

MONTHLY CORPORATE NEWSLETTER

JULY 2024

Dear Readers,

We bring you a concise analysis of important developments, recent publications and judgements and noteworthy regulatory amendments in the corporate and financial sectors on a monthly basis.

In this issue, we bring you the most recent updates and important notifications from key regulatory bodies including SEBI, RBI, and CCI. Stay informed with our comprehensive coverage on the latest circulars, notifications and orders that impact the corporate landscape.

Perceiving the significance of these updates and the need to keep track of the same, we have prepared this newsletter providing a concise overview of the various changes brought in by our proactive regulatory authorities and the Courts!

Feedback and suggestions from our readers would be appreciated. Please feel free to write to us at mail@lexport.in.

Regards,
Team Lexport



ABOUT US

Lexport is a full-service Indian law firm offering consulting, litigation and representation services to a range of clients.

The core competencies of our firm's practice *inter alia* are Trade Laws (Customs, GST & Foreign Trade Policy), Corporate and Commercial Laws and Intellectual Property Rights.

The firm also provides Transaction, Regulatory and Compliance Services. Our detailed profile can be seen at our website www.lexport.in.

OUR CORPORATE TEAM

Rajiv Sawhney
Adivitiya Raj
Akshita Agarwal

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PART A: LATEST CIRCULARS / NOTIFICATIONS**1. Filing Extension for Forms BEN-2 and MGT-6 on MCA 21 Portal:**

The Ministry of Corporate Affairs, Government of India, has announced that Forms BEN-2 (Return to the Registrar in respect of declaration under section 90) and MGT-6 (Form of return to be filed with the Registrar) will be migrated to Version 3 of the MCA 21 Portal, effective from July 15, 2024. Due to this migration, the current Version 2 of these forms will be unavailable from July 4, 2024, to July 14, 2024. To accommodate this transition, stakeholders are granted an additional 15 days to file these forms without incurring additional fees if their filing deadlines fall within the mentioned period. This decision has been approved by the Competent Authority, and the relevant circular will be published on the Ministry's website.

2. NSE's Warning Against Trading Members:

The National Stock Exchange of India Limited (NSE) has issued a circular to all trading members, revising enforcement actions as outlined in a previous circular (NSE/INSP/53530 dated September 2, 2022). The updated guidelines specify that trading members must maintain evidence of pre-order placements for client trades, as mandated by SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/54 dated March 22, 2018. Failure to provide such evidence will be considered unauthorized trading, subject to penalties described in NSE Circular No. NSE/ISC/60035 dated December 29, 2023. Additionally, for repeated violations where the current action is an 'Advice' or 'Warning', the penalties will be escalated to include monetary fines. The existing penalty structure for monetary penalties remains unchanged. These modifications take immediate effect. Members are advised to contact regional offices for clarifications.

3. NSE Launched Facility of Voluntary Freezing/Blocking of Trading Accounts by Clients:

The National Stock Exchange of India Limited (NSE) has issued Circular Ref. No. 47/2024 to all members regarding the implementation of SEBI Circular No. SEBI/HO/MIRSD/POD-1/P/CIR/2024/4 dated January 12, 2024. This circular mandates trading members to provide clients with the option to voluntarily freeze/block online access to their trading accounts, effective from July 01, 2024. The Exchange has integrated provisions in "ENIT New Compliance" for members to submit compliance status, detailed in the attached user manual (Annexure A). Trading members must submit their compliance certificates by July 22, 2024, via the specified portal. The circular outlines steps for submission, including filling out details, downloading and signing declarations, and uploading them using designated digital signatures. Members are advised to adhere to these guidelines and contact regional offices for any clarifications.

4. SEBI's Amendments to Stock Brokers Regulations of 1992

The Securities and Exchange Board of India (SEBI) has introduced significant amendments to the Stock Brokers Regulations of 1992, focusing on enhancing fraud and market abuse prevention and detection frameworks in the securities market. Key managerial personnel and senior management, including Designated Directors, must implement robust surveillance and internal control systems capable of detecting, preventing, and reporting potential fraud or market abuse by clients, employees, or Authorized Persons. Stock brokers are obligated to maintain adequate KYC systems, tailored surveillance systems, documented policies, and defined alert thresholds, all subject to periodic review. Proprietary accounts and trading terminals must comply with regulatory requirements, and detection systems should identify suspicious activities. Employees must report fraud or market abuse knowledge, and stock brokers are required to report suspicious activities to stock exchanges within 48 hours, with quarterly and half-yearly compliance reviews. Additionally, a whistleblower policy providing a confidential channel and protection for whistleblowers must be established, ensuring concerns are addressed appropriately. These amendments aim to fortify the regulatory framework, promoting a robust mechanism for fraud and market abuse prevention in the Indian securities market.

5. IFSCA Updates: Research Proposal Extension, BATF Service Provider Clarifications, and Transition Finance Report:

IFSCA has announced an extension for the submission of research proposals under its "Framework for Grant of Funds for Research Studies," with the new deadline set for July 26, 2024. Proposals must adhere to clause 12 of the December 4, 2023 circular and include a declaration as per Annexure II, submitted via email to dept-epa@ifsc.gov.in with the subject line "Research Proposal under Call for Proposals – 2024." Additionally, IFSCA clarified that existing BATF service providers in the IFSC engaged in Bookkeeping, Accounting, Taxation, or Financial Crime Compliance Services, who have expressed willingness to continue under BATF Regulations, are exempt from application fees for these activities. Their annual/recurring fees under BATF regulations will be adjusted against fees already paid under the ancillary services framework. Furthermore, IFSCA released the First Report on Transition Finance by the Expert Committee on Climate Finance, which provides strategic recommendations across three pillars: Scope and Definition of Transition Finance, Policy and Regulation, and Financial Mechanisms and Instruments. The report emphasizes the importance of transition finance in supporting investments in hard-to-abate sectors crucial for India's economic growth and outlines strategies for GIFT-IFSC to attract international climate capital, aiding India's net-zero goal by 2070.

6. SEBI Issues Master Circular on Surveillance of Securities Market

On July 9, 2024, the Securities and Exchange Board of India (SEBI) issued a Master Circular on the Surveillance of the Securities Market. This comprehensive circular is organized into several key categories, including:

1. Trading Rules and Shareholding in Dematerialized Mode:

Guidelines and regulations pertaining to the trading of securities and the requirement for holding shares in a dematerialized format.

2. Monitoring of Unauthenticated News:

Procedures for the surveillance and monitoring of unauthenticated news disseminated by SEBI-registered market intermediaries through various communication channels.

3. Disclosure Reporting under Insider Trading Regulations:

Mandates for disclosure and reporting requirements under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

This Master Circular consolidates and supersedes various circulars issued by SEBI's Integrated Surveillance Department (ISD) that were in operation as of the date of issuance. It is effective immediately and aims to streamline and enhance the regulatory framework for market surveillance, ensuring greater transparency and compliance in the securities market.

PART B: Article

1. Accountancy for Lawyers: Civil Law vis-à-vis Common Law System

In this article, our **Partner, Mr. Rajiv Sawhney** and **Junior Associate, Ms. Akshita Agarwal**, highlights the importance of robust accounting practices for lawyers in different legal systems, comparing Germany's codified civil law system and India's common law system, emphasizing the need for comprehensive and transparent financial management.

Click on the below link to read the article:

<https://shorturl.at/YEHWI>

END OF THE NEWSLETTER
