

LOVI MEHROTRA & ASSOCIATES

CHARTERED ACCOUNTANTS

MONTHLY UPDATE MAY 2019

(Circulars/ Notifications released during May 2019)

[RBI](#)

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[MCA](#)

31st May, 2019

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I. RBI

S.NO.	CIRCULAR/ NOTIFICATION NO.	PARTICULARS	SHORT SUMMARY
1.	RBI/2018-19/181 DBR.BP.BC.No.38/21.04.048/2018-19 Dated 8 th May, 2019	Disclosure on Exposure to Infrastructure Leasing & Financial Services Limited (ILFS) and its group entities	<p>RBI vide Circular dated 1st April, 2019 had advised Banks and All India Financial Institutions to disclose in the "Notes to Accounts" of their Financial Statements, information in respect of - exposure to Infrastructure Leasing & Financial Services Limited (ILFS) and its group entities.</p> <p>However, in view of the National Company Law Appellate Tribunal's (NCLAT) order dated May 2, 2019, instructions contained in the above mentioned circular stand withdrawn.</p> <p>Notification</p>
2.	RBI/2018-19/184 DNBR (PD) CC. No.099/03.10.00 1/2018-19 Dated 16 th May, 2019	Risk Management System – Appointment of Chief Risk Officer (CRO) for NBFCs	<p>RBI has directed NBFCs with assets size of over Rs. 5,000 crores to appoint a Chief Risk Officer (CRO) to augment their risk management practices.</p> <p>The circular also lays down criterion in respect of eligibility/qualification, the terms of appointment and the reporting guidelines of the CRO.</p> <p>Notification</p>

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II. SEBI

S.NO.	CIRCULAR/ NOTIFICATION NO.	PARTICULARS	SHORT SUMMARY
1.	Circular No.: IMD/FPIC/CIR/P/2019 /62 Dated 8 th May, 2019	Permitting Foreign Portfolio Investors (FPI) to invest in Municipal Bonds	<p>RBI vide Circular dated 25th April, 2019 has permitted FPIs to invest in Municipal Bonds.</p> <p>In line with the RBI circular, SEBI has also modified SEBI (Foreign Portfolio Investors) Regulations, 2014 to permit FPIs to invest in Municipal Bonds.</p> <p>Circular</p>
2.	Circular No.: SEBI/HO/IMD/DF2/CIR /P/2019/65 Dated 21 st May, 2019	Participation of Mutual Funds in Commodity Derivatives Market in India	<p>In order to promote institutional participation, SEBI has now permitted Mutual Funds to participate in Exchange Traded Commodity Derivatives (ETCD) along with Category III Alternative Investment Funds (AIF) and Eligible Foreign Entities (EFE) who were granted such permission earlier.</p> <p>The circular also lays down norms and guidelines in respect of the participation of Mutual Funds in ETCDs</p> <p>Circular</p>
3.	Circular No.: SEBI/ HO/ MIRSD/ DOS3/CIR/P/2019/68 Dated 27 th May, 2019	Enhanced disclosure in case of listed debt securities	<p>The enhanced disclosure norms have been issued by SEBI to secure the interests of investors in listed debt securities, enhance transparency and to enable Debenture Trustees (DTs) to perform their duties effectively and promptly.</p> <p>As per the norms issued, DTs are required to display on their website, details of interest/redemption due to the debenture holders in respect of all issues during a financial year within 5 working days of start of financial year. DTs are also required to update the status of payment, against such issuers not later than 1 day from the due date.</p> <p>Further, SEBI has also issued additional covenants for privately placed debt securities.</p> <p>Circulars</p>

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III. MCA

S.NO.	CIRCULAR/ NOTIFICATION NO.	PARTICULARS	SHORT SUMMARY
1.	Notification No. G.S.R. 339(E) Dated 30 th April, 2019	Companies (Appointment and Qualification of Directors) Amendment Rules, 2019	<p>MCA has amended Rule 12A of the Companies (Appointment and Qualification of Directors) Rules, 2014 pertaining to submission of Director's KYC vide E- Form DIR – 3KYC.</p> <p>Time limit for the filing of E- form DIR – 3KYC is now extended upto 30-06-2019 as against the earlier notified date of 30-04-2019.</p> <p>Further, the said E- Form DIR – 3 KYC is yet to be made available on the portal of MCA.</p> <p>Notification</p>
2.	Notification No. G.S.R. 340(E) Dated 30 th April, 2019	Companies (Registration of Charges) Amendment Rules, 2019 read with Companies (Registration Offices and Fees) Third Amendment Rules, 2019	<p>MCA has amended the Companies (Registration of Charges) Rules, 2014 and Companies (Registration Offices and Fees) Rules, 2014.</p> <p>Vide this amendment, a separate fee structure as below for filing charge documents has been notified:</p> <p>a. Additional Fees for charges created or modified before 02-11-2018, and allowed to be filed within a period of three hundred days of such creation or six months from 02-11-2018.</p> <p>b. Additional Fees or Advalorem Fees (as the case maybe) payable upto 31-07-2019 for charges created or modified on or after 02-11-2018.</p> <p>c. Additional Fees or Advalorem Fees payable w.e.f. 01-08-2019 for charges created or modified on or after 02-11-2018, separately in respect of Small companies and One person companies and for Other companies</p> <p>Notification</p>
3.	Notification No. G.S.R. 341(E) Dated 30 th April, 2019	Companies (Acceptance of Deposits) Second Amendment Rules, 2019	MCA has amended Rule 16A (3) of the Companies (Acceptance of Deposits) Rules, 2014 pertaining to Disclosures in the financial statement.

