

July 2024

NEWSLETTER

REGULATORY

- RBI
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1. Online submission of Form A2: Removal of limits on amount of remittance

RBI/2024-25/46- Circular No. 12

Dated: 03rd July, 2024

Reference: RBI vide its circular dated February 11, 2016 related to Compilation of R>Returns: Reporting under Foreign Exchange Transactions Electronic Reporting System (FETERS) and Circular dated April 12, 2023 related to Authorised Dealers Category-II - Online submission of Form A2 had permitted AD Category-I banks and AD Category-II to allow submission of Form A2 through online mode by their customers subject to prescribed conditions.

Vide this Notification, RBI has decided to permit all Authorised Dealers (AD Category-I banks and AD Category-II entities) to facilitate remittances on the basis of online / physical submission of Form A2 subject to compliance with prescribed conditions under FEMA 1999 and Master Directions- KYC 2016. Accordingly, there shall not be any limit on the amount being remitted on the basis of 'online' Form A2.

[Notification](#)**2. Release of foreign exchange for Miscellaneous Remittances**

RBI/2024-25/47- Circular No. 13

Dated: 03rd July, 2024

Reference: RBI vide its circular No. 16 dated September 12, 2002, circular No. 55 dated December 23, 2003 and circular No. 118 dated May 07, 2012 had permitted Authorised Dealers to release foreign exchange for any current account transaction, on the basis of a simple letter containing basic information and subject to an upper limit of USD 25,000 or its equivalent. It was also advised that Authorised Dealers need not obtain any other documents, including Form A2, and that the payment was to be made by the applicant through Demand Draft or a cheque drawn on his / her bank account.

With a view on streamlining the regulatory compliances and operational procedures, RBI, vide this Notification, has decided that Authorised Dealers shall obtain Form A2 in physical or digital form for all cross-border remittances irrespective of the value of transaction. Consequently, the above-mentioned circulars stand withdrawn with immediate effect.

[Notification](#)**3. Remittances to International Financial Services Centers (IFSCs) under the Liberalized Remittance Scheme (LRS)**

RBI/2024-25/49- Circular No. 15

Dated: 10th July, 2024

Reference: RBI Circular No. 11 dated February 16, 2021, Circular No. 03 dated April 26, 2023 and Circular No. 06 dated June 22, 2023 on remittances to International Financial Services Centres (IFSCs) in India under the Liberalised Remittance Scheme (LRS) and the Master Direction dated January 01, 2016 (as amended from time to time).

At present, remittances under LRS to IFSCs can be made only for:

- i. making investments in IFSCs in securities except those issued by entities/ companies resident in India (outside IFSC); and
- ii. payment of fees for education to foreign universities or foreign institutions in IFSCs for pursuing courses mentioned in the gazette notification no. SO 2374(E) dated May 23, 2022, issued by the Central Government.

For these permissible purposes, resident individuals can open Foreign Currency Account (FCA) in IFSCs.

Vide this Notification, RBI has decided that Authorised Persons may facilitate remittances for all permissible purposes under LRS to IFSCs for:

- i. availing financial services or financial products as per the International Financial Services Centres Authority Act, 2019 within IFSCs; and
- ii. all current or capital account transactions, in any other foreign jurisdiction (other than IFSCs) through an FCA held in IFSCs.

For these permissible purposes, resident individuals can open Foreign Currency Account (FCA) in IFSCs.

[Notification](#)

SEBI

1. Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulations, 2024

Notification No. SEBI/LAD-NRO/GN/2024/188

Dated: 2nd July, 2024

Vide this notification, SEBI has notified SEBI (Mutual Funds) (Amendments) Regulations, 2024 to amend the SEBI (Mutual Funds) Regulations, 1996.

Following is the gist of amendment made:

Modification in Seventh Schedule in clause 9 (c) pertaining to restrictions on investments:

Earlier, Clause 9(c) of the Seventh Schedule stated that no mutual fund [scheme] shall make any investment in the listed securities of group companies of the sponsor which is in excess of 25 percent of the net assets.

After the 2024 regulations amendment, an exception to the above provision has been added which provides that investments by equity-oriented exchange traded funds and index funds may be done which may be subject to the conditions specified by the Board.

[Regulation](#)

2. Measures to instil confidence in securities market –Brokers’ Institutional mechanism for prevention and detection of fraud or market abuse

Circular No.: SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2024/96

Dated 4th July, 2024

Reference: SEBI (Stock Brokers) (Amendment) Regulations, 2024 (“Broker Regulations”) requires stock brokers to put in place an institutional mechanism for prevention and detection of fraud or market abuse.

