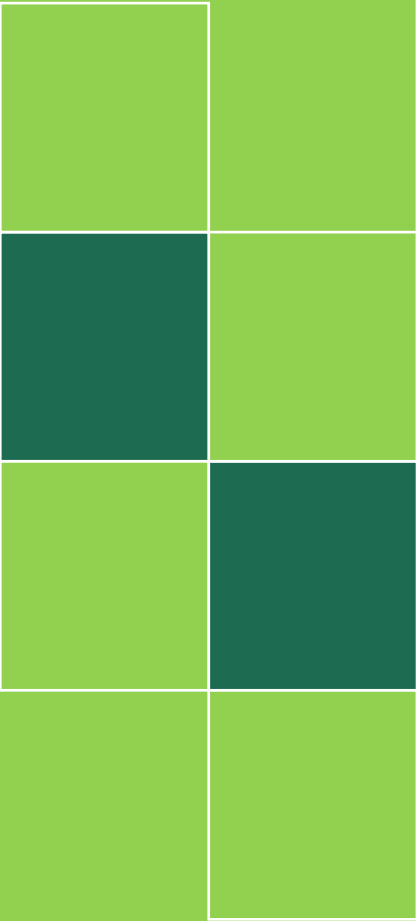




Regulatory Update Letters

June 01, 2020 to June 30, 2020



MINISTRY OF CORPORATE AFFAIRS

Updates under Companies Act, 2013

EXTENSION OF TIME FOR HOLDING EGM THROUGH VC OR OAVM

(MCA circular no. 22/2020 dated June 15, 2020)

The Ministry of Corporate Affairs (MCA) vide its circular no. 22/2020 dated June 15, 2020 has decided to extend the period to allow companies to conduct EGMs through VC or OAVM or transact items through postal ballot in accordance with framework provided in circular dated 8th April, 2020 and 17th April, 2020 till 30th September, 2020.

Crux: Companies can hold EGMs through VC or OAVM till 30th September, 2020.

it is requested to refer our article "[Regulatory update on holding Annual General Meetings](https://www.ccvindia.com/knowledge-hub#articles)" for detailed provisions of circular dated 8th April, 2020 and 17th April, 2020 on <https://www.ccvindia.com/knowledge-hub#articles>

RELAXATION OF TIME FOR FILING FORM RELATED TO CREATION OR MODIFICATION OF CHARGES UNDER THE COMPANIES ACT, 2013

MCA introduce a scheme namely "[Scheme for relaxation of time for filing forms related to](#)

[creation or modification of charges under Companies Act, 2013](#)" for the purpose of condoning the delay in filing certain forms related to creation / modification of charges.

Details of Scheme are as under:

- i. Scheme shall come into effect from the date of this circular
- ii. **Applicability:** The scheme shall be applicable in respect of filing of **Form No- CHG-1 and Form No- CHG-9** by a Company or by a Charge holder, where the date of creation/modification of charge:
 - a. Is before 01.03.2020, but the timeline for filling such form had not expired under section 77 of the Act as on 01.03.2020. **or**
 - b. Falls on any date between 01.03.2020 to 30.09.2020 (both date inclusive)
- iii. **Relaxation of time:**
 - a. In case a form is filed in respect of a situation covered under para (a) 30.09.2020 shall not be reckoned for the purpose of counting the number of days under section 77 or section 78 of the Act. In case, the form is not filed within such period, the first day after 29.02.2020 shall be reckoned as 01.10.2020 for the purpose of counting the number of days within which the form is required to be filed under section 77 or section 78 of the Act.
 - b. In case a form is filed in respect of a situation covered under para (b) above, the period beginning from the date of creation/modification of charge to 30.09.2020 shall not be reckoned for the purpose of counting of days under section 77 or section 78 of the Act. In case

form is not filed within such period, the first day after the date of creation/modification of charge shall be reckoned as 01.10.2020 for the purpose of counting the numbers of day within which the form is required to be filed under section 77 or section 78 of the Act.

iv. Applicable Fees:

- a. In regard to sub para iii (a) above, if the form is filed on or before 30.09.2020. the fee payable as on 29.02.2020 under the fee rules for the said form shall be charged under the fees rules after adding the number of days beginning from 01.10.2020 and ending on the date of filing plus the time period lapsed from the date of creation of charge till 29.02.2020.
- b. In regard to sub para iii (b) above, if the form is filed on or before 30.09.2020. normal fees shall be payable under the fees rules if the form is filed thereafter, the first day after the date of creation/modification of charge shall be reckoned as 01.10.2020 and the number of days till the date of filing of the form shall be counted accordingly for the purposes of the payment of fees under the fees rules.

