



NEWSLETTER

December 2021

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RBI makes changes in External Commercial Borrowings (ECB) and Trade Credits (TC) Policy

The Reserve Bank of India (RBI) on December 08, 2021 has issued a circular to make certain changes in External Commercial Borrowings (ECB) and Trade Credits (TC) Policy due to the LIBOR transition. By amending the Master Direction No.5 dated March 26, 2019, on "External Commercial Borrowings, Trade Credits and Structured Obligations", prescribing the benchmark rates and the maximum spread over benchmark for calculating the all-in-cost for foreign currency (FCY) ECBs and TCs.

RBI has decided to make the following changes to the all-in-cost benchmark and ceiling for FCY ECBs/ TCs:

i. Redefining Benchmark Rate for FCY ECBs and TCs: Currently, the benchmark rate is defined in paragraph 1.5 of the master direction as "benchmark rate in case of FCY ECB/TC refers to 6-months LIBOR rate of different currencies or any other 6-month interbank interest rate applicable to the currency of borrowing, e.g., EURIBOR". Henceforth, benchmark rate in case of FCY ECB/TC shall refer to any widely accepted interbank rate or alternative reference rate (ARR) of 6-month tenor, applicable to the currency of borrowing.

ii. Change in all-in-cost ceiling for new ECBs/ TCs: To take into account differences in credit risk and term premia between LIBOR and the ARR, the all-in-cost ceiling for new FCY ECBs and TCs has been increased by 50 bps to 500 bps and 300 bps, respectively, over the benchmark rates.

iii. One Time Adjustment in all-in-cost ceiling for existing ECBs/ TCs: To enable smooth transition of existing ECBs/ TCs linked to LIBOR whose benchmarks are changed to ARR, the all-in cost ceiling for such ECBs/ TCs has been revised upwards by 100 basis points to 550 bps and 350 bps, respectively, over the ARR. AD Category-I banks must ensure that any such revision in ceiling is only on account of transition from LIBOR to alternative benchmarks.

[Click here to view the notification.](#)

RBI issues General permission for infusion of capital in overseas branches and subsidiaries and retention/repatriation/ transfer of profits in these centres by banks incorporated in India.

The Reserve Bank of India (RBI) on December 8, 2021 has issued General permission for infusion of capital in

overseas branches and subsidiaries and retention/repatriation/ transfer of profits in these centres by banks incorporated in India. This is in effect from December 8, 2021.

It was stated namely: -

- Prior approval by RBI for capital infusion/ transfers (including retention/ repatriation of profits), shall not be required by banks. Instead, the banks shall seek approval of their boards for the same.
- While considering such proposals, banks shall analyse all relevant aspects. Banks shall also ensure compliance with all applicable home and host country laws and regulations.
- Banks which do not meet the minimum regulatory capital requirements shall be required to seek prior approval of RBI.
- Banks shall report all such instances of infusion of capital and/ or retention/transfer/ repatriation of profits in overseas branches and subsidiaries within 30 days of such action.

[Click here to view the notification.](#)

RBI instructs banks to return to normal dispensation

The Reserve Bank of India (RBI) on December 10, 2021 has issued a notification to ask all the banks to return to normal dispensation related to the maintenance Statutory Liquidity Ratio (SLR) and Marginal Standing Facility (MSF) by referring to the circular DOR.RET.REC.36/12.01.001/2021-22 dated August 09, 2021 and paragraph 15(i) of the Master Direction DOR.No.RET.REC.32/12.01.001/2021-22 dated July 20, 2021, wherein the banks were allowed to avail of funds under the MSF by dipping into the Statutory Liquidity Ratio (SLR) up to three per cent of their net demand and time liabilities (NDTL) outstanding at the end of the second preceding fortnight.

The Governor has proposed to return to the normal dispensation. Accordingly, banks will be able to dip into the Statutory Liquidity Ratio (SLR) up to two percent of NDTL instead of three percent for overnight borrowing under the MSF with effect from January 1, 2022.

[Click here to view the notification.](#)

RBI instructs banks to return to normal dispensation

The Reserve Bank of India (RBI) on December 10, 2021 has issued a notification to ask all the banks to return to normal dispensation related to the maintenance Statutory Liquidity Ratio (SLR) and Marginal Standing Facility (MSF) by referring to the circular DOR.RET.REC.36/12.01.001/2021-22 dated August 09, 2021 and paragraph 15(i) of the Master Direction DOR.No.RET.REC.32/12.01.001/2021-22

July 20, 2021, wherein the banks were allowed to avail of funds under the MSF by dipping into the Statutory Liquidity Ratio (SLR) up to three percent of their net demand and time liabilities (NDTL) outstanding at the end of the second preceding fortnight. This facility, which was initially available up to June 30, 2020, was later extended up to December 31, 2021.

