



# NEWSLETTER <sup>Weekly</sup>

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

### **1. Cross Margin benefits for offsetting positions having different expiry dates**

The Securities and Exchange Board of India (SEBI) vide circular dated April 23<sup>rd</sup> 2024 addressed cross-margin benefits for offsetting positions with different expiry dates. This circular, impacting all stock exchanges and clearing corporations, introduces changes aimed at enhancing risk management practices in the derivatives segment.

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

[https://www.sebi.gov.in/legal/circulars/apr-2024/cross-margin-benefits-for-offsetting-positions-having-different-expiry-dates\\_82977.html](https://www.sebi.gov.in/legal/circulars/apr-2024/cross-margin-benefits-for-offsetting-positions-having-different-expiry-dates_82977.html)

### **2. Ease of Doing Business: Text on Contract Note with respect to Fit and Proper status of shareholders**

The Securities and Exchange Board of India (SEBI) vide circular dated April 24<sup>th</sup> 2024 addresses concerns raised by market participants regarding the publication of text related to the 'fit and proper' status on contract notes.

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

[https://www.sebi.gov.in/legal/circulars/apr-2024/ease-of-doing-business-text-on-contract-note-with-respect-to-fit-and-proper-status-of-shareholders\\_83015.html](https://www.sebi.gov.in/legal/circulars/apr-2024/ease-of-doing-business-text-on-contract-note-with-respect-to-fit-and-proper-status-of-shareholders_83015.html)

### **3. Flexibility to Alternative Investment Funds (AIFs) and their investors to deal with unliquidated investments of their schemes**

The Securities and Exchange Board of India (SEBI) vide circular dated April 26<sup>th</sup> 2024 introduced a significant amendment to the Alternative Investment Funds (AIFs) regulations, providing enhanced flexibility to AIFs and their investors in managing unliquidated investments. This circular aims to empower AIFs to navigate the challenges posed by unliquidated investments effectively.

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

[https://www.sebi.gov.in/legal/circulars/apr-2024/flexibility-to-alternative-investment-funds-aifs-and-their-investors-to-deal-with-unliquidated-investments-of-their-schemes\\_83065.html](https://www.sebi.gov.in/legal/circulars/apr-2024/flexibility-to-alternative-investment-funds-aifs-and-their-investors-to-deal-with-unliquidated-investments-of-their-schemes_83065.html)

### **4. Framework for Category I and II Alternative Investment Funds (AIFs) to create encumbrance on their holding of equity of investee companies**

The Securities and Exchange Board of India (SEBI) vide circular dated April 26<sup>th</sup>, 2024 introduced a significant framework aimed at providing flexibility to Category I and II

Alternative Investment Funds (AIFs). This framework enables AIFs to create an encumbrance on their equity holdings in investee companies, facilitating these companies' ability to raise debt. The amendment to SEBI's Alternative Investment Funds Regulations, 2012, allows Category I and II AIFs to create an encumbrance on equity in investee companies involved in infrastructure projects.

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

<https://www.sebi.gov.in/legal/circulars/apr-2024/framework-for-category-i-and-ii-alternative-investment-funds-aifs-to-create-encumbrance-on-their-holding-of-equity-of-investee-companies-83067.html>

## **MINISTRY OF CORPORATE AFFAIRS**

### **1. MCA plans to issue rules on 'deal value threshold' next month.**

The Ministry of Corporate Affairs (MCA) is likely to next month come up with the much-anticipated rules that would set the stage to require certain offshore digital transactions with a value of more than ₹2,000 crores (about \$242 million) to get prior approval from the Competition Commission of India (CCI) before heading towards the combination. Once MCA issues the relevant Rules, then CCI can proceed further to issue the necessary regulations that would specify the procedure around 'deal value threshold' provision implementation. The MCA is likely to approach the Election Commission of India (ECI) to seek the latter's permission to issue such rules when the model code of conduct for the general elections are in place. The ECI had announced seven phased general elections starting from 19.04.2024 and ending on 01.06.2024. The results of the general elections are to be announced on 04.06.2024. This deal value threshold provision introduced in the Competition (amendment) Act 2023 is expected to have the most impact on high profile transactions in the evolving digital industry, as well as new age enterprises involved in M&A transactions. The Competition (amendment) Act 2023 had received Presidential assent on 11.04.2023 last year. To determine the significant beneficial ownership in India, the CCI's draft regulations had outlined three key criteria: the number of users, subscribers, customers, or visitors; gross merchandise value; and turnover. If any of these criteria exceed 10 per cent of the global figures during the twelve months preceding the relevant date, the transaction is considered to have SBO in India, necessitating merger control reporting. This move aligns with global trends in addressing enforcement gaps in the digital industry, where transactions may involve substantial valuations but lack traditional markers of size like assets or turnover.