Non applicability of scheme on:

- a. The forms i.e CHG-1 and CHG-9 had already been filed before the date of issue of this circular.
- b. The timelines for filing the forms has already expired under section 77 or section 78 of the Act prior to 01.03.2020

- c. The timelines for filing the forms expires at a future date, despite exclusion of time provided in sub para (iii) above
- d. Filing of Form CHG-4 for satisfaction of charges.

Extension of time-regarding creation of deposit repayment reserve of 20 % u/s. 73 (2) (C) of the companies Act 2013 and to invest or deposit 15 % of amount of debentures u/r.18 of Companies (Share capital and Debentures) Rules 2014.

In continuation to General Circular No. 11/2020 dated 24th March 2020, MCA further extended the time in respect of **creation of deposit repayment reserve of 20%** and **invest and deposit at least 15%** from 30th June 2020 to **30th September 2020**.

SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI)

SEBI VIDE CIRCULAR DATED June 04, 2020 provides Relaxation in compliance with requirements pertaining to AIFs and VCFs

Circular No. SEBI/HO/IMD/DF6/CIR/P/2020/92

In continuation of SEBI vide Circular dated March 30, 2020, and prevailing situation in country due to CoVID 19 pandemic, SEBI extended the due date for regulatory filings for AIFs and VCFs for the periods ending March, April, May and June 2020 till **7th August, 2020**

SEBI vide circular dated June 09,2020Participation of Mutual Funds in Commodity Derivatives Market in India

In partial modification to SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2019/65 dated May 21, 2019, paragraph 3(iii) regarding holding of physical goods by mutual fund schemes, is modified as under:

"3(iii) No Mutual fund schemes shall invest in physical goods except in 'gold' through Gold ETFs. However, as mutual fund schemes participating in ETCDs may hold the underlying goods in case of physical settlement of contracts, in that case

mutual funds shall dispose of such goods from the books of the scheme, at the earliest, not exceeding the timeline prescribed below: -

- a) **For Gold and Silver:** - 180 days from the date of holding of physical goods,
- b) **For other goods (except for Gold and Silver:**
 1. By the immediate next expiry day of the same contract series of the said commodity.
 2. However, if Final Expiry Date (FED) of the goods falls before the immediate next expiry day of the same contract series of the said commodity, then within 30 days from the date of holding of physical goods."

SEBI Vide circular dated 09 June, 2020 provides Relaxations from certain provisions of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 in respect of Further Public Offer

SEBI provided relaxations in the eligibility conditions related to Fast Track Further Public Offer (FPO) as contained in the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (ICDR Regulations) as follows:

Sub-regulations (1), (2), (3), (4) and (5) and (9) of regulation 123 shall not apply if the issuer satisfies the conditions mentioned under Regulation 155 of ICDR Regulations for making a further public offer through the fast track route:

Certain temporary relaxations with respect to Regulation 155 of ICDR Regulations are extended as follows:

- In Regulation 155(c) the words 'one thousand crore' shall be read as 'five hundred crore'
- Regulation 155(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,
 - i) A show cause notice(s) has been issued by the Board in an adjudication proceeding
 - ii) 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 offer documents."
- Regulation 155(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"

- Regulation 155(l) shall be read as "impact of audit qualifications, if any and where quantifiable, on the audited accounts of the issuer in respect of those financial years for which such accounts are disclosed, shall be appropriately disclosed and accounts accordingly restated, in the offer documents. Further, that for the qualifications wherein impact on the financials cannot be ascertained the same shall be disclosed appropriately in the offer documents.

SEBI vide circular dated 12th June 2020 provides Clarifications with respect to Circular dated February 05, 2020 on 'Disclosure Standards for Alternative Investment Funds (AIFs)'

In respect of Circular No. SEBI/HO/IMD/DF6/CIR/P/2020/24 dated February 05, 2020 on 'Disclosure Standards for Alternative Investment Funds (AIFs)' it is clarified as under:

- (i) Audit of compliance with terms of PPM as provided in Paragraph 5 of the Circular, shall be conducted at the end of each Financial Year and the findings of audit along with corrective steps, if any, shall be communicated to the Trustee or Board or Designated Partners of the AIF, Board of the Manager and SEBI, within 6 months from the end of the Financial Year.
- (ii) The requirement of audit of compliance with terms of PPM shall not apply to AIFs which have not raised any funds from their investors. However, such AIFs shall submit a Certificate from a Chartered Accountant

to the effect that no funds have been raised, within 6 months from the end of the Financial Year.

