulations, 2014 (“SBEB Regulations”) into a single regulation the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, with a view to facilitate smooth operation of schemes by companies for the benefit of their employees while preventing any possible manipulation and matters connected therewith or incidental thereto. The companies will be allowed to provide share based employee benefits to employees, who are exclusively working for such company or any of its group companies including its subsidiary or its associate.

For details: <https://egazette.nic.in/WriteReadData/2021/228983.pdf>

- **SEBI (Alternative Investment Funds) (Fourth Amendment) Regulations, 2021 (August 13, 2021)**

With a view to simplify and rationalise compliance requirements for Alternative Investment Funds (AIFs), provide investment flexibility and streamline regulatory processes, the SEBI approved certain amendments to SEBI (Alternative Investment Funds) Regulations, 2012, which inter-alia include:

- (i) Category I AIF – Venture Capital Funds (VCFs) to invest at least 75% of investable funds in unlisted equity shares and equity linked instruments of venture capital undertaking or in companies listed or proposed to be listed on a SME exchange or SME segment of an exchange. The existing investment restrictions on the residual portion of investable funds of VCFs have been done away with.

- (ii) The minimum amount of grant of Rs. 25 Lakhs stipulated for Category I AIFs – Social Venture Funds shall not apply to grants received from Accredited Investors.
- (iii) AIFs can also issue partly paid up units to investors to represent the portion of committed capital invested.
- (iv) AIFs to file private placement memorandum with SEBI through a Merchant Bankers.

For details: <https://egazette.nic.in/WriteReadData/2021/228971.pdf>

SEBI CIRCULARS

- **‘Security and Covenant Monitoring’ using Distributed Ledger Technology (August 13, 2021)**

In order to strengthen the process of security creation, monitoring of security created, monitoring of asset cover and covenants of the non-convertible securities, the SEBI has decided that a platform for ‘Security and Covenant Monitoring System’ (‘system’) hosted by Depositories shall be developed.

The system shall be used for recording and monitoring of the security created and monitoring of covenants of non-convertible securities. The system shall *inter alia* capture the process of creation of security (viz. due diligence, charge creation etc.), continuous monitoring of covenants by Debenture Trustees (as applicable), credit rating of the non-convertible securities by the Credit Rating Agencies (CRAs) etc. Depositories shall create, host, maintain and disseminate the system for security and covenant monitoring using distributed ledger technology.

The said system, shall enable various stakeholders to record information for security creation, asset cover and covenants, periodical monitoring of security cover, asset cover and covenants, interest and redemption payment (part and full) of non-convertible securities and credit Rating information. Accordingly, the SEBI has also prescribed the role and responsibilities of various stakeholders in the said system.

The system shall come into effect from April 01, 2022. However, testing of the system shall start from January 01, 2022 and therefore, Issuers, Debenture Trustees and Credit Rating Agencies etc. are thereby advised to carry out necessary changes, if any, in order to be ready to execute such functions as required for the proposed platform.

For details:

https://www.sebi.gov.in/legal/circulars/aug-2021/-security-and-covenant-monitoring-using-distributed-ledger-technology_51855.html

- **Tendering of shares in open offers, buybacks and delisting offers by marking lien in the demat account of the shareholders (August 13, 2021)**

SEBI has decided that a lien shall be marked against the shares of the shareholders participating in tender offers made after open offers, buy back offers and delisting of securities. Upon finalization of the entitlement, only accepted quantity of shares shall be debited from the demat account of the shareholders. The lien marked against unaccepted shares shall be released. As per the circular, this will reduce the systematic risk and risks associated with the movement of securities from the demat account of shareholders to Clearing Corporation account and vice-versa and make the process more investor friendly.

Under the existing mechanism, the shares tendered by shareholders are required to be directly transferred to the account maintained by the clearing corporation and different tendering processes are being adopted by Depositories.

