

Vol. 7 | July 2024

Official Newsletter



Table of Content



01

*Doing Business in
India*

02-05

Featured Article

06-13

*Legal, Judgements
& Regulatory
Updates*

14

Off Beat Section

15

*Notable
Recognitions*

16

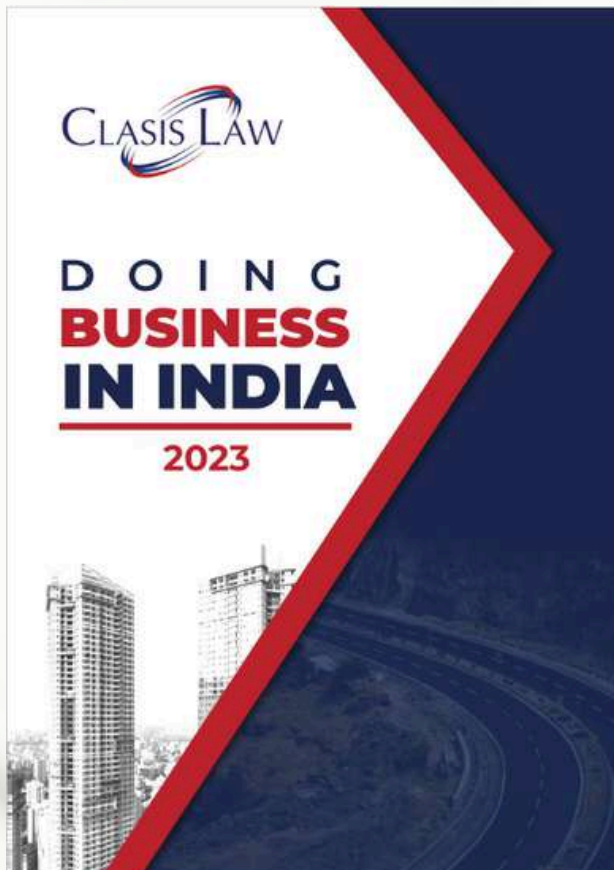
Contact Us

DOING BUSINESS IN INDIA

We are pleased to share the **Fifth Edition** of our e-book titled

"Doing Business in India".

The book intends to give the reader an overview of the various aspects of doing business in India including but not limited to the applicable legislations, compliances and processes.



Please scan the **QR code** above or [Click Here](#) to download the e-book. Alternatively, you may write to us at info@clasislaw.com for the copy.

FEATURED ARTICLE



Balancing Flexibility and Security: Employment Status and Social Security for Platform Workers in India

Authors

Ms Raveena Anand, Senior Associate

Ms Somya Bhargava, Associate

Introduction

The rapid expansion of platform workforce is ushering in a new global economic revolution, with India positioned at the forefront of this transformation. With the world's youngest population, rapid urbanization, and widespread adoption of smartphones and related technology, India is uniquely poised to lead this change. According to the 2022 report by India's public policy think tank, NITI Aayog, titled 'India's Booming Gig and Platform Economy' ('NITI Aayog Report'), the Indian gig workforce is projected to rise to 2.35 crore workers by 2029-30, a 200% increase from the current 77 lakhs. By 2029-30, gig workers will form 4.1% of India's total workforce, rising from 1.5% in 2020-21.

The NITI Aayog Report defines gig workers as those who operate outside the traditional employer-employee arrangement, further classifying them into platform and non-platform-based workers. Platform workers are individuals whose jobs depend on online software applications or digital platforms. In contrast, non-platform gig workers are typically casual wage labourers or self-employed individuals in traditional sectors, working either part-time or full-time outside these applications and platforms.

Problems Faced by Platform Workers

Platform workers are arguably the most visible segment of the gig economy in today's day and age. Jobs such as delivery drivers or cab drivers offer "easy entry" for many semi-skilled youth, needing only an Aadhaar card and a driver's license. However, due to slow pace of the lawmakers to formulate and enforce regulations in this sector, these roles also have their own disadvantages, some of which are detailed below:

- **No job security:** Most platform workers operate on a day-to-day basis and can be dismissed without any notice. This lack of job security can cause financial instability and make it challenging for platform workers to plan their future.
- **Unequal bargaining power:** Platform workers in India often lack the bargaining power to secure fair compensation and working conditions, especially when competing against a vast pool of other workers on digital platforms.
- **Income instability:** Platform workers frequently grapple with income fluctuations due to the irregular and unpredictable nature of their work. Their earnings are contingent upon the completion of individual "gigs", with payment directly influenced by demand fluctuations within the sector.

