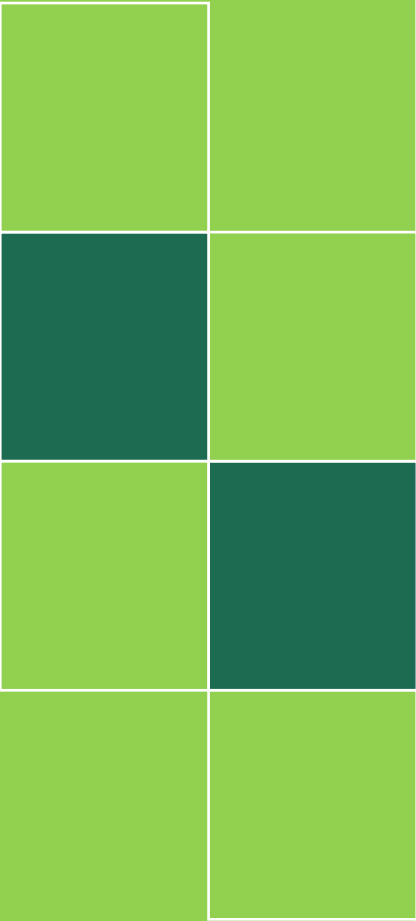




Regulatory Update Letters

April 1, 2020 to April 30, 2020



MINISTRY OF CORPORATE AFFAIRS

HOLDING VIRTUAL GENERAL MEETINGS

(MCA circular dated April 08, 2020 read with April 13, 2020 and May 05, 2020)

The Ministry of Corporate Affairs (MCA) vide its circular no. 14/2020, 17/2020 and 20/2020 dated April 08, 2020, April 13, 2020 and May 05, 2020 respectively has provided guidelines for conducting General Meetings by companies through virtual means.

The circular has categorised the guidelines into two types of companies. First, the companies required to provide E-Voting facilities and Others are the companies which opt for the E-Voting facility suomoto.

Key Points

- Recording of the meeting shall be available on the website of the company.
- Platform of virtual meeting must allow participation of 1000/500* members on first come first serve basis.
- Appointment of Proxy as per section 105 of the Companies Act, 2013 is not available.
- Atleast 1 Independent Director and Auditor or its representative shall be present in the meeting.

* You are requested to refer <https://www.linkedin.com/feed/update/urn:li:activity:6666291857821175808/> to read our presentation on Guidelines to conduct General Meeting during Lockdown period due to pandemic COVID-19.

COVID-19 RELATED FREQUENTLY ASKED QUESTIONS (FAQS) ON CORPORATE SOCIAL RESPONSIBILITY (CSR)

(MCA circular dated April 10, 2020)

The Ministry of Corporate Affairs (MCA) vide its circular no. 15/2020 has issued clarifications on eligibility of CSR expenditure related to COVID-19 activities.



Eligible

1. PM CARES Fund
2. State Disaster Management Authority
3. COVID-19 related activities
4. Payment of ex- gratia to temporary /casual /daily wage workers



Not Eligible

1. Chief Minister's Relief Funds' or 'State Relief Fund for COVID-19'
2. Payment of salary/wages to employees and workers, including contract labour, during the lockdown period
3. Payment of wages made to casual /daily wage workers during the lockdown period

STATEMENT BY MCA REGARDING EXTENSION OF TIME LIMIT FOR FILING IEPF E-FORMS

(MCA circular dated April 13, 2020)

The MCA vide its circular no. 16/2020 has stated that it has already allowed filing in MCA-21 registry without paying additional fees till September 30, 2020 vide circular dated 11/2020 and 12/2020 dated March 24, 2020 and March 30, 2020 respectively. MCA considers the extension provided to be enough for present scenario and no further extended timeline is available for filing IEPF e-forms.

RELAXATION IN HOLDING AGM BY COMPANIES WHOSE FINANCIAL YEAR ENDED ON DECEMBER 31, 2019

(MCA circular dated April 21, 2020)

The MCA vide its circular no. 18/2020 has provided relaxation to companies whose financial year ended on December 31, 2019 to conduct AGM by September 30, 2020.