Vide this circular, SEBI has prescribed that stock brokers are required to comply with the following obligations / mechanisms mentioned in Chapter IVA of the Broker Regulations:

1. Systems for surveillance of trading activities and internal controls
2. Obligations of the stock broker and its employees
3. Escalation and reporting mechanisms
4. Whistle Blower Policy

The standards for implementation of the same including operational modalities shall be formulated by the Broker’s Industry Standards Forum (ISF), in consultation with SEBI.

Applicability:

The provisions shall come into force in a risk-based, staggered manner to ensure effective implementation for all stock brokers by providing enough time, based on their size, for making necessary changes as under:

Number of active Unique Client Codes (UCC)* of stockbroker	Applicability of Operational / Working Modalities & Guidance Note
> 50,000	January 01, 2025
2,001 to 50,000	April 01, 2025
up to 2,000	April 01, 2026

* As on 30th June 2024.

The effective date for implementation of the circular for Qualified Stockbrokers (QSBs) irrespective of number of UCCs is **August 01, 2024**.

[Circular](#)

3. Measures for Ease of Doing Business for Credit Rating Agencies (CRAs) – Timelines and Disclosures

Circular No.: SEBI/HO/DDHS/DDHS-PoD-3/P/CIR/2024/97

Dated 4th July, 2024

Effective Date: August 1, 2024

Reference to Existing Circular: SEBI had issued Master Circular for Credit Rating Agencies (CRAs) dated May 16, 2024 which prescribed the timeline to be followed by CRAs for dissemination of Press Release on CRA's website and intimation of the same to Stock Exchanges/Debenture Trustees, pursuant to rating committee meeting in respect of periodic surveillance of ratings.

Vide this circular, SEBI has amended the following clauses of the Master Circular to enable ease of doing business and has provided specific timelines for dealing with appeals made by the issuer in respect of rating actions carried out pursuant to periodic surveillance of ratings.

1. Modification of Para 28.3.3:

Periodic surveillance

Scenario	Timeline -immediately but not later than
Communication of the rating to the issuer	1 working day* of the Rating Committee meeting
Request for review/ appeal of rating by the Issuer	3 working days of the Rating Committee meeting
Dissemination of Press Release on CRA's website and intimation of the same to Stock Exchange/ Debenture Trustee	7 working days of the Rating Committee meeting

* While an outer timeline of 1 working day has been specified, CRAs shall endeavor to communicate the rating to the issuer on the same day as the Rating Committee meeting

2. Modification of Para 31.1.2:

An archive of all disclosures should be maintained by CRAs on their website, for at least 10 years. This also includes ratings press releases by CRAs.

Monitoring of this circular is to be done on the basis of half-yearly internal audit for CRA-s. mandated under Regulation 22 of the CRA Regulations and circulars issued thereunder.

[Circular](#)

4. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2024

Notification No.: F. No. SEBI/LAD-NRO/GN/2024/189

Dated 10th July, 2024

Vide this notification, SEBI has notified SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2024 to amend the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Following is the gist of amendments:

Insertion of new proviso in regulation 52 (8):

A second proviso has been inserted in Regulation 52(8) with regard to the publishing of financial results by listed entities in at least one national daily newspaper. The proviso states that the listed entity may publish only a window advertisement referring to a QR Code along with the link of the website of the listed entity and stock exchange(s) where the financial results may be available and accessible by the investors. This proviso is subject to following conditions:

- i. For non-convertible securities outstanding as on the date of notification of this proviso, the listed entity has obtained prior approval from the debenture trustee;
- ii. In case of any issuances after the date of notification of this proviso, the listed entity shall either make a disclosure in the offer document regarding the window advertisement in the newspapers or obtain prior

approval from the debenture trustee.

[Regulation](#)

5. Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) (Amendment) Regulations, 2024

Notification No. SEBI/LAD-NRO/GN/2024/190
Dated 10th July, 2024

Vide this notification, SEBI has notified SEBI (Issue and Listing of Non-Convertible Securities) (Amendment) Regulations, 2024 to amend the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021.

Following is the gist of amendments:

1. Regulation 23 pertaining to obligations of Issuer has been amended by inserting a provision to instruct the issuer to fix a record date for payment of interest, dividend, and payment of redemption or repayment amount or other purposes specified by the Board.
The provision also states that the record date must be fixed at a date 15 days before the due date of payment of interest or dividend, repayment of principal, or any other corporate actions.
2. The provision for 'Due Diligence Certificate by Debenture Trustee' has been amended to specify the formats to be used in cases of secured and unsecured debt securities at the time of filing the draft offer document and at the time of filing of the listing application by the issuer.
3. Schedule IV has been amended which provides for the format of the due diligence certificate to be given by the debenture trustee to be divided into two parts:
Part A– provides the format in which the Debenture Trustee has to give the Certificate of Due Diligence at the time of filing of draft offer document and before opening of the issue.
Part B- provides the format in which the Debenture Trustee has to give the Certificate of Due Diligence at the time of filing of listing application by issuer.
4. Schedule IV-A has also been inserted which provides for the format of the due diligence certificate to be given by the debenture trustee.

