

The Madras Chamber of Commerce & Industry

Expert Committee on Company Law / Corporate Matters

Chairman: Dr. B. Ravi

Co-Chair: Mrs. B. Chandra

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SEBI UPDATES: Month July 2021

1. SEBI vide circular No. SEBI/HO/OIAE/IGRD/CIR/P/2021/588 dated 5th July 2021 has issued guidelines for no objection certificate for release of 1% of issue amount.

In Circular No. CIR/OIAE/1/2009 dated November 25, 2009, SEBI had laid down guidelines for obtaining NOC for release of 1% of issue amount. As per point 2 of the said circular, the issuer company is required to submit an application on its letter head addressed to SEBI in the format specified in Annexure –A, after lapse of 4 months from listing on the Exchange which was the last to permit listing, for the purpose of obtaining the NOC.

It has been decided to reduce the time period after listing for submitting the application to 2 months from the existing period of 4 months as stated in above mentioned circular. The same is subject to the condition that all issue related complaints have been resolved by the merchant banker/ issuer.

In addition to the requirements laid down for processing of NOC applications in the aforementioned circular, the merchant banker shall submit a certificate confirming that all the SCSBs involved in ASBA process have unblocked ASBA accounts. SEBI shall consider application as incomplete if the application is not accompanied by a confirmation by merchant banker that all the accounts in ASBA have been 'unblocked'.

Stock Exchanges are accordingly advised to bring the provisions of this Circular to the notice of all Listed Companies respectively and also to disseminate the same on their websites.

This Circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

2. SEBI VIDE CIRCULAR NO SEBI/HO/MRD1/DTCS/CIR/P/2021 DATED 5TH July, 2021 has issued Standard Operating Procedure for handling of technical glitches by Market Infrastructure Institutions (MIIs) and payment of “Financial Disincentives” thereof

MIIs (i.e. Stock Exchanges, Clearing Corporations and Depositories) are systemically important institutions as they, inter-alia, provide infrastructure necessary for the smooth and uninterrupted functioning of the securities market.

With increasing dependence on technology, as the operations and functioning of MIIs are fully automated right from order entry to order matching to trade confirmation leading up to clearing and settlement of trades, the instances of technical glitches at MIIs, leading to business disruption/unavailability of services provided by MIIs, have been occurring, despite various mechanisms stipulated by SEBI such as Business Continuity Planning, Disaster Recovery policies, System Audit etc.

The general practice in the computing/technology industry to deal with business disruption / unavailability of services, is to work with specified downtime and for downtimes beyond such specified time, a pre-defined penalty structure is included in Service Level Agreement.

Considering the criticality of smooth functioning of systems of MIIs (as any disruption adversely impacts all classes of investors / market participants as well as the credibility of the securities market), specifying a pre-defined threshold for downtime of systems of MIIs becomes desirable. For any downtime or unavailability of services, beyond such pre-defined time, there is a need to ensure that “Financial Disincentive” is paid by the MIIs as well as Managing Director (being the executive head in-charge of all the day to day operations) and Chief Technology Officer (being the executive head in-charge of technology) of the MII. This will encourage MIIs to constantly monitor the performance and efficiency of their systems and upgrade/ enhance their systems etc. to avoid any possibility of technical glitches/ disruption/disaster and restart their operations expeditiously in the event of glitch/disruption/disaster.

Accordingly, after extensive discussion with various stakeholders, it has been decided that, MIIs shall :

- a. Follow the Standard Operating Procedure (SOP) for handling technical glitches as detailed at Annexure – I of this Circular (please refer circular for the annexure) , and,
- b. Comply with the “Financial Disincentive” structure as detailed at Annexure – II (please refer circular for the annexure) of this Circular.

The aforesaid “Financial Disincentives”, when triggered automatically under pre-defined conditions, as detailed in Annexure-II of this Circular, shall be credited to the Investor Protection Fund / Core Settlement Guarantee Fund maintained by the MII.

