

**MARCH  
2023**

# NEWSLETTER

## REGULATORY

- RBI
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## RBI

*No major/relevant circular or notification issued during the month.*

## SEBI

### 1. Master Circular for Foreign Venture Capital Investors (FVCIs)

Circular No.: SEBI/HO/AFD/PoD/P/CIR/2023/34

Dated 3<sup>rd</sup> March, 2023

SEBI has compiled a Master Circular for Foreign Venture Capital Investors (FVCIs) in order to enable stakeholders to have access to provisions of the applicable circulars at one place.

The following circulars / directions issued by SEBI with regard to FVCIs till date stand rescinded -

1. SEBI Circular dated July 03, 2009
2. SEBI Circular dated January 12, 2010
3. SEBI Circular dated July 06, 2017

Notwithstanding such rescission,

- a. anything done or any action taken or purported to have been done or taken under the rescinded circulars shall be deemed to have been done or taken under the corresponding provisions of this Master Circular
- b. any application made to SEBI under the rescinded circulars, prior to such rescission, and pending before it shall be deemed to have been made under the corresponding provisions of this Master Circular
- c. the previous operation of the rescinded circulars or anything duly done or suffered thereunder shall remain unaffected as if the rescinded circulars have never been rescinded.

[Master Circular](#)

### 2. Framework for Adoption of Cloud Services by SEBI Regulated Entities (REs)

Circular No.: SEBI/HO/ITD/ITD\_VAPT/P/CIR/2023/033

Dated 6<sup>th</sup> March, 2023

SEBI vide this circular has prescribed a framework for Adoption of Cloud Services by SEBI Regulated Entities (REs) with a purpose to highlight the key risks, and mandatory control measures which Regulated Entities (REs) need to put in place before adopting cloud computing. Regulatory and legal compliances to be undertaken by REs if they adopt such solutions are also prescribed in the framework.

The framework is applicable to the following REs:

- i. Stock Exchanges
- ii. Clearing Corporations
- iii. Depositories
- iv. Stock Brokers through Exchanges
- v. Depository Participants through Depositories
- vi. Asset Management Companies (AMCs)/ Mutual Funds (MFs)
- vii. Qualified Registrars to an Issue and Share Transfer Agents
- viii. KYC Registration Agencies (KRAs)

As per the provisions of this circular, REs which are currently availing cloud services (as on date of issuance of this framework) shall ensure that, wherever applicable, all such arrangements are revised and they (RE) shall be in compliance with this framework not later than 12 months from the date of issuance of the framework.

[Circular](#)

### 3. Operational Guidance - Amendment to SEBI (Buy-back of Securities) Regulations, 2018 ("Buy-back Regulations")

Circular No.: SEBI/HO/CFD/PoD-2/P/CIR/2023/35  
Dated 8<sup>th</sup> March, 2023

SEBI had notified SEBI (Buy-Back of Securities) (Amendment) Regulations, 2023 on February 07, 2023 which came into force on 9<sup>th</sup> March, 2023.

Vide this circular, SEBI has specified operational guidance on the following Buy-back Regulations:

1. **Buyback through Stock Exchange Route-Restrictions on placement of bids, price and volume:** As per Clause (vi) of Regulation 16 of the Buy-back Regulations, the buy-back through stock exchanges is subject to restrictions on placement of bids, price and volume, as specified by SEBI.

SEBI has set-out the following restrictions for companies undertaking buy-back through stock exchange route:-

- a. The company shall not purchase more than 25% of the average daily trading volume (in value) of its shares or other specified securities in the ten trading days preceding the day on which such purchases are made.
- b. The company shall not place bids in the pre-open market first thirty minutes and the last thirty minutes of the regular trading session.
- c. The company's purchase order price should be within the range of  $\pm 1\%$  from the last traded price.

2. **Margin Requirement for deposits in Escrow Account:** As per the sub-clause (c) of Clause (xi) of Regulation 9 and Clause (ii) of Regulation 20 of the Buy-back Regulations, the escrow account shall consist of cash and/or other than the cash. The portion of escrow account in the form of other than the cash is subject to appropriate haircut. Accordingly, Merchant Banker to buy-back offer is advised to ensure that the adequate amount after the applicable haircut is available in escrow account till the completion of all formalities of buy-back.

[Circular](#)

### 4. Clarification with respect to Qualified RTAs

Circular No.: SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/36  
Dated 10<sup>th</sup> March, 2023

SEBI, vide circular dated September 08, 2017 pertaining to Cyber Security and Cyber Resilience Framework for RTAs had defined QRTAs as RTAs servicing more than 2 crore folios. QRTAs are required to comply with enhanced responsibilities through adoption and implementation of an internal policy framework and periodic reporting requirements as specified in various SEBI circulars issued from time to time.

Vide this circular, SEBI has clarified the following:

#### a. Categorization of an RTA as QRTA

An RTA shall be categorized as a QRTA if at any time during a financial year, the combined number of physical and demat folios being serviced by the RTA for listed companies exceeds 2 crore.