For details:

https://www.sebi.gov.in/legal/circulars/aug-2021/tendering-of-shares-in-open-offers-buybacks-and-delisting-offers-by-marking-lien-in-the-demat-account-of-the-shareholders_51849.html

- **Automation of Continual Disclosures under Regulation 7(2) of SEBI (Prohibition of Insider Trading) Regulations, 2015 - System driven disclosures - Ease of doing business (August 13, 2021)**

Para 7 of the SEBI circular dated September 09, 2020 on implementation of System Driven Disclosures (SDD) in phases states that *'the system would continue to run parallel with the existing system i.e. entities shall continue to independently comply with the disclosure obligations under PIT Regulations as applicable to them till March 31, 2021'*

It has been confirmed by stock exchanges and depositories that System Driven Disclosure ('SDD') is implemented in line with aforesaid circular and is in place since April 1, 2021. Therefore, manual filing of disclosures under SEBI (PIT) Regulations are no longer mandatory for listed companies who have complied with requirements of the circular dated September 09, 2020.

For details:

https://www.sebi.gov.in/legal/circulars/aug-2021/automation-of-continual-disclosures-under-regulation-7-2-of-sebi-prohibition-of-insider-trading-regulations-2015-system-driven-disclosures-ease-of-doing-business_51848.html

- **Disclosure of shareholding pattern of promoter(s) and promoter group entities (August 13, 2021)**

As per SEBI (LODR) Regulations, 2015, it is mandatory that all entities falling under promoter and promoter group be disclosed separately in the shareholding pattern on the website of stock exchanges, in accordance with the format specified by SEBI. The shareholdings of promoters and promoter group entities, which are currently collectively disclosed under table II-Statement showing shareholding pattern of the promoter and promoter group, shall now be segregated into promoter(s) and promoter group in the revised format as annexed to this circular.

For details:

https://www.sebi.gov.in/legal/circulars/aug-2021/disclosure-of-shareholding-pattern-of-promoter-s-and-promoter-group-entities_51847.html

- **Guidelines on issuance of non-convertible debt instruments along with warrants ('NCDs with Warrants') in terms of Chapter VI - Qualified Institutions Placement of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (August 13, 2021)**

In order to streamline the procedure of issuance and applicability of Electronic Book Platform (EBP) mechanism on the NCDs portion, SEBI has issued guidelines for non-convertible debentures with warrants products, whereby it made electronic book platform (EBP) mandatory for the 'NCDs portion' of the issue (for both stapled and segregated offer) and issuer shall be required to comply with the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021, and Circulars issued there under.

Also, at least 40 % size of the 'total issue size' of the issue shall consist of 'Warrants portion' where in 'total issue size' means combined size of NCDs issue and the aggregate size of the warrants portion, including the conversion price of warrants.

This circular shall be applicable for all issues of 'NCDs with Warrants' made under ICDR Regulations, 2018, on or after the date of this Circular.

For details:

https://www.sebi.gov.in/legal/circulars/aug-2021/guidelines-on-issuance-of-non-convertible-debt-instruments-along-with-warrants-ncds-with-warrants-in-terms-of-chapter-vi-qualified-institutions-placement-of-sebi-issue-of-capital-and-disclosure-_51827.html

❖ **Banking and Insurance**

- **Reserve Bank of India cancels the licence of Karnala Nagari Sahakari Bank Ltd., Panvel (District - Raigad), Maharashtra (August 13, 2021)**

The Reserve Bank of India (RBI) has, vide order dated August 09, 2021 cancelled the licence of Karnala Nagari Sahakari Bank Ltd., Panvel (District - Raigad), Maharashtra. Consequently, the bank ceases to carry on banking business, with effect from the close of business on August 13, 2021. The Commissioner for Cooperation and Registrar of Cooperative Societies, Maharashtra has also been requested to issue an order for winding up the bank and appoint a liquidator for the bank.

For details:

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=52063

- **Finance Minister Nirmala Sitharaman to meet CEOs of public sector banks on August 25 (August 15, 2021)**

Finance Minister Nirmala Sitharaman is scheduled to meet heads of Public Sector Banks (PSBs) on August 25, 2021 to review financial performance of the lenders and progress made by them to support the economy battered by COVID-19 pandemic.

For details:

<https://economictimes.indiatimes.com/industry/banking/finance/banking/finance-minister-nirmala-sitharaman-to-meet-ceos-of-public-sector-banks-on-august-25/articleshow/85343593.cms>

- **PMJDY turns 7; brings 43 crore under formal banking system (August 15, 2021)**

As India celebrates its 75th Independence Day, nearly 43 crore poor beneficiaries in the country now have a basic bank account, thanks to Centre's flagship financial inclusion scheme, Pradhan Mantri Jan Dhan Yojana (PMJDY). The scheme, announced by Prime Minister Narendra Modi in August 2014, has dispelled initial apprehensions on its efficacy and proved to be a steady vehicle for financial inclusion.

