

SEPTEMBER 2024

# NEWSLETTER

## REGULATORY

- RBI
- SEBI
- MCA



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RBI

**1. Liberalised Remittance Scheme (LRS) for Resident Individuals- Discontinuation of Reporting of monthly return**

Notification No. RBI/2024-25/74 A.P. (DIR Series) Circular No. 16  
Dated: September 16, 2024

Reference is drawn to Circular No. 36 dated April 04, 2008 read with Circular No. 11 dated December 22, 2023, in terms of which, AD Category-I banks were required to furnish information on the number of applications received and total amount remitted under Liberalised Remittance Scheme (LRS) on a monthly basis in the Centralised Information Management System (CIMS).

Vide this Circular, RBI has decided to discontinue the requirement for submission of LRS monthly return by AD Category-I banks. Accordingly, from the reporting month of September 2024, AD Category-I banks shall not submit LRS monthly return (Return code : R089).

Now, AD Category-I banks will be required to upload only transaction-wise information under LRS daily return (CIMS return code: R010) at the close of business of the next working day on CIMS. In case no data is to be furnished, AD Category-I banks shall upload a 'NIL' report.

[Notification](#)

## SEBI

### 1. Modification in the timeline for submission of status regarding payment obligations to the stock exchanges by entities that have listed commercial paper

Circular No.: SEBI/HO/DDHS/DDHS-PoD-1/P/CIR/2024/117  
Dated 6<sup>th</sup> September, 2024

Chapter XVII (Listing of Commercial Paper) of the Master Circular for issue and listing of Non-convertible Securities, Securitized Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper dated May 22, 2024, (hereinafter referred as 'NCS Master Circular') issued by SEBI, specifies provisions pertaining to listing of Commercial Paper.

Regulation 57 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "LODR Regulations") mandates entities with listed non-convertible securities to report the status of their payment obligations (payment of interest or dividend or repayment or redemption of principal) **within one working day** of its **payment becoming due** whereas Para 8.4 of Chapter XVII of the NCS Master Circular requires issuers of listed Commercial Paper to submit a certificate confirming the fulfilment of their payment obligations **within two days of payment becoming due**.

In order to align the timeline of intimating Stock Exchanges regarding status of payment obligations for listed non-convertible securities and listed Commercial Paper, paragraph 8.4 of Chapter XVII of the NCS Master Circular, is hereby amended as under:

"8.4 A certificate confirming fulfilment of its payment obligations, **within one working day** of payment becoming due".

[Circular](#)

### 2. Allowing securities funded through cash collateral as maintenance margin for Margin Trading Facility (MTF).

Circular No.: SEBI/HO/MRD/MRD-PoD-2/P/CIR/2024/118  
Dated 11<sup>th</sup> September, 2024

*Effective Date: October 1, 2024*

Vide this circular, SEBI has amended the Master Circular on Stock Exchanges and Clearing Corporations dated October 16, 2023 for allowing securities funded through cash collateral to be considered as maintenance margin for Margin Trading Facility (MTF).

Accordingly, the requirement, under Chapter 1 at Para 4.3.3.1 of the above Master Circular is amended as under:

"The stocks or units of Equity Exchange Traded Funds (ETFs) deposited as collateral with the stock broker for availing margin trading facility (Collaterals) and the stocks or units of Equity ETFs purchased under the margin trading facility ('Funded stocks') shall be identifiable separately and no comingling shall be permitted for the purpose of computing funding amount. Further, in case the broker has collected cash collateral from the client in form of margin for availing margin trading facility and the Trading Member has given the said cash collateral to the Clearing Corporation (CC) towards settlement obligation of the said client, ***then same can be considered as maintenance margin to the extent of securities received from CC against such cash collateral given to CC*** and such shares are pledged in favor of trading member in form of funded stock."

Further, a new Clause 4.3.3.5 has been included in the above Master Circular as under:

"In case the funded stock is considered towards maintenance margin to the extent of cash collateral provided by the client, the Trading Members shall ensure that the funded stock considered is under Group 1 securities. The applicable margin shall be VaR + 5 times the Extreme Loss Margin, irrespective of whether the funded stock is available in F&O segment or not."