This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

This circular shall come into effect from August 16, 2021 and shall supersede the SEBI directions dated August 06, 2019 to the MIIs having reference no. SEBI/HO/ MRD/DOP1/OW/P/20062/7/2019 with regard to handling of technical glitches.

3. SEBI vide Circular no SEBI/HO/CFD/DIL1/CIR/P/2021/0585 dated 6th July, 2021 has issued Standard Operating Procedure for listed subsidiary company desirous of getting delisted through a Scheme of Arrangement wherein the listed parent holding company and the listed subsidiary are in the same line of business.

SEBI, vide notification dated June 10, 2021, has notified the amendments made to the SEBI (Delisting of Equity Shares) Regulations, 2021 wherein, in Chapter VI, Part C, and Regulation 37, special provisions for a listed subsidiary company getting delisted through a scheme of arrangement have been inter-alia inserted with respect to a listed holding company and the listed subsidiary company who are in the 'same line of business'.

It is hereby clarified that for the purposes of defining 'same line of business', the following criteria need to be fulfilled by the listed holding company and the listed subsidiary company:-

- i. The principal economic activities of both Holding company and Subsidiary Company are under the same Group (3-digit numeric code) under the National Industrial Classification (NIC) Code 2008.
- ii. Not less than 50% of revenue from the operations of the listed holding and listed subsidiary company must come from the same line of business as per last audited annual financial results submitted by both the companies in compliance with SEBI (LODR) Regulations, 2015.
- iii. Not less than 50% of the net tangible assets of the listed holding and listed subsidiary must have been invested in the same line of business as per last audited annual financial results submitted by both the companies in compliance with SEBI (LODR) Regulations, 2015.
- iv. In case of change of name of the listed entities, within the last one year, at least fifty percent of the revenue, calculated on a restated and consolidated basis, for the preceding one full year has to be earned by it from the activity indicated by its new name.
- v. The listed holding company and the listed subsidiary have to provide a self certification with respect to both the companies being in the same line of business.

All of the above mentioned criteria (i.e. Sr. No. v) shall be certified by the Statutory Auditor and SEBI Registered Merchant Banker.

In terms of Regulation 37(2)(e) and (f) of the SEBI (Delisting of Equity Shares) Regulations, 2021, the shares of the listed holding company and the subsidiary company shall be listed for at least 3 years and the subsidiary company shall be a listed subsidiary of the listed holding company for a period of 3 years.

The recognized stock exchanges are directed to bring the provisions of this circular to the notice of the listed companies and also to disseminate the same on their website.

This circular is issued in exercise of powers conferred by Section 11(1) of the Securities and Exchange Board of India Act, 1992 and Regulations 11, 37 and 94 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

4. SEBI vide Circular no SEBI/HO/CDMRD_DOP/P/CIR/2021/592 dated 08.07.2021 has issued guidelines for Review of Advance Intimation timelines for modifications in the contract specifications of commodity derivatives contracts

SEBI has specified the procedure for carrying out modifications in the contract specifications of commodity derivatives contracts vide circular no. SEBI/HO/CDMRD/CIR/P/2019/135 dated November 14, 2019. Based on their materiality, the contract modifications are categorized into Category A, Category B and Category C. As per the aforesaid circular, the permission to modify contract specifications is subject to the condition that before introduction of any modification, the Stock Exchanges shall inform SEBI and market participants along with reasons for the modifications. The advance intimation timelines mentioned in the aforesaid circular are 10 days for Category A and 30 days for Category B and Category C contract modifications.

In order to bring in uniformity while giving effect to the contract modifications so that they have the desired impact and the modified contract represents a healthy replica of the physical market, it has been decided, in consultation with the Stock Exchanges, to reduce the number of days of advance intimation for all the three categories i.e. Category A, Category B and Category C, to 10 days.

The other provisions of circular no. SEBI/HO/CDMRD/CIR/P/2019/135 dated November 14, 2019 shall continue to remain the same.

The provisions of this circular shall be effective from the date of this circular.

