

Amendment to circular for mandating additional disclosures by FPIs that fulfil certain objective criteria – March 20, 2024

The Securities and Exchange Board of India (SEBI) released a circular mandating exemption of additional disclosure requirements for Foreign Portfolio Investors (FPIs) having more than 50% of its Indian equity Assets under Management (AUM) in a corporate group. The exemptions are subject to three key conditions which are as follows –

- i) The exemption applied to FPIs with significant investments in a corporate group's equity where the apex company of the group has no identified promoter.
- ii) FPIs must not hold more than 50% of their Indian equity AUM in the corporate group, after excluding its holding in the apex company having no identified promoter.
- iii) The collective holdings of all FPIs in the apex company must not exceed 3% of its total equity share capital. The Custodians and Depositories are tasked with monitoring and reporting any breaches in the 3% threshold limits.

To access the circular, [click here](#).

Safeguards to address the concerns of the investors on transfer of securities in dematerialized mode – March 20, 2024

SEBI issued preventive safeguards to address concerns arising out of the transfer of securities from Beneficial Owner (BO) account without proper authorization of the concerned investor. The depositories must emphasize on investor education, particularly regarding careful preservation of Delivery Instruction Slip (DIS) by the BOs. Moreover, the depository participants must not accept pre-signed DIS with blank columns from the BOs. The circular aims to harmonize the classification of inactive/dormant accounts across stock exchanges and depositories so as to strengthen the measures to prevent fraud/misappropriation for inoperative demat accounts. To access the circular, [click here](#).

Consultation on Draft Circular – Audio Visual representation of disclosures made in the Public Issue Offer Documents – March 19, 2024

SEBI has proposed Audio Visual (AV) representation of disclosures in public issue offer documents to create awareness among investors to not rely on unauthorized/unsolicited information about the public issues. The disclosures made in the Draft Red Herring Prospectus (DRHP) and Red Herring Prospectus (RHP) of public issues would be made available in AV format for ease of understanding. Moreover, the AV would follow SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 and would be placed in public domain by the Lead Manager in bilingual version, i.e., English and Hindi. This would be published within 5 working days both at the stage of submission and resubmission of DRHP and would be made available in digital platforms of Association of Investment Bankers of India. The weblink of the AV would be available on the websites of stock exchanges and must be accessible from QR code pertaining to the public issue. To access the Consultation Paper, [click here](#).

Repeal of circular(s) outlining procedure to deal with cases where securities are issued prior to April 01, 2014, involving offer / allotment of securities to more than 49 but up to 200 investors in a financial year – March 13, 2024

SEBI repealed two circulars, viz., Circular No. CIR/CFD/DIL3/18/2015 dated December 31, 2015, and Circular No. CFD/DIL3/CIR/ P/2016/53 dated May 03, 2016. The repealed circulars provide for procedural specifics for private placement of shares, viz., for refund to security holders, certification and relaxations in procedure. The circulars stated that in respect of cases under the Companies Act, 1956, involving private placement of shares, the companies may avoid penal action if they provide the investors with an option to surrender the securities and receive the refund amount at a price not less than the amount of subscription money paid along with 15% interest p.a. thereon or such higher return as

promised to the investors. This opportunity to avoid penal action was provided to the issuer companies considering the higher cap for private placement provided in the Companies Act, 2013. SEBI repealed the said circulars given that considerable time has elapsed since the repeal of the Companies Act, 1956. To access the circular, [click here](#).

Simplification and streamlining of Offer Documents of Mutual Fund Schemes - Extension of timelines – March 12, 2024

SEBI has revised the applicability of a circular dated November 1, 2023, that prescribed for a simplified format of Scheme Information Document (SID). The revised date of applicability for implementation of simplified format is June 1, 2024. Draft SIDs must be filed with SEBI on or before May 31, 2024. Existing SIDs must be filed by June 30, 2024. All updates and revised SIDs will be made available on the regulator's website within the timelines prescribed above. To access the circular, [click here](#).

Securities and Exchange Board of India (Index Providers) Regulations, 2024 – March 8, 2024

SEBI vide the Index Providers Regulations, 2024 has mandated registration of every index provider that administer significant indices consisting of securities listed on recognized stock exchange in the securities market. The application for registration will be accompanied by a compliance assessment report, issued during the preceding 12 months by an independent external auditor. The Regulations also provide for eligibility, grant of certificate of registration, fees, governance, duties of index providers and the forms for procedures. To access the circular, [click here](#).