FEATURED ARTICLE

- **Dynamic rating system:** Reports indicate that one of India's leading food delivery apps operates on a dynamic rating system that changes weekly based on the quality and quantity of work. Workers with higher ratings receive perks such as the ability to book shifts for the following week in advance and attractive interest rates on personal loans. The program also offers health insurance as a benefit, which can change weekly.

While platforms have often employed similar gamification tactics to motivate workers to work more or earn more, including health insurance such a program could be detrimental not only to the workers but also to their families.

Evaluating the Classification of Platform Workers: Independent Contractors or Employees?

In various jurisdictions, including India, the tests to determine misclassification of independent contractors as employees often focus on factors like the degree of control the employer exerts, integration, duration of engagement and exclusivity etc. Indian courts, apart from analysing the terms of the agreement, may use a series of “tests” to gauge the nature of the relationship. The authorities/courts look at all aspects of the working relationship and no single test should be considered conclusive for classifying a worker.

Given the unique nature of platform work, if these tests applied to similar scenarios yield varied interpretations. Platform workers exhibit traits of both employees and independent contractors. For instance, Uber drivers experience significant company control over fare collection, complaint management, conduct standards, and pricing, indicating an employer-employee relationship. Yet, they choose their assignments, refuse clients or locations, set their schedules, provide their own equipment, and often lack exclusive employment arrangements, all characteristics of independent contractors.

Due to the dual nature of platform work, categorizing platform workers strictly as employees or independent contractors is challenging. A rigid classification as employees may impose prohibitive costs on companies, such as taxes, back wages, and penalties, potentially undermining their business model and reducing job opportunities and economic growth. Conversely, classifying platform workers as independent contractors may result in denial of essential employment rights like minimum wages, bonus, overtime pay, health, maternity benefits, etc.

The difficulties of categorizing platform workers underscores the need for a third, “hybrid” category. This new category would serve as an intermediate classification, entitling platform workers to limited employment rights and benefits while maintaining the flexibility that supports the platform economy’s business model.

Conceptually, the hybrid category would balance limited employment rights and benefits with shared liability between the hiring company and the platform worker while requiring compliance with company guidelines and procedures. This would enhance platform worker’s welfare by including them in the labour law framework without disrupting the platform economy’s flexibility. By adopting this hybrid approach, a balance between the interest of the platform workers may and that of the platform economy may be achieved.

FEATURED ARTICLE

Gig and Platform Workers under the Code on Social Security, 2020

The Indian legislature through the Code on Social Security, 2020 ('Code'), for the first time, recognised this previously unregulated sector of platform and gig workers, by defining them and making provisions to regulate their rights and terms of engagement.

The Code, defines a gig worker as *'a person who performs work or participates in a work arrangement and earns from such activities outside of traditional employer-employee relationship'*. Therefore, going forward, gig workers would be recognised as a separate class of workers, functioning outside the traditional employer-employee relationship in India.

Chapter IX of the Code provides welfare schemes for unorganized, platform and gig workers. Section 114 empowers the central government to create and implement social security schemes for these workers, covering life and disability insurance, accident insurance, health and maternity benefits, old age protection, crèche facilities, and other necessary benefits. The Code mandates the Central Government to create a social security fund ('Fund') for gig and platform workers. It requires aggregators, such as ride-sharing services, food and grocery delivery services, logistic services or other platforms, to contribute 1-2% of their annual turnover to the Fund, which will be used to implement various schemes. However, this contribution is capped at 5% of the total amount paid or payable by the aggregator to their gig and platform workers. The Code further provides for registration of unorganised workers, gig workers and platform workers to avail of the benefits of the welfare schemes.

