

Vol. 7 | July 2022



# The Monthly Bulletin

Official Newsletter



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## Notable Recognitions & Accolades



**Ranked in the 2022 edition of Benchmark Litigation Asia-Pacific rankings.**



**Recognized by Forbes India 2021-2022 as one of the Top law firms in India (*Above 10 years experience*).**



**Recognized by Asian Legal Business as one of the fastest growing firms in Asia 2021.**



## Notable Recognitions & Accolades



**Recognized by Forbes India 2020 as one of the Top law firms in India (Above 10 years experience).**



**Recognized by Benchmark Litigation as a Notable firm in Asia-Pacific 2021.**

ASIA-PACIFIC 2021



**Award winning law firm for the year 2021 by India Business Law Journal.**

# The Clasis Law Podcast

## We are live on Spotify!

Yes, you heard it right, we have launched our podcast channel "**The Clasis Law Podcast**" wherein we discuss about the latest and trending legal issues and a lot more. So, stay tuned to our channel and don't forget to follow the channel *"The Clasis Law Podcast"*.



### Latest Episode Legal Remedies for Home Buyers

### Other Episodes



- *Arbitration in Hong Kong*
- *Wills & Probate - Legal Overview for Indian Residents residing in Hong Kong.*
- *The Cost of War - Russia's invasion on Ukraine.*
- *CryptoHype*
- *Meta - The way ahead*
- *Privatization of BPCL*

# FEATURED ARTICLE



## Cannabis – the development of the regulatory and legal landscape and the investment opportunities in this sector

### Authors

Mr Vineet Aneja – Managing Partner and Head of Corporate Practice

Ms Vasudha Luniya – Senior Associate

*“Jurisdictions that have legalized medical marijuana, decriminalized possession of marijuana and/or other drugs, or tolerated limited, retail sales...have not experienced significant, if any, increases in marijuana or other drug use.” – American Public Health Association*

### ***Introduction***

Cannabis in India has been known to be used since as early as 2000 BCE. In India, common terms for cannabis preparations include *charas* (resin), *ganja* (flower) and *bhanga* (seeds and leaves), with Indian drinks such as *bhanga lassi* (curd based drink) and *bhanga thandai* (also a drink) made from bhanga being one of the most common legal uses.

Cannabis has long been used as a recreational and entheogenic drug, as well as in numerous traditional remedies. The main psychoactive component of cannabis is tetrahydrocannabinol (THC), which is one of the recognised chemical compounds in the plant, including certain additional cannabinoids. It also contains cannabidiol (CBD). Cannabis can be used in a variety of ways, including for medicinal purposes.

### ***Regulatory and legal regime of Cannabis in India***

In India, the applicable law that is the Narcotic Drugs and Psychotropic Substances Act, 1985 (“Act”) and the rules made thereunder governing the control and regulation of cannabis.

Before moving further, it is interesting to analyse the definition of “Cannabis”. In terms of the Act, Cannabis (hemp) is defined as:

# FEATURED ARTICLE

(a) charas, that is, the separated resin, in whatever form, whether crude or purified, obtained from the cannabis plant and also includes concentrated preparation and resin known as hashish oil or liquid hashish;

(b) ganja, that is, the flowering or fruiting tops of the cannabis plant (excluding the seeds and leaves when not accompanied by the tops), by whatever name they may be known or designated; and

(c) any mixture, with or without any neutral material, of any of the above forms of cannabis or any drink prepared therefrom.

Further, “cannabis plant” means any plant of the genus cannabis.

Accordingly, in terms of the definition of “Cannabis” and as per the Act, the sale and consumption of the resin and the fruit / flower of the cannabis plant is prohibited and punishable whereas the sale and consumption of the leaves and seeds is not.

The Act inter-alia provides that no person shall—

(a) cultivate any coca plant or gather any portion of coca plant; or

(b) cultivate the opium poppy or any cannabis plant; or

(c) produce, manufacture, possess, sell, purchase, transport, warehouse, use, consume, import inter-State, export inter-State, import into India, export from India or tranship any narcotic drug or psychotropic substance,

**except for medical or scientific purposes** and in the manner and to the extent provided by the provisions of the Act or the rules or orders made thereunder and in a case where any such provision, imposes any requirement by way of licence, permit or authorisation also in accordance with the terms and conditions of such licence, permit or authorisation.

Further, vide the Act, the Central Government has empowered the State governments to

(a) permit and regulate, by way of rules to be formulated by the State Governments, -



# FEATURED ARTICLE

(i) the possession, transport, import inter-State, export inter-State, warehousing, sale, purchase, consumption and use of poppy straw except poppy straw produced from plants from which no juice has been extracted through lancing;

(ii) the possession, transport, import inter-State, export inter-State, sale, purchase, consumption and use of opium;

(iii) the cultivation of any cannabis plant, production, manufacture, possession, transport, import inter-State, export inter-State, sale, purchase, consumption or use of cannabis (excluding charas);

(iv) the manufacture of medicinal opium or any preparation containing any manufactured drug from materials which the maker is lawfully entitled to possess;

(v) the possession, transport, purchase, sale, import inter-State, export inter-State, use or consumption of manufactured drugs (other than prepared opium and essential narcotic drugs) and of coca leaf and any preparation containing any manufactured drug;

(vi) the manufacture and possession of prepared opium from opium lawfully possessed by an addict registered with the State Government on medical advice for his personal consumption:

Provided that save in so far as may be expressly provided in the rules made under sub-clauses (iv) and (v) above, nothing in section 8 of the Act (which provides for prohibition for certain operations) shall apply to the import inter-State, export inter-State, transport, possession, purchase, sale, use or consumption of manufactured drugs which are the property and in the possession of the Government: Provided further that such drugs as are referred to in the preceding proviso shall not be sold or otherwise delivered to any person who, under the rules made by the State Government under the aforesaid sub-clauses, is not entitled to their possession;

(b) prescribe any other matter requisite to render effective the control of the State Government over any of the matters specified above.



# FEATURED ARTICLE

In particular and without prejudice to the generality of the foregoing power, such rules may –

(a) empower the State Government to declare any place to be a warehouse wherein it shall be the duty of the owners to deposit all such poppy straw as is legally imported inter-State and is intended for export inter-State or export from India; to regulate the safe custody of such poppy straw warehoused and the removal of such poppy straw for sale or export inter-State or export from India; to levy fees for such warehousing and to prescribe the manner in which and the period after which the poppy straw warehoused shall be disposed of in default of payment of fees;

(b) provide that the limits within which licences may be given for the cultivation of any cannabis plant shall be fixed from time to time by or under the orders of the State Government;

(c) provide that only the cultivators licenced by the prescribed authority of the State Government shall be authorised to engage in cultivation of any cannabis plant;

(d) require that all cannabis, the produce of land cultivated with cannabis plant, shall be delivered by the cultivators to the officers of the State Government authorised in this behalf;

(e) empower the State Government to fix from time to time, the price to be paid to the cultivators for the cannabis delivered;

(f) prescribe the forms and conditions of licences or permits for the purposes specified in sub-clauses (i) to (vi) above and the authorities by which such licences or permits may be granted and the fees that may be charged therefor.

Additionally, in order to manufacture/cultivate cannabis, licenses are required to be obtained under the Drugs & Cosmetics Act, 1940 as well as under the AYUSH laws and guidelines. The Ministry of Ayush, is a ministry of the Government of India, that is responsible for developing education, research and propagation of indigenous and alternative medicine systems in India.

# FEATURED ARTICLE

## *Judicial Precedents and jurisprudence*

There have been some petitions which have been filed in the various High Courts of India for legalising the cultivation of cannabis as mentioned below.

A petition was filed before the Delhi High Court in 2019 by the “Great Legalisation Movement India Trust”, a non-profit organisation working to legalise the use of cannabis for medical and industrial purposes in India. The petitioner claimed that cannabis has several positive effects on health and can be used in several medical treatments. Further, the petition states that while enacting the Act, the Parliament did not take into consideration the positive effects of cannabis on human health and the history of use of cannabis in India. On these grounds and others, the petitioners challenged various sections of the Act as being violative of Articles 14, 19, 21, 25 and 29 of the Indian Constitution. The matter is listed for further hearing on 30 August 2022.

