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NEWSLETTER

REGULATORY

- RBI
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- MCA



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1. Directions - Compounding of Contraventions under FEMA, 1999

RBI/FED/2024-25/78 A.P. (DIR Series) Circular.No.17/2024-25
Dated: October 01, 2024

Reference is drawn to the provisions of Section 15 of Foreign Exchange Management Act, 1999 which deals with compounding of contraventions and, empowers RBI to compound any contravention as defined under Section 13 of the FEMA, 1999, except the contraventions under section 3 (a) of FEMA, 1999,

Department of Economic Affairs (DEA), Ministry of Finance vide Notification G.S.R. 566 (E). dated September 12, 2024, had notified the Foreign Exchange (Compounding Proceedings) Rules, 2024 in supersession of the Foreign Exchange (Compounding Proceedings) Rules, 2000.

Accordingly, the Directions issued under earlier circulars have been reviewed and the list of earlier circulars superseded by this circular is given in **Appendix**.

Vide this circular, RBI has specified guidelines for compounding of contraventions under FEMA, 1999 which form part of the circular.

Following are the broad aspects on which such guidelines are issued:

- a. Compounding of the contraventions by the Reserve Bank
- b. Application for Compounding
- c. Cases not eligible for compounding
- d. Procedure for compounding
- e. Computation Matrix for compounding for contraventions under different provisions
- f. Payment of compounding amount

[Notification](#)

SEBI

1. Relaxation from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2024/133
Dated 03rd October, 2024

Effective date: 03rd October, 2024

Based on relaxations provided by MCA vide General Circular no. 09/2023 dated September 25, 2023. SEBI, vide circular dated October 7, 2023, had relaxed the applicability of

- regulation 36(1)(b) of the LODR Regulations pertaining to sending physical copies of the financial statements (including Board's report, Auditor's report for Annual General Meetings (AGMs) and
- regulation 44(4) of the LODR Regulations pertaining to sending proxy form to holder of securities for general meetings (in electronic mode) held till September 30, 2024.

Recently, MCA, vide General Circular No. 09/2024 dated September 19, 2024, had extended the relaxation from sending physical copies of financial statements (including Board's report, Auditor's report or other documents required to be attached therewith) to the shareholders, for the AGMs conducted till September 30, 2025.

In view of the above, SEBI vide this circular has decided to extend the relaxations mentioned above **till September 30, 2025**.

[Circular](#)

2. Timelines for disclosures by Social Enterprises on Social Stock Exchange ("SSE") for FY 2023-24

Circular No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2024/134
Dated 7th October, 2024

SEBI vide Circular SEBI/HO/CFD/PoD-1/P/CIR/2024/0059 dated May 27, 2024 had prescribed timelines for annual disclosures and annual impact report under Regulation 91C(1) and Regulation 91E(1) respectively of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations") by Social Enterprises on Social Stock Exchange for FY 2023-24.

In partial modification to the said Circular, the outer timeline for annual disclosures under Regulation 91C(1) and annual impact report under Regulation 91E(1) of LODR Regulations by Social Enterprises on Social Stock Exchange, for FY 2023- 24 has been extended up-to January 31, 2025 (Due date – 31st October 2024).

[Circular](#)

3. Inclusion of Mutual Fund units in the SEBI (Prohibition of Insider Trading) Regulations, 2015

Notification No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/144
Dated 22nd October, 2024

Effective date: 1st November, 2024

The SEBI (Prohibition of Insider Trading) Regulations, 2015 (hereinafter referred to as 'PIT Regulations') amended vide notification dated 14 Nov 2022 had included mutual funds units under the PIT Regulations.

The amendments notified vide the above notification are applicable from 1st November 2024.

In order to streamline the implementation of the above-mentioned amendments, SEBI vide this circular has decided the following:

1. In terms of Regulation 5(E)(1) of PIT Regulations, AMCs are required to disclose the details of the holdings of Designated Persons of AMCs, trustees and their immediate relatives on aggregate basis from November 1, 2024 on quarterly basis. The holdings as on October 31, 2024 shall be disclosed on the platform of the Stock Exchanges by November 15, 2024. Thereafter, for all subsequent calendar quarters AMCs shall provide the information within 10 calendar days from the end of the quarter. The holdings shall be disclosed in the format specified in **Annexure-A** to the circular.
2. In terms of Regulation 5(E)(2) of PIT Regulations, details of all transactions in units of its own mutual funds, above the threshold amount which aggregates to a value in excess of INR 15 Lakhs, in one transaction or a series of transactions over any calendar quarter, per PAN across all schemes excluding the exempted schemes, executed by the Designated Persons of asset management company, trustees and their immediate relatives shall be reported by the concerned person to the Compliance Officer of AMC within two business days from the date of transaction. The transactions shall be reported in the format specified in **Annexure- B** to the circular
3. In terms of Clause 12 of Schedule B1 and Clause 11A of Schedule C of PIT Regulations, the observed violations of PIT Regulations shall be disclosed in the format specified at **Annexure C** to the circular
4. Further, in order to harmonize the framework of investment/trading restriction in securities by employees of the AMCs and Trustees prescribed under Clause 6.6 of Master Circular for Mutual Funds dated June 27, 2024 ('Master Circular) with the amended PIT Regulations, Clause 6.6 of Master Circular is modified as regards applicability for investment and redemption of mutual fund units /period during which employees shall refrain from purchase and sale of any security etc.