State Initiatives

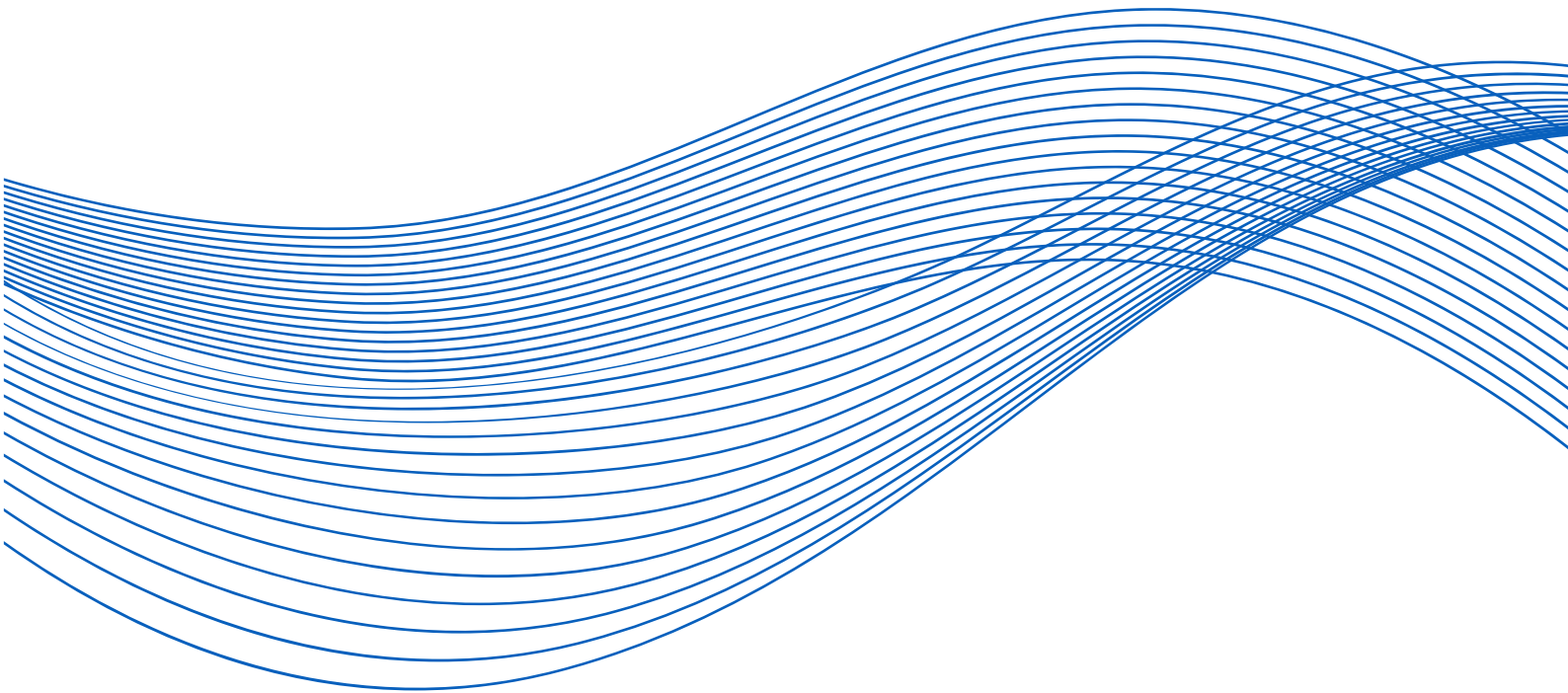
After the passage of the Code, various states have taken measures to regulate the working conditions and benefits of the gig and platform workers. Rajasthan was the first state to pass a legislation called the Rajasthan Platform Based Gig Workers (Registration and Welfare) Act, 2023 ('Platform Workers Act'), however, the same has not been enforced yet. The definition of 'gig workers' in the Platform Workers Act aligns broadly with the Code. It also includes any person working on a contract that results in a specified rate of payment based on the terms and conditions of that contract, encompassing all piece-rate work.

Similar to the Code, the Platform Workers Act also provides for setting up of a welfare fund called 'The Rajasthan Platform Based Gig Workers Social Security and Welfare Fund' ('Welfare Fund') for the benefit of registered gig workers. The Welfare Fund will include a welfare fee, which will be a percentage of the value of each transaction, worker contributions, government grants, and donations. Following in the footsteps of Rajasthan, Karnataka has released a draft of the Karnataka Platform-based Gig Workers (Social Security and Welfare) Bill, 2024 ("Draft Karnataka Bill"). The Draft Karnataka Bill seeks to protect the rights of platform-based gig workers, places obligations on aggregators in relation to social security, occupational health and safety, provide transparency in decision making, provide a dispute resolution mechanism etc. It also proposes establishment of 'Karnataka Platform Based Gig Workers Welfare Board', similar to the Welfare Fund under the Platform Workers Act and the Code. As per the Draft Karnataka Bill, aggregators are obligated to enter into a contractual agreement with the gig worker and provide a 14-day notice before terminating the contract. It further stipulates that all grounds for termination or deactivation from the platform, should be clearly specified in the agreement between aggregators and gig workers and obligations to establish reasonable working conditions.

FEATURED ARTICLE

The Karnataka government has also introduced an insurance scheme to provide social security to gig workers in the unorganized sector, such as full-time and part-time delivery personnel in e-commerce companies like Swiggy, Zomato, and Amazon. The scheme offers a total insurance coverage of Rs. 400,000, which includes Rs. 200,000 for life insurance and Rs. 200,000 for accidental insurance. The entire insurance premium will be borne by the government, and the benefit covers both on-duty and off-duty accidents.