In another instance, there was a petition filed before the Himachal Pradesh High Court in 2018 for the removal of restrictions on cultivation, processing and use of industrial and medical hemp. The Court requested the Centre and the State Government to provide their opinion on the legalisation of industrial hemp in the state. However, as of 2022, there is still no notification from the State Government related to the cultivation of cannabis for medical or industrial purposes.

There was a similar plea before the Bombay High Court in 2015. The public interest litigation (PIL) mentioned various studies pointing out the palliative effects of cannabis, particularly for terminally ill patients. The Court insisted that without being experts in the field, it could not examine the technical data regarding useful effects of Ganja etc. Therefore, the Court advised the petitioner to raise the issue in Parliament.

In the case of *Arjun Singh vs. State of Haryana* 2005 Cri LJ 253, 2004 (4) RCR (Criminal) 506, the Court held that the seeds and leaves (Bhang) is not included in the definition of “Cannabis” as per the Act, hence, the sale and possession of the same is not illegal.

## *India's International Position*

At the 63rd Session of the United Nations Convention on Narcotic Drugs held from 2-4 December 2020, India voted to remove cannabis and its resin from Schedule IV of the 1961

# FEATURED ARTICLE

Single Convention on Narcotic Drugs which placed cannabis along with other dangerous drugs such as Heroin. The majority vote in favour of reclassifying cannabis opened the door globally to recognizing the medicinal and therapeutic potential of the drug. However, the vote does not impact domestic laws until an amendment to the Act is brought into force.

## *Foreign investment in entities engaged in Cannabis in India*

Foreign direct investment (“FDI”) in India is inter-alia governed by the Foreign Direct Investment Policy as amended from time to time. FDI is permitted under the ‘automatic route’, the ‘government or approval route’, or both in all sectors except prohibited sectors or activities. Prohibited sectors or activities include lottery business, gambling and betting, manufacturing of cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes, real estate business (other than development of townships, construction of residential or commercial premises, roads or bridges, educational institutions, recreational facilities, city and regional level infrastructure, townships and real estate investment trusts), chit funds and Nidhi companies.

Cultivation or sale/purchase of Cannabis does not explicitly form a part of the prohibited sectors list in terms of the FDI policy, thus, implying that there is no embargo on investment in cannabis related entities from the FDI policy standpoint.

Recently, India’s first fully integrated research to retail venture in the Ayurvedic Cannabis (Bhang) sector, “**HempStreet**”, has secured \$1 million in Pre-Series A Funding round. As per news reports, this Pre-Series A funding was led by Pharmacon Holdings, a US based Pharma Tech company and Romain Barberis, a long-time private investor in the Cannabis space in the US and Canada. The report further states that the company has plans to utilise the funds for technology development, category disruption and research.

In another feather in HempStreet’s cap – the Biotechnology Industry Research Assistance Council (BIRAC) issued a Biotechnology Ignition Grant (BIG) to HempStreet in 2021. The grant is for work on medicinal cannabis solution – a first in India!

Further, Cannabis start-up “**Hemp Horizons**”, a seed-processing company registered with the US Food and Drug Administration (FDA) and certified for Good Manufacturing Practices (GMP) raised INR 20 million in February 2021 as a part of its seed funding round

# FEATURED ARTICLE

led by Mumbai Angels Network with participation from renowned national and international angel investors like TradeIndia CEO Bikky Khosla.

Separately, while this is not an illustration of inbound investment, it is pertinent to mention that, in a bid to strengthen its position in the global medical cannabis industry, Indian pharmaceutical major “**Dr. Reddy’s Laboratories**” has entered into a definitive agreement to acquire German firm Nimbus Health GmbH. Nimbus has been a major player in the field of cannabis-based medicines. The company said that the acquisition will allow it to build on Nimbus Health’s offerings and introduce cannabis-based medicines as a promising treatment option for patients. The company will be operating as a wholly-owned subsidiary of Dr Reddy’s.

## *States which have legalised the cultivation of Cannabis in India*

The Government of Uttarakhand has authorised cultivation of cannabis for medicinal and scientific purposes due to abundant availability of the hemp plant and favourable weather conditions. Towards this end, the Government of Uttarakhand authorized Centre for Aromatic Plants, Selaqui, Dehradun, and National Botanical Research Institute, Lucknow as a technical testing lab of testing crop sample for delta-9-tetrahydrocannabinol concentration in Industrial Hemp as described in the state government order to Excise Commissioner on 05 Dec 2016. Centre for Aromatic Plants, Selaqui, Dehradun is nominated as a nodal agency for the cultivation of Industrial Hemp through order dated 30 December 2019.

While the Government of Uttarakhand has legalised cultivation of Cannabis and was the first State in India to do so, the Government of Uttar Pradesh has framed out the policy for issuing licence only for research and development (R&D) purposes. CSIR-National Botanical Research Institute (NBRI), has initiated preliminary research activities under public private partnerships (PPP) model with Bombay Hemp Company Pvt. Ltd. (BOHECO). CSIR-NBRI is also involved in initiating R&D programs with the collaboration of Manipur Government for streamlining the cultivation of Cannabis crop in Manipur for the rational and socio-economical upliftment.

The state of Madhya Pradesh and Himachal Pradesh also appear to have legalised the cultivation of Cannabis.



# FEATURED ARTICLE

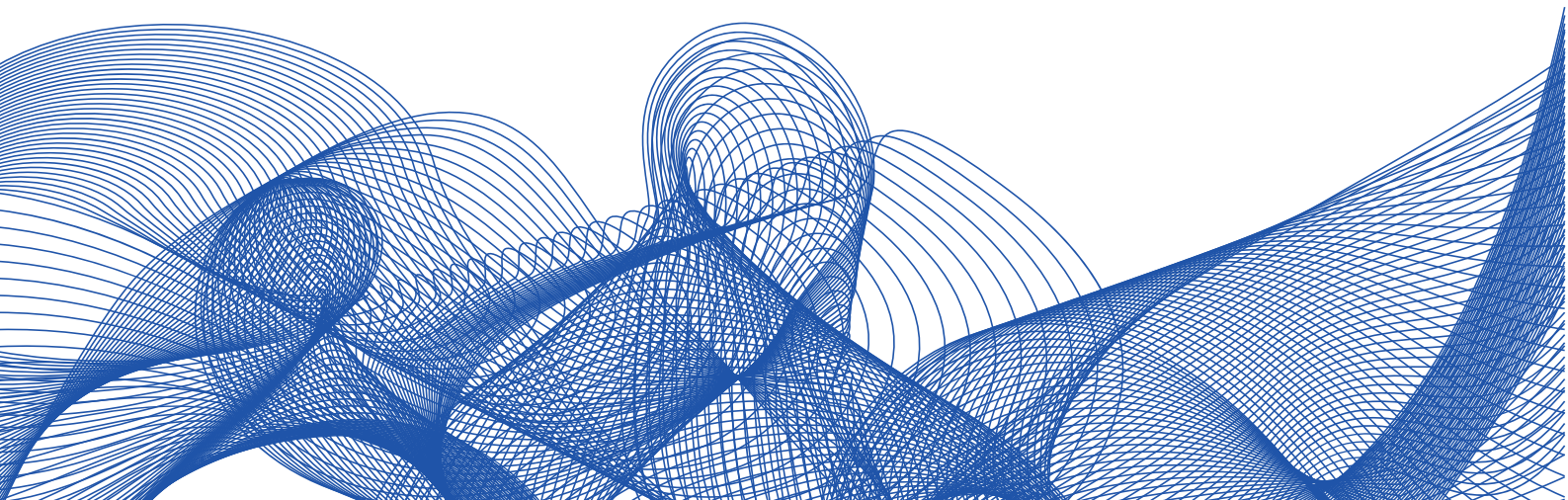
Moreover, in February 2020, **CSIR-IIIM, Jammu and IndusScan**, a Canada based company signed a major scientific agreement on Cannabis Research. The Government granted a legal license for cultivation and medical research on this plant and product development.

On the legislation front, in a recent amendment to the Food Safety and Standards (Food Products Standards and Food Additives) Regulations, 2011, the Food Safety and Standards Authority of India (FSSAI) announced the recognition of Hemp Seeds and Seed Products as a Food Source. This is a significant victory for the entire hemp industry, as the FSSAI's recognition of hemp nutritional products will not only help introduce a plethora of new products but will also help introduce a plethora of new inventions.

