



NEWSLETTER ^{Weekly}

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SECURITIES AND EXCHANGE BOARD OF INDIA

1. Investor Charter for Stock Brokers.

The Securities and Exchange Board of India (SEBI) has updated the Investor Charter for stock brokers to improve financial consumer protection, inclusion, and literacy. The revisions account for recent market developments, including the Online Dispute Resolution (ODR) platform and SCORES 2.0. SEBI has directed stock exchanges to ensure stock brokers inform clients about the Investor Charter by displaying it on their websites, placing copies in offices, and including it in account opening kits. Additionally, brokers must disclose complaint data and their resolution status monthly to enhance transparency in grievance redressal. These updates, made in consultation with the Brokers' Industry Standards Forum (ISF), replace the previous charter issued in December 2021 and amend Clause 75 of the Master Circular for Stock Brokers dated August 9, 2024. The revised provisions take immediate effect, with SEBI instructing stock exchanges to enforce compliance among brokers.

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

https://www.sebi.gov.in/legal/circulars/feb-2025/investor-charter-for-stock-brokers_92099.html

2. Clarification regarding Investor Education and Awareness Initiatives.

SEBI, through its circular dated February 20, 2025, has clarified provisions related to investor education and awareness initiatives by mutual funds. As per Chapter 10 of SEBI's Master Circular (June 27, 2024), Asset Management Companies (AMCs) must allocate at least 2 basis points from their daily net assets, within the total expense ratio limit, for investor education. SEBI further clarified that these initiatives may include financial inclusion programs approved by SEBI. The circular is issued under Section 11(1) of the SEBI Act, 1992, and Regulation 52 of SEBI (Mutual Fund) Regulations, 1996, with the aim of protecting investors and regulating the securities market. The circular is available on SEBI's website under the "Legal — Circulars" section.

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

https://www.sebi.gov.in/legal/circulars/feb-2025/clarification-regarding-investor-education-and-awareness-initiatives_92064.html

MINISTRY OF FINANCE

1. Union Finance and Corporate Affairs Minister launches Mutual Credit Guarantee Scheme for MSMEs in Mumbai.

On February 17, 2025, Union Finance and Corporate Affairs Minister Nirmala Sitharaman launched the Mutual Credit Guarantee Scheme for Micro, Small, and Medium Enterprises (MCGS-MSME) in Mumbai. This initiative, announced in the Union Budget 2024-25, aims to facilitate collateral-free loans of up to ₹100 crore for MSMEs to purchase machinery or equipment.

Key Features of the MCGS-MSME:

- **Loan Coverage:** The scheme provides a 60% guarantee coverage by the National Credit Guarantee Trustee Company Ltd (NCGTC) to member lending institutions (MLIs) for loans sanctioned to eligible MSMEs.

- **Eligibility Criteria:**

- i. Borrower: Must be an MSME with a valid Udyam Registration Number.
- ii. Loan Amount: Guaranteed loan amount shall not exceed ₹100 crore.
- iii. Project Cost: The minimum cost of equipment or machinery should be at least 75% of the total project cost.

- **Repayment Terms:**

- i. Loans up to ₹50 crore: Repayment period of up to 8 years with a maximum 2-year moratorium on principal installments.
- ii. Loans above ₹50 crore: Repayment schedule and moratorium period to be considered on a case-by-case basis.

- **Guarantee Fee:**

- i. No guarantee fee during the year of sanction.
- ii. 1.5% per annum of the loan outstanding for the next three years.
- iii. 1% per annum thereafter.

During the launch event, Minister Sitharaman also inaugurated the first 'Sachal Aaykar Seva Kendra' in Navy Nagar, Colaba, Mumbai. This center is designed to provide access to digital services, assist with grievance redressal, and promote tax awareness among citizens. Additionally, she distributed ceremonial keys to homeowners who benefited from the Special Window for Affordable and Mid-Income Housing (SWAMIH) Investment Fund, highlighting the government's commitment to supporting affordable housing initiatives. The MCGS-MSME is expected to significantly enhance credit availability for MSMEs, thereby boosting the manufacturing sector and contributing to the 'Make in India' initiative.

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

<https://pib.gov.in/PressReleasePage.aspx?PRID=2104140>

MINISTRY OF CORPORATE AFFAIRS

1. Conclave on Restructuring of Real Estate Projects organised at IICA.

The conclave on Restructuring of Real Estate Projects organized at the Indian Institute of Corporate Affairs (IICA) focused on addressing the theme: “Resolving Insolvencies in Real Estate Projects.” Held on February 19, 2025, in Manesar, this event provided a comprehensive platform for discussions around the role of the Insolvency and Bankruptcy Code (IBC) in resolving distressed real estate assets.

Key points from the conclave included:

- **Real Estate Insolvency:** The development of real estate insolvency was thoroughly discussed, along with the critical need for effective restructuring mechanisms in the sector.
- **IBC's Role:** Experts underscored the essential role of the IBC in resolving insolvencies in real estate, highlighting how it has successfully facilitated the restructuring of distressed assets in the industry.
- **Keynote Speakers:** Influential figures, including Mr. Anuj Jain and Mr. Pallav Mohapatra, delivered keynote addresses. Mr. Jain highlighted the evolution of insolvency solutions in the real estate sector, while Mr. Mohapatra emphasized the need for specialized skills and approaches in resolving real estate insolvency cases.

