

June 2024

# 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. Foreign Exchange Management (Overseas Investment) Directions, 2022 - Investments in Overseas Funds**

No. RBI/2024-25/41

Dated: 07<sup>th</sup> June, 2024

**Reference:** Foreign Exchange Management (Overseas Investment) Directions, 2022 (“**the Directions**”) in terms of which investment (including sponsor contribution) in units or any other instruments issued by regulated overseas investment fund are considered as Overseas Portfolio Investment (OPI). As per provisions of these directions’ investments can be made in “**units**” of investment funds.

Vide this notification, RBI has made the following amendments in ‘**the Directions**’:

- a. Existing Paragraph 1(ix)(e) of the Directions is replaced as under:

*“The investment (including sponsor contribution) in units or any other instrument (by whatever name called) issued by an investment fund overseas, duly regulated by the regulator for the financial sector in the host jurisdiction, shall be treated as OPI. Accordingly, in jurisdictions other than IFSCs, listed Indian companies and resident individuals may make such investment. Whereas in IFSCs, an unlisted Indian entity also may make such OPI in units or any other instrument (by whatever name called) issued by an investment fund or vehicle, in terms of schedule V of the Overseas Investment “OI” Rules subject to limits, as applicable”.*

- b. Existing Paragraph 24(1) of the Directions, 2022 is replaced as under:

*“A person resident in India, being an Indian entity or a resident individual, may make investment (including sponsor contribution) in units or any other instrument (by whatever name called) issued by an investment fund or vehicle set up in an IFSC, as OPI. Accordingly, in addition to listed Indian companies and resident individuals, unlisted Indian entities may also make such investment in IFSC”.*

[Notification](#)

# SEBI

## 1. Master Circular for Bankers to an Issue registered with SEBI

Circular No.: SEBI/HO/CFD/PoD-1/P/CIR/2024/072

Dated: 3<sup>rd</sup> June, 2024

SEBI has compiled all circulars/directions issued to Bankers to an Issue under the relevant provisions of the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and extant securities laws till June 3, 2024 and prepared a **Master Circular for Bankers** to an Issue in order to enable the stakeholders to have access to all such circulars at one place.

Accordingly, all directions/instructions contained in the circulars listed out in the Appendix to this Master Circular shall stand rescinded to the extent they relate to Bankers to an Issue

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. Securities and Exchange Board of India (Foreign Portfolio Investors) (Amendment) Regulations, 2024

Circular No.: SEBI/LAD-NRO/GN/2024/183

Dated 18<sup>th</sup> June, 2024

Vide this notification SEBI has amended the SEBI (Foreign Portfolio Investors) Regulations, 2019. Following is a gist of the amendments made:

1. A Foreign Portfolio Investor (FPI), whose certificate of registration is not valid as on the date of commencement of the amended regulations and is holding securities or derivatives in India, shall be allowed to sell such securities or wind up their open position in derivatives in India within 360 days from the date of such commencement (*Previously, 1 year time period was allowed from the date of regulations*).
2. An FPI is required to pay the registration fees, as provided in Part A of the Second Schedule for every block of three years, before the beginning of such block. A further time period of 30 days is allowed for payment of registration fees along with late fees. In case of non-payment of requisite registration fees, FPI is allowed to sell such securities or wind up their open position in derivatives in India within 360 days from the date of expiry of thirty days as above.
3. An FPI whose certificate of registration is not valid and has not sold off the securities or wound up their open position in derivatives in India as per the provisions of these regulations shall be deemed to have written off the securities in such manner as specified by the Board.

[Regulation](#)

## 3. Disclosures of Material Changes and Other Obligations for Foreign Portfolio Investors

Circular No.: SEBI/HO/AFD/AFD-POD-2/P/CIR/2024/76

Dated 5<sup>th</sup> June, 2024

**Reference to Existing Circular and Regulations:** Master Circular for Foreign Portfolio Investors, Designated Depository Participants and Eligible Foreign Investors (“FPI Master Circular”) dated May 30, 2024 had specified the timelines for disclosure of certain material changes/events.

SEBI (Foreign Portfolio Investors) Amendment Regulations 2024 were notified on June 03, 2024, amending the SEBI (Foreign Portfolio Investors) Regulations, 2019, inter alia, to relax the timelines for disclosure of material changes/events and other obligations by Foreign Portfolio Investors (FPIs).

In view of the above amendments, , SEBI vide this circular has amended Para 14 of Part A and Para 12 (iii) of Part A of the FPI Master Circular.