The Circular is issued in exercise of powers conferred under Section 11 (1) of Securities and Exchange Board of India Act, 1992, read with Section 10 of the Securities Contracts (Regulation) Act, 1956 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

5. SEBI VIDE CIRCULAR NO SEBI/HO/IMD/DF4/P/CIR/2021/593 DATED 09.07.2021 specifies about Valuation of securities with multiple put options present ab-initio

In respect of valuation of securities with multiple put options present ab-initio wherein put option is factored into valuation of the security by the valuation agency, the following is decided based on the recommendation of Mutual Fund Advisory Committee: If the put option is not exercised by a Mutual Fund, while exercising the put option would have been in favour of the scheme; i. A justification for not exercising the put option shall be provided by the Mutual Fund to the Valuation Agencies, Board of AMC and Trustees on or before the last date of the notice period. ii. The Valuation Agencies shall not take into account the remaining put options for the purpose of valuation of the security.

The put option shall be considered as 'in favour of the scheme' if the yield of the valuation price ignoring the put option under evaluation is more than the contractual yield/coupon rate by 30 basis points.

.Applicability: The circular shall be applicable with effect from October 01, 2021.

This circular is issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, read with the provisions of Regulation 77 of SEBI (Mutual Funds) Regulations, 1996, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market

6. SEBI vide circular no SEBI/HO/MIRSD/DOP/P/CIR/2021/595 dated 16.07.2021- Block Mechanism in demat account of clients undertaking sale transactions

SEBI, vide circular no. SEBI/HO/MIRSD/DOP/CIR/P/2020/73 dated September 15, 2020, issued clarification w.r.t. collection and reporting of margins by Trading Member (TM) / Clearing Member (CM) in Cash Segment. It was inter alia clarified that if Early Pay-In (EPI) of securities has been made to the Clearing Corporation (CC), then all margins would be deemed to have been collected and penalty for short /non-collection of margin including other margins shall not arise.

SEBI has received representations from the clients undertaking sale transactions, wherein the clients give Early Pay-In (EPI) for sale trades which are yet to be executed. If the sale trade is executed, then the securities get adjusted against EPI, however, if securities remain unsold, then the securities are required to be returned back to client's demat account, which take time and involve cost.

SEBI had extensive consultations with Depositories, Clearing Corporations and Stock Exchanges to provide a mechanism of block in the demat account of clients undertaking sale transactions. When the client intends to make a sale transaction, shares will be blocked in the demat account of the client in favour of Clearing Corporation. If sale transaction is not executed, shares shall continue to remain in the client's demat account and will be unblocked at the end of the T day. Thus, this mechanism will do away with the movement of shares from client's demat account for early pay-in and back to client's demat account if trade is not executed. Please refer the circular for process flow of block deal mechanism.

7. SEBI vide circular no SEBI/HO/MIRSD/MIRSD_CRADT/P/CIR/2021/594 dated 16.07.2021 has introduced Expected Loss (EL) based Rating Scale and Standardisation of Rating Scales Used by Credit Rating Agencies

SEBI, vide circular numbered CIR/MIRSD/4/2011 dated June 15, 2011, had devised certain standardised rating symbols and their definitions used by the Credit Rating Agencies (CRAs). Further, SEBI vide circular numbered SEBI/ HO/ MIRSD/ DOS3/ CIR/ P/ 2019/ 70 dated June 13, 2019 had standardised symbols and definitions for ratings of instruments having explicit credit enhancement feature.

In addition to the standardized rating scales prescribed by aforementioned circulars, subsequent to discussions with various stakeholders, Expected Loss (EL) based Rating Scale may be used by CRAs for ratings of projects/ instruments associated with infrastructure sector .

For existing outstanding ratings, the CRAs shall be guided by the para 6 of SEBI circular numbered CIR/MIRSD/4/2011 dated June 15, 2011.

SEBI has also issued Standardisation of Rating Scales Used by Credit Rating Agencies. Please refer the circular for further details.