AMENDMENT IN COMPANIES (APPOINTMENT AND QUALIFICATION OF DIRECTORS) RULES, 2014

(MCA Notification dated April 29, 2020)

The MCA vide its notification dated April 29, 2020 has made amendment in *Rule 6 (1) (a) of Companies (Appointment and Qualification of Directors) Rules, 2014*:

Previous :

“(1) Every individual –

(a) who has been appointed as an independent director in a company, on the date of commencement of the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019, shall within a period of 5 months from such commencement; or”

Amended :

(1) Every individual –

(a) who has been appointed as an independent director in a company, on the date of

commencement of the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019, shall within a period of 7 months from such commencement”

EXTENSION OF LAST DATE OF FILING OF FORM NFRA-2

(MCA circular dated April 30, 2020)

In continuation of MCA Circular no. 7/2020 dated March 05, 2020 it has been decided that the time limit for filing of Form NFRA-2 for the reporting period FY 2018-19, will be 210 days from the date of deployment of this form on the website of National Financial Reporting (NFRA)

#	Issue description	Period/Days of Extension
1	Names reserved for 20 days for new company incorporation. SPICe+ Part B needs to be filed within 20 days of name reservation.	Names expiring any day between 15th March 2020 to 3rd May would be extended by 20 days beyond 3rd May 2020 .
2	Names reserved for 60 days for change of name of company. INC-24 needs to be filed within 60 days of name reservation.	
3	Names reserved for 90 days for new LLP incorporation/change of name. FILLIP/Form 5 needs to be filed within 90 days of name reservation.	
4	Extension of RSUB validity for companies.	SRNs where last date of Resubmission (RSUB) falls between 15th March 2020 to 3rd May 2020, additional 15 days beyond 3rd May 2020 would be allowed . However, for SRNs already marked under NTBR, extension would be provided on case to case basis . Note: Forms will not get marked to (Not to be taken on Record)'NTBR' due to non- resubmission during this extended period as detailed above.
5	RSUB validity extension for LLPs.	

SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI)

SEBI VIDE ITS CIRCULAR DATE APRIL 13, 2020 READ WITH CIRCULAR DATE APRIL 16, 2020 HAS PROVIDED RELAXATION IN COMPLIANCE TO INTERMEDIARIES

Relaxation of 21 days, over and above the prescribed time limits, has been given to intermediaries / market participants.

If further extension is ordered in the lock down period, additional relaxation in prescribed timelines for equal number of extended days in lock down is also being given to intermediaries / market participants.

#	Requirements	Existing timeline	Period of exclusion	Reference SEBI Regulation / Circular
I.	Processing of the demat request form by Issuer / RTA.	15 days	From March 23, 2020 till May 17, 2020.	Reg. 74 (5) of SEBI (D & P) Reg., 2018
II.	Processing of the demat request form by the Participants.	7 days		Reg. 74 (4) of SEBI (D & P) Reg., 2018
III.	KYC application form and supporting documents of the clients to be uploaded on system of KRA within 10 working days.	10 days		SEBI circular no. MIRSD/Cir-26/2011 dated December 23, 2011

As specified in the table above further, a 15-day time period after May 17, 2020 is allowed to the SEBI registered intermediary, to clear the back-log.

SEBI VIDE ITS CIRCULARS DATE APRIL 16, 2020 AND APRIL 21, 2020 HAS GIVEN RELAXATION IN TIMELINES FOR COMPLIANCE WITH REGULATORY REQUIREMENTS BY TRADING MEMBERS / CLEARING MEMBERS

SEBI/HO/MIRSD/DOP/CIR/P/2020/61

SEBI/HO/MIRSD/DOP/CIR/P/2020/68

#	Compliance	Due Date	Extended date
I.	Client Funding Reporting.	08-Apr-20	31-May-20
II.	Reporting for Artificial Intelligence (AI) and Machine Learning (ML) applications.	15-Apr-20	31-May-20
III.	Compliance certificate for Margin Trading for CM Segment.	30-Apr-20	30-Jun-20
IV.	Risk based supervision.	31-May-20	30-Jun-20
V.	Internal Audit Report for half year ending (HYE) March 31, 2020.	31-May-20	30-Jun-20
VI.	System Audit Report (Algo).	30-Jun-20	31-Jul-20
VII.	System Audit Report.	30-Jun-20	31-Jul-20
VIII.	Net worth certificate in Margin Trading for CM Segment for HYE March 31, 2020.	30-Apr-20	30-Jun-20
IX.	Net worth certificate for all members for HYE March 2020.	31-May-20	30-June-20
X.	Penalty for non- collection / short collection of upfront margins in cash segment.		17-May-20
XI.	Maintaining call recordings of orders/instructions received from clients.		
XII.	Submission towards weekly monitoring of client funds under the provisions of Enhanced Supervision		
XIII.	Submission of data on monthly basis towards clients' and fund balance under the provisions of Enhanced Supervision.		
XIV.	Daily margin trading reporting.		Extended by one month from the due date
XV.	Update in Income Tax Permanent Account Number of Key Management Personnel / Directors.		
XVI.	Issue of Annual Global Statement to clients.		

