

**NOVEMBER  
2023**

# NEWSLETTER

## REGULATORY

- RBI
- SEBI
- MCA



## **Lovi Mehrotra & Associates**

**Chartered Accountants**

**21-22 IInd Floor Krishna Nagar Safdarjung Enclave  
New Delhi 110029**

**Website : [www.lma.co.in](http://www.lma.co.in) • Email : [d.khanna@lma.co.in](mailto:d.khanna@lma.co.in)**

**1. Fully Accessible Route for Investment by Non-residents in Government Securities – Inclusion of Sovereign Green Bonds**

RBI/2023-24/81 FMRD.FMID.No. 04/14.01.006/2023-24

Dated: 8<sup>th</sup> November, 2023**Reference to Existing Provisions:**

1. Press Release on ‘**Issuance Calendar for Marketable Dated Securities for October 2023 - March 2024**’ dated September 26, 2023, notifying, inter alia, the issuance calendar for Sovereign Green Bonds for the fiscal year 2023-24.
2. **Fully Accessible Route (FAR)** introduced by RBI, vide A.P. (DIR Series) Circular No. 25 dated March 30, 2020, wherein certain specified categories of Central Government securities were opened fully for non-resident investors without any restrictions, apart from being available to domestic investors as well.

The Government Securities that are eligible for investment under the FAR (‘specified securities’) were notified by RBI, vide circulars dated March 30, 2020, dated July 07, 2022 and dated January 23, 2023.

Vide this notification, RBI has decided to also designate all Sovereign Green Bonds issued by the Government in the fiscal year 2023-24 as ‘*specified securities*’ under the FAR.

[Notification](#)

**1. Simplification and streamlining of Offer Documents of Mutual Fund Schemes**

Circular No: SEBI/HO/IMD/IMD-RAC-2/P/CIR/2023/000175

Dated: 1<sup>st</sup> November, 2023

In order to enhance ease of preparation of the Scheme Information Document (SID) by mutual funds and increase its readability for investors, SEBI in consultation with AMFI, undertook an exercise to revamp the format of SID.

Based on the suggestions of AMFI and the recommendations of the Mutual Fund Advisory Committee, the format of SID was simplified and rationalized. The revised format (placed at Annexure 'A') is aimed at streamlining the dissemination of relevant information to investors, rationalizing the preparation of SID and facilitating its periodic updation by mutual fund.

Accordingly, the format of SID specified through circular dated May 23, 2008 and incorporated as Clause 1.1.2 of Master Circular dated May 19, 2023, stands modified.

**Applicability:** The revised format for Scheme Information Document (SID), Key Information Memorandum (KIM) and Statement of Additional Information (SAI) shall be adopted as under:

- Updated format for SID/KIM/SAI to be implemented w.e.f. April 01, 2024.
- Draft SIDs to be filed with SEBI on or before March 31, 2024 or SIDs already filed with SEBI (final observations yet to be issued) or SIDs for which the final observations have already been received from SEBI (if launched on or before March 31, 2024), can use the old format of SID, provided that the SIDs are updated as per timeline mentioned at (c) below.
- For Existing SIDs – by April 30, 2024 with data as on March 31, 2024.

All updated/revised SIDs shall be made available on the website of SEBI/AMFI/AMCs within the timelines specified above.

Further, in order to give effect to the revisions in the SID, the respective clauses of SEBI Master circular dated May 19, 2023 stand modified.

[Circular](#)**2. Procedural framework for dealing with unclaimed amounts lying with entities having listed non-convertible securities and manner of claiming such amounts by investors**

Circular No.: SEBI/HO/DDHS/DDHS-RAC-1/P/CIR/2023/176

Dated 8<sup>th</sup> November, 2023

**Effective Date: March 1, 2024**

**Reference to Existing Regulation:** Regulation 61A(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR Regulations'), provides that, 'where the interest/dividend/redemption amount has not been claimed within thirty days from the due date of interest/ dividend/ redemption payment, a listed entity shall within seven days from the date of expiry of the said period of thirty days, transfer the amount to an Escrow Account'.

Vide this circular, SEBI has created a framework for defining the manner of transfer of such unclaimed amounts by a listed entity to an Escrow Account and claim thereof by an investor. The same is enclosed as Annex –A to this Circular.