Following is a gist of amendments made:

1. **Para 14 of Part A** : In case of any change in the material information previously furnished by the Foreign Portfolio Investors (FPI) to the Designated Depository Participants (DDP) and/or SEBI, it shall inform the DDP and/or the Board in writing as follows:
  - a. 'Type I' material changes shall be informed by FPIs as soon as possible and within seven working-days of the occurrence of the change and the supporting documents are to be provided within 30 days of such change. The below mentioned material changes can be considered as 'Type I' Material Changes:
    - I. Change of Jurisdiction.
    - II. Name change on account of acquisition, merger, demerger, restructuring, change of ownership/control
    - III. Acquisition/merger/demerger resulting in cessation of existence of FPI
    - IV. Restructuring of legal form/sub-category (e.g. Corporate to trust)
    - V. Change in regulatory status of the FPI (e.g. regulated to unregulated fund)
    - VI. Reclassification of the FPI from Category I to Category II
    - VII. Change in compliance status of jurisdiction of FPI/BO in terms of Regulation 4(d), 4(e) or 4(f) of the FPI Regulations, 2019
    - VIII. Addition of FPI(s) to any existing/new investor group(s)
    - IX. FPIs obtaining registration under Category-I on support of an Investment Manager (IM) and such IM being either removed (temporarily/permanently) or losing its Category I eligibility
    - X. Breach of prescribed threshold for aggregate contribution of NRIs, OCIs and RIs
    - XI. Any information or particulars previously submitted to the Board or DDP are found to be false or misleading, in any material respect
    - XII. Any penalty, pending litigation or proceedings, findings of inspections or investigations for which action may have been taken or is in the process of being taken by an overseas regulator
    - XIII. Changes which impact any exemption granted in terms of SEBI Circular dated August 24, 2023
    - XIV. Breach of any of the eligibility criteria as specified under Regulation 4 of FPI Regulations, 2019 unless the FPI has been exempted from complying with the said criteria.
  - b. Any material change other than Type I material changes are to be considered as 'Type II' material changes and are to be informed and supporting documents are to be provided by FPIs as soon as possible and within 30 days of such change.
  - c. Where there is any delay in intimation of material change by the FPI to the DDP, the DDP shall within two working days, inform all such cases to SEBI for appropriate action, if any, along with reason for delay.
  - d. In case of Type I material changes a fresh registration is mandatorily required to be taken by the FPIs. In "Type II" material changes, DDP after examination will re-assess the eligibility of the FPI including requiring FPIs to seek fresh registration.
2. **Para 12 (iii) of Part A**: Deletion of sub-fund/share classes/equivalent structure that invests in India, shall be considered a 'Type II' material change.

[Circular](#)

**4. Guidelines on Anti-Money Laundering (AML) Standards and Combating the Financing of Terrorism (CFT) Obligations of Securities Market Intermediaries under the Prevention of Money Laundering Act, 2002 and Rules framed there under**

Circular No.: SEBI/HO/MIRSD/MIRSDSECFATF/P/CIR/2024/78  
Dated 6<sup>th</sup> June, 2024

**Reference to Existing Circular:** The Prevention of Money Laundering Act, 2002 ("PMLA") and the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005 (PML Rules), mandate every reporting entity, to adhere to client account opening procedures, maintain records and report such transactions as prescribed therein. It also mandates the reporting entities to evolve an internal mechanism having regard to any guidelines issued by regulator for detecting the transactions specified in the PML Rules and for furnishing information thereof.

Vide this circular, SEBI has issued guidelines which stipulate the essential principles for combating Money Laundering (ML) and Terrorist Financing (TF) and provide detailed procedures and obligations to be followed and complied with by registered intermediaries.

On and from the issue of this Circular, the earlier circulars issued by SEBI on the subject as listed in Appendix to this Master Circular shall stand rescinded.

This Master Circular supersedes the previous Master Circular reference no. SEBI/HO/MIRSD/MIRSD-SEC-5/P/CIR/2023/022 dated February 03, 2023.

[Master Circular](#)

## **5. Uploading of KYC information by KYC Registration Agencies (KRAs) to Central KYC Records Registry (CKYCRR)**

Circular No.: SEBI/HO/MIRSD/SECFATF/P/CIR/2024/79  
Dated 6<sup>th</sup> June, 2024

In terms of provisions of SEBI KRA Regulations, 2011 the KYC record of a client is uploaded on the system of KYC Registration Agencies (KRAs) for performing client due diligence. Also, in terms of SEBI Master Circular on KYC norms in securities market SEBI/HO/MIRSD/SECFATF/P/ CIR/2023/169 dated October 12, 2023, KYC information is uploaded on CKYCRR by the intermediaries.

Vide this Circular, SEBI has amended the following clauses of the Master Circular on KYC norms to enable ease of doing business:

### **1. Insertion of new Para 114 (a):**

Registered intermediaries shall continue to upload/ download/ modify KYC information with proper authentication on the systems of KRA, as per provisions of SEBI KRA Regulations, 2011.

### **2. Modification of Para 115:**

KRAs shall upload the verified/ validated KYC information onto the system of CKYCRR within 7 days of receiving the same from intermediaries or any other timeline as notified under PML Rules. The KRAs shall integrate their systems with CKYCRR and commence the uploading of KYC records on CKYCRR from August 01, 2024.

### **3. Modification of Para 116:**

KRAs shall ensure that existing KYC records of legal entities and of individual clients are uploaded on to CKYCRR within a period of 6 months from August 01, 2024.

[Circular](#)

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

Circular No.: SEBI/HO/IMD/IMD-POD-1/P/CIR/2024/80  
Dated 7<sup>th</sup> June, 2024

SEBI has compiled a Master Circular for Portfolio Managers in order to enable the stakeholders to have access to the provisions of applicable circulars issued till March 31, 2024 at one place.