## *Conclusion*

Odisha (state situated in the east of India) based **“HempCann Solutions”** decided to take its online business offline and opened a wellness clinic in Bangalore (city situated in the south of India) in February 2020 which has been doing well as per news reports.

There are certain online platforms which are retailing CBD oil and other cannabis based medicines in India such as Boheco which is licensed in Madhya Pradesh under the state AYUSH department. All in all the market for cannabis for medicinal use in India is growing and the applicable law does not prohibit the same at the outset. While a lot is being done, both in the legal and investment front, however, various aspects will need to be considered for such projects as it is still a controversial subject and in some parts of India a taboo/social stigma too.



# LEGAL UPDATE



## Arbitration Proceedings cannot be imposed in the absence of an Arbitration Agreement

### Introduction

The Bombay High Court in the matter between HMG Industries Ltd. vs Canara Bank (*Arbitration and Conciliation Act, 1996*) on 13th June 2022 held that in the absence of arbitration agreement, the arbitration proceedings cannot be initiated against the Debenture Trustee on the basis of prevailing scheme between the parties.

### Brief facts

The Applicant is a public limited company and the Respondent is a nationalized bank. A Debenture Trust Deed was executed between the parties whereby the Respondent was the Debenture Trustee. Thereafter, an Amended Scheme of Compromise was executed between the Applicant and the secured creditors, including debenture-holders, unsecured creditors, equity shareholders, preference shareholders and workers was sanctioned by this Court. The Respondent had raised a demand towards its fees as a Debenture Trustee. The Applicant had suffered losses due to retention of the original title deeds by the Respondent and thus called upon the Respondent to pay the damages for the losses suffered due to the aforesaid reason. Thus, the present application is filed under section 11 of the Arbitration and Conciliation Act 1996 (herein after referred to as “Act”) seeking appointment of a sole arbitrator to adjudicate disputes between both the parties.

### Submissions on behalf of the Applicant

It was the contention of the Applicant that, under the scheme of compromise sanctioned by the High Court, the Respondent was classified as sundry creditors. After the sanction of the scheme, the Respondent was not required to continue as Debenture Trustee, despite the same the Respondent continued to hold on to the original title deeds, which caused losses to the Applicant.

However, there is an arbitration clause which was incorporated in the said Scheme of Compromise and thus the parties could be referred to arbitration. The Applicant contended that the Scheme of Compromise was entered under section 391 of the Companies Act, 1956 which overrides all the agreements. Thus, the said clause is binding on Respondent and that the Arbitrator be appointed.

### Submissions on behalf of the Respondent

In response to the same, the Respondent contended that it provided services to the Applicant as a Debenture Trustee and requested payment of fees in exchange for the services provided. There was no arbitral agreement between both the parties and thus, the application for the appointment of a sole arbitrator was not maintainable before this court. Further that the Respondent was a Debenture Trustee and hence the scheme of compromise is not binding on Debenture Trustee.

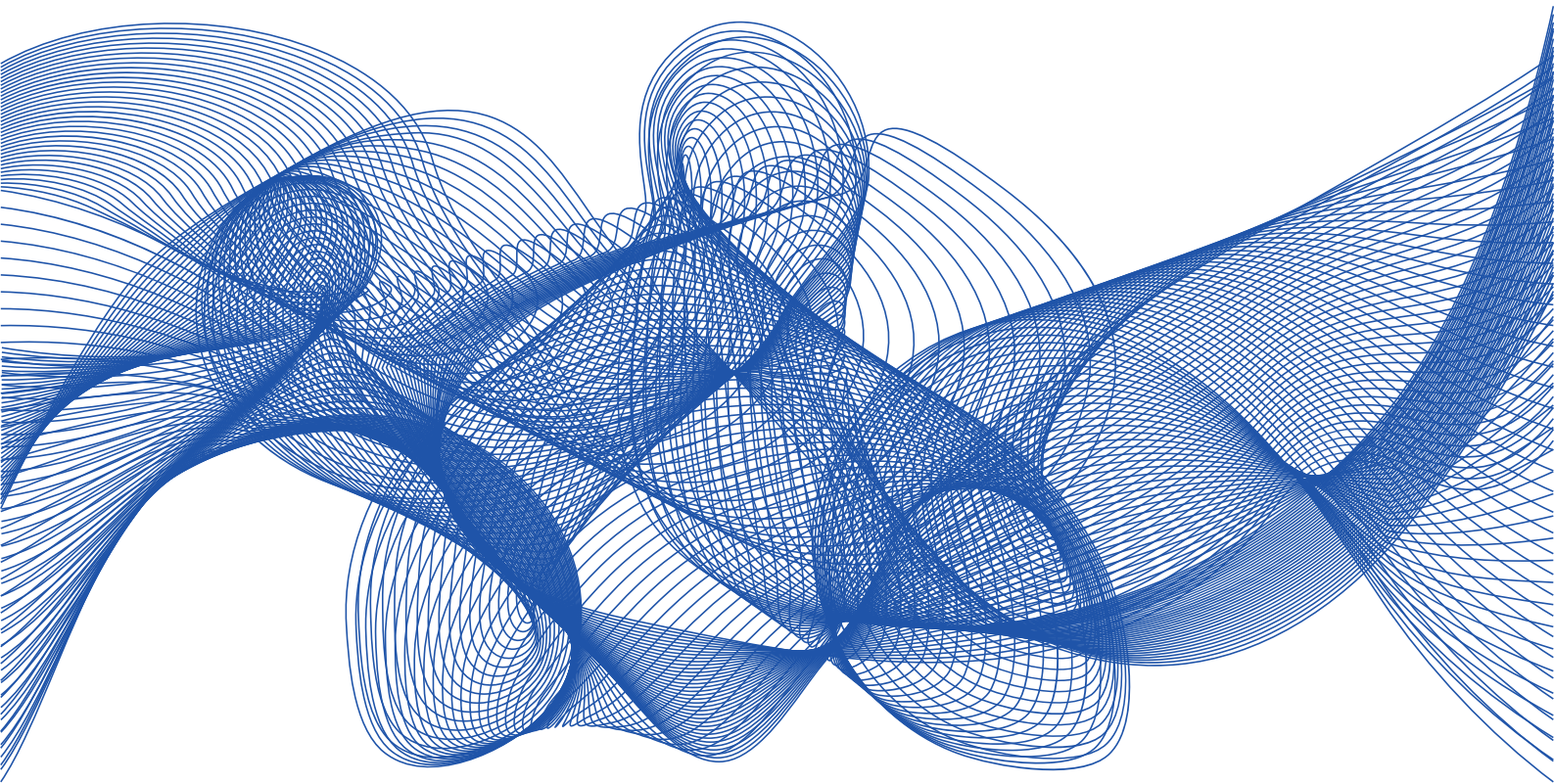


# LEGAL UPDATE

## *Observations of the Court and Conclusion*

The court was of the view that the Scheme of Compromise binds the secured creditors and debenture-holders including unsecured creditors, equity shareholders, preference shareholders and workers. In the said Scheme, there was no reference made to the Debenture Trust Deed. The Respondent and its services find no reference in the Amended Scheme of Compromise. Also, there is no

arbitration agreement between parties in the Debenture Trust Deed and that one cannot be imposed by means of the said Scheme. The court held that Arbitral proceedings could not be imposed on Debenture Trustee as the Applicant failed to satisfy the requirement mentioned under section 7 of the Act which defines the term 'arbitration agreement'. The court further held that the debenture trustee is an independent obligation of the Applicant. The court, therefore, dismissed the application for the appointment of a sole arbitrator.



# INTELLECTUAL PROPERTY UPDATE

## *Jersey Vs The Wall: Consequence of delay in filing infringement proceedings*

Bollywood actor Shahid Kapoor's latest movie "Jersey" was struck with a copyright lawsuit before it was officially released on the well-known OTT platform, Netflix. The suit was filed before the Hon'ble Bombay High Court by Rupesh Jaiswal (**"Plaintiff"**) against Dil Raju and Ors. (**"Defendants"**)(1) who claimed that the story of the movie was plagiarised from his script titled "The Wall", which was registered with the Screenwriters Association (SWA). The Plaintiff approached the Hon'ble Court praying for urgent ad-interim relief for staying the release of the movie and other consequential reliefs.

