

SCORES 2.0 New Technology to Strengthen SEBI Complaint Redressal System for Investors – April 1, 2024

The Securities & Exchange Board of India (SEBI) has announced the implementation of SEBI Complaint Redressal System (SCORES) 2.0. It seeks to utilize new technology to strengthen the existing grievance redressal mechanism in the securities markets. The new platform aims to streamline the redressal mechanism in a manner to bring uniformity in the timelines, make it user-friendly, and efficient. Key takeaways from SCORES 2.0 includes:

- Reduced and uniform timelines for redressal of investor complaints across the Securities Market i.e. 21 Calendar days from date of receipt of complaint.
- Introduction of auto-routing of complaints to the concerned regulated entity to eliminate time lapses, if any, in the flow of complaints.
- Monitoring of the timely redressal of the investors' complaints by the 'Designated Bodies'
- Providing two levels of review: First review by the 'Designated Body' if the investor is dissatisfied with the resolution provided by the concerned regulated entity. Second review by SEBI if the investor is still dissatisfied after the first review.
- Introduction of auto-escalation of complaint to the next level in case of non-adherence to the prescribed timelines by the regulated entity or the Designated Body as the case may be.
- Integration with KYC Registration Agency database for easy registration of the investor on to SCORES

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

Securities and Exchange Board of India (Investment Advisers) (Amendment) Regulations, 2024 – April 26, 2024

The SEBI (Investment Advisers) (Amendment) Regulations, 2024, aim to strengthen the regulatory oversight of investment advisers. Regulation 6, clause (n) has been replaced with the following clause, namely, "Whether the applicant is enlisted with a body or body corporate recognised under regulation 14." Additionally, Regulation 14 has been replaced with "Recognition of body or body corporate for administration and supervision of investment advisers." Furthermore, a new regulation, 30A Savings, has been inserted. To access the regulations, [click here](#).

Framework for Category I and II Alternative Investment Funds to Create Encumbrance on Their Holding of Equity of Investee Companies – April 26, 2024

This SEBI circular amends the Alternative Investment Funds (AIFs) Regulations, 2012 to provide flexibility to Category I and II AIFs to create encumbrance on their equity holdings in investee companies operating in infrastructure sub-sectors. This is aimed at facilitating debt-raising by such investee companies. The circular specifies conditions like explicit disclosure in the Private Placement Memorandum (PPM), obtaining investor consent for existing encumbrances without PPM disclosure, restrictions on usage of borrowed funds by the investee company, compliance with foreign investment norms, and ensuring investors are not liable beyond the encumbered equity value. It also mandates the Standard Setting Forum for AIFs to formulate implementation standards and requires the AIF's trustee/sponsor to ensure compliance through the 'Compliance Test Report'. The circular comes into immediate effect to promote ease of doing business while protecting investor interests. To access the circular, [click here](#).

Flexibility to Alternative Investment Funds and Their Investors to Deal with Unliquidated Investments of Their Schemes – April 26, 2024

The SEBI (Alternative Investment Funds) Regulations, 2012, have been amended and notified on April 24,

2024, providing flexibility to AIFs to deal with unliquidated investments of their schemes. If an AIF cannot fully liquidate its investments by the end of its liquidation period, along with the option of distributing such unliquidated investments in-specie to investors, another option that has been introduced vide this circular is opting for a Dissolution Period. This circular provides for conditions to be followed in order to enter unliquidated assets of a scheme into dissolution period. To access the update, [click here](#).

Relaxation in Requirement of Intimation of Changes in the Terms of Private Placement Memorandum of Alternative Investment Funds through Merchant Banker – April 29, 2024

In terms of the SEBI Master Circular dated July 31, 2023, for AIFs, intimation with respect to any change in the terms of PPM is required to be submitted to SEBI through a merchant banker, along with a due diligence certificate from the merchant banker in a format specified by SEBI, within 1 month of the end of each financial year. To facilitate ease of doing business and rationalise cost of compliance for AIFs, it is proposed that changes in certain terms of PPM may not be required to be submitted through a merchant banker and may be filed directly with SEBI. A list of all such items has been enumerated in Annexure A of the draft circular. Further, an exemption has been created with respect to 'large value funds for accredited investors.' They will be exempted from the requirement of intimating any changes in the terms of PPM through a merchant banker and they may directly file any changes in the terms of PPM with SEBI, along with a duly signed and stamped undertaking by CEO of the Manager of the AIF and Compliance Officer of Manager of the AIF. As per the SEBI AIF Regulations, "large value fund for accredited investors" means an Alternative Investment Fund or scheme of an Alternative Investment Fund in which each investor (other than the Manager, Sponsor, employees or directors of the Alternative Investment Fund or employees or directors of the Manager) is an accredited investor and invests not less than seventy crore rupees. To access the circular, [click here](#).

