



# NEWSLETTER <sup>Weekly</sup>

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## RESERVE BANK OF INDIA

### **1. Master Circular - Income Recognition, Asset Classification, Provisioning and Other Related Matters - UCBs**

Reserve Bank of India vide notification dated 08.05.2023, issued a Master Circular to provide comprehensive guidelines and instructions to UCBs on various aspects of their operations. The circular you mentioned, pertaining to income recognition, asset classification, provisioning, and related matters, is likely an important regulatory document that outlines the RBI's guidelines for UCBs in managing their income, classifying assets, making provisions, and other relevant aspects.

Notification can be accessed from here:

<https://www.rbi.org.in/scripts/NotificationUser.aspx?Id=12499&Mode=0>

## SECURITIES AND EXCHANGE BOARD OF INDIA

### **1. Direct Market Access (DMA) to SEBI registered Foreign Portfolio Investors (FPIs) for participating in Exchange Traded Commodity Derivatives (ETCDs)**

SEBI, in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 vide notification dated 10.05.2023, allowed stock exchanges to extend direct market access (DMA) to registered Foreign Portfolio Investors (FPIs) for participating in Exchange Traded Commodity Derivatives (ETCDs). DMA is a trading model that allows clients to directly access the exchange's trading system through the broker's infrastructure to place orders without manual intervention by the broker. This provides several advantages to clients.

Circular can be accessed from here:

<https://www.sebi.gov.in/legal/circulars/may-2023/direct-market-access-dma-to-sebi-registered-foreign-portfolio-investors-fpis-for-participating-in-exchange-traded-commodity-derivatives-etcds-71069.html>

### **2. Investment in units of Mutual Funds in the name of minor through guardian**

SEBI in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992, read with Regulation 77 of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, vide notification dated 12.05.2023, prescribed the uniform process to be followed across Asset Management Companies (AMCs) in respect of investments made in the name of a minor through a guardian.

Circular can be accessed from here:

<https://www.sebi.gov.in/legal/circulars/may-2023/investment-in-units-of-mutual-funds-in-the-name-of-minor-through-guardian-71148.html>

## MISCELLANEOUS

### NN GLOBAL MERCANTILE PRIVATE LIMITED V. INDO UNIQUE FLAME LIMITED

The Constitutional Bench ruled by 3:2 majority ruling that an unstamped agreement is not admissible. The majority upheld the view taken in SMS Tea Estates and Garware Wall Ropes that an unstamped contract containing an arbitration agreement and the steps to be taken by the Court represent right position in law. The majority further concurred that “an instrument which is exigible to stamp duty, may contain an arbitration clause and which is not stamped, cannot be said to be a contract which is enforceable in law within the meaning of Section 2(h) of the Contract Act and is not enforceable under Section 2(g) of the Contract Act.

### GOVERNMENT OF NCT OF DELHI V. UNION OF INDIA

The Hon’ble Court, while deciding on the legislative competence over Entry 41 of List II, Part XIV of the Constitution of India (“**Constitution**”) said that there is nothing in the subject or context of Part XIV of the Constitution which would exclude its application to Union Territories (“**UT**”). Rather, the application of the inclusive definition of “State” as provided under Section 3 (58) of the General Clauses Act would render the constitutional scheme envisaged for UTs workable. Thus, it was held that Part XIV is applicable to Union territories as well. Further, the Bench while examining the exercise of Legislative Power by National Capital Territory of Delhi (“**NCTD**”) on Entry 41, said that to determine whether the power to enact a legislation is traceable to Entry 41 of the State List, it is necessary to examine whether that legislation contains provisions regulating the recruitment, conditions of service, and exercise of control including power to transfer, and suspend. Thus, held that NCTD has legislative and executive power with respect to “services” under Entry 41.

The Bench while providing a distinction between “services” to be controlled by NCTD and the Union in relation to NCTD, said that Entry 41 in relation to NCTD cannot be read in the widest possible sense because all entries in List II (including Entry 41) need to be harmonized with the limitation laid down in Article 239AA (3) (a) on NCTD’s legislative and executive power by excluding matters related to ‘public order’, ‘police’, and ‘land’. Thus, the legislative and executive power of NCTD over Entry 41 shall not extend over to services related to “public order”, “police”, and “land”. However, legislative and executive power over services such as Indian Administrative Services, or Joint Cadre services, which are relevant for the implementation of policies and vision of NCTD in terms of day-to-day administration of the region shall lie with NCTD. Therefore, the Bench held that references to “State Government” in relevant Rules of All India Services or Joint Cadre Services, of which NCTD is a part or which are in relation to NCTD, shall mean the Government of NCTD.

**You may send your suggestions at [arpit@asalegal.in](mailto:arpit@asalegal.in) or [kartikey@asalegal.in](mailto:kartikey@asalegal.in)**

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