Disclaimer: *This publication is not intended to be a comprehensive review of all developments in the law and practice, or to cover all aspects of those referred to herein. This publication has been prepared for information purposes only and should not be construed as a legal advice. Although reasonable care has been taken to ensure that the information in this publication is true and accurate, such information is provided 'as is', without any warranty, express or implied, as to the accuracy or completeness of any such information.*



LEGAL UPDATE



Upholding sufferer's Rights over Procedure: Supreme Court Orders Refund of Stamp Duty to Defrauded Purchaser

Introduction

In a recent judgment⁽¹⁾, the Supreme Court of India has held that refund of Stamp Duty paid on an unexecuted conveyance cannot be denied merely on technical grounds. The Court observed that the petitioner had irrefutably proved that she had been pursuing her remedy in law and that a mere delay in making an application for refund cannot be a ground for dismissal of the application for refund.

Facts

One Bano Saiyed Parwaz (**'Appellant'**) entered into an agreement with to purchase a plot of land in Mumbai. In order to facilitate the transaction, the Appellant had the Deed of Conveyance prepared and submitted it for adjudicated with the Collector of Stamps. When the duty was adjudicated to be Rs. 25,34,035, the Appellant purchased the stamps and had the Deed of Conveyance engrossed with stamp on May 13, 2014. However, later, it was discovered that the vendor had already sold the property to the third party in 1992. Upon being defrauded, the Appellant sought to resile from the transaction and accordingly, applied for refund of stamp duty paid. While the online application for refund of stamp duty was made on October 22, 2014, the vendor had the cancellation deed executed on November 13, 2014. The written application along with all the details were filed on December 06, 2014. However, the application for refund of stamp was rejected by the Collector of Stamps (**'Respondent No. 2'**) on

June 09, 2015 and by the Chief Controlling Revenue Authority (**'Respondent No. 1'**) on February 25, 2016. Both Respondents rejected the Appellant's application on the ground that it was filed beyond 6-month limitation period stipulated as per Section 48 of the Maharashtra Stamp Act, 1958 (**'Act'**). Thereafter, the Appellant preferred a Writ Petition before the Bombay High Court, which was also dismissed on August 02, 2019 on the same ground.

Submission by the Parties

It was the Appellant's contention that the case squarely fell within the provisions of Section 47(c)(1) and (5) of the Act and Rules 21 and 22A of the Bombay Stamp Rules, 1939 (**'Rules'**). These provisions grant permission for a refund when the stamp used for an instrument is found to be void or fails for its intended purpose due to reasons such as fraud or refusal of any party to act under the provision. It was submitted that the law of refund embodied in Section 47 and 48 of the Act read with Rule 21 and 22A of the Rules envisages two stages for process of refund; the first being making of an application within six month and the second being holding of enquiry and leading of evidence as per Rules prescribed. It was submitted that Respondent No. 2 and the High Court failed to construe the provisions of the Act correctly and that the application of the Appellant was incorrectly rejected. The Respondents opposed the appeal, on the ground that the application for refund was filed beyond the stipulated time period of 6 months under the Act. It was the Respondent's case that although the application for refund was made on October 22,

LEGAL UPDATE

2014, the deed of cancellation was executed on November 13, 2014, beyond the statutory limitation prescribed. It was further submitted that the Appellant was required to make the application along with all the evidence by November 12, 2014 in terms of Section 48 of the Act.

Analysis of the Court and Conclusion

The Court observed that the Appellant was a bond fide purchaser who fell victim of fraud. It also noted that the appropriate duty was paid upon the conveyance deed, but the document was not lodged for registration due to the fraud perpetrated Appellant. The Court noted that upon the deal being cancelled, the Appellant immediately applied online for refund of stamp duty paid. The Court further noted that the delay in execution of the cancellation deed was attributable to the vendor and not due to any fault on the part of the Appellant. The Court concluded that the effort and approach of the Appellant was not lackadaisical and the Appellant had tried her best to avail the remedy in law. The Court noted that at the time of filing the application for refund of stamp duty, the Appellant was never put to notice that all documents and materials for satisfaction of the Collector should be filed with the application itself.

The Court observed that the decision of the High Court was misplaced as the finding of the High Court was contrary to the requirements stipulated by Sections 47 and 48 of the Act. The Court further noted that while Section 47 merely required application of refund be made within 6 months of date of instrument, the evidence and the process of enquiry under Section 47 of the Act is a separate process altogether in terms of Section 47(c)(1) and (5). The Court observed that evidence was never required to be filed with the application and opined that *prima facie*, the application for refund was filed well within time. The Court opined that it was a settled legal proposition that when the State deals with a Citizen, it should not ordinarily rely on technicalities, even though, such technicalities may be used as defence. Relying upon a previous judgement in the case of *Committee-GFIL vs Libra Buildtech Private Limited and Ors.*(2), the Court held that the Appellant's case was fit for refund. The Court opined that the Appellant had been pursuing all the remedies available to her and merely on technicalities, the remedy of refund should not be denied. The Court thus allowed the Appeal and directed refund of the duty amount deposited by the Appellant.