The Plaintiff claimed that both the Hindi and Telugu versions of the subject movie are plagiarised from his script, that was registered with the SWA in November 2007. The Plaintiff further contended that he had never signed any agreement with the Defendants for using his script. The Plaintiff's Counsel submitted that, the Plaintiff came across an article in a newspaper about the subject movie the plot whereof, was similar to the Plaintiff's script and the Plaintiff immediately issued a cease-and-desist notice to the Defendants. The Plaintiff further claimed that the subject movie's script was slightly amended with an ulterior view to mask any resemblance with the Plaintiff's script. The Plaintiff's counsel further presented before Hon'ble Court, a comparison between the subject movie's script and the Plaintiff's script and highlighted the key similarities between the two. The Plaintiff's counsel relied on the Court's judgement in *Kapil Chopra's*(2) case to buttress his submissions wherein it was held that the Court may pass an order of injunction even in case the distributors were *bonafide* purchasers of a movie that has been made on the basis of a plagiarised script.

The learned senior counsel appearing on behalf of Defendant No. 4 submitted that the Telugu version of the film was released sometime in April 2019 and that the Defendant No. 3 had prior to applying for remake rights of the said Telugu film (in Hindi) had issued a public notice inviting objections from the general public. It was further submitted that even though the dubbed version (in Hindi) of the Telegu version of the movie was published on YouTube since October 2019, which garnered more than 10 crore views, the Plaintiff never made any claims for infringement. It was also submitted that the news of the said movie being made was published in November, 2019 with a release date of August 2020, which was postponed on account of the Covid-19 pandemic.

The learned senior counsel for the Defendants also submitted that promotions of the film continued since then and the trailer of the film was released in November 2021 which had garnered around 6 Cr views till date. The learned senior counsel argued that in the aforementioned circumstances it is inconceivable that the Plaintiff had only learnt about the subject film in December 2021, as alleged by the Plaintiff. The learned senior counsel further submitted that in spite of being cognisant of the alleged infringement vis-à-vis his script for a long time, he issued a cease-and-desist notice only in January 2022 and filed the present suit in March, 2022. The learned senior counsel final submission was that in case of such unwarranted delays by Plaintiff, the ad-interim relief, prayed for by the Plaintiff would cause grave prejudice to the Defendants. After considering submissions of both parties, the Hon'ble Court observed that there had been sufficient publicity with regards to the said movie being made and that the Plaintiff who was by his own submission a renowned script writer and engaged in the film and television industry in various capacities for more than two decades,

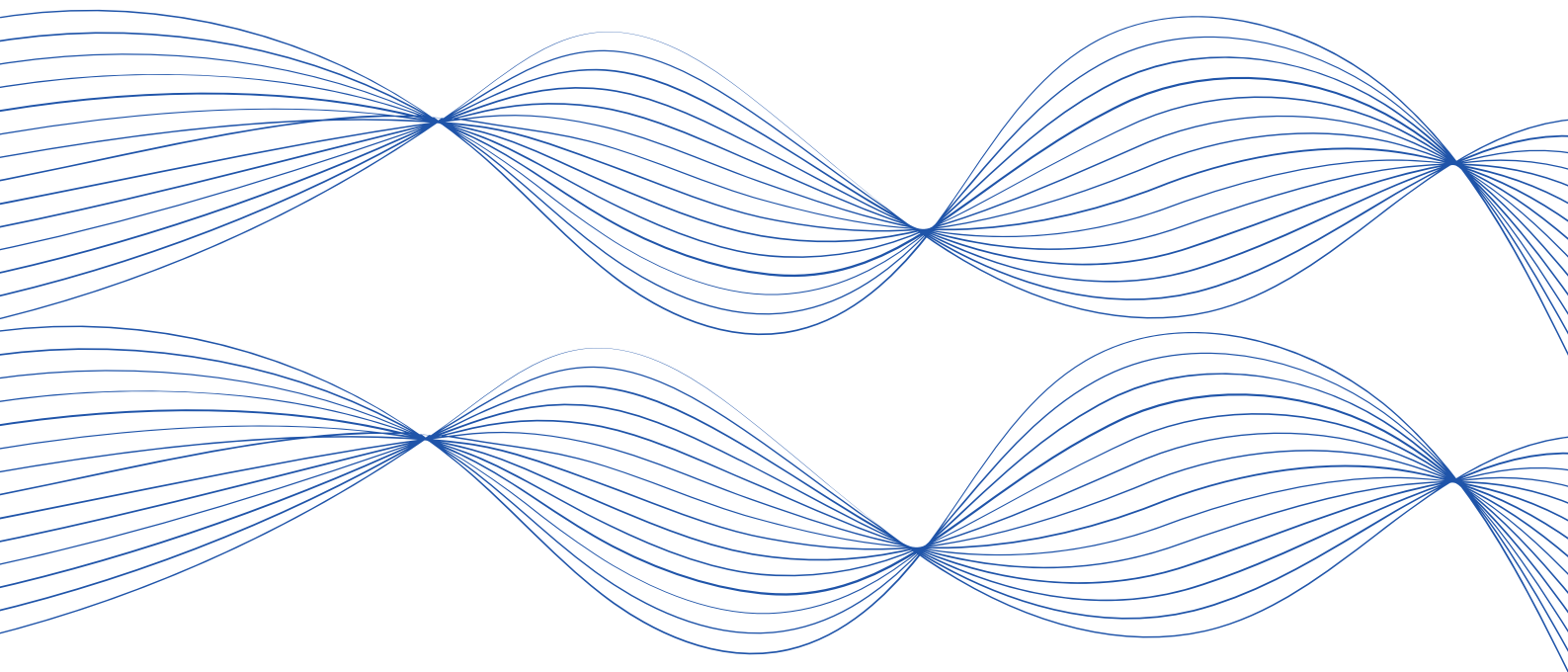


# INTELLECTUAL PROPERTY UPDATE

could not deny the knowledge of same. The Court further observed that even though the Telegu movie and its Hindi dubbed version had already been made available and exploited on various other platforms, the Plaintiff had only requested injunction against the subject movie. The Court noted that, *“It is very clear from the settled law laid down by this Court as well as Supreme Court that in*

*the event prejudice is caused to the Defendant by delay of the Plaintiff in seeking ad-interim relief, Courts will not entertain such application and / or grant ad-interim relief”* and accordingly refused compare the scripts under question. The Court eventually on the grounds of gross delay on behalf of the Plaintiff rejected the request to grant the said ad-interim relief.

- (1) IA No (L) NO.10431 OF 2022 IN COMIP SUIT (L) NO.10429 OF 2022  
(2) 2013 (1) Mh.L.J. 343



# JUDGEMENTS

## **In the matter of M/s Bharat Marines Company India Private Limited (“Company”) for non-maintenance of the registered office of the Company**

In the present case, the Registrar of Companies, Puducherry (“ROC”) had issued a show cause notice to the Company and its directors under Section 92(4) and Section 137 of the Companies Act, 2013 (“Act”) with respect to filing of annual return and financial statement. The show cause notice returned undelivered with postal remarks “No such Addressee”. ROC further issued show cause notices and adjudication notices to the Company and its directors under Section 12 of the Act on several instances. All the notices returned undelivered with the postal remarks “No such Addressee”. The ROC gave an opportunity of being heard to the Company and its directors, however, no response was received.

In view of the above, the ROC, imposed a penalty of INR 1,00,000 each on the Company and directors of the Company for violation of section 12 of the Act, i.e. for non-maintenance of registered office.

[Read More](#)

## **In the matter of M/s Yael Real Estates Private Limited (“Company”) for violation of Section 117 of the Companies Act, 2013 (“Act”)**

The Company suo-moto filed an application vide e form GNL-1 with the Registrar of Companies, NCT of Delhi & Haryana (“ROC”) for adjudication of offence under section 454 of the Act. The Company had convened its extra ordinary general meeting (“EGM”) on April 05,

2021 to alter its object clause thereby resulting in amendment to the memorandum of association.

In terms of provisions of section 117 of the Act, the Company was required to submit the special resolution passed in the said EGM by filing e-form MGT-14 within 30 days from the EGM. However, the e-form was filed on September 7, 2021, resulting in a delay of 125 days.

The ROC issued a show cause notice and the applicant stated that the default was made due to inadvertence. The ROC imposed a penalty of INR 11,250/- each on the Company and its directors.