Investments in Alternative Investment Funds – March 27, 2024

The Reserve Bank of India (RBI) came up with a circular on December 19, 2023 (2023 Circular) putting restrictions on the Regulated entities (REs) making investments in units of Alternative Investment Funds (AIFs) to address concerns relating to possible evergreening through this route. Consequently, cautionary representations regarding concerns arising out of the 2023 Circular were made before the regulator by various stakeholders.

Subsequently on March 27, 2024, RBI released another circular Investments in AIFs (2024 Circular) to address the concerns flagged in various representations received from stakeholders by the RBI. Exemptions / clarifications brought in by the 2024 Circular are briefly explained below:

- i) The 2024 Circular provides that downstream investment in equity shares of the debtor company will now be excluded/exempted.
- ii) The 2024 Circular clarifies that the provision is to be made only of the portion of RE's investment which is further invested by AIF in the debtor company and not entire investment of the RE in the AIF.
- iii) The 2024 circular outlines that the deduction from capital will take place equally from both Tier-1 and Tier-2 capital. It is pertinent to mention that investment in subordinated units of AIF Schemes include all forms of subordinated exposures, including investment in the nature of sponsor units.
- iv) Furthermore, the 2024 Circular clarifies that investments by REs in AIFs through intermediaries such as fund of funds or mutual funds are not included.

To access the circular, [click here](#).

Omnibus Framework for recognition of Self-Regulatory Organisations for Regulated Entities of the Reserve Bank – March 21, 2024

RBI released a comprehensive framework offering a structured approach towards recognition of Self-Regulatory Organizations (SROs) for Regulated Entities (REs) of the RBI. It encompasses the objectives, membership, responsibilities, eligibility criteria, governance standards, code of conduct, grievance redressal mechanism and penalties for contravention of rules. To access the Framework, [click here](#).

Amendment to the Master Direction - Credit Card and Debit Card – Issuance and Conduct Directions, 2022 – March 7, 2024

RBI has announced amendments to the master direction aiming at ensuring a fair and responsible use of credit cards and debit cards. It enhances regulatory oversight, improves consumer protection practices, and provides clarity and transparency in issuance and usage of credit cards and debit cards. A few notable amendments are emphasis on monitoring end-use of business credit cards, penalty for failure of closure of accounts, reporting past due accounts, billing cycle flexibility, reporting of defaults, and stricter

outsourcing guidelines. The amended master direction is applicable to all credit card issuing banks and NBFCs for credit cards and to every bank operating in India for debit cards. To access the master direction, [click here](#).

Ministry of Corporate Affairs invites public comments on Report of Committee on Digital Competition Law and Draft Bill on Digital Competition Law – March 12, 2024

The Ministry of Corporate Affairs (MCA) had constituted a Committee on Digital Competition Law on February 6, 2024, to examine the need for an ex-ante regulatory mechanism for digital markets in India. It presented its report reviewing the present provisions in the Competition Act, 2002, assessing the efficiency to deal with the challenges emerging from the digital economy and evaluating the need for a discrete legislation for digital markets. The report outlines that the present ex-post framework under the Competition Act, 2002 needs to be supplemented to address the antitrust concerns in the big tech industry, recommends ex-ante measures, and suggests strengthening the regulator's infrastructural capabilities to be strengthened for technical regulation in digital markets. MCA has invited public comments on the report by April 15, 2024. To access the report, [click here](#).

Report of the Expert Committee on developing Gujarat International Finance Tech-City International Financial Services Centre as “Global Finance and Accounting Hub” submitted to IFSCA – March 27, 2024

The Expert Committee has recommended a comprehensive regulatory regime or undertaking bookkeeping, accounting, taxation, and financial crime compliance services from International Financial Services Centre (IFSC) in India. The proposed regulations outline registration requirements, fit and proper criteria, safeguarding conditions, and operational guidelines for BATF (Book-keeping, Accounting, Taxation, and Financial Crime Compliance) Service Providers. The report specifies stringent requirements for registration, including the need for entities to be based in IFSC and comply with international standards on financial integrity and compliance. To access the report, [click here](#).



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