Further, in case of an RTA being categorized as a QRTA, an intimation to this effect shall be sent by the RTA within 5 working days to SEBI.

#### b. Period for which an RTA shall be recognized as QRTA

An RTA shall be considered as a QRTA from the date of categorization as a QRTA and shall be considered as such for the next 3 financial years, irrespective of subsequent fall in number of folios and shall be liable to comply with all requirements specified from time to time.

#### c. Initial relaxation

Considering the various systems and procedures to be put in place by a new QRTA, a period of 60 days from the date of

its categorisation as a QRTA shall be provided to the new QRTA for complying with the enhanced requirements mandated for QRTAs.

[Circular](#)

#### **5. Master Circular for Portfolio Managers**

Circular No.: SEBI/HO/IMD/IMD-POD-1/P/CIR/2023/38  
Dated 20<sup>th</sup> March, 2023

SEBI has compiled a Master Circular for Portfolio Managers in order to enable the stakeholders to have access to the provisions of the applicable circulars issued till November 30, 2022 at one place.

The circulars listed in Annexure Z to this Master Circular shall stand rescinded.

Notwithstanding such rescission,

- a. anything done or any action taken or purported to have been done or taken under the rescinded circulars shall be deemed to have been done or taken under the corresponding provisions of this Master Circular
- b. any application made to SEBI under the rescinded circulars, prior to such rescission, and pending before it shall be deemed to have been made under the corresponding provisions of this Master Circular
- c. the previous operation of the rescinded circulars or anything duly done or suffered thereunder shall remain unaffected as if the rescinded circulars have never been rescinded.

Pursuant to issuance of this Master Circular, entities which are required to ensure compliance with various provisions shall submit necessary reports as envisaged in this Master Circular on a periodic/ continuous basis.

[Master Circular](#)

#### **6. Master Circular on Surveillance of Securities Market**

Circular No.: SEBI/HO/ISD/ISD-PoD-2/P/CIR/2023/039  
Dated 23<sup>rd</sup> March, 2023

SEBI has compiled a Master Circular on Surveillance of Securities Market in order to ensure availability of consolidated information included in all the circulars pertaining to surveillance of securities market at one place.

This Master Circular covers various circulars issued by the Integrated Surveillance Department (ISD) of SEBI and operational as on the date of issuance of this Master Circular. The circulars listed in Annexure 7 to this master circular shall stand rescinded.

Notwithstanding such rescission,

- a. anything done or any action taken or purported to have been done or taken under the rescinded circulars shall be deemed to have been done or taken under the corresponding provisions of this Master Circular
- b. the previous operation of the rescinded circulars or anything duly done or suffered thereunder shall remain unaffected as if the rescinded circulars have never been rescinded.

[Master Circular](#)

#### **7. E-wallet investments in Mutual Funds**

Circular No.: SEBI/HO/IMD/IMD-PoD-2/P/CIR/2023/40  
Dated 23<sup>rd</sup> March, 2023

*Effective Date: 1<sup>st</sup> May, 2023*

SEBI, vide Circular dated May 8, 2017, had permitted use of E-wallet for investment in Mutual Funds within the umbrella limit of INR 50,000 for investments by an investor through both E-wallet and/or cash, per Mutual Fund per financial year.



Vide this circular SEBI has prescribed that it should be ensured that all E-wallets are fully compliant with KYC norms as prescribed by Reserve Bank of India.

All other provisions mentioned in the aforesaid Circular shall remain unchanged.

[Circular](#)

#### **8. Nomination for Eligible Trading and Demat Accounts - Extension of timelines for existing account holders**

Circular No.: SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/42

Dated 27<sup>th</sup> March, 2023

SEBI, vide circular dated July 23, 2021 had mandated providing choice of nomination details i.e., either furnishing of nomination or declaration for opting out of nomination for investors opening new trading and/ or demat account(s) on or after 1<sup>st</sup> October, 2021 and for all existing eligible trading and demat account holders latest by 31<sup>st</sup> March, 2022 failing which the trading accounts were to be frozen for trading and demat account were to be frozen for debits.

Thereafter, SEBI, vide circular dated February 24, 2022 had extended the timeline for mandatory submission of 'choice of nomination' for existing trading and demat accounts to 31<sup>st</sup> March, 2023.

Vide this circular, SEBI has now decided that the provisions mentioned at para- 7 of SEBI circular dated July 23, 2021 read with para 3 (a) of SEBI circular dated February 24, 2022 with regard to freezing of accounts shall come into force with effect from September 30, 2023 instead of March 31, 2023.

All other provisions mentioned in the circulars dated July 23, 2021 and February 24, 2022 shall remain unchanged.