8. SEBI vide circular no SEBI/HO/MRD2_DCAP/CIR/2021/0598 dated 20.07.2021 specified about Segregation and Monitoring of Collateral at Client Level

SEBI, vide circular no. SEBI/HO/MIRSD/DOP/CIR/P/2020/28 dated February 25, 2020, put in place a framework of 'Margin obligations to be given by way of Pledge/ Re-pledge in the Depository System' to mitigate the risk of misappropriation or misuse of client's securities available with the Trading Member (TM)/ Clearing Member (CM)/ Depository Participant (DP), including use of one client's securities to meet the exposure, margin or settlement obligations of another client or of the TM / CM.

In order to further strengthen the mechanism of protection of client collateral from (i) misappropriation/ misuse by TM/ CM and (ii) default of TM/CM and/or other clients, SEBI issued a consultation paper on May 10, 2021 requesting market participants to provide their comments/ views on the proposed framework for segregation and monitoring of collateral at client level.

In light of the public comments and discussions with the stakeholders, it has been decided to adopt the following framework for segregation and monitoring of collateral at client level.

Please refer the circular for further details

9. SEBI vide circular no SEBI/HO/MIRSD/CRADT/CIR/P/2021/597 dated 20.07.2021 Relaxation in timelines for compliance with regulatory requirements by Debenture Trustees due to Covid-19

In view of the situation arising due to Covid-19 pandemic, challenges arising out of the local restrictions placed by various state governments and representations received from the Debenture Trustees, SEBI had earlier provided relaxations in timelines for compliance with certain regulatory provisions of SEBI Circular No. SEBI/HO/MIRSD/CRADT/CIR/ P/2020/230 dated November 12, 2020 vide Circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2021/561 dated May 03, 2021.

Further representations have been received from the Debenture Trustees wherein they have expressed the challenges faced in complying with the requirements within the applicable timelines due to the difficulty in information sharing, limited functioning of the various offices and travelling restrictions and imposition of lock down in most states due to Covid-19.

In view of the prevailing situation due to Covid-19 pandemic and representations received from the Debenture Trustees, it has been decided to extend the timelines for compliance with the following regulatory requirements of the SEBI circular dated November 12, 2020 for the quarter/half year/ year ending March 31, 2021. Please refer the circular for further details.

10. SEBI vide circular No. SEBI/HO/DDHS/DDHS_Div3/P/CIR/2021/600 dated 22nd July 2021 has issued guidelines on Continuous disclosures in compliances by InvITs – Amendments

SEBI issued Circular No.CIR/IMD/DF/127/2016dated November 29, 2016 has inter alia prescribed guidelines for Grievance Redressal Mechanism for InvITs.

In order to further enhance investor protection and to increase transparency in grievance redressal, Para 5.3 of Annexure B of SEBI Circular No CIR/IMD/DF/127/2016dated November 29, 2016 stands modified as under:

All complaints including SCORES complaints received by the InvIT shall be disclosed in the format mentioned in Annexure -Aon the website of the InvIT and also filed with the recognized stock exchange(s), where its units are listed within 21 days from the end of financial year or end of quarter, as the case may be.”

All other conditions specified in SEBI circular dated November 29, 2016 shall remain unchanged.

This circular is being issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 and Regulation 33 of the REIT Regulations.

11. SEBI vide circular No. SEBI/HO/DDHS/DDHS_Div3/P/CIR/2021/599 dated 22nd July 2021 has issued guidelines on Continuous disclosures in compliances by REITs – Amendments

SEBI issued Circular No.CIR/IMD/DF/146/2016dated December29, 2016 has inter alia prescribed guidelines for Grievance Redressal Mechanism for REITs.

In order to further enhance investor protection and to increase transparency in grievance redressal, Para 5.3 of Annexure B of SEBI Circular No.CIR/IMD/DF/146/2016dated December 29, 2016 stands modified as under:

“5.3 All complaints including SCORES complaints received by the REIT shall be disclosed in the format mentioned in Annexure -Aon the website of the REIT and also filed with the recognized stock exchange(s), where its units are listed within 21 days from the end of financial year or end of quarter, as the case may be.”