Footnotes

1. 2024 INSC 443
2. (2015) 16 SCC 31

JUDGEMENTS

In the matter of Tritium Infrastructure Private Limited (“Company”) for violation of provisions of section 168 of the Companies Act, 2013 (“Act”)

In this case, the former director of the Company filed a complaint with the Registrar of Companies, Jaipur (“ROC”) against the Company by stating that he had resigned from the directorship of the Company on March 18, 2021 and had notified the Company of his resignation via a letter on the same day. According to statutory requirements, the Company was obligated to file form DIR-12 with the ROC by April 17, 2021. However, the Company did not file the form. Subsequently, the ROC issued a show cause notice to the Company and its directors, but did not receive any response. In order to provide the reasonable opportunity of being heard, a notice of hearing was issued. However, neither the company nor its directors appeared or submitted any reply. As a result of these proceedings, the ROC imposed a penalty of INR 3,00,000/- on the Company, and INR 1,00,000/- each on its two directors for violation of section 168 of the Act.

[Read More](#)

In the matter of M/s Biogenomics Limited (“Company”) for violation of provisions of section 29 of the Companies Act, 2013 (“Act”)

In this case, the Company initiated a suo-moto application with the Registrar of Companies, Puducherry (“ROC”) to address non-compliance with section 29 of the Act. Rule 9A was inserted by the Companies (Prospectus and Allotment of Securities) Third Amendment Rules, 2018 (“Rule”) which mandated unlisted public companies to facilitate dematerialization of its securities. Additionally, the companies are required to ensure that prior to issuing further securities, the existing securities held by its promoters, directors, and key managerial personnel have been dematerialized.

To comply with this Rule, the Company obtained ISIN to facilitate dematerialisation of its securities. However, the Company issued shares in physical form on several dates before converting the existing shares of its promoters, directors and key managerial personnels into demat form. In response, a hearing was scheduled by the ROC, during which the authorized representative appeared for the Company and submitted that due to the COVID-19 situation, foreign shareholders faced difficulties in obtaining notarized and apostilled documents at the time of share issuance, leading to delays in dematerialization. After reviewing the facts, the ROC concluded the matter by imposing penalties of INR 6,64,000/- on the Company, and INR 2,29,000/- each on its directors, managing director, manager, company secretary, and chief financial officer.

[Read More](#)

In the matter of M/s CMR Surgical Private Limited (“Company”) for violation of section 149 read with section 173 of the Companies Act, 2013 (“Act”)

In this case, the Company filed suo-moto application to the Registrar of Companies, Goa, Daman & Diu (“ROC”) to address non-compliance with sections 149(1)(a), 149(3), and 173 of the Act. The ROC issued notices to the Company, directors, and company secretary. In response, they provided their submissions and facts pertaining to the adjudication application. The application highlighted the following non-compliances:

i. As per section 149(1)(a) of the Act, a private company must have at least two directors. However, from February 8, 2023 till March 21, 2023, the Company had only one director. The appointment of the second director was delayed by 41 days, constituting a violation of section 149(1)(a).

JUDGEMENTS

As a result, the ROC imposed a penalty of INR 70,000/- each on the Company, its director and the company secretary.

ii. Section 149(3) specifies that every company shall have at least one director who stays in India for a total period of not less than 182 days. During the period from February 8, 2023 to March 28, 2023, the Company did not have a director who has completed 182 days of stay in India. Consequently, the ROC levied a penalty of INR 73,500/- each on the Company, its director and the company secretary and INR 53,500/- on another director appointed subsequently.

iii. According to section 173 of the Act, the time gap between two consecutive board meetings should not exceed 120 days. However, the Company defaulted by not convening a board meeting within such 120 days' time period. The board meeting was conducted with a gap of 152 days. Therefore, the ROC imposed a penalty of INR 42,000/- each on the Company, its director and its company secretary.

[Read More](#)

In the matter of Provalue Electric Private Limited (“Company”) for violation of section 12 of the Companies Act, 2013 (“Act”)

In this case, the Registrar of Companies, Rajasthan (“ROC”), received a complaint from an individual regarding the Company’s affairs. Subsequently the ROC issued notices to the Company, however, the letters were returned undelivered with the remark “address left without instruction.” Thereafter, the ROC issued a show cause notice for violation of section 12 of the Act for non-maintenance of registered office.