SEBI Board Meeting – April 30, 2024

The SEBI in its 205th board meeting has approved a series of amendments concerning investments in REITs and InvITs, Venture Capital Funds, Mutual Funds, and Market Infrastructure institutions. The board meeting approved the following:

- Amendments to SEBI (Infrastructure Investment Trusts) Regulations, 2014 and SEBI (Real Estate Investment Trusts) Regulations, 2014 in order to provide a framework for Unit Based Employee Benefit Scheme
- Flexibility to Venture Capital Funds, registered under the erstwhile SEBI (Venture Capital Regulations), 1996, to deal with unliquidated investments of their schemes upon expiry of tenure by opting to migrate into SEBI (Alternative Investment Funds) Regulations, 2012
- Amendments to SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 to modify provisions relating to disclosure of financial results in the offer documents, record date, due-diligence certificate, and reduction in face value of debt securities and Non-convertible Redeemable Preference Shares
- Amendments to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for providing flexibility regarding publication of financial results in newspapers for entities that have listed only Non-Convertible Securities
- Flexibility for increased participation by Non-Resident Indians, Overseas Citizens of India and Resident Indian individuals in SEBI registered Foreign Portfolio Investors based out of International Financial Services Centres in India and regulated by the International Financial Services Centres Authority
- Streamlining of prudential norms for passive schemes with respect to exposure to securities of group companies of the sponsor to facilitate a level playing field for mutual funds
- AMCs to have an institutional mechanism for deterrence of potential market abuse including front-running
- Ease of Doing Business for Market Infrastructure Institutions

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

Regulation of Payment Aggregators – Draft Directions – April 16, 2024

The RBI has published two draft directions on the regulation of Payment Aggregators (PAs) for public comments: (i) New draft directions on regulation of Payment Aggregators – Physical Point of Sale and (ii) Amendments to the existing directions on Payment Aggregators. In its "Statement on Developmental and

Regulatory Policies" dated September 30, 2022, the RBI had announced the regulation of offline PAs, who handle proximity/face-to-face payments. The new draft directions mentioned in (i) cover such physical Point-of-Sale activities of PAs. Additionally, given the growth in digital transactions and the significant role that PAs play in this space, updates to the current directions on PAs are proposed as mentioned in (ii). These updates cover KYC and due diligence of merchants, operations in escrow accounts, etc., and are intended to further strengthen the payment ecosystem. To access the press release, [click here](#).

Limits for Investment in Debt and Sale of Credit Default Swaps by Foreign Portfolio Investors – April 26, 2024

The RBI's notification reaffirms the investment limits for Foreign Portfolio Investors (FPIs) in various securities for the fiscal year 2024-25. These limits include 6% for government securities (g-secs), 2% for state government securities (SGSs), and 15% for corporate bonds. Investments in "specified securities" will follow the Fully Accessible Route (FAR). The allocation of incremental changes in the g-sec limit between "General" and "Long-term" remains at a 50:50 ratio. Additionally, total debt limits have been revised to INR 12,33,951 Cr for April-September 2024 and INR 12,95,322 Cr for October 2024 – March 2025. The revised limits (in absolute terms) for the different categories are also detailed in the notification. Furthermore, the aggregate limit for Credit Default Swaps (CDS) sold by FPIs is capped at 5% of the total outstanding stock of corporate bonds, resulting in an additional limit of ₹2,54,500 Cr for 2024-25. To access the notification, [click here](#).

Fair Practices Code for Lenders – Charging of Interest – April 29, 2024

The RBI has directed Regulated Entities (REs) to review their lending practices in line with fair practice code. The guidelines on Fair Practices Code issued to various REs since 2003, inter-alia, advocate fairness and transparency in charging of interest by the lenders, while providing adequate freedom to REs as regards their loan pricing policy. During the course of the onsite examination of REs for the period ended March 31, 2023, the Reserve Bank came across instances of lenders resorting to certain unfair practices in charging of interest. Therefore, in the interest of fairness and transparency, all REs were directed to review their practices regarding mode of disbursement of loans, application of interest and other charges and take corrective action, including system level changes, as may be necessary. RBI also directed REs to disburse loans through online account transfers instead of issuing cheques. To access the notification, [click here](#).

Guidance Note on Operational Risk Management and Operational Resilience – April 30, 2024

The RBI has released a Guidance Note on Operational Risk Management and Operational Resilience (Guidance Note). This Guidance Note aligns the RBI's regulatory guidance with the Basel Committee on Banking Supervision (BCBS) Principles, namely, (a) 'Revisions to the Principles for the Sound Management of Operational Risk' and (b) 'Principles for Operational Resilience' (both issued in March 2021), while adopting the global best practices including those on operational resilience. The systems, procedures and tools prescribed in this Guidance Note are indicative in nature and should be read in conjunction with the relevant instructions issued by the RBI from time to time. The existing Guidance Note on Management of Operational Risk dated October 14, 2005, stands repealed with the issuance of this Guidance Note. To access the update, [click here](#).



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