

# **LOVI MEHROTRA & ASSOCIATES**

CHARTERED ACCOUNTANTS

## **MONTHLY UPDATE SEPTEMBER 2017**

(Circulars/ Notifications released during the month of September 2017)

[RBI](#)

[SEBI](#)

[MCA](#)

**29<sup>th</sup> September, 2017**

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## I. RBI

S.NO.	CIRCULAR/ NOTIFICATION NO.	PARTICULARS	SHORT SUMMARY
1.	RBI/2017-18/55  Dated:07.09.2017  Reference circular  Circular No. DGBA.GAD.No.2128/ 44.02.001/2016-17 dated February 16, 2017	Reimbursement of Merchant Discount Rate (MDR) Charges for Government transactions up to Rs.1 lakh through debit cards	<p>RBI has clarified that full amount paid to the Government by customers through debit/credit card should be remitted to the concerned ministry/Government department.</p> <p>MDR charges on debit card transactions above Rs 1 lac and any credit card transaction are not being absorbed by Government of India and hence will not be reimbursed by RBI.</p> <p>Reimbursement of MDR charges on debit card transactions up to Rs 1 lac can be claimed from RBI as per extant guidelines</p> <p><a href="#">Notification</a></p>
2.	RBI/2017-18/63  Dated:21.09.2017  Reference to circular no.FMD.MSRG.No.75 /02.05.002/2012-13 dated March 13, 2013	Trade Repository for OTC Foreign Exchange and Interest Rate Derivatives	<p>RBI vide circular dated 13<sup>th</sup> March, 2016 had stipulated a threshold limit of USD 1 million, and equivalent thereof in other currencies, for reporting <b>FCY-INR and FCY-FCY forward and options trades</b> between AD Category-I banks and their clients to the Trade Repository .</p> <p>Threshold limit was removed for reporting <b>FCY-INR and FCY-FCY option trades</b> w.e.f. July 04, 2016 Repository (TR)</p> <p>RBI has now decided to remove the threshold limit for reporting <b>FCY-INR and FCY-FCY forward trades</b> w.e.f. October 03, 2017.</p> <p><a href="#">Notification</a></p>
3.	RBI/2017-18/65  Dated: 22.09.2017  <u>Reference to Existing circulars</u>  i)AP (Dir Series) Circular No.60 dated April 13, 2016  ii)Master Direction No. 5	Issuance of Rupee Denominated Bonds (RDBs) Overseas	<p>RBI has decided, to exclude issuances of Rupee Denominated Bonds RDBs from the limit for investments by FPIs in corporate bonds with effect from October 3, 2017. Consequently reporting requirement of RDB transactions for onward reporting to Depositories has been dispensed with. Reporting will however continue as per extant ECB norms</p> <p><a href="#">Notification</a></p>

	dated Jan 1, 2016( ECB, Trade Credit Borrowing and Lending in Foreign currency by AD and others)		
4.	<p>RBI/2017-18/64</p> <p>Dated 22.09.2017</p> <p><u>Reference to existing circular</u></p> <p>Foreign Exchange Management ( Transfer or Issue of Security by a person resident outside India) Regulations 2000 as amended from time to time</p>	<p>Investment by Foreign Portfolio Investors in Corporate Debt Securities – Review</p>	<p>Masala Bonds are presently reckoned both under Combined Corporate Debt Limit (CCDL) for FPI and External Commercial Borrowings (ECBs)</p> <p>To further harmonise norms for Masala Bonds issuance with the ECB guideline it has been decided that with effect from October 3, 2017, Masala bonds will no longer form a part of the limit for FPI investments in corporate bonds. They will form a part of the ECBs and will be monitored accordingly.</p> <p><a href="#">Notification</a></p>