Further, the ROC provided a reasonable opportunity of being heard to the Company and its directors. However, neither any response was received nor any representatives appeared on behalf of the Company and its directors.

Following the hearing, the ROC concluded the matter by imposing a penalty of INR 74,000/- each on the Company and its directors.

[Read More](#)

In the matter of GD Design & Packaging Private (“Company”) for violation of section 118 of the Companies Act, 2013 (“Act”)

In this case, during the course of inquiry it was observed that the pages of minutes book of the Company’s meetings were not numbered, thereby a violation of section 118 of the Act along with secretarial standards. To provide a reasonable opportunity for the Company and its directors to be heard, the Registrar of Companies, Pune (“ROC”), issued a show cause notice. The Company responded by stating that the current management is in the process of ensuring compliance with all provisions of the Act and relevant secretarial standards. It assured that future adherence to necessary provisions and secretarial standards would be ensured. During further proceedings of the matter, the Company submitted duly maintained minutes book with pages consecutively numbered. The ROC imposed a penalty of INR 25,000/- on the Company and INR 5,000/- each on its directors.

[Read More](#)

CORPORATE REGULATORY UPDATES

IFSCA has renewed the recognition of NSE IFSC Limited

In exercise of the powers conferred under section 12 of the International Financial Services Centers Authority Act, 2019, read with section 4 of the Securities Contracts (Regulation) Act, 1956, the International Financial Services Centers Authority ('IFSCA') has renewed, in the interest of securities market and the public interest, the recognition of NSE IFSC Limited for one year. This renewal is effective from May 29, 2024 to May 28, 2025, in respect of contracts in securities subject to the prescribed conditions.

Clarifications issued by the IFSCA

IFSCA issued a clarification with respect to the following circulars issued by it: (a) IFSCA circular no. 416/IFSCA/Global Access/2021-22 dated November 25, 2021, and (b) IFSCA circular no. 865/IFSCA/Banking/Fee Revision/2022-23 dated May 17, 2023. *Inter-alia*, as per the clarification:

- a. The circular dated November 25, 2021, is applicable to all broker dealers accessing global markets directly through their own cross-border arrangements or membership of international exchanges;
- b. All broker dealers that have already obtained a No Objection Certificate ('NOC') for global access (whether proprietary or clientele) shall pay the pending fees, if any, for the years 2023-24 and 2024-25 latest by June 30, 2024.

Special Economic Zones (Third Amendment) Rules, 2024

In exercise of the powers conferred by section 55 of the Special Economic Zones Act, 2005, the Ministry of Commerce and Industry has issued the Special Economic Zones (Third Amendment) Rules, 2024, to

further amend the Special Economic Zones Rules, 2006. As per the amendment, in rule 29A of the Special Economic Zones Rules, 2006, for the word "aircraft" has been substituted with the words "aircraft or aircraft engine".

Amendment in IBC to reduce compliance burden for Insolvency Professionals

On June 10, 2024, IBBI released a discussion paper and invited public comments on proposed changes under the Insolvency and Bankruptcy Code, 2016, aimed at reducing the compliance burden for Insolvency Professionals ('IPs') in the insolvency resolution process. The comments may be submitted electronically by July 1, 2024. The proposed changes aim to reduce the compliance burden on IPs while ensuring timely and relevant information for effective monitoring of the insolvency resolution process. The proposed changes *inter alia* relate to reducing information and data requirements, adjusting compliance deadlines, centralizing compliance process, monthly compliance reporting framework, proposed changes to CIRP forms, etc.

FAQ on "International Financial Services Centers Authority (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022

On 11 June 2024, the IFSCA issued frequently asked questions ('FAQs') "International Financial Services Centers Authority (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022" ('IFSCA AML Guidelines 2022'). The FAQs on IFSCA AML Guidelines, 2022, capture key points focusing on the applicability, roles of designated officers, policy requirements, registration processes, customer due diligence procedures, and obligations related to suspicious transactions and counter-terrorist financing.

CORPORATE REGULATORY UPDATES

FAQ on “Registration of a Finance Company/ Finance Unit”

On 11 June 2024, the IFSCA issued FAQs titled “Registration of a Finance Company/ Finance Unit” with the objective of bringing clarity to the prospective entities intending to seek registration under the IFSCA (Finance Company) Regulations, 2021 (‘FC Regulations’). The FAQs covers the following aspects:

- a. Definition of Finance Company (FC) and Finance Unit (FU);
- b. Legal Forms Permitted for Setting up a FC;
- c. Requirements on the Jurisdiction of Promoters/Directors/Shareholders;
- d. Permitted Activities for FC/FU;
- e. Minimum Owned Fund Requirements for FC/Fus;
- f. Prudential and Corporate Governance Requirements;
- g. IFSCA Registration Application Form;
- h. Fee structure for IFSCA registration purpose;
- i. Submission of Information on Management (IOM) for FC/FU;
- j. Key Elements to be included in the Business Plan of the entity along with the application form;
- k. Submission of information regarding the Group Structure of the applicant entity and
- l. Post-registration compliance requirements which include adherence to conditions specified in the IFSCA Certificate of Registration, IFSA applicable laws, IFSCA AML Guidelines 2022, and applicable reporting and supervisory requirements.