[Circular](#)

4. Association of persons regulated by the Board and their agents with certain persons

Notification No. SEBI/HO/MIRSD/ MIRSD-PoD-1/P/CIR/2024/143
Dated 22nd October, 2024

Effective date: 22nd November, 2024

SEBI had notified the following regulations on August 26, 2024 –

- a. Securities and Exchange Board of India (Intermediaries) (Amendment) Regulations, 2024,
- b. Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) (Fourth Amendment) Regulations, 2024 and
- c. Securities and Exchange Board of India (Depositories and Participants) (Second Amendment) Regulations, 2024

These regulations inter alia provided that persons regulated by the Board (including recognized stock exchanges, clearing corporations and depositories), and agents of such persons shall not have any direct or indirect association with another person who-

- i. provides advice or any recommendation, directly or indirectly, in respect of or related to a security or securities, unless the person is registered with or otherwise permitted by the Board to provide such advice or recommendation;
- or
- ii. makes any claim, of returns or performance expressly or impliedly, in respect of or related to a security or securities, unless the person has been permitted by the Board to make such a claim.

The aforesaid provisions are not applicable in respect of an association through a “**specified digital platform**”.

The person regulated by the Board (including recognised stock exchanges, clearing corporations and depositories) is required to ensure that any person associated with it or its agent does not engage in activities mentioned in clauses (i) or (ii) above without the necessary permission.

In terms of the regulation, “specified digital platform” shall mean digital platform as specified by the Board, which has a mechanism in place to take preventive as well as curative action, to the satisfaction of the Board, to ensure that such a platform is not used for indulging in any activity as referred to in clauses (i) or (ii) as above.

Further, it has been clarified that the term “another person” shall not include a person who is engaged in investor education, provided that such a person does not, directly or indirectly, indulge in any activity as referred to in clauses (i) or (ii) above.

The persons regulated by the Board (including recognised stock exchanges, clearing corporations and depositories), and

their agents are advised to terminate their existing contracts, if any, with persons engaged in the activities mentioned in clauses (i) or (ii) above, within three months from the date of issuance of this circular.

[Circular](#)

5. Periodic reporting format for Research Analysts and Proxy Advisers

Circular No. SEBI/HO/MIRSD/MIRSD-PoD1/P/CIR/2024/148

Dated 25th October, 2024

In terms of Regulation 24(4) of Chapter III of the Securities and Exchange Board of India (Research Analysts) Regulations, 2014 (“RA Regulations”), Research Analysts (RAs) are required to furnish to SEBI, information and reports as may be specified by SEBI from time to time. Further, in terms of Regulation 23(1) of Chapter III of the RA Regulations, all the provisions of Chapter II, III, IV, V and VI shall apply mutatis mutandis to the proxy advisers (PAs).

SEBI vide this circular has decided to specify a standardized format for periodic reporting for RAs and PAs. The periodic reporting formats for RAs and PAs are accordingly provided at Annexure I and Annexure II to the circular respectively.

Periodicity and timeline of reporting

- a. RAs are required to submit their periodic report to Research Analyst Administration and Supervisory Body (“RAASB”) within 30 days of last reporting period.
- b. PAs are required to submit their periodic reports to SEBI within 30 days of last reporting period.
- c. RAs/PAs are required to submit periodic report for half-yearly periods ending on September 30 and March 31 of every financial year.
- d. The first reporting period shall be yearly period ending on March 31, 2025 and reports thereof shall be required to be submitted by April 30, 2025.

[Circular](#)

MCA

1. The Companies (Indian Accounting Standards) Third Amendment Rules, 2024

Notification No. G.S.R. 602(E)
Dated 28th September, 2024

Vide this notification, MCA has re-notified **IND AS 104 “Insurance Contracts”** and holds back the implementation of newly notified **IND-AS 117 “Insurance Contracts”** for insurance sector pending approval from Insurance Regulatory and Development Authority of India (IRDAI).

Details as under:

- MCA had notified the much-awaited new accounting standard on ‘Insurance Contracts’ (Ind AS 117), in August 2024, setting the stage for a major overhaul of accounting practices in the insurance industry.
- IND AS 117 which was made applicable from April 1, 2024, substantially converged with the IFRS 17, which is now being adopted by over 140 countries.
- Now, as IND AS 117 is still not approved by IRDAI, MCA has allowed the insurance companies to prepare their Financial statements as per IND AS 104 till the time IRDAI approves IND AS 117.

[Notification](#)

2. The Investor Education and Protection Fund Authority (Form of Annual Statement of Accounts) Amendment Rules, 2024

Notification No. G.S.R. 607 (E)
Dated 3rd October, 2024

Vide this notification, MCA has amended Investor Education and Protection Fund Authority (Form of Annual Statement of Accounts) Rules, 2018.

In rule 5 pertaining to Annual Statement of Accounts, shall be approved and adopted by the Authority or a Committee authorised by the Authority on its behalf and for the purpose of authentication, the same shall be signed by the Chairperson and *the chief executive officer (previously member)* of the Authority.

[Notification](#)

3. The Companies (Adjudication of Penalties) Second Amendment Rules, 2024

Notification No. G.S.R. 630 (E)
Dated 9th October, 2024

Vide this notification, MCA has amended Companies (Adjudication of Penalties) Rules, 2014.

In the Companies (Adjudication of Penalties) Rules, 2014, in sub-rule (1) of rule 3A pertaining to Adjudication Platform, the following proviso shall be inserted, namely: -

“Provided that the proceedings pending before the Adjudicating Officer or Regional Director on the date of such commencement shall continue as per provisions of these rules existing prior to such commencement.”

[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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