[Circular](#)

#### **9. Norms for Scheme of Arrangement by unlisted Stock Exchanges, Clearing Corporations and Depositories**

Circular No.: SEBI/HO/MRD/MRD-PoD-3/P/CIR/2023/45

Dated 28<sup>th</sup> March, 2023

*Effective Date: 27<sup>th</sup> April, 2023*

Listed entities (including listed Market Infrastructure Institutions (MIIs) such as Stock Exchanges, Clearing Corporations and Depositories) desirous of undertaking scheme of arrangement or involved in a scheme of arrangement are required to file the draft scheme with stock exchange (s) in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for obtaining Observation Letter or No-objection Letter, before filing such scheme with any Court or Tribunal. Stock Exchanges are required to forward such draft schemes to SEBI for comments.

However, in case of unlisted MIIs desirous of undertaking scheme of arrangement or involved in a scheme of arrangement, there is no specific provision under extant law to file the draft scheme of arrangement with SEBI prior to filing the application before any Court or Tribunal.

SEBI, vide this circular has introduced a framework for Scheme of Arrangement by unlisted MIIs. The unlisted MIIs desirous of undertaking a scheme of arrangement or involved in a scheme of arrangement as per the provisions of Companies Act 2013 are now required to file the draft scheme of arrangement along with a non-refundable fee with SEBI for obtaining the observation letter or no-objection letter, before filing such scheme with any Court or Tribunal, in terms of requirements specified by SEBI from time to time.

The unlisted MIIs are required to provide the information prescribed under this circular to SEBI while filing the draft scheme of arrangement for obtaining the observation letter or no-objection letter.

[Circular](#)

#### **10. Nomination for Mutual Fund Unit Holders – Extension of timelines**

Circular No.: SEBI/HO/IMD/IMD-I POD1/P/CIR/2023/47

SEBI vide Circular dated June 15, 2022 and July 29, 2022, had prescribed the requirement for nomination/ opting out of nomination for all the existing individual unit holder(s) holding mutual fund units either solely or jointly, by March 31, 2023, failing which the folios were to be frozen for debits.

Vide this circular, SEBI has now decided that provisions mentioned at para 4 of SEBI circular dated June 15, 2022 with regard to freezing of folios shall come into force with effect from September 30, 2023 instead of March 31, 2023.

All other provisions included in circulars dated June 15, 2022 and July 29, 2022 shall remain unchanged.

[Circular](#)

## 11. Review of time limit for disclosure of NAV of Mutual fund schemes investing overseas

Circular No.: SEBI/HO/IMD/IMD-I POD2/P/CIR/2023/48

Dated 29<sup>th</sup> March, 2023

*Effective Date: 1<sup>st</sup> July, 2023*

Reference is drawn to previously issued SEBI circulars on the subject of disclosure of NAV. Pursuant to such circulars, MFs were mandated to disclose the NAVs of all schemes within a given outer time limit.

Vide this circular, SEBI, in order to address the difficulties being faced in calculation of NAV for schemes investing overseas due to differences in time zones and market hours, has made partial modifications with regard to timelines for declaration of NAV depending on investment objective and asset allocation of schemes as tabulated below:

(Timeline in Business days)

SR	Scheme Type	Existing Timeline	New Timeline
1	All schemes other than those mentioned below	11 PM on T day	
2	Schemes having exposure to ETCs	9 AM on T+1 day	
3	Fund of Funds (FoFs) schemes	10 AM on T+1 day	
4	Schemes investing at least 80% of total assets in permissible overseas investments	11 PM on T day	10 AM on T+1 day
5	Index funds and ETFs investing at least 80% of total assets in permissible overseas investments		
6	Schemes unable to disclose NAV as per timeline mentioned above due to inability in capturing same day valuation of underlying investments	11 PM on T day Or 10 AM on T+1 day	Time as per disclosure made in SID along with reasons for such delayed disclosure

While complying with the new timelines for declaration of NAV, AMCs as a principle shall ensure that NAV of schemes is disclosed based on the value of underlying securities/ Funds as on the T day (i.e. date of investment in MF units in India)

[Circular](#)

## 12. Cyber Security and Cyber Resilience framework for Portfolio Managers

Circular No.: SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/046

Dated 29<sup>th</sup> March, 2023

As part of the operational risk management, the Portfolio Managers need to have robust cyber security and cyber resilience framework in order to provide essential facilities and services and perform critical functions in the securities market as Portfolio Manager.

Accordingly, all Portfolio Managers with asset under management of INR 3000 crore or more, under discretionary and non-discretionary portfolio management service taken together, as on the last date of the previous calendar month shall comply with the provisions of Cyber Security and Cyber Resilience as placed at Annexure-1 to this circular.

The guidelines annexed with this circular shall be effective from October 01, 2023. Portfolio Managers and Association of Portfolio Managers in India (APMI) shall take necessary steps for implementing the circular, including putting the required processes and systems in place to ensure compliance with the provisions of this circular.

[Circular](#)

**MCA**

*No circular or notification issued during the month.*

**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.



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