### **2. Urgent MCA Notice: LLP Form 11 to be completed before Deadline.**

The Ministry of Corporate Affairs (MCA) has issued a timely reminder regarding the deadline for filing LLP Form 11 for Limited Liability Partnerships (LLPs). This crucial form must be submitted annually, with the due date set for May 30th of each year. To ensure a smooth and hassle-free filing process, the MCA advises LLPs to submit Form 11 promptly. By doing so, LLPs can avoid any potential uncertainties that may arise as the deadline approaches, such as increased traffic on the portal, which could lead to delays or technical issues. The Form 11 is to be submitted within 60 days of closure of the financial year i.e. 30th May of each year. (Financial year closes on 31st March.) The LLP Form No. 11 webform has been developed with the aim of streamlining the procedure for limited liability partnerships (LLPs) to file their annual returns with the Registrar of Companies (RoC). According to the provisions outlined in Section 35 of The Limited Liability Partnership Act, 2008, every LLP is obligated to

submit an annual return to the RoC within the specified timeframe. This annual return must include all necessary documents and attachments, duly authenticated, as per the requirements outlined in the LLP Form No. 11. By adhering to this process, LLPs fulfill their regulatory obligations and ensure compliance with the statutory framework governing LLPs.

### **MINISTRY OF FINANCE**

#### **1. CBDT extends due date for filing Form 10A/10AB upto 30th June, 2024**

The Central Board of Direct Taxes (CBDT), has issued Circular No. 07/2024 dated 25.04.2024 further extending the due date for filing Form 10A/ Form 10AB under the Income-tax Act, 1961 (the 'Act') upto 30th June, 2024. CBDT had earlier extended the due date for filing Form 10A/ Form 10AB by trusts, institutions and funds multiple times to mitigate genuine hardships of the taxpayers. The last such extension was made by Circular No. 06/2023 extending the date to 30.09.2023. Considering the representations received by CBDT requesting for further extension of due date for filing of such Forms beyond the last extended date of 30.09.2023, and with a view to avoid genuine hardships to taxpayers, CBDT has extended the due date of filing Form 10A/ Form 10AB upto 30th June, 2024, in respect of certain provisions of section 10(23C)/ section 12A/ section 80G/ and section 35 of the Act. CBDT further clarifies that, if any such existing trust, institution or fund had failed to file Form 10A for AY 2022-23 within the extended due date, and subsequently, applied for provisional registration as a new entity and received Form 10AC, can also now avail this opportunity to surrender the said Form 10AC and apply for registration for AY 2022-23 as an existing trust, institution or fund, in Form 10A till 30th June 2024. It is also clarified that those trusts, institutions or funds whose applications for re-registration were rejected solely on the grounds of late filing or filing under wrong section code, may also submit fresh application in Form 10AB within the aforesaid extended deadline of 30th June, 2024. The applications as per Form 10A/ Form 10AB shall be filed electronically through the e-filing portal of Income Tax Department. The Circular No. 07/2024 can be accessed on [www.incometaxindia.gov.in](http://www.incometaxindia.gov.in) vide link <file:///C:/Users/Admin/Downloads/circular-7-2024.pdf>.

For more information, you can access the GOI release here:  
<file:///C:/Users/Admin/Downloads/PIB2018850.pdf>

### **RESERVE BANK OF INDIA**

#### **1. Dealing in Rupee Interest Rate Derivative products - Small Finance Banks**

The Reserve Bank of India (RBI) vide notification dated April 23<sup>rd</sup> 2024 notified regarding the dealing in Rupee Interest Rate Derivative products by Small Finance Banks (SFBs). This move aims to provide SFBs with greater flexibility in hedging interest rate risks in their operations.

For more information, you can access the RBI notification here:  
<https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12668&Mode=0>

#### **2. Master Direction – Reserve Bank of India (Asset Reconstruction Companies) Directions, 2024**

The Reserve Bank of India (RBI) vide notification dated April 24<sup>th</sup> 2024 notified the Master Direction – Reserve Bank of India (Asset Reconstruction companies) Directions, 2024 (the

Directions) to ensure prudent and efficient functioning of ARCs and to protect the interest of investors.

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

<https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12669&Mode=0>

### **3. Master Circular - Bank Finance to Non-Banking Financial Companies (NBFCs)**

The Reserve Bank of India (RBI) vide notification dated April 24<sup>th</sup> 2024 regulating the financial activities of Non-Banking Financial Companies (NBFCs), the master circular provides detailed guidelines for banks regarding financing NBFCs, ensuring adherence to regulatory policies and promoting financial stability.

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

<https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12670&Mode=0>

### **4. Unauthorised foreign exchange transactions**

The Reserve Bank of India (RBI) vide notification dated April 24<sup>th</sup> 2024 addressed concerns regarding unauthorised foreign exchange (forex) transactions.