Further, Regulation 61A (3) of the LODR Regulations, inter-alia, provides that any amount transferred to the Escrow Account in terms of Regulation 61A (2), remaining unclaimed for a period of seven years shall be transferred to:

- i. the '**Investor Education and Protection Fund**' (IEPF) constituted in terms of section 125 of the Companies Act, 2013 – **in case of listed entities which are companies.**
- ii. the '**Investor Protection and Education Fund**' (IPEF) created by the Board in terms of section 11 of the Act – **in case of listed entities which are not companies.**

Consequently, necessary amendments were made to Regulations 4(1) and 5(3) of the SEBI (Investor Protection and Education Fund) Regulations, 2009 (IPEF Regulations).

Further, a framework defining the procedure to be followed by the listed entities (which are not companies) for transfer of such unclaimed amounts from the Escrow Account to the IPEF and claim thereof by an investor, has been provided as Annex –B to this Circular.

[Circular](#)

### **3. Procedural framework for dealing with unclaimed amounts lying with Infrastructure Investment Trusts (InvITs) and manner of claiming such amounts by unitholders**

Circular No.: SEBI/HO/DDHS/DDHS-RAC-1/P/CIR/2023/178

Dated 8<sup>th</sup> November, 2023

***Effective Date: March 1, 2024***

#### **Reference to Existing Provisions:**

1. Regulation 18(6)(b) of the SEBI (Infrastructure Investment Trusts) Regulations, 2014 ('InvIT Regulations'), mandate that not less than ninety percent of Net Distributable Cash Flows (NDCFs) of the InvIT shall be distributed to the unitholders.
2. Regulation 18(6)(c), inter-alia, provides that such distributions to be made by the InvIT, shall be declared and made not less than once every six months in every financial year in case of publicly offered InvITs and not less than once every year in case of privately placed InvITs and shall be made not later than fifteen days from the date of such declaration.
3. Regulation 18(6)(e), provides that "any amount remaining unclaimed or unpaid out of the distributions declared by a InvIT in terms of sub-clause (c), shall be transferred to the '**Investor Protection and Education Fund**' constituted by the Board in terms of section 11 of the Act, in such manner as may be specified by the Board.
4. Regulation 18(6)(f), provides that, 'the unclaimed or unpaid amount of a person that has been transferred to the Investor Protection and Education Fund in terms of sub-clause (e), maybe claimed in such manner as may be specified by the Board.

Consequently, necessary amendments were made to Regulations 4(1) and 5(3) of the SEBI (Investor Protection and Education Fund) Regulations, 2009 (IPEF Regulations).

Vide this circular, SEBI has provided a framework defining the procedure to be followed by an InvIT for transfer of unclaimed amounts, initially to an Escrow Account and subsequently, to the IPEF and claim thereof by a unitholder, has been provided as Annex -A to this Circular.

Further, InvITs having unclaimed amounts for less than 7 years, as on February 29, 2024, shall start computing interest, as per provisions of Part I of Annex -A, from March 1, 2024.

InvITs which shall be holding unclaimed amounts for more than 7 years, as on February 29, 2024, shall transfer the unclaimed amounts of the unitholders to IPEF, in compliance with the provisions of Part II of Annex -A, on or before March 31, 2024.

[Circular](#)

### **4. Procedural framework for dealing with unclaimed amounts lying with Real Estate Investment Trusts (REITs) and manner of claiming such amounts by unitholders**

Circular No.: SEBI/HO/DDHS/DDHS-RAC-1/P/CIR/2023/177

Dated 8<sup>th</sup> November, 2023

***Effective Date: March 1, 2024***

#### **Reference to Existing Provisions:**

1. Regulation 18(16)(b) of the SEBI (Real Estate Investment Trusts) Regulations, 2014 ('REIT Regulations'), mandate that not less than ninety percent of Net Distributable Cash Flows (NDCFs) of the REIT shall be distributed to the unitholders.
2. Regulation 18(16)(c), inter-alia, provides that such distributions to be made by the REIT, shall be declared and made not less than once every six months in every financial year and shall be made not later than fifteen days from the date of such declaration.
3. Regulation 18(6)(f) provides that any amount remaining unclaimed or unpaid out of the distributions declared by a REIT in terms of sub-clause (c), shall be transferred to the 'Investor Protection and Education Fund' constituted by the Board in terms of section 11 of the Act, in such manner as may be specified by the Board.
4. Regulation 18(6)(g), provides that, 'the unclaimed or unpaid amount of a person that has been transferred to the Investor Protection and Education Fund in terms of sub-clause (f), may be claimed in such manner as may be specified by the Board.

Consequently, necessary amendments were made to Regulations 4(1) and 5(3) of the SEBI (Investor Protection and Education Fund) Regulations, 2009 (IPEF Regulations).

Vide this circular, SEBI has provided a framework defining the procedure to be followed by a REIT for transfer of unclaimed amounts, initially to an Escrow Account and subsequently, to the IPEF and claim thereof by a unitholder, has been provided as Annex -A to this Circular.