IFSCA (Bookkeeping, Accounting, Taxation, and Financial Crime Compliance Services) Regulations, 2024

On 11 June 2024, the IFSCA issued a press release regarding the “IFSCA (Bookkeeping, Accounting, Taxation, and Financial Crime Compliance Services) Regulations, 2024” (‘BATF Regulations’), which

were notified in the official gazette on June 6, 2024. The BATF Regulations establish a comprehensive regulatory framework for providing bookkeeping, accounting, taxation, and financial crime compliance services (‘BATF services’) from the IFSC. The BATF Regulations were notified following the Government of India's notification dated January 18, 2024, which recognized book-keeping, accounting, taxation, and financial crime compliance services as ‘financial services’ under section 3 of the International Financial Services Centres Authority Act, 2019 (‘IFSCA Act’). The new regulations are divided into seven chapters and two schedules, including provisions to facilitate the transition of existing units, providing similar services, to the BATF Regulations. The definitions of book-keeping, accounting and taxation services have been aligned with the global classification norms and standards. The inclusion of financial crime compliance services under these regulations will open new opportunities for promotion of AML/CFT compliance services and contribute towards the development of a vibrant financial market ecosystem in GIFT International Financial Services Centre (‘GIFT IFSC’). The BATF Regulations provide a unique opportunity for firms to offer BATF services to non-resident clients in an efficient and seamless manner from GIFT IFSC. Furthermore, this initiative is expected to bolster GIFT IFSC’s position as a prominent global hub for BATF services and contribute towards employment generation in the IFSC zone.

TRAI’s updates to Telecom Commercial Communication Regulations for enhancing user control and monitoring

The Telecom Regulatory Authority of India (‘TRAI’) issued directions to access providers under its Telecom Commercial Communication Customer Preference Regulations, 2018 to mitigate the issue of Unsolicited Commercial Communication (‘UCC’), commonly referred to as spam. In order to make UCC complaint registration and preference settings

CORPORATE REGULATORY UPDATES

easier for users, TRAI has mandated access providers to improve their mobile apps and web portals. Further, TRAI has made changes to the Performance Monitoring Report ('PMR') formats as part of its ongoing efforts to improve UCC monitoring processes. Instead of the current quarterly reporting cycle, all access providers will need to submit PMRs on a monthly basis to enable more detailed monitoring.

Consultation paper by SEBI on recommendations of expert committee for facilitating ease of doing business and harmonization

Securities and Exchange Board of India ('SEBI') has released a consultation paper on recommendations of the expert committee for facilitating ease of doing business and harmonization of the provisions of regulations pertaining to Issue of Capital and Disclosure Requirements ('ICDR') and Listing Obligations and Disclosure Requirements ('LODR') on June 27, 2024. The objective of this consultation paper is to seek comments/suggestions from the stakeholders on the recommendations of the expert committee for facilitating ease of doing business under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR Regulations, 2015') and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ('SEBI ICDR Regulations, 2018') and harmonization of provisions of ICDR and LODR regulations.

Notification of SEBI (Foreign Portfolio Investors) (Second Amendment) Regulations, 2024

SEBI had notified the SEBI (Foreign Portfolio Investors) (Second Amendment) Regulations, 2024 ('SEBI Second Amendment Regulations, 2024'), on June 26, 2024 to further amend the SEBI (Foreign

Portfolio Investors) Regulations, 2019 ('SEBI Regulations'). The amendment has been made in regulation 4(c) (Eligibility criteria of foreign portfolio investor) of the SEBI Regulations to limit the contribution from non-resident Indians, overseas citizens of India and resident Indian individuals and their control on the applicant. Through the amendment, exemption has been provided to the applicant that is regulated by the IFSCA and based in the International Financial Services Centers in India while any other existing exemptions have not been revoked.