For details:

<https://www.thehindubusinessline.com/money-and-banking/pmjdy-turns-7-brings-43-crore-under-formal-banking-system/article35926143.ece>

❖ **Terminology for today**

Absolute Error

The difference between the true value of a parameter in the population and a value derived from a survey. Total error is the sum of the sampling and non-sampling errors in a survey.

❖ ***Insolvency and Bankruptcy***

Insolvency and Bankruptcy Code (Amendment) Act, 2021 received President assent (August 12, 2021)

Insolvency and Bankruptcy Code (Amendment) Act, 2021 received the assent of the President on the 11th August, 2021. The amendments aims to provide an efficient alternative insolvency resolution framework for corporate persons classified as Micro, Small and Medium Enterprises (MSMEs) under the Code, for ensuring quicker, cost-effective and value maximising outcomes for all the stakeholders, in a manner which is least disruptive to the continuity of MSMEs businesses.

For details:

<https://www.ibbi.gov.in/uploads/legalframwork/0150ec26cf05f06e66bd82b2ec4f6296.pdf>

❖ ***International Business News***

AEPC Chairman addresses members at 42nd AGM; says Indian apparels to help achieve \$400 bn export target (August 16, 2021)

Apparel Export Promotion Council (AEPC), Chairman Dr A Sakthivel has exuded confidence that India's merchandise exports will reach 400 billion dollars this fiscal as envisaged by Prime Minister Narendra Modi.

For details:

<https://knnindia.co.in/news/newsdetails/sectors/aepc-chairman-addresses-members-at-42nd-agm-says-indian-apparels-to-help-achieve-400-bn-export-target>

❖ ***Business and Economic News***

• PM Modi announces Rs 100 lakh crore infra development programme 'Gatishakti' (August 15, 2021)

Prime Minister Narendra Modi on Sunday announced Rs 100 lakh crore 'Gatishakti' initiative to bring employment opportunities for the youth and to help in holistic infrastructure growth.

For details:

https://economictimes.indiatimes.com/news/economy/infrastructure/a-1-35-trillion-infrastructure-plan-for-india-to-be-unveiled-soon/articleshow/85343021.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

- **ONDC to end monopolistic practices in e-commerce : Piyush Goyal (August 14, 2021)**

Commerce & Industry Piyush Goyal on Friday said the proposed Open Network for Digital Commerce (ONDC) will end monopolistic practices in digital commerce in India. "Goyal deliberated with the members of the advisory council & experts on how the initiative will democratise digital commerce & move it from platform-centric model to an open-network model," commerce ministry said in a statement after Goyal chaired a meeting of the advisory council.

For details:

<https://www.livemint.com/news/india/ondc-to-end-monopolistic-practices-in-e-commerce-piyush-goyal-11628873842438.html>

❖ Market Watch

Stock Market Indices as on 16.08.2021	
S & P BSE Sensex	55582.58 (+145.29)
Nifty 50	16563.05 (+33.95)

Foreign Exchange Rates as on 13.08.2021 (https://www.geojit.com/currency-futures/rbi-reference-rate)			
INR / 1 USD	INR / 1 EUR	INR / 1 GBP	INR / 1 JPY
74.11	86.98	102.58	0.67

Prepared by Directorate of Academics

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

Disclaimer : Although due care and diligence have been taken in preparation and uploading this info capsule, the Institute shall not be responsible for any loss or damage, resulting from any action taken on the basis of the contents of this info capsule. Anyone wishing to act on the basis of the material contained herein should do so after cross checking with the original source.

VISION
"To be a global leader in promoting
good corporate governance"

ICSI Motto
सत्यं वद। धर्मं चर।
इच्छेते त्वां त्वात्तः क्तेन ते त्वात्तः

MISSION
"To develop high calibre professionals
facilitating good corporate governance"

Connect with ICSI

www.icsi.edu | [f](#) [t](#) [in](#) [v](#) [i](#) | Online Helpdesk : <http://support.icsi.edu>