			<p>Information in respect of outstanding receipt of money or loan by a company not considered as deposits as at 31-3-2019 (as against 22-01-2019 notified earlier) is required to be filed vide E-Form DPT-3 upto 29-06-2019 (as against 30-05-2019 notified earlier).</p> <p>Notification</p>
4.	<p>Notification No. G.S.R. 351(E). Dated 8th May, 2019</p>	<p>National Company Law Tribunal (Second Amendment) Rules, 2019</p>	<p>MCA has amended Rule 84 of the National Company Law Tribunal Rules, 2016 by inserting sub rule (3) & sub rule (4) in respect of right to apply under class action suits.</p> <p>As per amended rules, application under Section 245 (1) of CA, 2013 for class action suits can be made by any of the following persons:</p> <ol style="list-style-type: none"> 1. At least 5 % of the total number of members or 100 members, whichever is less 2. Members holding not less than 5% of issued share capital, in case of unlisted company 3. Members holding not less than 2% of issued share capital in case of listed company 4. At least 5% of total numbers of deposit holders or 100 deposit holders, whichever is less 5. Depositors to whom the Company owes not less than 5% of the total deposits of the Company. <p>Notification</p>
5.	<p>Notification No. G.S.R. __ (E). Dated 8th May, 2019</p>	<p>Companies (Removal of Names of Companies from the Register of Companies) Amendment Rules, 2019</p>	<p>MCA has amended the Companies (Removal of Names of Companies from the Register of Companies) Rules, 2016</p> <p>The gist of amendments is as under:</p> <ol style="list-style-type: none"> 1. Increase in the filing fee in respect of Form STK 2 from Rs. 5000 to Rs. 10000 w.e.f. 10 May 2019. 2. Annual Filing to be completed only till the end of the FY in which Company ceased to do business. 3. In case STK-2 is being filed after initiation of striking off procedure by ROC u/s 248 (1), then all overdue Annual Filing to be completed and all pending compliances to be fulfilled. 4. Statement of Accounts to be in Form No. STK-8 <p>Notification</p>

6.	<p>Notification No. G.S.R. 375(E). Dated 10th May, 2019</p>	<p>Companies (Incorporation) Fifth Amendment Rules, 2019</p>	<p>MCA has amended the Companies (Incorporation) Rules, 2014 and has elaborated Rule 8 pertaining to the names of the companies which resemble too nearly with name of existing company with various illustrations.</p> <p>Rule 8 has been divided into 2 parts –</p> <ul style="list-style-type: none"> • Rule 8A for undesirable names. • Rule 8B for the word or expression which can be used only after obtaining previous approval of Central Government. <p>Under the illustrations, emphasis has also been given on the plural or singular form of words or type and case of letters, spacing between letters, punctuation marks and special characters used.</p> <p>Notification</p>
7.	<p>General Circular No. 06/2019 Dated 13th May, 2019</p>	<p>Clarification for form ADT-I filed through GNL-2 under the Companies Act, 2013</p>	<p>Representations were received from stakeholders seeking relaxation of fee for filing e-form no. ADT-1.</p> <p>MCA has now clarified that companies which had filed form no. ADT-1 through GNL-2 as an attachment (by selecting 'others') during the period from 01.04.2014 to 20.10.2014 may file E-form no. ADT-1 for appointment of Auditor for the period upto 31.03.2019 without fee, till 15.06.2019.</p> <p>Circular</p>
8.	<p>Notification No. G.S.R. 368(E). Dated 16th May, 2019</p>	<p>Companies (Appointment and Qualification of Directors) Second Amendment Rules, 2019</p>	<p>MCA has amended the Companies (Appointment and Qualification of Directors) Rules, 2014 and inserted a new rule 12B pertaining to status of Directors of company required to file E-form ACTIVE.</p> <p>As per the new rule, Directors of a company who fail to file the E-form ACTIVE within the period specified therein, the Director Identification Number (DIN) allotted to its existing directors, shall be marked as "Director of ACTIVE non-compliant company". For removing this defect the Director shall ensure filing of E-form Active in respect of all such non-compliant companies.</p> <p>Notification</p>

9.	Notification No. G.S.R. 376 (E). Dated 22 nd May, 2019	Companies (Prospectus and Allotment) Third Amendment Rules, 2019	<p>MCA has amended Rule 9A of the Companies (Prospectus and Allotment) Rules, 2014 pertaining to Issue of Securities in dematerialized form by unlisted public companies.</p> <p>Every unlisted public company is required to submit half yearly reconciliation of Share Capital Audit Report in Form PAS-6 within 60 days certified by Company Secretary/Chartered Accountant in Practice.</p> <p>This amendment is effective 30-09-2019.</p> <p>Notification</p>
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Disclaimer:

This is not a complete listing of all circulars/notifications issued during the month.

Instead it is only a listing of some of the circulars/notifications that we considered important.