



# NEWSLETTER <sup>Weekly</sup>

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## **SECURITIES AND EXCHANGE BOARD OF INDIA**

### **Framework for Short Selling**

The Securities and Exchange Board of India (SEBI) vide circular dated January 05, 2024 issued a circular introducing a comprehensive framework for short selling in the Indian securities market. No institutional investor shall be allowed to do day trading i.e., square-off their transactions intra-day. In other words, all transactions would be grossed for institutional investors at the custodians' level and the institutions would be required to fulfill their obligations on a gross basis. The custodians, however, would continue to settle their deliveries on a net basis with the stock exchanges.

For more information, you can access the SEBI circular here:

<https://www.sebi.gov.in/legal/circulars/jan-2024/framework-for-short-selling-80448.html>

### **Settlement of Running Account of Client's Funds lying with Trading Member (TM)**

The Securities and Exchange Board of India (SEBI) vide circular dated December 28, 2023, addressed the settlement of the running account of client funds with trading members. This circular aims to enhance operational efficiency for stock exchanges while ensuring the protection of investor interests.

For more information, you can access the SEBI circular here:

<https://www.sebi.gov.in/legal/circulars/dec-2023/settlement-of-running-account-of-client-s-funds-lying-with-trading-member-tm-80239.html>

### **Modifications to provisions of Chapter XXI of NCS Master Circular dealing with registration and regulatory framework for Online Bond Platform Providers (OBPPs)**

The Securities and Exchange Board of India (SEBI) vide circular dated December 28, 2023 introduced modifications to the provisions of Chapter XXI of the NCS Master Circular, specifically focusing on the registration and regulatory framework for Online Bond Platform Providers (OBPPs).

For more information, you can access the SEBI circular here:

<https://www.sebi.gov.in/legal/circulars/dec-2023/modifications-to-provisions-of-chapter-xxi-of-ncs-master-circular-dealing-with-registration-and-regulatory-framework-for-online-bond-platform-providers-obpps-80235.html>

## **Framework on Social Stock Exchange**

The Securities and Exchange Board of India (SEBI) vide circular dated December 28, 2023, unveiled crucial amendments to facilitate the implementation of the Social Stock Exchange (SSE) framework.

For more information, you can access the SEBI circular here:

<https://www.sebi.gov.in/legal/circulars/dec-2023/framework-on-social-stock-exchange-80233.html>

## **Extension of timelines for providing 'choice of nomination' in eligible demat accounts and mutual fund folios**

The Securities and Exchange Board of India (SEBI) vide circular dated December 27, 2023, addressed key stakeholders in the financial market. The circular pertains to the extension of timelines for providing the 'choice of nomination' in eligible demat accounts and mutual fund folios.

For more information, you can access the SEBI circular here:

<https://www.sebi.gov.in/legal/circulars/dec-2023/extension-of-timelines-for-providing-choice-of-nomination-in-eligible-demat-accounts-and-mutual-fund-folios-80221.html>

## **Master Circular for Online Resolution of Disputes in the Indian Securities Market**

The Securities and Exchange Board of India (SEBI) has released a significant master circular on July 31, 2023, aimed at enhancing the resolution of disputes within the Indian securities market. This master circular highlights the establishment of a common Online Dispute Resolution Portal (ODR Portal) that facilitates online conciliation and arbitration for resolving disputes arising in the Indian securities market. The framework encompasses various stakeholders, including Recognized Stock Exchanges, Clearing Corporations, Depositories, Stock Brokers, Depository Participants, Listed Companies, and SEBI Registered Intermediaries.

For more information, you can access the SEBI Master Circular here:

<https://www.sebi.gov.in/legal/master-circulars/dec-2023/master-circular-for-online-resolution-of-disputes-in-the-indian-securities-market-80236.html>

## **Shri Govindayapalli Ram Mohan Rao takes charge as Executive Director, SEBI**

The Securities and Exchange Board of India (SBI) vide press release no. 01/2024 informed the public that Shri Govindayapalli Ram Mohan Rao took charge as Executive Director, Securities and Exchange Board of India (SEBI) in Mumbai on January 03, 2024. Shri Rao has been appointed for a period of three years. He will handle Investigation Department and Internal Inspection Department.