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## II. SEBI

S.NO.	CIRCULAR/ NOTIFICATION NO.	PARTICULARS	SHORT SUMMARY
1.	SEBI/HO/MIRSD/ CIR/P/2017/0000 000100 Dated:08.09.2017 <u>Reference to existing circular</u> CIR/MRD/DP13/2 015 dated July 06, 2015	Cyber Security and Cyber Resilience framework for Registrars to an Issue / Share Transfer Agents	<p>SEBI recognizes the rapid technological developments in securities market and the need for maintaining robust cyber security and cyber resilience framework to protect the integrity of data and guard against breaches of privacy.</p> <p>RTAs perform important functions in providing services to holders of securities, and it is desirable that they should have robust Cyber security and cyber resilience framework</p> <p>SEBI has now decided that the framework on cyber security and cyber resilience framework prescribed by SEBI "s High Powered Steering Committee Cyber Security ( vide circular CIR/MRD/DP13/2015 dated July 06, 2015 ) be broadly made applicable for large RTAs <b>servicing more than 2 crore folios</b>(Qualified RTAs" or "QRTAs").</p> <p>Framework is placed at Annexure A of this circular and QRTA's are required to take necessary steps to put in place systems for implementation of this circular by December 01, 2017.</p> <p><a href="#">Circular</a></p>
2.	SEBI/HO/MRD/D P/CIR/P/2017/10 2 Dated- 13.09.2017	Clarification on Exchange Traded Cross Currency Derivatives contracts on EUR- USD, GBP-USD and USD-JPY currency pairs	<p>SEBI vide circular SEBI/HO/MRD/CP/CIR/P/2016/38 dated March 9, 2016 laid down the detailed framework for introduction of cross-currency futures and option contracts in the EUR-USD, GBP-USD and USD-JPY currency pairs and introduction of currency option contracts in EUR-INR, GBP-INR and JPY-INR currency pairs.</p> <p>SEBI has now modified the consolidated position limits in respect of proprietary positions created in FCY-INR pairs (USD-INR, EUR- INR, GBP-INR and JPY -INR)</p> <p>Stock exchanges, shall implement a uniform</p>

			<p>methodology for computing and monitoring of the proprietary positions in INR as per the modified position limits</p> <p>The modified positions limits are in addition to the requirement of monitoring of proprietary position limits prescribed vide SEBI circular CIR/MRD/DP/20/2014 dated June 20, 2014 and SEBI circular CIR/MRD/DP/30/2014 dated October 22, 2014</p> <p><a href="#">Circular</a></p>
3.	<p>SEBI/HO/MRD/DSA/CIR/P/2017/103</p> <p>Dated 21.09.2017</p> <p><u>Reference to previous circular</u></p> <p>SEBI/HO/MRD/DSA/CIR/P/2017/95 dated 10-08-17</p>	<p>Clarification to SEBI (IFSC) Guidelines, 2015 - Liquidity Enhancement Scheme (LES)</p>	<p>SEBI has clarified that the exemption granted to stock exchanges at IFSC for the introduction of LES ( vide Circular of August 2017) shall be applicable to all the products traded in IFSC</p> <p><a href="#">Circular</a></p>
4.	<p>Circular No.: CFD/DIL3/CIR/2017/105 dated 21<sup>st</sup> September, 2017</p>	<p>Schemes of Arrangement by Listed Entities and (ii) Relaxation under Sub-rule (7) of Rule 19 of the Securities Contracts (Regulation) Rules, 1957</p>	<p>SEBI vide Circular of March 2017 lays down the framework for Schemes of Arrangement by Listed Entities and relaxation under Rule 19 (7) of the Securities Contracts (Regulation) Rules, 1957 (SCRR).</p> <p>Annexure to the said circular specifies that <i>at least twenty five per cent of the post scheme paid up share capital of the transferee entity seeking relaxation from Rule 19(2)(b) of SCRR shall comprise of shares allotted to the public shareholders in the transferor entity.</i></p> <p>In order to align the requirements specified for listing under the scheme of arrangement with those specified under Rule 19(2)(b) of SCRR , SEBI has now decided to amend the clauses included in the Annexure to the March 2017 Circular and has laid out conditions to be satisfied if an entity does not comply with the norms in respect of the post scheme paid up share capital of the transferee entity</p> <p><a href="#">Circular</a></p>