Note :

S. Nos. I - IX will be effective from their due date till the extended date as mentioned in the above table.

S. No. X above was effective from April 01, 2020. The relaxation in this regard shall be till May 17, 2020. However, in terms of the said circular reporting of non-collection/short collection of margins in the cash segment shall continue.

S. No. XI will be effective from March 23, 2020 till May 17, 2020 with respect to trading members working from designated alternate locations. However, the trading member and the Stock Exchange shall send a confirmation on the registered mobile number of the client immediately after execution of the order.

ADDITIONAL RELAXATIONS / CLARIFICATIONS IN RELATION TO COMPLIANCE WITH CERTAIN PROVISIONS OF THE SEBI (LODR) REG., 2015 DUE TO THE COVID -19 PANDEMIC

SEBI/HO/CFD/CMD1/CIR/P/2020/63

In addition to SEBI, vide Circular no. SEBI/ HO/ CFD/ CMD1/ CIR/ P/ 2020/ 38 dated March 19, 2020 & SEBI/HO/CFD/CMD1/CIR/P/2020/48 dated March 26, 2020, SEBI vide its circular dated April 17, 2020 has provided following further relaxations:

A. Prior intimation to stock exchanges about meetings of the board:

Regulation 29 (2) of LODR specifies – prior intimation to Stock Exchange about meetings of the board (excluding the date of the intimation and date of the meeting) as follows:

- at least 5 days before the meeting if financial results are to be considered;
- 2 working days in other cases.

Relaxation : It has been decided that the above requirement under Regulation 29 (2) of LODR of prior intimation of 5 days / 2

working days *shall be reduced to 2 days, for board meetings held till July 31, 2020.*

B. Intimation to Stock Exchanges regarding loss of share certificates and issue of the duplicate certificates:

Regulation 39 (3) of LODR requires listed entities to submit information regarding loss of share certificates and issue of the duplicate certificates, to the stock exchange within 2 days of its getting information.

Relaxation - It has been decided that any delay beyond the stipulated time will not attract penal provisions laid down vide SEBI circular no. SEBI/HO/CFD/CMD1/CIR/P/2018/77 dated May 3, 2018.

This relaxation is for intimations to be made between March 1, 2020 to May 31, 2020.

C. Clarification regarding the use of digital signatures:

It is hereby clarified that authentication/certification of any filing / submission made to stock exchanges under LODR *may be done using digital signature certifications until June 30, 2020.*

Relaxation of newspaper advertisement

Regulation 52(8) of LODR states that

requires every listed entity to publish the financial results and statement referred to in regulation 52(4), in at least one English national daily newspaper

circulating in the whole or substantially the whole of India shall, within two calendar days of the conclusion of the meeting of the board of directors,.

Relaxation - SEBI has relaxed the requirements relating to publication of advertisements is previously mentioned regulation till May 15, 2020.

ONE-TIME RELAXATION WITH RESPECT TO VALIDITY OF SEBI OBSERVATIONS

SEBI/HO/CFD/DIL1/CIR/P/2020/66

SEBI vide its circular dated April 21, 2020 has given one time relaxation from compliance of SEBI (ICDR) Reg. 2018, which are as follows:

1. As per **Regulation 44(1), 85 and 140** of the SEBI (ICDR) Reg. 2018, a public issue/rights issue may be opened within 12 months from the date of issuance of observations by SEBI.

Relaxation : If last date completing 12 months after SEBI observations have expired/ will expire between March 1, 2020 to September 30, 2020 than such date will be extended by 6 months, from the date of expiry of such observation,

Subject to an undertaking from lead manager of the issue confirming compliance with Schedule XVI of the ICDR Regulations while submitting the updated offer document to the Board.

2. As per **Schedule XVI (1) (f)(i)** of the SEBI (ICDR) Reg., 2018 any increase or decrease in estimated fresh issue size by more than 20 % of

the estimated fresh issue size shall require fresh filing of the draft offer document along with fees.