Detailed amendments with respect to above forms part of this notification.

[Regulation](#)

6. Securities and Exchange Board of India (Credit Rating Agencies) (Amendment) Regulations, 2024

Notification No. SEBI/LAD-NRO/GN/2024/191
Dated 11th July, 2024

Vide this notification, SEBI has notified SEBI (Credit Rating Agencies) (Amendment) Regulations, 2024 to amend the SEBI (Credit Rating Agencies) Regulations, 1999.

Following is the gist of amendment:

The meaning of 'liquid asset' in Regulation 28B pertaining to ESG Rating Providers (Chapter IVA – Definitions) has been amended as under:

“Liquid asset” means a low risk asset such as cash, units of overnight or liquid mutual fund schemes, fixed deposits of scheduled commercial banks, government securities, treasury bills, repo on government securities and repo on corporate bonds that may be easily converted into cash in a short period of time.

[Regulation](#)

7. Enabling Credit Rating Agencies (CRAs) to undertake rating activities under IFSCA

Circular No.: SEBI/HO/DDHS/DDHS-PoD-3/P/CIR/2024/102
Dated 19th July, 2024

Reference of Existing Circular and Regulations: Master Circular for Credit Rating Agencies (CRAs) dated May 16, 2024 and SEBI (Credit Rating Agencies) Regulations, 1999 ('CRA Regulations') had provided that CRAs may undertake rating financial instruments under the respective guidelines of the financial sector regulators / authorities.

Vide this circular, SEBI has added International Financial Services Centres Authority (IFSCA) to the list of financial sector regulators/ authorities as specified in Annexure 19 of the aforesaid Master circular to enable CRAs to undertake rating activities in the International Financial Services Centre–Gujarat International Finance Tech-city (IFSC-GIFT City).

SEBI has further specified that ratings undertaken by a CRA under the guidelines of IFSCA shall be under the purview of and dealt with by IFSCA.

[Circular](#)

8. Enabling ESG Rating Providers (ERPs) to undertake ESG rating activities under IFSCA

Circular No.: SEBI/HO/DDHS/DDHS-PoD-3/P/CIR/2024/103
Dated 19th July, 2024

Reference of Existing Circular and Regulations: Master Circular for ESG Rating Providers (ERPs) dated May 16, 2024 and SEBI (Credit Rating Agencies) Regulations, 1999 ('CRA Regulations') had provided that ERPs may undertake or offer ESG rating of any product or issuer, as may be required by another financial sector regulator or authority, under the guidelines of such regulator or authority.

Vide this circular, SEBI has added International Financial Services Centers Authority (IFSCA) to the list of financial sector regulators/ authorities as specified in Annexure 4 of the aforesaid Master circular to enable ERPs to undertake ESG rating activities in the International Financial Services Centre–Gujarat International Finance Tech-city (IFSC-GIFT City).

SEBI has further specified that the ESG ratings undertaken by an ERP under the guidelines of IFSCA shall be under the purview of and dealt with by IFSCA.

[Circular](#)

9. Securities and Exchange Board of India (Alternative Investment Funds) (Third Amendment) Regulations, 2024

Notification No.: SEBI/LAD-NRO/GN/2024/194
Dated 20th July, 2024

Vide this notification, SEBI has notified SEBI (Alternative Investment Funds) (Third Amendment) Regulations, 2024 to amend the SEBI (Alternative Investment Funds) Regulations, 2012.

Following is the gist of amendments:

1. Modification in Regulation 2 (1) (z) pertaining to definition of venture capital fund:

“**venture capital fund**” means an Alternative Investment Fund which invests primarily in unlisted securities of start-ups, emerging or early-stage venture capital undertakings mainly involved in new products, new services, technology or intellectual property right based activities or a new business model and shall include an angel fund as defined under Chapter III-A “*and migrated venture capital fund as defined under Chapter III-D*”.

2. Modification in Regulation 3(2) pertaining to Registration of Alternative Investment Funds:

(i) Modification in Second proviso - The words and symbols “re-registration under these regulations subject to approval of two-thirds of their investors by value of their investment” shall be substituted with the words and symbols “*registration under these regulations as migrated venture capital funds in terms of Chapter III-D, within twelve months from 20th July 2024.*”

(ii) Insertion of new proviso after second proviso:

“Provided further that the Board may specify enhanced regulatory reporting and other measures for the venture capital funds that do not seek registration as a migrated venture capital fund in terms of Chapter

III-D.”