All other conditions specified in SEBI circular dated December29, 2016 shall remain unchanged.

This circular is being issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 and Regulation 33 of the REIT Regulations.

This Circular is available on the website of the Securities and Exchange Board of India at www.sebi.gov.in under the category “Legal” and under the drop down “Circulars”.

12. SEBI vide circular No. SEBI/HO/MIRSD/RTAMB/CIR/P/2021/601 dated 23rd July 2021 has issued guidelines on Nomination for Eligible Trading and Demat Accounts

Section 72 of Companies Act, 2013 provides for nomination by a holder of securities.

Investors opening new trading and or demat account(s) on or after October 01, 2021, shall have the choice of providing nomination or opting out nomination, as follows;

- a. The format for nomination form is given in Annexure –A to this circular
- b. Opt out of nomination through ‘Declaration Form’, as provided in Annexure –B to this circular. These forms at Annexure –A or B, would also be applicable for any subsequent change / withdrawal of nomination.

In this regard, Trading Members and Depository Participants (hereinafter, intermediaries), shall activate new Trading and Demat accounts from October 01, 2021, only upon receipt of above formats.

The nomination and Declaration form shall be signed under wet signature of the account holder(s) and witness shall not be required. However, if the account holder(s) affixes thumb impression (instead of wet signature), then witness signature shall be required in the forms.

The on-line nomination and Declaration form may also be signed using e-Sign facility and in that case witness will not be required. 6. Intermediaries shall ensure that adequate systems are in place including for providing for eSign facility and also take all necessary steps to maintain confidentiality and safety of client records.

Further, all existing eligible trading and demat account holders shall provide choice of nomination as per the option given in paragraph 2 above, on or before March 31, 2022, failing which the trading accounts shall be frozen for trading and demat account shall be frozen for debits.

The Stock Exchanges, Depositories and intermediaries are directed to:

- a. take necessary steps to implement the provisions of this circular, including making necessary amendment to the relevant bye-laws / business rules / regulations / operational instructions, as the case may be
- b. bring the provisions of this circular to the notice of their respective constituents and also disseminate this circular on their websites
- c. communicate to SEBI, the status of the implementation of the provisions of this circular in Monthly Development Report of the following month; and
- d. monitor the compliance of this circular

This circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992, read with the provisions of SEBI (Stock Broker) Regulations, 1992 and SEBI (Depositories and Participants) Regulations, 2018, to protect the interests of investors in securities and to promote the development of, and to regulate the securities markets.

This circular is available on SEBI website at www.sebi.gov.in.

Please refer circular for nomination form.

13. SEBI vide circular No. SEBI/HO/CFD/CMD1/P/CIR/2021/602 dated 23rd July 2021 has issued guidelines on Holding of Annual General Meeting (AGM) by top 100 listed entities by market capitalization –Reg

Regulation 44(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ('SEBI LODR'/'LODR') requires top 100 listed entities by market capitalization to hold their AGM within a period of five months from the date of closing of the financial year.

SEBI is in receipt of representations from listed entities and the Institute of Company Secretaries of India (ICSI) requesting extension of time to the top 100 listed entities for holding their AGM inter-alia due to the CoVID-19 pandemic.

After consideration, it has been decided to extend the timeline for conduct of AGM by top-100 listed entities by market capitalization. Accordingly, such entities shall hold their AGM within a period of six months from the date of closing of the financial year for 2020-21.

This Circular shall come into force with immediate effect. The Circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 read with Regulations 101 and 102 of the LODR and the relaxations contained herein are subject to the provisions of the Companies Act, 2013 and rules made there under.