Further, REITs having unclaimed amounts for less than 7 years, as on February 29, 2024, shall start computing interest, as per provisions of Part I of Annex -A, from March 1, 2024.

REITs which shall be holding unclaimed amounts for more than 7 years, as on February 29, 2024, shall transfer the unclaimed amounts of the unitholders to IPEF, in compliance with the provisions of Part II of Annex -A, on or before March 31, 2024.

[Circular](#)

## **5. Most Important Terms and Conditions (Stock Broker**

Circular No.: SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/180  
Dated 13<sup>th</sup> November, 2023

SEBI has prescribed the following uniform documents for formalizing the broker-client relationship, as per clause 20 of "Master Circular on stock brokers" dated May 17, 2023:

- i. Account opening form
- ii. Rights and obligations
- iii. Risk disclosure documents
- iv. Guidance note
- v. Policies and procedures
- vi. Tariff sheet

A copy of these documents is required to be provided by the broker to the clients free of charge.

Typically, these documents are voluminous and investors may lose focus on critical aspects of the relationship with the broker.

In order to bring into focus the critical aspects of the broker-client relationship and for ease of understanding of the clients, SEBI, vide this circular, has decided that brokers shall inform a standard Most Important Terms and Conditions (MITC) which shall be acknowledged by the client.

The form, nature of communication, documentation and detailed standards for implementation of MITC shall be published on or before January 01, 2024, by the Brokers' Industry Standards Forum (ISF), under the aegis of stock exchanges, in consultation with SEBI.

In the event that the ISF is unable to publish the same, as above, in whole or in part, then SEBI, may, at its discretion,



publish standards in respect of the same.

In view of the above, additional clause 20.1.6 may be incorporated in the master circular and clause 20.4 of the master circular shall stand amended.

**Applicability:**

**1. For onboarding of new clients**, the date of the implementation and compliance by the market participants shall be April 01, 2024.

**2. For existing clients**, the MITC shall be informed to clients via email or any other suitable mode of communication (which can be preserved) by June 01, 2024.

[Circular](#)

**6. Simplified norms for processing investor's service requests by RTAs and norms for furnishing PAN, KYC details and nomination**

Circular No.: SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/181  
Dated 17<sup>th</sup> November 2023

SEBI, vide circular no. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 dated March 16, 2023 (now rescinded due to issuance of Master Circular for Registrars to an Issue and Share Transfer Agents dated May 17, 2023) had simplified norms for processing investor's service request by RTAs and for furnishing PAN, KYC details and Nomination.

In order to mitigate unintended challenges on account of freezing of folios and referring frozen folios to the administering authority under the Benami Transactions (Prohibitions) Act, 1988 and/or Prevention of Money Laundering Act, 2002, SEBI, vide this circular, has decided to do away with the above provisions.

Accordingly, para 19.2 of the Master Circular for Registrars to an Issue and Share Transfer Agents dated May 17, 2023 has been amended as follows:

1. Reference to the term 'freezing/ frozen' has been deleted.
2. Referral of folios by the RTA/listed company to the administering authority under the Benami Transactions (Prohibitions) Act, 1988 and/or Prevention of Money Laundering Act, 2002, has been done away with.

[Circular](#)

**1. Limited Liabilities Partnership (Significant Beneficial Owners) Rules, 2023**

G.S.R. ....(E)

Dated: 9<sup>th</sup> November, 2023**Effective Date: November 21, 2023**

Vide this notification, MCA has notified the Limited Liability Partnership (Significant Beneficial Owners) Rules, 2023 (“SBO Rules”).

Until now, only the companies were subjected to identify their Significant Beneficial Owners (“SBOs”) and the related compliances under Sections 89(10) and 90 of the Companies Act, 2013 read with Companies (Significant Beneficial Owners) Rules, 2018, as amended from time to time (“Companies SBO Rules”), which have now been extended to the LLPs through these SBO Rules.

Following are the key highlights of the SBO Rules:

**1. Key definitions:**

**Significant Beneficial Owner (SBO):** In relation to a reporting LLP, a SBO means an individual who acting alone or together or through one or more persons or trust, possesses one or more of the following rights or entitlements in such reporting LLP, namely–

- holds indirectly or together with any direct holdings not less than 10% of the contribution;
- holds indirectly or together with any direct holdings, not less than 10% of the voting rights in respect of the management or policy decisions in such LLP;
- has right to receive or participate in not less than 10% of the total distributable profits or any other distribution, in a financial year through indirect holdings alone or together with any direct holdings;
- has right to exercise or actually exercises significant influence or control, in any manner other than through direct-holdings alone.