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## **In the matter of M/s Kejriwal Castings Limited (“Company”) for violation of Section 134 of the Companies Act, 2013 (“Act”)**

In the present case, the Company and its Managing Director suo-moto filed an application with the Registrar of Companies, Kolkata (“ROC”) under Section 454 of the Act for adjudication of Section 134 of the Act, i.e. non-preparation of Board report. The Company submitted that the Board Report for the financial year ended on March 31, 2019, could not be prepared within time due to the non-availability of financial data because of the implementation and migration to new accounting software. Further, Board Report for the FY ended March 31, 2020, could not be prepared due to COVID 19.

# JUDGEMENTS

After considering the facts & circumstances of the case, the ROC imposed a penalty of INR 6,00,000 on the Company and INR 1,00,000 each on the Managing Director/officers for default in preparation of the financial statement and Board report for financial year ending March 31, 2019 and March 20, 2020.

[Read More](#)

**In the matter of M/s CME India Technology and Support Services Private Limited (“Company”) for violation of Section 118 of the Companies Act, 2013 (“Act”)**

The Company, suo-moto filed an adjudication application on August 23, 2021 with the Registrar of Companies, Karnataka (“ROC”) in relation to inadvertent non-compliances made by the Company and its directors.

As per the application, the Company had violated the provisions of section 118 of the Act on several instances which inter-alia included, convening a board meeting with insufficient quorum between individuals who had resigned from directorship of the Company, appointment of Mr. Rajesh Thakkar as additional director at such board meeting, convening a board meeting with insufficient quorum to call the annual general meeting (“AGM”) of the Company. The Company submitted that the defaults were made good when the shareholders attended the AGM called for and regularised the appointment of Mr. Rajesh Thakkar at such AGM. The ROC concluded the matter by imposing a penalty of INR 25,000/- on the Company and INR 5,000/- each on every officer in default.

[Read More](#)

# CORPORATE REGULATORY UPDATES

## **Companies (Accounts) Third Amendment Rules, 2022**

The MCA vide its notification dated May 31, 2022 notified the Companies (Accounts) Third Amendment Rules, 2022 to further amend the Companies (Accounts) Rules, 2014. Through this Amendment, MCA extended the due date for filing Form CSR-2 separately for the financial year 2020-21 till June 30, 2022. Further, a second proviso has been inserted in Rule 12 (1B) which provides that for financial year 2021-22, form CSR-2 needs to be filed separately on or before March 31, 2023 after filing form AOC-4 or AOC-4 XBRL or AOC-4 NBFC (Ind AS), as the case may be.

## **Amendments in the Companies (Appointment and Qualification of Directors) Rules, 2014**

MCA notified the Companies (Appointment and Qualification of Directors) Amendment Rules, 2022 to further amend the Companies (Appointment and Qualification of Directors) Rules, 2014 ("Rules") vide its notification dated June 1, 2022. Through this amendment, MCA has inserted new provisos in rule 8 and rule 10 of the Principal Rule, which requires that the individuals to be appointed as director in a company should attach, with form DIR-2 (consent to act as director) and e-form DIR-3 (application for DIN), necessary security clearance from the Ministry of Home Affairs, Government of India if such individual is a national of a country which shares land border with India. Accordingly, form DIR-2 and e-form DIR-3 have been modified to include a declaration in relation to the aforesaid.

## **SEBI strengthens Investor Grievance Redressal Mechanism**

On 3 June 2022, the Securities and Exchange Board of India ("SEBI") issued a Circular on Investor Grievance Redressal Mechanism. SEBI decided to

amend dated 6 November 2020 for the purpose of further strengthening the Investor Grievance Redressal Mechanism, as follows:

Clause 4 shall be substituted with the following, namely, -

### *"4. Arbitration*

*(a) For any dispute between the member and the client relating to or arising out of the transactions in Stock Exchange, which is of civil nature, the complainant/ member shall first refer the complaint to the IGRC and/or to arbitration mechanism provided by the Stock Exchange before resorting to other remedies available under any other law. For the removal of doubts, it is clarified that the sole arbitrator or the panel of arbitrators, as the case may be, appointed under the Stock Exchange arbitration mechanism may consider any claim relating to any dispute between a stock broker and client arising out of the transactions in stock exchange, as per law, and shall always be deemed to have the competence to rule on its jurisdiction.*

*A complainant/member, who is not satisfied with the recommendation of the IGRC shall avail the arbitration mechanism of the Stock Exchange for settlement of complaints within three months from the date of IGRC recommendation.*

*(b) The time period of three months mentioned in the previous sub-clause for filing arbitration shall be applicable only for the cases where the IGRC recommendation is being challenged. For any arbitration application received without going through IGRC mechanism, the above time period of three months shall not apply, and for such cases the limitation period for filing arbitration shall be governed by the law of limitation, i.e., The Limitation Act, 1963."*

This Circular shall come into effect from 1 July 2022.



# CORPORATE REGULATORY UPDATES

## **SEBI modifies the Cyber Security and Cyber resilience framework for Stock Brokers/ Depository Participants**

On 7 June 2022, SEBI issued a circular on modification in cyber security and cyber resilience framework for stock brokers/ depository participants.

SEBI via a circular dated 3 December 2018 had prescribed a framework for cyber security and cyber resilience for stock brokers / depository participants. Due to partial modification to Annexure 1 of this circular, paragraphs 11, 41, 42 and 44, shall be read as:

*11. Stock Brokers/ Depository Participants shall identify and classify critical assets based on their sensitivity and criticality for business operations, services and data management. The critical assets shall include business critical systems, internet facing applications/systems, systems that contain sensitive data, sensitive personal data, sensitive financial data, Personally Identifiable Information (PII) data, etc. All the ancillary systems used for accessing/communicating with critical systems either for operations or maintenance shall also be classified as critical system. The Board/Partners/Proprietor of the Stock Brokers / Depository Participants shall approve the list of critical systems.*

*To this end, Stock Brokers/ Depository Participants shall maintain up-to-date inventory of its hardware and systems, software and information assets (internal and external), details of its network resources, connections to its network and data flows.*

*41. Stock Brokers/ Depository Participants shall carry out periodic Vulnerability Assessment and Penetration Tests(VAPT) which inter-alia include critical assets and infrastructure components like*

*Servers, Networking systems, Security devices, load balancers, other IT systems pertaining to the activities done as Stock Brokers/ Depository Participants etc., in order to detect security vulnerabilities in the IT environment and in-depth evaluation of the security posture of the system through simulations of actual attacks on its systems and networks.*

*42. Stock Brokers/ Depository Participants shall conduct VAPT at least once in a financial year. All Stock Brokers/ Depository Participants are required to engage only CERT-In empaneled organizations for conducting VAPT. The final report on said VAPT shall be submitted to the Stock Exchanges/ Depositories after approval from Technology Committee of respective Stock Brokers/ Depository Participants, within 1 month of completion of VAPT activity.*

*In addition, Stock Brokers/ Depository Participants shall perform vulnerability scanning and conduct penetration testing prior to the commissioning of a new system which is a critical system or part of an existing critical system.*

*44. Any gaps/vulnerabilities detected shall be remedied on immediate basis and compliance of closure of findings identified during VAPT shall be submitted to the Stock Exchanges/ Depositories within 3 months post the submission of final VAPT report.*

In addition to the above, stock brokers/ depository participants are mandated to conduct comprehensive cyber audit at least once in a financial year. All Stock Brokers/ Depository Participants shall submit with Stock Exchange/ Depository a declaration from the MD/ CEO/ Partners/ Proprietors certifying compliance by the Stock Brokers/ Depository Participants with all SEBI Circulars and advisories related to Cyber security from time to time, along with the Cyber audit report. The provisions of this circular shall come into force with immediate effect.