- **Panel Discussions:** The conclave also featured discussions involving insolvency professionals, legal experts, asset reconstruction companies (ARCs), and academia, all of whom provided valuable insights into overcoming challenges within the real estate sector's insolvency resolution process.

The event also aligns with broader governmental efforts to rejuvenate the real estate sector, including the establishment of the SWAMIH Fund 2, aimed at completing stalled housing projects and restoring liquidity. This conclave highlighted the growing significance of structured insolvency resolution processes in ensuring the successful completion of real estate projects and protecting the interests of homebuyers.

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

<https://pib.gov.in/PressReleasePage.aspx?PRID=2104806>

RESERVE BANK OF INDIA

1. Reserve Bank of India (Forward Contracts in Government Securities) Directions, 2025.

Referring to press release dated December 28, 2023, regarding issuance of draft Directions on Bond Forwards for public feedback. Based on the feedback received from the market participants, the draft Directions have been finalized and the Reserve Bank of India (Forward Contracts in Government Securities) Directions, 2025, are being issued herewith. Necessary amendments to the Gazette Notification (S.O. 2192 (E) dated 8th January 2010) have been notified in the Official Gazette vide Gazette Id no. CG-MH-E-13022025-260991 dated February 13, 2025, a copy of which is annexed to this circular. Further, the following Directions have been updated, as attached, to enable transactions in forward contracts in government securities:

- a. Master Direction – Reserve Bank of India (Market-makers in OTC Derivatives) Directions, 2021; and
- b. Master Direction – Reserve Bank of India (Margining for Non-Centrally Cleared OTC Derivatives) Directions, 2024.

These Directions have been issued in exercise of the powers conferred under section 45W of the Reserve Bank of India Act, 1934 read with section 45U of the Act and of all the powers enabling it in this behalf.

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

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12784&Mode=0>

2. Launch of the RBIDATA Mobile App by RBI.

Today, the Reserve Bank of India launched RBIDATA, a Mobile App, that offers macroeconomic and financial statistics relating to the Indian economy in a user-friendly and visually engaging format. The key features of the app include:

- Access to over 11,000 different series of economic data to give a comprehensive view of the Indian economy.
- Users can view time series data in graphs/charts and download data for analysis.
- The app includes details such as data source, unit of measurement, frequency, recent updates. Additional notes are also provided to help users understand the graphs/charts better.
- The 'Popular Reports' section features a series of frequently viewed reports.
- 'Search' option allows users to access data directly from home screen, without the need to navigate various sections or publications.

- The 'Banking Outlet' section helps users find banking facilities within 20 km of their location.
- Users can access data about SAARC countries through the 'SAARC Finance' link in the app.

This app offers quick access to the Database on the Indian Economy (DBIE – <https://data.rbi.org.in>) portal and aims to serve the researchers, students, and the general public. The app also lets users provide feedback to improve its functionality.

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

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=59791

3. RBI Bulletin – February 2025.

The Reserve Bank of India's February 2025 Bulletin includes a bi-monthly monetary policy statement and four articles. The articles cover the state of the economy, an assessment of the Union Budget 2025-26, the quality of public expenditure, and insights into the agriculture supply chain. The global economy is noted to be growing at a moderate pace with challenges, while India's economic momentum is expected to pick up in the second half of FY24-25. The Union Budget 2025-26 focuses on fiscal discipline and growth, with a reduced fiscal deficit and increased capital expenditure. The quality of public expenditure is linked to better socio-economic outcomes, and a survey on the agriculture supply chain highlights the importance of factors like weather and irrigation for farmers. These insights provide a comprehensive overview of India's economic landscape and policy initiatives.

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

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=59792

4. RBI imposes monetary penalty on Citibank N.A.

The Reserve Bank of India (RBI) has, by an order dated February 20, 2025, imposed a monetary penalty of ₹39.00 lakh (Rupees Thirty-nine lakh only) on Citibank N.A. (the bank) for non-compliance with certain directions issued by RBI on 'Large Exposures Framework' and 'Furnishing of Credit Information to Credit Information Companies (CICs)'. This penalty has been imposed in exercise of powers conferred on RBI under the provisions of Section 47 A(1)(c) read with Section 46(4)(i) of the Banking Regulation Act, 1949 and Section 25(1)(iii) read with Section 23(4) of the Credit Information Companies (Regulation) Act, 2005. The Statutory Inspection for Supervisory Evaluation of the bank was conducted by RBI with reference to its financial position as on March 31, 2023. Based on supervisory findings of non-compliance with RBI directions and related correspondence in that regard, a notice was issued to the bank advising it to show cause as to why penalty should not be imposed on it for its failure to comply with the said RBI directions. After considering the bank's reply to the notice and oral submissions made during the personal hearing, RBI found, inter alia, that the following charges against the bank were sustained, warranting imposition of monetary penalty:

- The bank reported certain breaches in Large Exposures limits with delay;
- The bank did not upload the rectified data pertaining to certain segment, within seven days of receipt of the rejection reports from Credit Information Companies.

The action is based on deficiencies in regulatory compliance and is not intended to pronounce upon the validity of any transaction or agreement entered into by the bank with its customers. Further, imposition of monetary penalty is without prejudice to any other action that may be initiated by RBI against the bank.

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

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=59822

You may send your suggestions at niyati@asalegal.in

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