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

<https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12671&Mode=0>

### **5. Alteration in the name of "AB Bank Limited" to "AB Bank PLC" in the Second Schedule to the Reserve Bank of India Act, 1934**

The Reserve Bank of India (RBI) vide notification dated April 25<sup>th</sup> 2024 advised that the name of "AB Bank Limited" has been changed to "AB Bank PLC" in the Second Schedule to the Reserve Bank of India Act, 1934 by Notification DOR.LIC. No. S6222/23.13.048/2023-24 dated January 25, 2024, which is published in the Gazette of India (Part III-Section 4) dated March 06, 2024.

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

<https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12672&Mode=0>

### **6. Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) (Amendment) Regulations, 2024**

The Reserve Bank of India (RBI) vide notification dated April 23<sup>rd</sup> 2024 introducing amendments to the Foreign Exchange Management Act, 1999. These amendments primarily focus on the mode of payment and reporting of non-debt instruments.

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

<https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12673&Mode=0>

### **7. Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) (Amendment) Regulations, 2024**

The Reserve Bank of India (RBI) vide notification dated April 23<sup>rd</sup> 2024 amending the Foreign Exchange Management Act, 1999. This amendment, titled "Foreign Exchange Management

(Foreign Currency Accounts by a person resident in India) (Amendment) Regulations, 2024,” aims to update regulations regarding foreign currency accounts for residents in India.

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

<https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12674&Mode=0>

## **8. Limits for investment in debt and sale of Credit Default Swaps by Foreign Portfolio Investors (FPIs)**

The Reserve Bank of India (RBI) vide notification dated April 26<sup>th</sup> 2024 focused on investment limits for Foreign Portfolio Investors (FPIs) in debt instruments and regulations regarding Credit Default Swaps (CDS).

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

<https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12675&Mode=0>

## **9. Voluntary transition of Small Finance Banks to Universal Banks**

The Reserve Bank of India (RBI) vide notification dated April 26<sup>th</sup> 2024 facilitating the voluntary transition of Small Finance Banks (SFBs) to Universal Banks. These guidelines, outlined in Paragraph 14 of the “Guidelines for ‘on-tap’ Licensing of Small Finance Banks in Private Sector,” present a structured path for SFBs seeking to convert. This transition, subject to various criteria, signifies a significant evolution in the banking landscape, enhancing the scope and services offered by these institutions.

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

<https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12676&Mode=0>

## **10. RBI invites comments on the Draft Circular on “Digital Lending – Transparency in Aggregation of Loan Products from Multiple Lenders”**

The Reserve Bank of India (RBI) vide press release dated April 26<sup>th</sup> 2024 in pursuance of the announcement made in the Statement on Developmental and Regulatory Policies dated December 08, 2023 regarding issuance of a regulatory framework for aggregation of loan products by lending service providers (LSPs), the Reserve Bank of India has today placed on its website the Draft Circular on ‘Digital Lending – Transparency in Aggregation of Loan Products from Multiple Lenders’.

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

[https://rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=57791](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=57791)

## **11. RBI Bulletin – April 2024**

The Reserve Bank of India (RBI) vide press release dated April 23<sup>rd</sup> 2024 released the April 2024 issue of its monthly Bulletin. The Bulletin includes Monetary Policy Statement (April 3-5) 2024-2025, five speeches, six articles, and current statistics.

The six articles are:

- I. State of the Economy;
- II. What Drives India's Services Exports?;

- III. Food and Fuel Prices: Second Round Effects on Headline Inflation in India;
- IV. India's Foreign Exchange Reserves in High Volatility Episodes – An Empirical Assessment;
- V. Gauging Linguistic Complexity of Regulatory Communication: A Case Study for India; and
- VI. Off-site Monitoring System for Surveys (OMOSYS): A Geographic Information System (GIS) Based Approach for Quality Assurance.

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

[https://rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=57762](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=57762)

## 12. Shri T. Rabi Sankar re-appointed as RBI Deputy Governor

The Reserve Bank of India (RBI) vide press release dated April 24<sup>th</sup> 2024 informed that the Central Government has re-appointed Shri T. Rabi Sankar as Deputy Governor, Reserve Bank of India for a period of one year with effect from May 03, 2024, or until further orders, whichever is earlier.

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

[https://rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=57771](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=57771)

## 13. RBI Working Paper No. 03/2024: Equity Markets and Monetary Policy Surprises

The Reserve Bank of India (RBI) vide press release dated April 26<sup>th</sup> 2024 placed on its website a Working Paper titled, "Equity Markets and Monetary Policy Surprises" under the Reserve Bank of India Working Paper Series1. The paper is co-authored by Mayank Gupta, Amit Pawar, Satyam Kumar, Abhinandan Borad and Subrat Kumar Seet. This paper studies the impact of monetary policy announcements on the returns and volatility in the BSE Sensex by decomposing changes in Overnight Indexed Swap (OIS) rates on policy announcement days into target and path factors. The target factor captures the surprise component in central bank policy rate action, while the path factor captures the impact of central bank communication on market expectations regarding the future path of monetary policy.

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

[https://rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=57793](https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=57793)

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