14. SEBI vide circular No. SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/603 dated 23rd July 2021 has issued guidelines on Timelines related to processing of scheme related applications filed by AMCs

In order to promote ease of doing business and bring uniformity in the timelines for processing of scheme related applications filed by AMCs, the following has been decided:

The application filed by AMCs for the following matters may be deemed to be taken on record in case no modifications are suggested or no queries are raised by SEBI within 21 working days:

Change in the Fundamental Attributes of a scheme

Merger/Consolidation of Schemes

Rollover of Close-ended schemes

Conversion of Close-ended scheme to Open ended scheme

In respect of applications filed by AMCs under Regulation 24 (b) of SEBI (Mutual Funds) Regulations, 1996, no objection will have been deemed to be communicated in case no modifications are suggested or no queries are raised by SEBI within 21 working days.

The timelines mentioned at para 1 and 2 above shall generally be adhered to

(a) provided the application is complete in all respects and in compliance with all the relevant Regulations and circulars issued by SEBI.

(b) except in cases where subject matter of approval requires a policy view to be taken or presents a unique situation which requires wider consultation and deliberation.

The circular shall be applicable for all the applications received on or after September 01, 2021.

This circular is issued in exercise of the powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, read with Regulation 77 of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

15. SEBI vide circular No. SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/604 dated 26th July 2021 has issued guidelines on RTA inter-operable Platform for enhancing investors' experience in Mutual Fund transactions/service requests

In order to make it more convenient to the existing and future investors to transact and avail services while invested in Mutual Funds and pursuant to discussions with various stakeholders including AMFI, Depositories and the RTAs, the following has been decided:

RTAs shall implement standardized practices, system interoperability amongst themselves to jointly develop a common industry wide platform that will deliver an integrated, harmonized, elevated experience to the investors across the industry. AMCs and Depositories shall facilitate the RTAs for development of the proposed platform.

The aforesaid platform shall, inter alia in phases, enable a user-friendly interface for investors for execution of mutual fund transactions viz. purchase, redemption, switch etc., initiation and tracking of service requests viz. change of email id / contact number / bank account details etc., initiation and tracking of queries and complaints, access investment related reports viz. mutual fund holdings (both in demat and standard Statement of Account), transactions reports(including historic transactions), capital gains/loss report, details of unclaimed dividend/redemption etc. Through this platform, investors will be able to access these services for all Mutual Funds in an integrated manner. In this regard, AMCs, RTAs and Depositories shall take necessary measures to provide data via APIs on a real time basis to the proposed platform. Additionally, RTAs and Depositories shall also share their respective data feeds between themselves for generation of investment related reports.

The platform may also over time, provide services to the distributors, registered investment advisors, AMCs, Stock Exchange platforms and digital platforms for transacting in mutual funds to further augment ease of investing and servicing of investors through the above stakeholders in consultation with SEBI.

AMCs, RTAs and Depositories shall review and agree to harmonize the processes across the industry to provide a single-window, integrated, simplified investment and service experience for the investors.

AMCs, RTAs, and Depositories shall adopt the data definitions and standards as provided / recommended by SEBI for data exchange amongst various participants.

The Platform should be scalable with robust cyber security protocols and supported through an API-based architecture. In this regard, the platform shall adopt the Cyber Security and Cyber Resilience framework specified by SEBI from time to time to "MIIs" (Market Infrastructure Institutions such as Stock Exchanges, Depositories and Clearing Corporations) and "Qualified RTAs" (QRTAs). Further, on request basis, APIs could be exposed to other industry stakeholders such as distributors, registered investment advisors, Stock Exchange platforms and digital platforms etc. with due approval of the concerned Mutual Fund on mutually agreed terms.

The RTAs are jointly and severally responsible for compliance with all the applicable regulations including system audit and cyber security audit. Further, RTAs shall ensure that the platform complies with the guidelines for Business Continuity Plan (BCP) and Disaster Recovery (DR) specified by SEBI from time to time to "MIIs".

All the stakeholders are advised to collaborate and work together towards the development and implementation of the proposed investor-friendly platform.9.AMCs and Depositories shall facilitate and RTAs shall make the aforesaid platform operational in a phased manner(starting with non-financial transactions)and shall be fully operational by December 31, 2021.