# CORPORATE REGULATORY UPDATES

## SEBI modifies the Cyber Security and Cyber resilience framework for Mutual Funds/Asset Management Companies

On 9 June 2022, SEBI issued a circular on modification in cyber security and cyber resilience framework for mutual funds/ asset management companies (AMCs). SEBI via a Circular dated 10 January, 2019 ("**Circular 2019**") prescribed framework for Cyber Security and Cyber Resilience for Mutual funds/AMCs. Due to partial modification of Annexure 1 of Circular 2019, the following paragraphs shall be read as:

*"11. Mutual Funds/ AMCs shall identify and classify critical assets based on their sensitivity and criticality for business operations, services and data management. The critical assets shall include business critical systems, internet facing applications/ systems, systems that contain sensitive data, sensitive personal data, sensitive financial data, Personally Identifiable Information (PII) data, etc. All the ancillary systems used for accessing/ communicating with critical systems either for operations or maintenance shall also be classified as critical assets. The Board of the AMCs and Trustees shall approve the list of critical assets.*

*To this end, Mutual Funds/ AMCs shall maintain up-to-date inventory of its hardware and systems, software and information assets (internal and external), details of its network resources, connections to its network and data flows.*

*40. Mutual Funds/ AMCs shall carry out periodic VAPT, inter-alia, including critical assets and infrastructure components like servers, networking systems, security devices, load balancers, other IT systems pertaining to the activities done as a role of Mutual Funds/ AMCs, etc., in order to detect security vulnerabilities in the IT environment and in-depth evaluation of the security posture of the system through simulations of actual attacks on its*

*systems and networks.*

*Mutual Funds/ AMCs shall conduct VAPT at least once in a financial year. However, for the Mutual Funds/ AMCs, whose systems have been identified as "protected system" by National Critical Information Infrastructure Protection Centre (NCIIPC) under the Information Technology (IT) Act, 2000, VAPT shall be conducted at least twice in a financial year.*

*Further, all Mutual Funds/ AMCs shall engage only Indian Computer Emergency Response Team (CERT-In) empanelled organizations for conducting VAPT. The final report on said VAPT shall be submitted to SEBI after approval from Technology Committee of respective Mutual Funds/ AMCs, within 1 month of completion of VAPT activity.*

*41. Any gaps or vulnerabilities detected shall be remedied on immediate basis and compliance of closure of findings identified during VAPT shall be submitted to SEBI within 3 months post the submission of final VAPT report.*

*42. In addition, Mutual Funds/ AMCs shall perform vulnerability scanning and conduct penetration testing prior to the commissioning of a new system which is a critical system or part of an existing critical system.*

*51. All cyber-attacks, threats, cyber-incidents, and breaches experienced by Mutual Funds/ AMCs shall be reported to SEBI within 6 hours of noticing/ detecting such incidents or being brought to their notice about such incidents. The incident shall also be reported to CERT-In in accordance with the guidelines/ directions issued by CERT-In from time to time. Additionally, the Mutual Funds/ AMCs, whose systems have been identified as "protected system" by NCIIPC, shall also report the incident to NCIIPC. The quarterly reports containing information on cyber-attacks, threats, cyber-incident*

# CORPORATE REGULATORY UPDATES

*and breaches experienced by Mutual Funds/ AMCs and measures taken to mitigate vulnerabilities, threats and attacks including information on bugs/ vulnerabilities/ threats that may be useful for other Mutual Funds/ AMCs shall be submitted to SEBI within 15 days from the quarter ended June, September, December and March of every year."*

In addition to the above, the Mutual Funds/ AMCs are mandated to conduct comprehensive cyber audit at least 2 times in a financial year. Along with the cyber audit reports, henceforth, all Mutual Funds/ AMCs are directed to submit a declaration from the Managing Director (MD)/ Chief Executive Officer (CEO) certifying compliance by the Mutual Funds/ AMCs with all SEBI Circulars and advisories related to cyber security from time to time. The provisions of this Circular shall come into force with effect from 15 July 2022.

## **Amendments in the Companies (Removal of Names of Companies from the Register of Companies) Rules, 2016**

MCA notified the Companies (Removal of Names of Companies from the Register of Companies) Amendment Rules, 2022 to further amend the Companies (Removal of Names of Companies from the Register of Companies) Rules, 2016 ("Rules") vide its notification dated June 9, 2022. As per the amendment, sub-rule (3) has been inserted to rule 4 of the Rules, which provides that while examining e-form STK-2 filed by a company for striking off of its name from register of companies, if the Registrar requires any further information or documents to be submitted or any defect or incompleteness to be removed, it can intimate such company to re-submit the form within a period of 15 days from intimation. In case of further examination, if the defects or incompleteness persist, a further period of 15 days can be allowed by the Registrar to re-submit the form. If a company fails to re-submit form STK-2 within the given time

period, the Registrar would treat the form as invalid. Further, the MCA has substituted forms STK-1, STK-5 and STK-5A (notices by Registrar for removal of name of a company) and included the following as a ground for removal of name of company from the register of companies:

*"the subscribers to the memorandum have not paid the subscription which they had undertaken to pay at the time of incorporation of a company and a declaration to this effect has not been filed within one hundred and eighty days of its incorporation under sub-section (1) of section 10A."*

## **RBI discontinues Return under Foreign Exchange Management Act, 1999**

On 9 June 2022, the Reserve Bank of India ("RBI") issued a Notification on "Discontinuation of Return under Foreign Exchange Management Act, 1999". RBI issued a Circular on 18 February 2022, wherein Authorised Persons were advised about proposed discontinuation of the return "Details of guarantee availed and invoked from non-resident entities". It was also advised that the date of discontinuation would be notified in due course. It has now been decided to discontinue the above return, with effect from the quarter ending June 2022. The Master Direction on External Commercial Borrowings, Trade Credits and Structured Obligations dated 26 March 2019 and the Master Direction on Reporting under Foreign Exchange Management Act, 1999 dated 1 January 2016 shall be amended to reflect the above change.

## **Amendment in the Companies (Appointment and Qualification of Directors) Rules, 2014**

MCA notified the Companies (Appointment and Qualification of Directors) Second Amendment Rules, 2022 to further amend the Companies (Appointment and Qualification of Directors) Rules, 2014 ("Rules") vide its notification dated



# CORPORATE REGULATORY UPDATES

June 10, 2022. Through this amendment, MCA has inserted sub-rule (5) to rule 6 of the Rules which provides that any individual whose name has been removed from the databank of Indian Institute of Corporate Affairs at Manesar ("Institute") under sub-rule (4), may apply for restoration of their name on payment of requisite fees and the Institute shall allow the restoration subject to the fulfilment of conditions provided therein.

## **Amendment in Paragraph 2.79F in the Handbook of Procedures of the Foreign Trade Policy (FTP) 2015-20 to lay down the procedure for Global Authorization for Intra-Company Transfer (GAICT) of SCOMET items/software/technology**

On 13 June 2022, the Directorate General of Foreign Trade (Ministry of Commerce and Industry), issued a public notice making amendments in Paragraph 2.79 F to Handbook of Procedures ("HBP") of FTP 2015-20 with immediate effect. In terms of the public notice, the existing entry at sub-Para 2.79F of the HBP of FTP 2015-20 shall be substituted as under:

*"Para 2.79F - Global Authorisation for Intra-Company Transfers (GAICT) of SCOMET Items/Software/Technology*

*A. Scope and Eligibility: Pre-export authorization will not be required, for export and/or re-export of SCOMET items including software and technology under SCOMET Category 8 (except items listed in Annexure-I), subject to the following conditions:*

*(i) where the export is an Intra-company transfer from the Indian parent company (applicant exporter) to its foreign subsidiary company or from the Indian subsidiary of foreign company (applicant exporter) to its foreign parent/another subsidiary of foreign parent company and;*

*Note: In case of third party involvement in the supply chain, the end user has to be a foreign parent/another subsidiary of foreign parent company or a subsidiary company of Indian company.*

*(ii) where the transfer fulfils the conditions mentioned at (a) to (f) below:*

*(a) The items/software/technology to be exported/re-exported is based on a Master Service Agreement / Contract between the Indian parent company/Indian subsidiary of foreign company and foreign subsidiary of Indian company/foreign parent company of Indian subsidiary for carrying out certain services but not limited to design, encryption, research, development, delivery, validation, calibration, testing, related services, etc.;*

*Note 1: As a result of the service carried out by the Indian exporter in case of re-export, the items/software/technology should not undergo change in classification.*

*Note 2: The list of services mentioned above is illustrative, not exhaustive. However, the final decision to approve a GAICT authorization lies with the relevant authority.*

*(b) These items including software and technology are to be exported/re-exported to the countries listed in Table 1 below (entire supply chain including any third party should be in the countries listed in the Public Notice);*

*Note: However, Inter-Ministerial Working Group (IMWG) on a case to case basis may allow countries other than those listed in Table 1 considering description/end use/end user of the item.*

*(c) The applicant exporter declares that the exported items would be used for the purposes for which it is intended by the foreign subsidiary of Indian company*



# CORPORATE REGULATORY UPDATES

*foreign parent company/ another subsidiary of foreign parent company, as the case may be;*

**RBI increases the Additional Factor of Authentication limit**

*(d) The applicant exporter furnishes either a certified/approved Internal Compliance Programme (ICP) or demonstrates compliance to the ICP of the foreign parent company or ICP certified by the Compliance Manager of the company or certified by any Government agency such as Authorized Economic Operator (AEO) scheme etc.*

*(e) The exporter agrees to allow on-site inspection, if required by the DGFT or authorized representatives of Government of India;*

*(f) No export authorization would be granted for UNSC sanctioned destinations or countries;*

*(g) No export authorization shall be granted to an exporter specified at (i) above if they have come to adverse notice previously;*

*(h) The exporter is granted a Global Authorisation for Intra-Company Transfers (GAICT) as per procedure mentioned in the Public Notice."*

The Public Notice also provides for (i) procedure for grant of Global Authorization for Intra-Company Transfers (GAICT), (ii) Post reporting for re-export of items/software/technology under GAICT, (iii) Record Keeping, (iv) General Conditions, (v) Re-exports / re-transfer of the items including software and technology (processed or incorporated), and (vi) Suspension and Revocation.