For more information, you can access the SEBI press release here:

<https://www.sebi.gov.in/media-and-notifications/press-releases/jan-2024/shri-govindayapalli-ram-mohan-rao-takes-charge-as-executive-director-sebi-80416.html>

## **RESERVE BANK OF INDIA**

### **1. Withdrawal of ₹2000 Denomination Banknotes – Status**

The Reserve Bank of India (RBI) had announced the withdrawal of ₹2000 denomination banknotes from circulation vide [Press Release 2023-2024/257 dated May 19, 2023](#). The total value of ₹2000 banknotes in circulation, which was ₹3.56 lakh crore at the close of business on May 19, 2023, when the withdrawal of ₹2000 banknotes was announced, has declined to ₹9,330 crore at the close of business on December 29, 2023. Thus, 97.38% of the ₹2000 banknotes in circulation as on May 19, 2023, has since been returned.

For more information, you can access the RBI press release here:

[https://rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=57045](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=57045)

### **2. RBI releases draft circular on declaration of dividend by banks and remittance of profits to Head Office by foreign bank branches in India**

The Reserve Bank of India today released the draft circular on “[Declaration of dividend by banks and remittance of profits to Head Office by foreign bank branches in India](#)”. Comments on the draft circular are invited from banks, market participants, and other stakeholders by January 31, 2024.

For more information, you can access the RBI press release here:

[https://rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=57052](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=57052)

### **3. Deputy Governor, Reserve Bank of India meets MD & CEOs of Credit Information Companies**

The Deputy Governor highlighted six key areas for the CICs to focus on, namely – need to improve the data quality; timely redressal of customer complaints; strengthening of internal ombudsman framework; streamlining the process for handling data correction requests; strengthening of cybersecurity and data privacy through robust information security governance framework; and concerns arising out of usage of data for consulting, analytics, etc. The CICs shared their feedback and highlighted the initiatives that are being taken in collaborating with the credit institutions (CIs) for enhancing data quality.

For more information, you can access the RBI press release here:

[https://rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=57053](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=57053)

### **4. Review of Instructions on Bulk Deposits for Urban Co-operative Banks (UCBs)**

The Reserve Bank of India (RBI) vide notification dated 01<sup>st</sup> January 2024, has reviewed and revised the instructions pertaining to bulk deposits for Urban Co-operative Banks (UCBs).

For more information, you can access the RBI notification here:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?id=12588&Mode=0>

## **5. Inoperative Accounts/ Unclaimed Deposits in Banks- Revised Instructions**

The Reserve Bank of India (RBI) vide notification dated 1<sup>st</sup> January 2024, addressing inoperative accounts and unclaimed deposits in banks. The guidelines aim to streamline processes and protect the interests of account holders.

For more information, you can access the RBI notification here:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12589&Mode=0>

## **6. Master Direction – Reserve Bank of India (Commercial Paper and Non-Convertible Debentures of original or initial maturity upto one year) Directions, 2024**

The Reserve Bank of India (RBI) vide notification dated 3<sup>rd</sup> January 2024. This directive follows the comprehensive review of money market directions as outlined in the Statement on Developmental and Regulatory Policies dated June 06, 2019. The Directions, effective from April 01, 2024, empower the RBI to regulate Commercial Papers (CPs) and Non-Convertible Debentures (NCDs) issued by various entities. The guidelines encompass eligibility criteria for issuers and investors, detailed terms for primary and secondary market transactions, credit enhancement, reporting requirements, and the roles of key participants like Issuing and Paying Agents, Debenture Trustees, and Credit Rating Agencies.

For more information, you can access the RBI notification here:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12592&Mode=0>

## **7. Amendment to the Master Direction (MD) on KYC**

The Reserve Bank of India (RBI) vide notification dated 4<sup>th</sup> January 2024, decided to amend the MD on KYC to (a) align the instructions with the recent amendments carried out in the Prevention of Money Laundering (Maintenance of Records) Rules, 2005, (b) incorporate instructions in terms of the Government Order dated January 30, 2023, titled “Procedure for Implementation of Section 12A of the Weapons of Mass Destruction (WMD) and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005 (WMD Act, 2005)”; (c) update certain instructions in accordance with FATF Recommendations; and (d) refine certain extant instructions post review. The changes carried out in the MD in this regard are provided in Annexure.