**Majority stake:**

- Holds more than one-half of the equity share capital in the body corporate; or
- Holds more than one-half of the contribution in a partnership entity; or
- Holds more than one-half of the voting rights in the body corporate; or
- Has the right to receive or participate in more than one half of the distributable dividend or distributable profits or any other distribution by the body corporate including a partnership entity as the case may be.

**Significant influence:** The power to participate, directly or indirectly, in the financial and operating policy decisions of the reporting LLP but is not controlled or jointly controlled by those policies.

**2. Determination of SBO:** To determine the SBO, an individual must first qualify under the criteria outlined hereunder:

S. No.	Particulars	Criteria
1.	Where the partner of the reporting LLP is a body corporate (whether incorporated or registered in India or abroad), other than an LLP and individual	An individual who – a) holds majority stake in that partnership; or b) holds majority stake in the ultimate holding company (whether incorporated or registered in India or abroad) of that partnership.
2.	Where the partner of the reporting LLP is a Hindu Undivided Family (HUF) (through karta)	An individual who is the karta of the HUF.
3.	Where the partner of the reporting LLP is a partnership entity (through itself or a partner)	An individual who – a) is a partner; or b) holds majority stake in the body corporate, which is a partner of the partnership entity; or c) holds majority stake in the ultimate holding company of the body corporate, which is a partner of the partnership entity.
4.	Where the partner of the reporting LLP is a trust (through trustee)	An individual who – a) is a trustee in case of a discretionary trust or a charitable trust; b) is a beneficiary in case of a specific trust; or c) is the author or settlor in case of a revocable trust.
5.	Where the partner of the reporting LLP is a pooled investment vehicle or an entity	An individual in relation to the pooled investment vehicle, who – a) is a general partner; b) is an investment manager; or c) is a

	controlled by the pooled investment vehicle, based in a member State of the Financial Action Task Force on Money Laundering, and the regulator of the securities market in such member State is a member of the International Organisation of Securities Commissions	chief executive officer where the investment manager of such pooled vehicle is a body corporate or a partnership entity.
6.	Where the partner of a reporting LLP is a pooled investment vehicle or an entity controlled by the pooled investment vehicle, based in a jurisdiction other than mentioned in clause (5) above	An individual who belongs to any of the clauses in (1) to (4) above.

### 3. Duty of the reporting LLP:

#### Identification of SBO

- Every reporting LLP will endeavor to find out if there is any SBO, in relation to that reporting LLP, and if so, identify him or her and cause such individual to make a declaration in **Form No. LLP BEN-I**.
- Every reporting LLP is required to give notice in **Form No. LLP BEN-4** (seeking information pertaining to SBO) to every non-individual partner who holds not less than 10% of its contribution or voting rights or right to receive or participate in the distributable profits or any other distribution payable in a financial year.

**Reporting to Registrar of Companies:** Upon identification of SBO, the reporting LLP is required to file a return in **Form No. LLP BEN-2** with the Registrar of Companies within a period of 30 days from the date of receipt of declaration in this connection.

**Register of SBO:** The LLP will maintain a register of SBOs in **Form No. LLP BEN-3**.

### 4. Declaration by the SBO:

- Every individual who is a SBO in a reporting LLP will file a declaration in Form No. LLP BEN-I within 90 days from the date of commencement of these SBO Rules.
- Every individual who subsequently becomes a SBO or where his or her significant beneficial ownership undergoes any change will file a declaration in Form No. LLP BEN-I to the reporting LLP, within 30 days of acquiring such significant beneficial ownership or any change therein.

**5. Exclusions from applicability of SBO Rules:** SBO Rules are not applicable to the extent the contribution of the reporting LLP is held by –

- the Central Government, State Government or any local authority; - a reporting LLP; - a body corporate; or - an entity controlled by the Central Government or by one or more State Government, or partly by the Central Government and partly by one or more State Government;
- investment vehicles registered with and regulated by the Securities and Exchange Board of India, such as mutual funds, alternative investment funds, Real Estate Investment Trusts and Infrastructure Investment Trust;
- investment vehicles regulated by the Reserve Bank of India or the Insurance Regulatory and Development Authority or the Pension Fund Regulatory and Development Authority.

#### [Notification](#)



**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.



## **Lovi Mehrotra & Associates**

**Chartered Accountants**

**21-22 IInd Floor Krishna Nagar Safdarjung Enclave**

**New Delhi 110029**

**Website : [www.lma.co.in](http://www.lma.co.in) • Email : [pooja@lma.co.in](mailto:pooja@lma.co.in)**