The GAICT issued for intra-company transfers of SCOMET items including software and technology shall be valid for a period of 3 years from the date of issue of GAICT. Further, GAICT cannot be revalidated in terms of Paragraph 2.8o of HBP of FTP 2015-20.

On 16 June 2022, RBI issued a Notification on "Processing of e-mandates for recurring transactions". Reference has been invited to previously issued circulars by RBI dated 21 August 2019, 10 January 2020, 4 December 2020 and 31 March 2021 (collectively referred to as the "e-mandate framework"). The e-mandate framework prescribed an Additional Factor of Authentication (AFA), inter alia, while processing the first transaction in case of e-mandates/standing instructions on cards, prepaid payment instruments and Unified Payments Interface. For subsequent transactions with transaction values up to INR 5,000 (AFA limit), prescription of AFA was waived. On a review of implementation of the e-mandate framework and the protection available to customers, it has been decided to increase the aforesaid AFA limit from INR 5,000 to INR 15,000 per transaction.

**Amendment in the National Financial Reporting Authority Rules, 2018**

MCA notified the National Financial Reporting Authority Amendment Rules, 2022 to further amend the National Financial Reporting Authority Rules, 2018 ("Rules") vide its notification dated June 17, 2022. Through this amendment, MCA has substituted Rule 13 of the Principal Rules to provide a specific penalty for non-compliance with the Principal Rules. Earlier, the penalty for non-compliance was derived from section 450 of the Companies Act, 2013.

**SEBI mandates proper tagging of demat accounts maintained by stock brokers**

On 20 June 2022, SEBI issued a Circular on "Naming/Tagging of demat accounts maintained by Stock Brokers". SEBI vide a circular dated 26-09-2016

# CORPORATE REGULATORY UPDATES

had mandated uniform nomenclature to be followed by stock brokers for Naming/Tagging of Bank and Demat Accounts to reflect the purpose for which those bank/demat accounts are being maintained and the reporting of such accounts to the Stock Exchanges/Depositories.

Due to further issuance of Circulars, there were modifications in such naming/ tagging of demat accounts. Currently stock brokers are required to maintain demat accounts only under the following 5 categories:

S. No.	Demat Account Category	Purpose of Demat Account
1	Proprietary Account	Hold Own Securities
2	Pool Account	Settlement Purpose
3	Client Unpaid Securities Account	Hold Unpaid Securities of Clients
4	Client Securities Margin Pledge Account	For Margin obligations to be given by way of Pledge/Re-pledge
5	Client Securities under Margin Funding Account	Hold funded securities in respect of margin funding

Vide a Circular dated 22 June 2017, it was decided that naming proprietary demat accounts of the stock broker as 'Stock Broker –Proprietary Account' is voluntary and accounts which are not tagged would be deemed to be proprietary.

However, it has now been decided that all demat accounts maintained by stock brokers should be appropriately tagged. In addition to that:

(a) All demat accounts of stock brokers which are untagged need to be appropriately tagged by 30 June 2022.

(b) Credit of securities shall not be allowed in any demat account left untagged from 1 July 2022, onwards. Credits on account of corporate actions shall be permitted.

(c) Debit of securities shall also not be allowed in any demat account left untagged from 1 August 2022.

(d) Stock Broker shall obtain permission from Stock Exchanges to allow tagging of such demat accounts from 1 August 2022, onwards. Stock Exchange shall grant such approval within two working days after imposing penalty as per their internal policy.

This circular shall not be applicable for the demat accounts which are used exclusively for banking activities by stock brokers which are also banks. Stock Exchanges and Depositories shall coordinate and ensure compliance of this circular by the stock brokers and submit a compliance report to SEBI on 1 July 2022 and 1 August 2022.

# CORPORATE REGULATORY UPDATES

## **RBI issues Master Circular on Housing Finance for UCBs**

On 16 June 2022, the RBI issued a master circular on housing finance for urban co-operative banks (UCBs). This master circular comprises of all the instructions and guidelines on housing finance for UCBs issued till date. The role of primary UCBs in providing housing finance has been reviewed from time to time with a view to enable the UCBs to play a more positive role in providing finance for housing schemes, particularly to the weaker sections of the community, these banks are permitted to grant loans for housing schemes up to certain limits from their own resources subject to the guidelines mentioned within this master circular. UCBs may grant loans to the following categories of borrowers: (a) individuals and co-operative/ group housing societies; (b) housing boards undertaking housing projects or schemes for economically weaker sections (EWS), low income groups (LIG) and middle income groups (MIG); and (c) owners of houses / flats for extension and up-gradation, including major repairs. The borrowers will be eligible for finance for the following types of housing schemes: (a) construction/ purchase of houses/ flats by individuals; (b) repairs, alterations and additions to houses/ flats by individuals; (c) schemes for housing and hostels for scheduled castes and scheduled tribes; (d) under slum clearance schemes-directly to the slum dwellers on the guarantee of the Government, or indirectly through Statutory Boards established for this purpose; (e) education, health, social, cultural or other institutions/centres which are part of a housing project and considered necessary for the development of settlements or townships; and (f) shopping centres, markets and such other centres catering to the day to day needs of the residents of the housing colonies and forming part of a housing project.

The Master Circular inter-alia also provides for (i) Terms and Conditions for Housing Loans, Additional

/Supplementary Finance, (iii) Lending to Housing Boards, (iv) Advances to Builders/ Contractors.

## **Restriction on Storage of Actual Card Data [i.e. Card-on-File (CoF)]**

On 24 June 2022, RBI issued a notification on "Restriction on Storage of Actual Card Data (CoF)". As per previous circulars, no entity in the card transaction/payment chain, other than the card issuers and/or card networks, shall store the CoF data, and any such data stored previously shall be purged. Subsequently, to allow more time to the industry stakeholders for devising alternate mechanism(s) to handle any use case or post-transaction activity, this timeline was extended to 30 June 2022. On a review of the issues involved and after detailed discussions with all stakeholders, it is observed that considerable progress has been made in terms of token creation. Transaction processing based on these tokens has also commenced, though it is yet to gain traction across all categories of merchants. Further, an alternate system in respect of transactions where cardholders decide to enter the card details manually at the time of undertaking the transaction (commonly referred to as "guest checkout transactions") has not been implemented by the industry stakeholders, so far. As per the current notification, RBI decided to extend the timeline for storing of CoF data by three months, i.e., till 30 September 2022, after which such data shall be purged.

## **Implementation of Circular on Guidelines in pursuance of amendment to SEBI KYC (Know Your client) Registration Agency (KRA) Regulations, 2011**

On 24 June 2022, SEBI issued a circular to extend the timelines for applicability of clause 9 and clause 13 of circular dated 6 April 2022, where SEBI issued guidelines in pursuance of amendment to SEBI KYC (Know Your Client) Registration Agency (KRA)

# CORPORATE REGULATORY UPDATES

Regulations, 2011. As per the current circular, SEBI decided that:

- a) KYC records of all existing clients (who have used Aadhaar as an OVD) shall be validated within a period of 180 days from 1 August 2022.
- b) The validation of all KYC records (new and existing) shall commence from 1 August 2022.