Notification of SEBI (Prohibition of Insider Trading) (Second Amendment) Regulations, 2024

SEBI had notified the SEBI (Prohibition of Insider Trading) (Second Amendment) Regulations, 2024 on June 25, 2024, to further amend the SEBI (Prohibition of Insider Trading) Regulations, 2015, ('Insider Trading Regulations, 2015'). The amendment has been made in regulation 5(2) of the Insider Trading Regulations, 2015. Some of the key amendments are as follows:

- a. Reduction of cooling off period for implementation of trading plan to 120 calendar days;
- b. Elimination of minimum coverage period of 12 months for trading plan;
- c. Elimination of blackout period;
- d. Introduction of a price limit to buy or sell trades under the trading plan; and
- e. Allowing of certain exceptions for non-implementation of the trading plan by insiders.

Through these amendments, SEBI has tried to address the challenges for and rigidity in implementation of trading plans by insiders. It specifically provides insiders the option to specify the price limits for trades to protect them from significant downsides in cases of unexpected changes to the price of the security. Moreover, the flexibility introduced for non-implementation of a

CORPORATE REGULATORY UPDATES

trading plan is a progressive step. This will further strengthen the insider-trading prevention framework.

Incorporation of amendments notified on June 3, 2024 in master circular

SEBI issued a circular “Disclosures of Material Changes and Other Obligations for Foreign Portfolio Investors” on June 5, 2024. SEBI (Foreign Portfolio Investors) (Amendment) Regulations, 2024 (‘SEBI FPI Amendment Regulations, 2024’) were notified on June 3, 2024, for amending the SEBI (Foreign Portfolio Investors) Regulations, 2019 (‘SEBI FPI Regulations, 2019’), in order to relax the timelines for disclosure of material changes/ events and other obligations by Foreign Portfolio Investors. In view of the aforesaid amendment, the master circular has been modified.

Incorporation of amendments notified on June 3, 2024 in master circular

SEBI issued a circular “Framework for providing flexibility to Foreign Portfolio Investors in dealing with their securities post expiry of their registration” on June 5, 2024. SEBI FPI Amendment Regulations, 2024, were notified on June 3, 2024 for amending the SEBI FPI Regulations, 2019 for providing flexibility to foreign portfolio investors in dealing with their securities post expiry of their registration. In view of the aforesaid amendment, the master circular has been modified.

SEBI’s Master Circular on Bankers to an Issue to streamline regulations and enhancing compliance

On June 3, 2024, SEBI released a master circular for bankers to an issue (‘SEBI Master Circular’), consolidating various circulars and directions issued over time. With the issuance of the SEBI Master Circular, all previous circulars related to bankers to an issue are rescinded. The SEBI Master Circular aims to streamline and consolidate regulations governing bankers to an issue, providing clarity and ease of compliance for stakeholders. The brief summary of the SEBI Master Circular is as follows:

- a. Registration Related Matters:
 - i. Online registration mechanism is available through the SEBI Intermediary Portal.
 - ii. Transfer of business from one legal entity to another requires fresh registration if the transferee is not already registered with SEBI.
 - iii. Prior approval from SEBI is necessary for any change in control, with specified procedures for application and validity of approval.
- b. Non-Scheduled Payments Banks Registration: Non-Scheduled Payments Banks with prior approval from the Reserve Bank of India can now act as Bankers to an Issue, subject to fulfilling specified conditions.
- c. Regulatory Compliance and periodic reporting: All Bankers to an Issues are required to submit half-yearly report to SEBI in electronic form only by email within 3 months from the expiry of the half year.



Off Beat Section



World Population Day

"Leave no one behind, count everyone"

Observed annually on **July 11th**, World Population Day shines a global spotlight on the pressing challenges and opportunities presented by the growing population. This day serves as a reminder of the critical link between population dynamics and sustainable development, human rights, and overall well-being. By raising awareness about family planning, gender equality, poverty, maternal health, and environmental sustainability, this day seeks to inspire action and foster a more equitable and sustainable future for all. Let's delve into a few interesting facts about world population.



The "Youth Bulge": Many developing countries have a large proportion of young people, often referred to as the "youth bulge." This can present both challenges and opportunities for these countries, depending on how they invest in education, employment, and healthcare for their young populations.



Language Diversity: There are over 7,000 languages spoken in the world today, but a few dominant languages are spoken by a large majority of the population. Mandarin (Chinese), Spanish, and English are the three most spoken languages worldwide.



Smallest Countries by Population: **Vatican City** is the smallest country in the world by both area and population, with fewer than 1,000 residents. Other countries with very small populations include Nauru, Tuvalu, and Palau.



Notable Recognitions & Accolades



CLASIS LAW



Tolstoy House,
4th Floor, Tolstoy Marg,
New Delhi – 110 001, India
Tel : +91 11 4213 0000
Fax : +91 11 4213 0099

Bajaj Bhawan,
1st Floor, 226, Nariman Point,
Mumbai – 400 021, India
Tel : +91 22 4910 0000
Fax : +91 22 4910 0099

Scan & Connect



Follow us