The extant Clause 4.8.1. is also modified to allow reporting of exposure under Margin Trading Facility by the Trading Members on or before 6:00 PM on T+1 day.

[Circular](#)

### 3. Reporting by Foreign Venture Capital Investors (FVCIs)

Circular No.: SEBI/HO/AFD/AFD-PoD-3/P/CIR/2024/121  
Dated 13<sup>th</sup> September, 2024

Regulation 13(1) of SEBI (FVCI) Regulations, 2000, requires FVCIs to submit quarterly reports to SEBI in the format specified with respect to their venture capital activity.

Vide this circular, SEBI has revised the format of quarterly report on venture capital activity and the same is enclosed as Annexure 1 to this circular. The report is required to be submitted irrespective of the fact that any investment is made or not during the quarter.

The report for the quarter ending September 30, 2024 and December 31, 2024 shall be submitted in excel file in the revised format by November 15, 2024 and January 15, 2025 respectively through email at [fvcireport@sebi.gov.in](mailto:fvcireport@sebi.gov.in).

From quarter ending March 31, 2025 onwards, FVCIs shall submit quarterly report in the revised format on the SEBI intermediary portal (SI Portal). The report shall be submitted within 15 calendar days from the end of each quarter.

[Circular](#)

### 4. Enabling T+2 trading of Bonus shares where T is the record date

Circular No.: CIR/CFD/PoD/2024/122  
Dated 16<sup>th</sup> September, 2024

*Effective Date: October 1, 2024*

In order to streamline the process of Bonus issue of equity shares, SEBI vide this circular has decided to reduce the time taken for credit of bonus shares and trading of such shares, from the record date of the Bonus Issue under SEBI (ICDR) Regulations, 2018.

The operational procedure to implement the above is as given below:

- (i) The Issuer proposing a bonus issue shall apply for the in-principle approval to the Stock Exchange within 5 working days from the date of board meeting approving the Bonus issue.
- (ii) The Issuer while fixing and intimating the record date (T day) to the Stock Exchange for the proposed bonus issue, shall also take on record deemed date of allotment on next working date of record date (T+1 day).
- (iii) Upon receipt of intimation of the record date (T Day) and requisite documents from the Issuer, the Stock Exchange(s) shall issue notification accepting the record date and notifying the number of shares considered in the bonus issue. The notification shall include the deemed date of allotment (T+1 day).
- (iv) After issuance of notification issued by the Stock Exchange for acceptance of record date, the Issuers shall ensure submission of the requisite documents to Depositories for credit of bonus shares in the depository system latest by 12 P.M. of next working day of the record date (i.e. T+1 day).
- (v) The Issuer shall ensure upload of the distinctive number (DN) ranges in the DN database of the depository and stock exchange(s) shall ensure updation of relevant dates before credit of bonus shares.
- (vi) The shares allotted pursuant to the bonus issue shall be made available for trading on the next working date of allotment (T+2 day).

**Exemption** - The directions issued pursuant to SEBI Circular No. CIR/MRD/DP/21/2012 dated August 02, 2012 and CIR/MRD/DP/ 24 /2012 dated September 11, 2012 requires credit of bonus shares in temporary ISIN until the receipt of the final listing / trading permission from the exchange for such additional shares / securities. Post receipt of approval, the temporary ISIN is debited and the securities gets credited in pre-existing ISIN of said security. In case of bonus issue of equity shares, the credit of shares directly in permanent ISIN (existing ISIN) shall be permitted and accordingly credit of bonus shares in temporary ISIN shall be exempted.



**5. Modification in framework for valuation of investment portfolio of AIFs**

Circular No.: SEBI/HO/AFD/PoD-1/P/CIR/2024/123

Dated 19<sup>th</sup> September, 2024

Reference is drawn to SEBI (Alternative Investment Funds) Regulations, 2012 ('AIF Regulations') amended and notified on June 15, 2023 and SEBI Circular No. SEBI/HO/AFD/PoD/CIR/2023/97 dated June 21, 2023 [subsumed subsequently in Chapter 22 of Master Circular for AIFs dated May 07, 2024("Master Circular")].