- (iii) For the Financial Year 2019-20, the above requirements shall be fulfilled on or before December 31, 2020.

Paragraph 12 (i) of the Circular is amended as under:

“Any association of AIFs (“Association”), which in terms of membership, represents at least 33% of the number of AIFs, may notify one or more Benchmarking Agencies, with whom each AIF shall enter into an agreement for carrying out the benchmarking process.”

SEBI vide circular dated 12th June, 2020- Investment by the sponsor or asset management company in the scheme

1. In terms of Regulation 28 (4) of SEBI (Mutual Funds) (Amendment) Regulations, 2020, the sponsor or asset management company is required to invest not less than one percent of the amount which would be raised in the new fund offer or fifty lakh rupees, whichever is less in such option of the scheme, as may be specified by the Board.
2. In this regard, it has been decided that the above referred investment shall be made in growth option of the scheme. For such schemes where growth option is not available the investment shall be made in the dividend reinvestment option of the scheme. Further, for such schemes where

growth option as well as dividend reinvestment option are not available the investment shall be made in the dividend option of the scheme.

SEBI vide circular dated 19th June, 2020 provided Relaxation in timelines for compliance with regulatory requirements

In view of prevailing situation in country due to CoVID 19 pandemic, SEBI has been further extended the relaxations in timelines for compliance with various regulatory requirements by the trading members / clearing members/ depository participants, provided in circular no.

SEBI/HO/MIRSD/DOP/CIR/P/2020/61, SEBI/HO/MIRSD /DOP/CIR/P/2020/62 dated April 16, 2020, and SEBI/HO/MIRSD/DOP/CIR/P/2020/68 dated April 21, 2020. Later, vide circular no. SEBI/HO/MIRSD/DOP/CIR/P/2020/82 dated May 15, 2020, timelines / period of exclusion was further extended for certain compliance requirements as follows:

Compliance requirements for which timelines were extended vide SEBI circular No. SEBI/HO/MIRSD/DOP/CIR /P/2020/61 dated April 16, 2020	S. No. in circular for which timeline is extended further	Extended Timeline/ period of exclusion
Client Funding Reporting	I	Till July 31, 2020 for the months of April, May and June 2020
Reporting for Artificial Intelligence (AI) and Machine Learning (ML)	II	Till July 31, 2020 for the quarter ended on

applications		March 31, 2020
Compliance certificate for Margin Trading for CM Segment	III	Till July 31, 2020.
Risk based supervision	IV	
Internal Audit Report for half year ending (HYE) March 31, 2020.	V	
Net worth certificate in Margin Trading for CM Segment for HYE March 31, 2020	VIII	Till July 31, 2020 for the half year ended on March 31, 2020.
Net worth certificate for all members for HYE March 2020	IX	
Penalty for non-collection / short collection of upfront margins in cash segment	X	Till July 31, 2020
Maintaining call recordings of orders/instructions received from clients.	XI	

Compliance requirements for which timelines were extended vide SEBI circular No. SEBI/HO/MIRSD/DOP/CI R/P/2020/61 dated April 16, 2020	S. No. in circular for which timeline is extended further	Extended Timeline/ period of exclusion
KYC application form and supporting documents of the clients to be uploaded on system of KRA within 10 working days.	III	Period of exclusion shall be from March 23, 2020 till July 31, 2020.