This master circular will supersede the previous Master Circular for Portfolio Managers dated March 20, 2023 (**‘Old Master Circular’**). The guidelines / directions contained in Annexure Z of the Old Master Circular were rescinded. Now in addition, the guidelines/directions contained in the circulars listed at S. No. 33-36 in Appendix to this Master Circular shall also stand rescinded to the extent they relate to Portfolio Managers.

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](#)

7. **(a) Ease of Doing Investments- Non-submission of 'Choice of Nomination'**
  - (i) **Doing away with freezing of Demat Accounts and Mutual Fund Folios for existing investors;**
  - (ii) **To remove freeze on payment of corporate benefits and service of physical folios;**
- (b) Only 3 fields to be provided mandatorily for updating Nomination Details**

Circular No.: SEBI/HO/MIRSD/POD-1/P/CIR/2024/81  
Dated 10<sup>th</sup> June, 2024

SEBI, vide circular no. SEBI/HO/MIRSD/POD-1/CIR/2023/193 dated December 27, 2023 had extended the last date for submission of 'choice of nomination' for demat accounts and mutual fund folios to June 30, 2024 failing which demat accounts/folios shall be frozen for debits.

Based on representations received from the market participants, for ease of compliance and investor convenience, SEBI vide this circular has decided the following for existing investors/ unitholders:

1. Non-submission of 'choice of nomination' shall not result in freezing of Demat Accounts as well as Mutual Fund Folios
2. Security holders holding securities in physical form shall be eligible for receipt of any payment including dividend, interest or redemption payment as well as to lodge grievance or avail any service request from the RTA even if 'choice of nomination' is not submitted by these security holders.
3. Payments including dividend, interest or redemption payment withheld presently by the Listed Companies/RTAs, only for want of 'choice of nomination' shall be processed accordingly

All new investors/unitholders shall continue to be required to mandatorily provide the 'Choice of Nomination' for demat accounts/ MF Folios (except for jointly held Demat Accounts and Mutual Fund Folios).

Further, to encourage the existing investors to provide 'choice of nomination', a pop-up shall be provided on web/mobile application/platform to the investors by Depositories and Depository Participants while logging into the Demat Account and by AMCs (including MF RTAs, other platforms providing online execution services) while logging into their MF account. This pop-up may be shown only to those clients whose MF Folios/demat account(s) do not have 'choice of nomination'. This provision will be applicable w.e.f. October 01, 2024.

All other provisions related to requirement of Nomination as provided in previous SEBI Circulars shall remain unchanged.

[Circular](#)

8. **Securities and Exchange Board of India (Foreign Portfolio Investors) (Second Amendment) Regulations, 2024**

No. SEBI/LAD-NRO/GN/2024/185  
Dated 26<sup>th</sup> June, 2024

Vide this notification SEBI has amended the SEBI (Foreign Portfolio Investors) Regulations, 2019. Following is a gist of amendments made:

In **regulation 4** pertaining to the eligibility criteria of Foreign Portfolio Investor (FPI), following conditions are specified in respect of non-resident Indians or overseas citizens of India or resident Indian individuals for being constituents of the applicant as under:

1. the contribution of a single non-resident Indian or overseas citizen of India or resident Indian individual shall be

below twenty-five percent of the total contribution in the corpus of the applicant

2. the aggregate contribution of non-resident Indians, overseas citizens of India and resident Indian individuals in the corpus of the applicant shall be below fifty percent of the total contribution in the corpus of the applicant
3. the contribution of resident Indian individuals shall be made through the Liberalised Remittance Scheme notified by the Reserve Bank of India and shall be in global funds whose Indian exposure is less than fifty percent;
4. the non-resident Indians, overseas citizens of India and resident Indian individuals shall not be in control of the applicant; and
5. any other conditions as may be specified by the Board from time to time

[Regulation](#)

## MCA

### 1. Inclusion of 9 Forms of Company on MCA V3 Portal

Dated 28<sup>th</sup> June, 2024

MCA has announced the launching of third set of Company Forms covering 9 forms [MSME, BEN-2, MGT-6, IEPF-1, IEPF-1A, IEPF-2, IEPF-4, IEPF-5, IEPF-5 e-verification report] on V3 portal on 15<sup>th</sup> July 2024.

To facilitate implementation of these forms, stakeholders are advised to note the following:

- (1) Company e-Filings on V2 portal will be disabled from 4<sup>th</sup> July 2024
- (2) To ensure that there are no SRNs in pending payment/pending for investor details upload/Resubmission status.
- (3) Offline payments for the above 9 forms in V2 using Pay later option would be stopped from 01st July 2024. It is advised to make payments for these forms in V2 through online mode (Credit/Debit Card and Net Banking).
- (4) In view of the upcoming launch of 9 Company forms, V3 portal will not be available from 13th July 2024 to 14th July 2024.
- (5) V2 Portal for company filing will remain available for all the V2 forms excluding in respect of above mentioned 9 forms.

[Important Updates](#)

### 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 : [d.khanna@lma.co.in](mailto:d.khanna@lma.co.in)**