On the basis of representations from the AIF industry highlighting issues with regard to certain aspects of the valuation framework for AIFs, SEBI vide this circular has decided to modify Chapter 22 of the above Master Circular.

Following is the gist of amendments:

1. Clause 22.1.1 of the Master Circular stands modified as under:

22.1.1 Valuation of securities, other than unlisted securities and listed securities which are non-traded and thinly traded, for which valuation norms have been prescribed under SEBI (Mutual Funds) Regulations, 1996 ('MF Regulations'), shall be carried out as per the norms prescribed under MF Regulations.

2. The valuation norms for securities which are not covered in Para 22.1.1 of the master circular have been provided in Clause 22.1.2 of the master circular. For the sake of clarity, the same is reproduced as under:

22.1.2 Valuation of securities which are not covered in para 22.1.1 above, shall be carried out as per valuation guidelines endorsed by any AIF industry association, which in terms of membership represents at least 33% of the number of SEBI registered AIFs. The eligible AIF industry association shall endorse appropriate valuation guidelines after taking into account recommendations of Alternative Investment Policy Advisory Committee of SEBI.

3. Clause 22.2.2 of the Master Circular stands modified as under:

22.2.2 Change in valuation methodology/approach to comply with Clause 22.1 of Master circular for AIFs on 'Standardised approach to valuation of investment portfolio of AIFs', shall not be construed as 'Material Change'.

22.2.3 Change in methodology/approach within the valuation guidelines / valuation norms prescribed for AIFs, shall not be construed as a 'Material Change'. However, upon such change, the valuation of the investment carried out based on valuation methodologies / approaches, both old and new, shall be disclosed to the investors to ensure transparency.

4. The following new sub-clause is inserted in clause 22.3 of the Master Circular:

22.3.4 The eligibility criteria for independent valuer for a partnership entity or company shall be as follows –

- (i) Such entity or company shall be a 'Registered Valuer Entity' registered with IBBI; and,
- (ii) the deputed/authorized person(s) of such 'Registered Valuer Entity', who undertake(s) the valuation of investment portfolio of AIFs, shall have a membership of ICAI or ICSI or ICMAI or a CFA Charter from the CFA Institute.

5. The specified timeline as prescribed in Clause 22.4.1 of the master circular, for reporting valuation based on audited data of investee companies as on March 31 every year, to performance benchmarking agencies, has been extended from "six months" to "seven months". Accordingly, Clause 22.4.1 of the master circular stands modified as under:

22.4.1 Manager of AIF shall ensure that a specific timeframe for providing audited accounts by the investee company to the AIF is included as one of the terms in subscription agreement / investment agreement with the investee company, so as to enable AIFs to report valuation based on audited data of investee companies as on March 31 to performance benchmarking agencies within the specified timeline of seven months i.e., by October 31 of each year.

**6. Flexibility in participation of Mutual Funds in Credit Default Swaps (CDS)**

Circular No.: SEBI/HO/IMD/PoD2/P/CIR/2024/125

Dated 20<sup>th</sup> September, 2024

Under the existing regulatory framework, Mutual Funds in India are permitted to participate in CDS transactions only as users i.e., to buy credit protection only to hedge the credit risk on corporate bonds held by them. Furthermore, such transactions can be currently undertaken by Mutual Funds only in the portfolios of Fixed Maturity Plans (FMP) schemes having tenor of more than one year.

In order to provide the necessary impetus for the development of CDS market by, inter alia, expanding the base of protection sellers including selling of protection by all major non-bank regulated entities including by Mutual Funds, RBI had issued revised regulatory framework for CDS on February 10, 2022 “Master Direction – Reserve Bank of India (Credit Derivatives) Directions, 2022”.