## Reduction of timelines for listing of units of privately placed Infrastructure Investment Trust (InvIT)

On 24 June 2022, SEBI issued a Circular on "Reduction of timelines for listing of units of privately placed Infrastructure Investment Trust (InvIT)". Regulation 16(8)(a) of SEBI (Infrastructure Investment Trusts) Regulations, 2015 ("InvIT Regulations") provides that the listing of privately placed units shall be done within thirty working days from the date of allotment. These timelines prescribed in the InvIT Regulations are indicative. Considering the time taken for listing of units of privately placed InvIT in recent past, it was decided to examine the reduction of timelines for listing of units of privately placed InvIT. Hence, as a part of the continuing endeavour to streamline the process of allotment and listing of units, it has been decided to reduce the time taken for allotment and listing of units of privately placed InvIT, after the closure of issue to six working days as against the present requirement of thirty working days. The timelines within which the units shall be listed from issue closure are as under:

S. No.	Details of Activities	Due date
1	Closure of issue and receipt of funds	T day
2	Post receipt of funds, Sponsor shall transfer its entire shareholding or interest or rights in the HoldCo and/or SPV or ownership of the infrastructure projects as disclosed in the placement memorandum.	Within T+3 working day
3	Finalize the list of allottees along with the number of units to be allotted to the applicants pursuant to the issue.	
4	Finalization of Final Placement Memorandum (FPM) and dispatch of confirmation of allocation notes ("CANs") along with FPM.	
5	Investment manager on behalf of the InvIT to initiate corporate action for credit of units of InvIT to the demat account of sponsor(s)/other shareholders of the SPV/Holdcos and to the demat account of the investors in the private placement.	



# CORPORATE REGULATORY UPDATES

S. No.	Details of Activities	Due date
6	Receipt of confirmation by Investment Manager from Depositories for credit of Units in demat accounts of sponsor(s)/other shareholders of the SPV/Holdcos and the investors in the private placement, and lock-in of units to the extent applicable.	Within T+4 working day
7	Post successful allotment, Investment Manager on behalf of InvIT shall make listing application to stock exchange(s) for listing and trading permission	Within T+5 working day
8	Stock exchange(s) to issue notice for listing and commencement of trading	
9	Stock exchange to send the notice to depositories in order to change the status of ISIN to active	
10	Trading commences	Within T+6 working day
Working days will be all trading days of stock exchanges, excluding Sundays, and bank holidays.		

The provisions of this circular shall be applicable to listing of units of privately placed InvIT under the SEBI (Infrastructure Investment Trusts) Regulations, 2014 which opens on or after 1 August 2022. Stock Exchanges shall make required changes to implement the same from 1 August 2022.

# CORPORATE REGULATORY UPDATES

## **Disclosure of holding of specified securities and holding of specified securities in dematerialized form**

On 30 June 2022, SEBI issued a Circular on "Disclosure of holding of specified securities and holding of specified securities in dematerialized form". Regulation 31 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), deals with the disclosure of shareholding pattern and manner of maintaining shareholding in dematerialized format. SEBI via a Circular dated 30 November 2015 (2015 Circular) had prescribed formats for disclosure of holding of specified securities and shareholding pattern. In the interest of providing clarity and transparency in the disclosure of shareholding pattern to the investors in the securities market, this 2015 Circular is being partially modified as follows:

(a) Clause 2 (d) of the 2015 Circular shall be:

(i) In the disclosure of public shareholding, names of the shareholders holding 1% or more than 1% of shares of the listed entity is to be disclosed.

(ii) Names of the shareholders who are persons acting in concert, if available, shall be disclosed separately.

(b) The following formats specified in Clause 5 of the 2015 Circular have been modified:

(j) Table III -Statement showing shareholding pattern of the Public shareholder.

(ii) Table IV -Statement showing shareholding pattern of the Non Promoter-Non Public shareholder.

The revised formats of the aforementioned Table III and Table IV are place in Annexure A of this Circular.

(c) It is also specified that all listed entities shall disclose details pertaining to foreign ownership limits in the format prescribed at Annexure B of this circular.

(d) The format specified in the Annexure B to this circular shall be Table VI under Clause 5 of the 2015 Circular.

This Circular shall come into force with effect from the quarter ending 30 September 2022.

## **Modification in Cyber Security and Cyber resilience framework for Stock Brokers/ Depository Participants**

On 30 June 2022, SEBI issued a Circular on "Modification in Cyber Security and Cyber resilience framework for Stock Brokers / Depository Participants". SEBI vide circular dated 3 December 2018, 15 October 2019 and 7 June 2022 prescribed framework for Cyber Security and Cyber Resilience for Stock Brokers / Depository Participants. In partial modification of Annexure 1 of SEBI circular dated 3 December 2018, Paragraph-52 shall be read as:

*52. All Cyber-attacks, threats, cyber-incidents and breaches experienced by Stock Brokers/Depositories Participants shall be reported to Stock Exchanges/Depositories & SEBI within 6 hours of noticing/detecting such incidents or being brought to notice about such incidents.*

*The incident shall also be reported to Indian Computer Emergency Response team (CERT-In) in accordance with the guidelines/directions issued by CERT-In from time to time. Additionally, the Stock Brokers/Depository Participants, whose systems have been identified as "Protected system" by National Critical Information Infrastructure Protection Centre (NCIIPC) shall also report the incident to NCIIPC.*

*The quarterly reports containing information on cyber-attacks, threats, cyber-incidents and breaches experienced by Stock Brokers/Depository Participants and measures taken to mitigate vulnerabilities, threats and attacks including information on bugs/vulnerabilities, threats that*

# CORPORATE REGULATORY UPDATES

may be useful for other Stock Brokers/Depository Participants/Exchanges/Depositories and SEBI shall be submitted to Stock Exchanges/Depositories within 15 days from the quarter ended June, September, December and March of every year. The above information shall be shared to SEBI through the dedicated e-mail id: sbdp-cyberincidents@sebi.gov.in. The provisions of the Circular shall come into force with immediate effect.

## **SEBI extends Implementation Date of Circular on 'Execution of 'Demat Debit and Pledge Instruction' (DDPI) for transfer of securities towards deliveries/settlement obligations and pledging/re-pledging of securities'**

On 30 June 2022, SEBI issued a Circular on "Implementation of Circular on 'Execution of 'Demat Debit and Pledge Instruction' (DDPI) for transfer of securities towards deliveries/settlement obligations and pledging/re-pledging of securities' – Extension".

SEBI vide circular no. SEBI/HO/MIRSD/DoP/P/CIR/2022/44 dated 4 April 2022 (April Circular) issued guidelines regarding execution of 'Demat Debit and Pledge Instruction' (DDPI) for transfer of securities towards deliveries/settlement obligations and pledging/re-pledging of securities. The provisions of the April Circular were to come into effect from 1 July 2022. In view of the representation received from Depositories and that the changes to the systems are still under process, it has been decided to extend the implementation date of the April Circular to 1 September 2022.





# Off Beat Section



## Amazing Marketplaces of India

When travelling to a new place, for business or leisure, "**shopping**" is something that is on everyone's mind. The sprawling shopping malls that have been popping up on the map of India for the past several years are hardly the place to find something peculiar. It is actually the bustling street markets of India that hold the real gems, while there are many popular street markets in India but a few hold utmost importance, some of them being in **Mumbai i.e., Kala Ghoda, Bhindi Bazaar and Kurla**. Let's find out how these amazing marketplaces earned the popular names.



***Kala Ghoda** is one of the most iconic areas in Mumbai that has come to be regarded as Mumbai's art district because of its abundance of heritage buildings, museums, art galleries, and its annual cultural festival. The area was once adorned with a colossal statue of King Edward VII on a black horse. The area took its name, which translates as black horse, from the monumental structure.*

***Bhindi Bazaar** has never had any connection with bhindi, the local word for okra. Instead, it owes its name to the neighboring Crawford Market. According to most historians the area was simply described as 'behind the market', by English settlers, who lived to the south of Crawford Market. This phrase may have been picked up and corrupted by locals, resulting in the name Bhindi Bazaar. Today, the area is famous for a market dominated by antiques and hardware items.*



## Bazaar



***Kurla** is regarded as an important transport hub, characterized by urbanization and congestion to most Mumbaikars today, but it was once a small coastal village. The roots of its name can be traced back to its early history as an East Indian village. The area was known for the abundance of crabs that populated the marshy areas around the village.*



# CLASIS LAW



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