Compliance requirements for which timelines were extended vide SEBI circular No. SEBI/HO/MIRSD/DOP/CI R/P/2020/68 dated April 21, 2020.	S. No. in circular for which timeline is extended further	Extended Timeline/ period of exclusion
Submission towards weekly monitoring of client funds under the provisions of Enhanced Supervision	I	Till July 31, 2020.
Submission of data on monthly basis towards clients' and fund balance under the provisions of Enhanced Supervision	II	
Daily margin trading reporting	III	Till July 31, 2020.
Update in Income Tax Permanent Account Number of Key Management Personnel / Directors.	IV	Three Months from due date
Issue of Annual Global Statement to clients.	V	

SEBI vide circular dated 22nd June, 2020 allows conducting meeting of unitholders of InvITs and REITs through Video Conferencing (VC) or through other audio-visual means (OAVM)

Circular no: SEBI/HO/DDHS/DDHS/CIR/P/2020/102

This circular provides that InvITs/REITs may conduct meeting of unit holders through VC or OAVM. InvITs/REITs conducting such meetings through VC or OAVM shall follow the procedure specified in

Annexure I of this circular. (Kindly visit <https://www.sebi.gov.in/legal/circulars/jun-2020/conducting-meeting-of-unit-holders-of-inviits-and-reits-through-video-conferencing-vc-or-through-other-audio-visual-means-oavm-46906.html> for Annexure I)

The facility of VC or OAVM shall be available for annual meeting of unit holders in terms of Regulation 22(3)(a) of InvIT Regulations and Regulation 22(3) of REIT Regulations, to be conducted during calendar year 2020. For meetings, other than annual meeting of unit holders, the facility for conducting meeting of unit holders through VC or OAVM shall be available upto **September 30, 2020**.

SEBI vide circular dated June 23, 2020 provides temporary relaxation in processing of documents pertaining to FPIs due to COVID-19

Circular no. SEBI/HO/FPI&C/CIR/P/2020/104

Temporary relaxation provided under SEBI Circular No. SEBI/HO/FPI&C/CIR/P/2020/056 dated March 30, 2020 has been extended to August 31, 2020.

For more details on temporary relaxations, kindly refer Our update letter of March, 2020 on <https://www.ccvindia.com/knowledge-hub#articles>

SEBI vide circular dated 24th June, 2020 further provides extension of time for submission of financial results for the quarter/half year/financial year ending 31st March 2020 due to the continuing impact of the CoVID-19 pandemic

Circular no: SEBI/HO/CFD/CMD1/CIR/P/2020/106

SEBI further extended the timeline for submission of financial results under Regulation 33 of the LODR Regulations **by a month to July 31, 2020**, for the quarter and the year ending 31st March 2020. Similarly, the timeline under Regulation 52 of the LODR for submission of half yearly and/or annual financial results for the period ending March 31, 2020 for entities that have listed NCDs, NCRPS', CPs, MDS' is also extended to **July 31, 2020**.

SEBI vide circular no. SEBI/HO/MRD1/DSAP/CIR/P/2020/107 dated 24th June, 2020 provides Guidelines for Order-to-trade ratio (OTR) for Algorithmic Trading.

The mechanism has been reviewed and the following modification shall be carried out in the existing OTR framework:

- a) Stock exchanges may be permitted to introduce additional slabs upto OTR of 2000 (from existing OTR of 500), and for OTR more than 2000. Such slabs can be introduced with deterrent incremental penalty, which stock exchanges may decide jointly.
- b) On the third instance of OTR being 2000 or more, in last 30 days (rolling basis), the concerned member shall not be permitted to place any orders for the first 15 minutes on the next trading day as a cooling off action.

SEBI vide circular dated 25th June, 2020 further provides extension of time for submission of Annual Secretarial Compliance (ASC) Report by listed entities due to the continuing impact of the CoVID-19 pandemic.

After previous extension of one month (from May 31, 2020 to June 30, 2020) vide circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/38 dated March 19, 2020, SEBI further extended the timeline for submission of Annual Secretarial Compliance (ASC) Report for the year 2019-2020 by one month to **July 31, 2020**.

Relaxation of time gap between two Board/ Audit Committee meetings of listed entities owing to the CoVID-19 pandemic:

The relaxation of maximum time gap between two board/Audit Committee meetings as provided by circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/38 dated March 19, 2020 is further extended till **July 31, 2020**. However, the board of directors and audit committees of listed entities shall ensure that they meet atleast four times a year, as stipulated under Regulations 17(2) and 18(2)(a) of the LODR Regulations.

Crux: Company do not require to maintain maximum stipulated time gap of 120 days between two meetings of the board and Audit Committees of listed entities, as is required under Regulation 17(2) and 18(2)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR Regulations')

SEBI vide circular no. SEBI/HO/IMD/DF1/CIR/P/2020/111 dated 29th June, 2020 provides Guidelines for Portfolio Managers- Extension of implementation timeline

In view of the prevailing business and market conditions, it has been decided to extend the

timeline for compliance with the requirements of SEBI Circular No. SEBI/HO/IMD/DF1/CIR/P/2020/26 dated February 13, 2020, by further three months Accordingly, the provisions of said SEBI Circular shall be applicable with effect from **October 01, 2020**.