In view of the above, SEBI vide this circular has decided to allow greater flexibility to Mutual Funds to both buy and sell CDS with adequate risk management. Such flexibility to participate in CDS shall serve as an additional investment product for Mutual Funds and also aid in increasing liquidity in the corporate bond market.

Accordingly, clause 12.28 of the Master Circular for Mutual Funds dated June 27, 2024 stand modified. The detailed modifications forms part of the circular.

[Circular](#)

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

Circular No.: SEBI/HO/ISD/ISD-PoD-2/P/CIR/2024/126  
Dated 23<sup>rd</sup> September, 2024

SEBI has been issuing various circulars from time to time pertaining to effective surveillance of the securities market. In order to ensure availability of consolidated information contained in all the circulars pertaining to surveillance of securities market at one place, the provisions of the relevant circulars have been consolidated in this Master Circular.

This Master Circular is categorized subject wise under various headings, viz., trading rules and shareholding in dematerialized mode, monitoring of unauthenticated news circulated by SEBI registered market intermediaries through various modes of communication and disclosure reporting under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

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. This Master Circular rescinds the circulars listed in Annexure 7 to this circular.

[Circular](#)

## **8. Usage of UPI by individual investors for making an application in public issue of securities through intermediaries**

Circular No.: SEBI/HO/DDHS/DDHS-PoD-1/P/CIR/2024/128  
Dated 24<sup>th</sup> September, 2024

In order to streamline and align the process of applying in the public issue of debt securities, non-convertible redeemable preference shares, municipal debt securities and securitised debt instruments with that of public issue of equity shares and convertibles, SEBI vide this circular has decided that individual investors applying in public issues of such securities through intermediaries (viz. syndicate members, registered stock brokers, registrar to an issue and transfer agent and depository participants), and where the application amount is up to Rs. 5 Lakh, shall only use UPI for the purpose of blocking of funds and provide his/ her bank account linked UPI ID in the bid-cum-application form submitted with intermediaries.

Further, individual investors shall continue to have the choice of availing other modes (viz. through SCSBs and Stock Exchange Platform) for making an application in the public issue.

The provisions of this circular shall be applicable to public issues of debt securities, non-convertible redeemable preference shares, municipal debt securities and securitised debt instruments opening on or after November 01, 2024.

[Circular](#)

**9. Reduction in the timeline for listing of debt securities and Non-convertible Redeemable Preference Shares to T+3 working days from existing T + 6 working days (as an option to issuers for a period of one year and on a permanent basis thereafter such that all listings occur on a T+3 basis)**

Circular No.: SEBI/HO/DDHS/DDHS-PoD-1/P/CIR/2024/129

Dated 26<sup>th</sup> September, 2024

Reference is drawn to Para 12 of Chapter I (Application process in case of public issue of securities and timelines for listing) of the Master Circular no. SEBI/HO/DDHS/PoD1/P/CIR/2024/54 dated May 22, 2024, (hereinafter referred as 'Master Circular') which inter-alia specifies that the listing of debt securities and Non-convertible Redeemable Preference Shares (NCRPS) issued through public issue process shall be completed within T+6 working days from the date of closure of the issue.

Further, Regulation 37 (2) of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021("NCS Regulations") applicable to public issues of debt securities and NCRPS, requires issuers to refund the application moneys in an event of failure to list such securities within specified timelines.

SEBI vide this circular has decided to reduce the listing timeline in case of public issue of debt securities and NCRPS to T+3 working days from existing timeline of T+6 working days. The listing timeline of T+3 working days is introduced as an option to issuers for a period of one year and on a permanent basis thereafter such that all listings occur on a T+3 basis.

***Applicability:***

- a. On voluntary basis to public issues of debt securities and NCRPS opening on or after November 01,2024.
- b. Mandatory for public issues of debt securities and NCRPS opening on or after November 01, 2025.