Aforesaid limit of **20%** has been increased to 50% subject to following conditions:

- a) there has been **no change in the objects of the issue**
- b) the **lead manager undertakes** that the draft offer document is in compliance with provisions of Regulation 7(1)(e)
- c) the lead manager shall ensure that all appropriate changes are made to the relevant section of DRHP and an addendum, in this regard, shall be made public.

The above relaxation on change in fresh issue size shall be applicable for issues (IPO/ Rights Issues/ FPO) opening before December 31, 2020.

RELAXATIONS FROM CERTAIN PROVISIONS OF THE SEBI (ICDR) REG., 2018 IN RESPECT OF RIGHTS ISSUE SEBI/HO/CFD/CIR/CFD/DIL/67/2020

1. SEBI vide its circular dated April 21, 2020 has been introduced temporary relaxations in the provisions related to Rights Issues as contained in the SEBI (ICDR) Reg., 2018 ("**ICDR Reg.**") as follows:

A. Relaxations with respect to the eligibility conditions related to Fast Track Rights Issues:

Exemption to Reg. 71 of ICDR Reg. : Unless

otherwise specified, nothing contained in sub-Reg. (1), (2), (4) and (5) of the Reg. 71 shall apply if the issuer satisfies the conditions mentioned under Reg. 99 of ICDR Reg. for making a rights issue through the fast track route.

Relaxation : Certain temporary relaxations with respect to Reg. 99 of ICDR Reg. are extended as follows:

- (i) In Reg. 99(a) the words '3 years' shall be read as '18 months'
- (ii) In Reg. 99(c) the words '250 crores' shall be read as '100 crores'
- (iii) In Reg. 99(f) and its proviso the words '3 years' shall be read as '18 months'
- (iv) Reg. 99(h) shall be read as under:
"no show-cause notices, excluding under adjudication proceedings, have been issued by the Board and pending against the issuer or its promoters or whole-time directors as on the reference date;

In cases where against the issuer or its promoters/ directors/ group companies,

- a) *a show cause notice(s) has been issued by the Board in an adjudication proceeding or*
- b) *prosecution proceedings have been initiated by the Board;*

necessary disclosures in respect of such action (s) along-with its

potential adverse impact on the issuer shall be made in the letter of offer.

- (v) Reg. 99(i) shall be read as "the issuer or promoter or promoter group or director of the issuer has fulfilled the settlement terms or adhered to directions of the settlement order(s) in cases where it has settled any alleged violation of securities laws through the consent or settlement mechanism with the Board"
- (vi) In Reg. 99 (j) the words '3 years' shall be read as '18 months'.
- (vii) Reg. 99 (m) shall be read as "For audit qualifications, if any, in respect of any of the financial years for which accounts are disclosed in the letter of offer, the issuer shall provide the restated financial statements adjusting for the impact of the audit qualifications.

Further, that for the qualifications wherein impact on the financials cannot be ascertained the same shall be disclosed appropriately in the letter of offer."

- B. **Relaxation with respect to Minimum Subscription:** Reg. 86(1) shall be read as under- *The minimum subscription to be received in the issue shall be **at least 75%** of the offer through the offer document.*

Provided that if the issue is subscribed between 75% to 90%, issue will be considered successful subject to the condition that out of the funds raised atleast 75% of the issue size shall be utilized for the objects of the issue other than general corporate purpose

Before Amendment	After Amendment
The companies shall not raise further capital for a period of 1 year from the expiry of buyback period, except in discharge of their subsisting obligations	The companies shall not raise further capital for a period of 6 months from the expiry of buyback period, except in discharge of their subsisting obligations

This relaxation shall be applicable till December 31, 2020.

C. **Relaxation with respect to the minimum threshold required for not filing draft letter of offer with SEBI:**

In Reg. 3(b), proviso to Reg. 3 and in Reg. 60, the words '10 crores' shall be read as '25 crores'.

The eligibility and general conditions as specified in Reg. 61 & 62 respectively shall continue to apply.

2. These temporary relaxations are applicable for Right Issues that open on or before March 31, 2021.
3. The relaxations mentioned in this circular are not applicable for issuance of warrants.