AMCs, RTAs, Depositories, AMFI and key stakeholders are advised to create awareness about this initiative amongst the investors.

Any RTA providing its services to Mutual Fund(s), subsequent to issuance of this circular, shall follow the guidelines specified in this circular or amendments thereto as may be intimated by SEBI from time to time.

This circular is issued in exercise of the powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, read with Regulation 77 of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

16. SEBI vide Circular no SEBI/HO/MIRSD/DOP/P/CIR/2021/60 dated 30.07.2021 issued Relaxation in timelines for compliance with regulatory requirements

In view of the situation arising due to COVID-19 pandemic, lockdown imposed by the Government and representations received from Stock Exchanges, SEBI had earlier provided relaxations in timelines for compliance with various regulatory requirements by the trading members / clearing members / depository participants, vide circular nos.

SEBI/HO/MIRSD/DOP/CIR/P/2020/61 dated April 16, 2020,

SEBI/HO/MIRSD/DOP/CIR/P/2020/62 dated April 16, 2020,

SEBI/HO/MIRSD/DOP/CIR/P/2020/68 dated April 21, 2020 and

SEBI/HO/MIRSD/DOP/CIR/P/2020/72 dated April 24, 2020.

2. Later, vide circular nos.

SEBI/HO/MIRSD/DOP/CIR/P/2020/82 dated May 15, 2020,

SEBI/HO/MIRSD/DOP/CIR/P/2020/101 dated June 19, 2020,

SEBI/HO/MIRSD/DOP/CIR/P/2020/112 dated June 30, 2020,

SEBI/HO/MIRSD/DOP/CIR/P/2020/141 dated July 29, 2020,

SEBI/HO/MIRSD/DOP/CIR/P/2020/142 dated July 29, 2020,

SEBI/HO/MIRSD/DOP/CIR/P/2020/191 dated October 01, 2020,

SEBI/HO/MIRSD/DOP/CIR/P/2020/235 dated December 01, 2020,

SEBI/HO/MIRSD/DOP/CIR/P/2020/255 dated December 31, 2020,

SEBI/HO/MIRSD/DOP/P/CIR/2021/559 dated April 29, 2021 and

SEBI/HO/MIRSD/DOP/P/CIR/2021/587 dated June 30, 2021,timelines / period of exclusion were further extended for certain compliance requirements.

In view of the prevailing situation due to Covid-19 pandemic and representation received from Stock Exchanges, it has been decided to extend the timelines for compliance with the following regulatory requirements by the Trading Members / Clearing Members / KYC Registration Agencies, as under

Sr. No	Submission/Compliance	Current timeline/Period of exclusion	Extended timeline/Period of exclusion
1	KYC application form and supporting documents of the clients to be uploaded on system of KRA within 10 working days	Till July 31, 2021, documents may be uploaded on to the system of KRA within 15 working days. *A 30-day time period is provided to SEBI Registered Intermediary after July 31, 2021 to clear the backlog	Till September 30, 2021, documents may be uploaded on to the system of KRA within 15 working days. *A 30-day time period is provided to SEBI Registered Intermediary after September 30, 2021 to clear the backlog
2	Submission of Internal Audit Report for Half year ended (HYE) March-2021	Till July 31, 2021	Till September 30, 2021
3	System Audit /Cyber Audit Report – Algo / Type III Members for the period ended March 31, 2021		
4	Submission of System Audit Report for the period ended March 2021		
5	Submission of Cyber Security & Cyber Resilience Audit Report for the period ended March 2021		
6	Reporting of Risk Based Supervision		
7	Maintaining call recordings of orders / instructions received from clients		
8	To operate the trading terminals from designated alternate locations		

The relaxation in compliance requirement at S. No. 7 is provided with respect to trading members working from designated alternate locations. However, the trading member and the Stock Exchange shall send a confirmation on the registered mobile number of the client immediately after execution of the order.

Stock Exchanges / Clearing Corporations are directed to bring the provisions of this circular to the notice of their members / participants and also disseminate the same on their websites.

This circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities markets

17. SEBI vide circular no SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/608 dated 30.07.2021 has issued about Deployment of unclaimed redemption and dividend amounts and Instant Access Facility in Overnight Funds

Please refer circular for further details

18. SEBI vide circular no SEBI/HO/IMD/IMD-I/DOF5/P/CIR/2021/0606 dated 30.07.2021 has clarified about Intra-day Net Asset Value (NAV) for transactions in units of Exchange Traded Funds directly with Asset Management Companies

Please refer circular for further details

MCA updates: July 2021

1. Ministry of corporate affairs vide notification G.S.R 503(e) dated 22.07.2021 amended the Companies (Incorporation) Rules, 2014, namely:

In the Companies (Incorporation) Rules, 2014, after rule 33, the following rule shall be inserted, namely:-
33A. Allotment of a new name to the existing company under section 16(3) of the Act

(1) In case a company fails to change its name or new name, as the case may be, in accordance with the direction issued under sub-section (1) of section 16 of the Act within a period of three months from the date of issue of such direction, the letters "ORDNC" (which is an abbreviation of the words "Order of Regional Director Not Complied"), the year of passing of the direction, the serial number and the existing Corporate Identity Number (CIN) of the company shall become the new name of the company without any further act or deed by the company, and the Registrar shall accordingly make entry of the new name in the register of companies and issue a fresh certificate of incorporation in Form No. INC-11C:

Provided that nothing contained in sub-rule (1) shall apply in case e-form INC-24 filed by the company is pending for disposal at the expiry of three months from the date of issue of direction by Regional Director, unless the said e-form is subsequently rejected.

(2) A company whose name has been changed under sub-rule (1) shall at once make necessary compliance with the provisions of section 12 of the Act and the statement, "Order of Regional Director Not Complied (under section 16 of the Companies Act, 2013)" shall be mentioned in brackets below the name of company, wherever its name is printed, affixed or engraved:

Provided that no such statement shall be required to be mentioned in case the company subsequently changes its name in accordance with the provisions of section 13 of the Act."

In the Annexure, after Form No.INC-11B, NEW FORM INC-11C shall be inserted. Please refer the notification for further details.

2. Ministry of corporate affairs vide notification S.O. 2904(E) dated 22.07.2021 In exercise of the powers conferred by sub-section (2) of section 1 of the Companies (Amendment) Act, 2020 (29 of 2020), the Central Government hereby appoints the 1st September, 2021 as the date on which the provisions of section 4 of the said Act shall come into force.

Section 4 of the companies amendment act, 2020 amends the provisions of section 16 of the principal act-

(i) in sub-section (1), in clause (b), for the words "period of six months", the words "period of three months" shall be substituted; (ii) for sub-section (3), the following sub-section shall be substituted, namely:—

"(3) If a company is in default in complying with any direction given under sub-section (1), the Central Government shall allot a new name to the company in such manner as may be prescribed and the Registrar shall enter the new name in the register of companies in place of the old name and issue a fresh certificate of incorporation with the new name, which the company shall use thereafter:

Provided that nothing in this sub-section shall prevent a company from subsequently changing its name in accordance with the provisions of section 13.

3. Ministry of corporate affairs vide general circular no 13/2021 dated 30.07.2021 issued a clarification on spending of CSR funds for Covid 19 vaccination

MCA vide General Circular no 10/2020 dated 23.03.2020 clarified that spending of CSR funds for Covid 19 vaccination is an eligible CSR activity. In continuation of the said circular, it is further clarified that spending of CSR funds for Covid-19 vaccination for persons other than the employees and families, is an eligible CSR activity under item no. (i) of Schedule VII of the Companies act, 2013 relating to promotion of health care including preventive health care and item no (xii) relating to disaster management.

The companies may undertake the aforesaid activity subject to fulfilment of Companies (CSR policy) Rules, 2014 and the circulars related to CSR issued by this ministry from time to time.

COMPILED BY

**Ms. Anusha
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**Ms. Shivapriya
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