[Circular](#)

## MCA

### 1. The Companies (Compromises, Arrangements and Amalgamations) Amendment Rules, 2024

Notification No. G.S.R. 555(E)  
Dated 9<sup>th</sup> September, 2024

*Effective date: 17<sup>th</sup> September, 2024*

Vide this notification, MCA has amended the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.

The amendment provides that where the transferor foreign company incorporated outside India being a holding company and the transferee Indian company being a wholly owned subsidiary company incorporated in India, enter into a merger or amalgamation, both the companies shall obtain the prior approval of the Reserve Bank of India and application shall be made by the transferee Indian company.

[Notification](#)

### 2. The Companies (Indian Accounting Standards) Second Amendment Rules, 2024.

Notification No. G.S.R. 554 (E)  
Dated 9<sup>th</sup> September, 2024

Vide this notification, MCA has notified Companies (Indian Accounting Standards) Amendment Rules, 2024 to amend the Companies (Indian Accounting Standards) Rules, 2015.

Following is the gist of important amendments made to INDAS 116 -Leases in respect of **sale and leaseback transactions**:

IND AS 116 “Leases” -

- (i) after paragraph 102, the following paragraph shall be inserted, namely: -  
“102A After the commencement date, the seller-lessee shall apply paragraphs 29–35 to the right-of-use asset arising from the leaseback and paragraphs 36–46 to the lease liability arising from the leaseback. In applying paragraphs 36–46, the seller-lessee shall determine ‘lease payments’ or ‘revised lease payments’ in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying the requirements in this paragraph does not prevent the seller-lessee from recognizing in profit or loss any gain or loss relating to the partial or full termination of a lease as required by paragraph 46(a).”;
- (ii) in Appendix C,
  - (a) after paragraph C1C, the following paragraph shall be inserted, namely:-  
“C1D Lease Liability in a Sale and Leaseback, amended paragraph C2 and added paragraphs 102A and C20E. A seller-lessee shall apply these amendments for annual reporting periods beginning on or after 1 April 2024.”
  - (b) for paragraph C2, the following paragraph shall be substituted, namely:-  
“C2 For the purposes of the requirements in paragraphs C1– C20E, the date of initial application is the beginning of the annual reporting period in which an entity first applies this Standard.”
  - (c) after paragraph C20D, the following paragraph shall be inserted, namely:-  
“**Lease liability in a sale and leaseback**  
C20E A seller-lessee shall apply Lease Liability in a Sale and Leaseback (see paragraph C1D) retrospectively in accordance with Ind AS 8 to sale and leaseback transactions entered into after the date of initial application.”;

[Notification](#)

### 3. Clarification on holding of Annual General Meeting (AGM) and EGM through Video Conference (VC) or Other Audio Visual Means (OAVM) and passing Ordinary and Special Resolution by the companies under the Companies Act,2013 read with rules made thereunder -Extension of timeline



- Vide this circular, MCA has extended the timeline and allowed companies whose AGMs are due in the year 2024 or 2025 to conduct their AGMs through VC or OAVM on or before 30<sup>th</sup> September 2025.
- However, it has also been clarified that this General circular shall not be construed as conferring any extension of statutory time for holding of AGMs by the companies under the Companies Act 2013.
- It has also been decided to allow companies to hold their EGMs through Video Conference (VC) or Other Audio Visual Means (OAVM) or transact items through postal ballot in accordance with framework provided in the aforesaid circular up to 30<sup>th</sup> September 2025.

[Circular](#)

#### **4. The Companies (Accounts) Amendment Rules, 2024**

Notification No. G.S.R. 555(E)  
Dated 9<sup>th</sup> September, 2024

Vide this notification, MCA has amended the Companies (Accounts) Rules, 2014.

The amendment provides that for financial year 2023-2024, Form CSR-2 shall be filed separately on or before 31<sup>st</sup> December, 2024 after filing Form No. AOC-4 or Form No. AOC-4-NBFC (Ind AS), as specified in these rules or Form No. AOC-4 XBRL as specified in the Companies (Filing of Documents and Forms in Extensible Business Reporting Language) Rules, 2015 as the case may be.

[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.



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