Relaxation in timelines for compliance with regulatory requirements

SEBI vide circular no. SEBI/HO/MIRSD/DOP/CIR/P/2020/112 further extended the timeline for compliance with regulatory requirement provided in Circular dated 16/24 April, 2020

Compliance requirements for which timelines were extended vide SEBI circular No. SEBI/HO/MIRSD/DOP/CIR/P/2020/62 dated April 16, 2020	S. No. in circular for which timeline is extended further	Extended Timeline/ period of exclusion
Processing of the demat request form by Issuer / RTA	I	Period of exclusion shall be from March 23, 2020 till July 31, 2020.
Processing of the demat request form by the Participant	II	A15- day time period after July 31, 2020 is allowed to Depository /DPs



		, to clear the back Log.
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Compliance requirements for which timelines were extended vide SEBI circular No. SEBI/HO/MIRSD/DOP/CIR/P/2020/72 dated April 24, 2020	S. No. in circular for which timeline is extended further	Extended Timeline/ period of exclusion
Submission of half yearly Internal Audit Report (IAR) by DPs for half year ended on 31st March 2020	II	July 31, 2020, for half year ended on March 31, 2020.
Redressal of investor grievances	III	Period of exclusion shall be from March 23, 2020 till July 31, 2020.
Transmission of securities	IV	
Closure of demat account	V	A15- day time period after July 31, 2020 is allowed to Depository /DPs ,to clear the back log

- i. Alternative Investments Fund (AIFs) are directed to comply with the applicable provisions of the Indian Stamp Act, 1899 and the Rules made there under regarding collection of stamp duty on sale, transfer and issue of units of AIFs **w.e.f. July 01, 2020**
- ii. RTA already appointed by AIFs shall collect the stamp duty on issue, transfer and sale of units of AIFs
- iii. AIFs, where RTA have not been appointed so far, shall appoint RTA, at the earliest, but not later than July 15, 2020 to enable collection of applicable stamp duty on issue, transfer and sale of units of AIFs in compliance with the applicable provisions of the Indian Stamp Act, 1899 and the Rules made there under
- iv. As the provisions of the amended Indian Stamp Act, 1899 and the Rules made thereunder are to be implemented and enforced w.e.f. July 01, 2020, till such time RTA are appointed, as an interim measure, AIFs shall keep the applicable stamp duty on issue, transfer and sale of units of AIFs in a designated bank account. AIFs shall transfer the said amount to RTA upon appointment for on ward remittance to States/ Union Territories as per the provisions of Indian Stamp Act, 1899 and the Rules made thereunder

SEBI vide circular no. SEBI/HO/IMD/DF6/CIR/P/2020/113 dated 30th June, 2020 mandated Collection of stamp duty on issue, transfer and sale of units of AIFs

INSOLVENCY AND BANKRUPTCY CODE

INDIA (IBBI)

Ministry of Law and Justice has amended Insolvency and Bankruptcy Code, 2016 by Issuing Insolvency and Bankruptcy Code (Amendment) Ordinance, 2020 W.e.f. : 05.06.2020

- i. A new section 10A is inserted after section 10 under Insolvency and Bankruptcy Code, 2016

Section 10A- Suspension of Initiation of corporate insolvency resolution process.

Notwithstanding anything contained in sections 7, 9 and 10, no application for initiation of corporate insolvency resolution process of a corporate debtor shall be filed, for any default arising on or after 25th March, 2020 for a period of six months or such further period, not exceeding one year from such date, as may be notified in this behalf:

Provided that no application shall ever be filed for initiation of corporate insolvency resolution process of a corporate debtor for the said default occurring during the said period.

Explanation. - For the removal of doubts, it is hereby clarified that the provisions of this section shall not apply to any default committed under the said sections before 25th March, 2020.

- ii. In section 66 of Insolvency and Bankruptcy Code, 2016, after subsection 2, the following sub-section inserted

(3) Notwithstanding anything contained in this section, no application shall be filed by a resolution professional under sub-section (2), in respect of such default against which initiation of corporate insolvency resolution process is suspended as per section 10A



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