**RELAXATION IN REGULATION 24(I)(F) OF THE SEBI (BUY-BACK OF SECURITIES) REGULATIONS, 2018 DUE TO THE COVID 19 PANDEMIC
SEBI/HO/CFD/DCR2/CIR/P/2020/69**

Relaxation with immediate effect in Regulation 24(i)(f) of the SEBI (Buy-Back of Securities) Regulations, 2018 due to the COVID 19 pandemic as follows :

Comparative Analysis of Regulation 24(i) (f) of SEBI (Buy-back of Securities) Regulations, 2018

**RELAXATION IN RELATION TO REG. 44(5) OF THE SEBI (LODR) REG., 2015 ('LODR') ON HOLDING OF AGM BY TOP 100 LISTED ENTITIES BY MARKET CAPITALIZATION
SEBI/HO/CFD/CMD1/CIR/P/2020/71**

Regulation 44(5) of the LODR requires top 100 listed entities by market capitalization to hold their AGM within a period of five months from the date of closing of the financial year.

SEBI vide Circular dated March 26, 2020 (SEBI/HO/CFD/CMD1/CIR/P/2020/48) had relaxed this requirement by 1 month for listed entities whose financial year ends on March 31, 2020.

Subsequently, the Ministry of Corporate Affairs (MCA) vide Circular No.18/2020 dated April 21, 2020 has clarified that "...if the companies whose financial year (other than the first financial year) has ended on December 31, 2019 hold their AGM for such financial year within a period of nine months from the closure of the financial year (i.e., by September 30, 2020), the same will not be treated as a violation."

		31, 2020.	March 2020.
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Accordingly, regulation 44(5) of the LODR is relaxed where by the top 100 listed entities by market capitalization whose financial year ended on December 31, 2019 may hold their AGM within a period of nine months from the closure of the financial year (i.e., by September 30, 2020)

RELAXATION IN TIMELINES FOR COMPLIANCE WITH REGULATORY REQUIREMENTS BY DEPOSITORY AND DEPOSITORY PARTICIPANTS.

SEBI/HO/MIRSD/DOP/CIR/P/2020/72

SEBI vide its circular dated April 24, 2020 has provided relaxations in compliance to Depository and Depository Participants

#	Compliance Requirements	Existing Timelines / Due Date	Extended Timelines / Due Date
I.	Submission of BO Grievances Report to Depositories.	10 th of the following month i.e. 10 th April for the month of March 2020.	May 18, 2020 for the month of March 2020 and April 2020.
II.	Submission of half yearly Internal Audit Report (IAR) by DPs for half year ended 31 st March 2020.	15 th May 2020 for half year ending March 2020.	June 30, 2020, for half year ended March 2020.
III.	Redressal of investor grievances.	Within 15 days of the date of receipt of the complaint through SCORES & within 30 days of the date	Period of exclusion shall be from March 23, 2020 till May 17, 2020.
IV.	Transmission of securities.	Within 7 days, after receipt of all requisite documents.	
V.	Closure of demat account	Within a period of 30 days.	
VI.	Systems audit on annual basis.	Within three months of the end of the financial year.	July 31, 2020 for the financial year ended March 31, 2020.
VII.	Reporting for Artificial Intelligence (AI) and Machine Learning	Within 15 calendar days of the expiry of the quarter.	May 31, 2020 for quarter ended March 2020.
VIII.	Risk Based Supervision	15 th May for half year ended March	June 30, 2020 for half year ended

For compliance requirements at S. Nos. III, IV and V above, a 15-day time period after May 17, 2020 is allowed to Depository / depository participants, to clear the back log.

RELAXATION IN COMPLIANCE WITH REQUIREMENTS PERTAINING TO MUTUAL FUNDS

SEBI/HO/IMD/DF3/CIR/P/2020/76

SEBI vide its circular dated April 30, 2020 has provided following relaxations from SEBI (Mutual Funds) Regulations, 1996 and circulars issued thereunder

#.	Circular Name	Particulars	Extended Date
1	Risk management framework for liquid and overnight funds and norms governing investment in short term deposits dated September 20, 2019	Liquid funds shall hold at least 20% of its net assets in liquid assets.	June 30, 2020
2	Review of investment norms for mutual funds for investment in Debt and Money Market Instruments dated October 1, 2019	Existing open ended mutual fund schemes shall comply with the revised limits for sector exposure.	June 30, 2020
3	Valuation of money market and debt securities dated September 24, 2019	Amortization Circular	June 30, 2020

The timelines for submission of cyber security audit reports as mandated in SEBI circular dated January 10, 2019 is extended by two months i.e. till August 31, 2020.

The timelines for filing scheme annual reports for the year 2019-20 is extended by one month i.e. till August 31, 2020.



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