For more information, you can access the RBI notification here:

[https://rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=57001](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=57001)

## **8. Risk Management and Inter-Bank Dealings – Hedging of foreign exchange risk**

The Reserve Bank of India (RBI) vide notification dated 5<sup>th</sup> January 2024, this circular begins by emphasizing the imperative need for managing foreign exchange risk through hedging activities. It explicitly refers to the Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations, 2000, dated May 03, 2000, and subsequent amendments. Additionally, the Master Direction – Risk Management and Inter-Bank Dealings dated July 05, 2016, serves as a foundational document for understanding the regulatory landscape.

For more information, you can access the RBI notification here:

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12594&Mode=0>

## 9. RBI releases draft circular on declaration of dividend by banks and remittance of profits to Head Office by foreign bank branches in India

The Reserve Bank of India (RBI) vide notification dated 2<sup>nd</sup> January 2024, The Reserve Bank of India (RBI) has recently released a draft circular addressing the declaration of dividends by banks and the remittance of profits to the Head Office by foreign bank branches in India. The comprehensive review aims to align regulations with evolving financial standards and ensures the stability and prudence of the banking sector. Interested stakeholders, including banks and market participants, are encouraged to provide feedback on the draft circular by January 31, 2024

For more information, you can access the RBI notification here:

[https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=57052](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=57052)

### MISCELLANEOUS

#### The Karnataka Stamp (Amendment) Bill, 2023

The Karnataka Legislative Assembly in its second session introduced a bill to further amend the Karnataka Stamp Act, 1957.

For more information, you can access the bill here:

[https://doc-04-b8-apps-viewer.googleusercontent.com/viewer/secure/pdf/uc3c47qnfth6o0h7auq3ru2r08klncvn/i6chu0jmqsls19nd3o7ajv6d9v5oa4o8g/1704712650000/gmail/05645120279792994149/ACFrOgCb36eiyTlSwAJz1cgkygEHC1My3C36ffuIAaVH9BX\\_bHkjrjnJRYybTzTYf2q3q62SinJHeL0665JQOsAHfQvfKClqylfn\\_HX7njmTwa0Hk9VVH2bJbjly2FX2-U\\_IYect\\_W84QMFlnA9?print=true&nonce=53raliiju5kvc&user=05645120279792994149&hash=mg\\_rsgt1popqhn1pjkj4cb04r9keiobaa](https://doc-04-b8-apps-viewer.googleusercontent.com/viewer/secure/pdf/uc3c47qnfth6o0h7auq3ru2r08klncvn/i6chu0jmqsls19nd3o7ajv6d9v5oa4o8g/1704712650000/gmail/05645120279792994149/ACFrOgCb36eiyTlSwAJz1cgkygEHC1My3C36ffuIAaVH9BX_bHkjrjnJRYybTzTYf2q3q62SinJHeL0665JQOsAHfQvfKClqylfn_HX7njmTwa0Hk9VVH2bJbjly2FX2-U_IYect_W84QMFlnA9?print=true&nonce=53raliiju5kvc&user=05645120279792994149&hash=mg_rsgt1popqhn1pjkj4cb04r9keiobaa)

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

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#### **DELHI**

3, Birbal Road, Ground & First Floor,  
Jangpura Extension, New Delhi 110014.  
Phone: +91-11-43108998, 45661440,  
43552440, +91-11-24327050-52,  
9311052521

#### **MUMBAI**

404-405, 4<sup>th</sup> Floor, Magnum Opus,  
Near Grand Hyatt,  
Behind Mudra Group,  
Santacruz (East),  
Mumbai – 400 055.  
Phone: +91-22-62368654, 26661979

#### **BENGALURU**

1007, A-Wing, 10<sup>th</sup> Floor,  
Mittal Tower, M.G. Road,  
Bengaluru – 560001.  
Phone: +91-80-48536504

#### **AHMEDABAD**

Office No.10, Business Centre,  
5<sup>th</sup> Floor, Kalapuram Complex,  
Near Municipal Market,  
C.G. Road, Navrangpura,  
Ahmedabad-380009.  
Phone: +91-079-66660888,  
+91-9173660088