- 3. Insertion of new Chapter after Chapter III-D for migrated venture capital fund**
- 4. Insertion of new proviso in Regulation 39(2)(b) pertaining to miscellaneous provisions:**

“Provided further that the Venture Capital Funds (VCF) that seeks registration as a migrated Venture Capital Fund in terms of Chapter III-D shall be governed by these regulations from the date of grant of certificate of registration. Further, the Board specifies enhanced regulatory requirement for unregistered VCFs.

[Regulation](#)

MCA

1. Filing of Forms [BEN-2, -MGT-6] due to migration from V2 Version to V3 Version in MCA 21 portal from 4th July, 2024 to 14th July, 2024.

General Circular No. 04/2024
Dated 4th July, 2024

MCA has launched E-form MGT-6 (Form of return to be filed with the Registrar under section 89) and BEN-2 (Return to the Registrar in respect of declaration under section 90) on MCA V3 Portal on 15th July 2024. These forms were not available on MCA V2 Portal from July 04, 2024 to July 14, 2024.

Vide this circular, MCA has decided to allow additional time of 15 days, without levying additional fees, to the stakeholders, in cases where due dates for filing of these 02 forms fall during the period between July 04, 2024 to July 14, 2024.

[Circular](#)

2. Extension of time for Filing of PAS-7-reg.

General Circular No. 05/2024
Dated 6th July, 2024

Reference: Companies (Prospectus and Allotment of Securities) Rules, 2014, every public company which had issued share warrants prior to commencement of the Companies Act, 2013 and not converted such warrants into shares was required to inform the Registrar about the details of such share warrants in Form PAS-7 within a period of three months of the commencement of the Companies (Prospectus and Allotment of Securities) Second Amendment Rules, 2023.

Vide this circular, MCA has prescribed Web-form PAS-7 to submit the details of share warrants to the Registrar. Stakeholders can file the details through this web form without payment of additional fees up to August 5, 2024.

[Circular](#)

3. The Specified Companies (Furnishing of information about payment to micro and small enterprise suppliers) Amendment Order, 2024

Notification No. S.O. 2751(E)
Dated 15th July, 2024

Vide this notification, MCA has amended the Specified Companies (Furnishing of information about payment to micro and small enterprise suppliers) Order, 2019.

The amendment has been made Paragraph 3 of the order by inserting following proviso:

“Provided that only those specified companies which are having payments pending to any micro or small enterprises for more than 45 days from the date of acceptance or the date of deemed acceptance of the goods or services under section 9 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006) shall furnish the information in MSME Form-1.”

MSME Form-1 has been substituted with new form accordingly.

[Notification](#)

4. Filing under Section 124 and Section 125 of the Companies Act, 2013 read with IEPFA (Accounting, Audit, Transfer and Refund) Rules 2016 in view of transition from MCA21 version 2 to version 3

General Circular No. 06/2024
Dated 16th July, 2024

Vide this circular, MCA has waived off the additional filing fees in various IEPF e-forms (IEPF-1, IEPF-1A, IEPF-2, IEPF-4) and e-verification claims filed in e-form IEPF-5 till August 16, 2024 due to the transition of such forms from

MCA V2 portal to V3 portal.

Further, one time relaxation for filing of e-verification under rules of IEPF (Accounting, Audit, Transfer and Refund) has also been provided till August 16, 2024.

[Circular](#)

5. Companies (Appointment and Qualification of Directors) (Amendment) Rules, 2024

Notification No G.S.R. 412(E).
Dated 16th July, 2024

Vide this notification, MCA has amended the Companies (Appointment and Qualification of Directors) Rules, 2014.

The amendment has been made in Rule 12A pertaining to Directors KYC. Third proviso is amended and new fourth proviso has been inserted as under:

Provided also that in case an individual desires to update his personal mobile number or the e-mail address, as the case may be, he shall update the same by submitting e-form DIR-3 KYC only “*on or before 30th September of the financial year*”:

Provided also that if an individual intends to update his personal mobile number or the email address again at any time during the financial year in addition to the up-dation allowed under the third proviso, he shall update the same by submitting e-form DIR-3 KYC on payment of fees of five hundred rupees.

[Notification](#)

6. Merger of Forms IEPF-3 with IEPF-4 and IEPF-7 with IEPF-1 along with change in payment process thereof in MCA V3.

General Circular No. 07/2024
Dated 17th July, 2024

Reference: Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 provides for filing of various forms in respect of amounts that needs to be transferred to the Authority as due on shares transferred by the Companies, unpaid dividend not transferred etc.

Vide this circular, to ease the compliance burden, MCA has decided to merge form IEPF-3 with IEPF-4 and Form IEPF-7 with Form IEPF-1 in MCA V3 portal. The revised forms will be in STP (Straight Through Process) mode.

The amount required to be transferred will be transferred online through MCA portal as “Pay Miscellaneous fee” service after selecting option “Investor Education and Protection Fund”.

[Circular](#)

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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