5.	<p>SEBI/HO/CDMRD /DMP/CIR/P/201 7/106</p> <p>Dated: 26.09.2017</p> <p><u>Reference to</u> <u>previous circular</u></p> <p>CIR/MRD/DSA/41 /2016 dated 17- 03-2016</p>	<p>Participation of Foreign Portfolio Investors (FPIs) in Commodity Derivatives in IFSC</p>	<p>SEBI vide circular CIR/MRD/DSA/41/2016 dated 17-03-2016 had permitted stock exchanges operating in IFSC to deal in commodity derivatives.</p> <p>SEBI has now prescribed guidelines/conditions to be followed by Stock Exchanges for dealing in commodity derivatives.</p> <p>SEBI has advised Exchanges to take steps to make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the same.</p> <p><a href="#">Circular</a></p>
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### III.MCA

S.NO	CIRCULAR/ NOTIFICATION NO.	PARTICULARS	SHORT SUMMARY
1.	General Circular 09/2017 Dated: 05.09.2017	Companies (Appointment and Qualification of Directors)Rules,2014	<p>Ministry of Corporate Affairs vide G.S.R. 839(E) dated 5<sup>th</sup> July, 2017 issued a circular exempting certain unlisted public company for appointment of Independent Director. (joint venture, a wholly owned subsidiary or a dormant company )</p> <p>MCA has now provided clarification with regards to definition of JV since the term is not defined in the Companies Act 2013.</p> <p><i>"Joint Venture, would mean a joint arrangement, entered into in writing, whereby the parties that have joint control of the arrangement, have rights to the net assets of the arrangement"</i></p> <p><a href="#">Notification</a></p>
2.	General Circular 10/2017 dated 13.09.2017	Obligation with the Indian Accounting Standards (Ind AS) and Rule 4 of Companies (Indian Accounting Standards) Rules 2015- payment banks, small finance banks which are subsidiaries of Corporate	<p>Clarification provided by MCA for implementation of Indian Accounting Standards (Ind AS) wherein holding companies have Banks or Small Finance Banks as its Subsidiaries.</p> <ul style="list-style-type: none"> <li>• If holding company is covered by the corporate sector roadmap for implementation of IndAS, it shall follow corporate sector roadmap .</li> <li>• If such a company has payment bank or small finance banks as its subsidiary, then such subsidiary shall follow banking sector roadmap prescribed by RBI vide circular dated 11-02-16 on Implementation of IND AS read with Circular dated 06-10-16 on Operating Guidelines for Payment Banks.</li> <li>• Payment Banks and Small Finance Banks shall provide the INDAS Financial data to its holding company for the purpose of consolidation</li> </ul> <p><a href="#">Notification</a></p>
3.	GSR (E) Dated: 19.09.2017	Companies (Acceptance of Deposits) Second Amendment Rules, 2017	MCA has amended rule 3(3) of (Acceptance of Deposits) Second Rules, 2014 to the effect that specified IFSC public companies* and private companies may accept deposit from its member not exceeding one hundred per cent. of aggregate of the paid up share capital, free reserves and



			<p>securities premium account</p> <p>Further provided that the maximum limit for acceptance of deposits from members will not be applicable on certain specified class of private companies mentioned in this circular.</p> <ul style="list-style-type: none"> <li><b><i>Specified IFSC Public Company means an unlisted public company which is licensed by the RBI /SEBI/IRDA to operate from the International Financial Services Centre located in an approved multi services Special Economic Zone</i></b></li> </ul> <p><a href="#">Notification</a></p>
4.	<p>GSR (E)</p> <p>Dated: 20.09.2017</p>	<p>Companies (Restriction on number of layers) Rules, 2017</p>	<p>MCA has notified Companies (Restriction on number of layers) Rules, 2017 which stipulates that no company other than a NBFC/Insurance/Government company shall have more than 2 layers of subsidiaries.</p> <p>Reporting and other requirements specified for companies (to which the Rules apply) which have more than one layer of subsidiary as on the date of commencement of these Rules</p> <p><a href="#">Notification</a></p>

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# Ministry of Company Affairs

## Government of India

**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.