The Governor has proposed to return to the normal dispensation. Accordingly, banks will be able to dip into the Statutory Liquidity Ratio (SLR) up to two percent of NDTL instead of three percent for overnight borrowing under the MSF with effect from January 1, 2022.

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RBI introduces Legal Entity Identifier for Cross-border Transactions

The Reserve bank of India (RBI) on December 10, 2021 has issued Introduction of Legal Entity Identifier for Cross-border Transactions. The Legal Entity Identifier (LEI) is a 20-digit number used to uniquely identify parties to financial transactions worldwide to improve the quality and accuracy of financial data systems.

The following has been stated namely: -

- AD Category I banks, with effect from October 1, 2022, shall obtain the LEI number from the resident entities (non-individuals) undertaking capital or current account transactions.
- Entities can obtain LEI from any of the Local Operating Units (LOUs) accredited by the GLEIF, the body tasked to support the implementation and use of LEI.

[Click here to view the notification.](#)

RBI seeks comments on Draft master direction on minimum capital requirements for operational risk

The Reserve Bank of India (RBI) on December 15, 2021 has issued a press release to invite comments on the Draft master direction on minimum capital requirements for operational risk which shall be applicable to all Commercial Banks (excluding Local Area Banks, Payments Banks, Regional Rural Banks, and Small Finance Banks).

The foremost provisions of the Master Directions are as followed:

- Application of Basel III SA within a banking group
 - o At the consolidated level, the Basel III SA calculations shall be based on fully consolidated BI figures, which net all the intragroup income and expenses.

- o The calculations at a sub-consolidated level shall be based on BI figures for the banks consolidated at that particular sub-level.

- o The calculations at the subsidiary level shall be based on BI figures from the subsidiary.

- o A sub-consolidated bank or a subsidiary bank shall use only the losses it has incurred at that particular sub-level.

- Loss data identification, collection, and treatment for banks in buckets 2 & 3

- o Identification and collection of the operational risk loss data shall be guided by the criteria provided in point no.4 of Technical Guidance Note, Annex 2.

- o Inclusion of losses related to mergers and acquisitions and exclusion of losses shall be guided by the criteria provided in point no. 4.3 & 4.4 resp. of Technical Guidance Note, Annex 2.

- Inclusion of BI items related to mergers and acquisitions

- o BI items from merged entities or acquired businesses shall be included in the calculation of ORC immediately after the merger/acquisition and shall be disclosed under Pillar 3.

- Exclusions of divested activities from the BI

- o Divested activities shall be excluded from the calculation of the BI amount used for the calculation of ORC only after the Reserve Bank's (Department of Supervision's) approval. Such exclusions shall be disclosed under Pillar 3.

- Disclosure

- o The disclosures on general qualitative information on a bank's operational risk framework and quantitative information on BI sub-items and loss data shall be made as prescribed in Annex 3.

The comments on the draft Master Directions from all stakeholders may be sent by email with the subject line "Comments on Draft Master Direction on Minimum Capital Requirements for Operational Risk", by January 31, 2022.

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RBI issues PCA framework for NBFCs

The Reserve Bank of India (RBI) on December 14, 2021 has issued Prompt Corrective Action (PCA) Framework for Non-Banking Financial Companies (NBFCs). This shall come into effect from October 1, 2022.

The following has been stated namely: -

- Government NBFCs have been provided time up to March 31, 2022 to adhere to the capital adequacy norms provided for NBFCs.

- Annexure which specify "PCA Framework for NBFCs" has been inserted.

[Click here to view the notification.](#)

RBI issues working paper on “Reassessing Investment Dynamics – Newer Insights into Leverage and Investment of the Indian Corporate Sector

The Reserve Bank of India (RBI) on December 16, 2021 has issued a press release on working paper on “Reassessing Investment Dynamics – Newer Insights into Leverage and Investment of the Indian Corporate Sector.

The Key findings of the paper are as followed:

- i. Based on the annual account data of non-government non-financial companies for the period 1980-81 to 2018-19, it is found that financial variables have a greater role in determining the investment dynamics of the Indian corporate sector;
- ii. A model-driven estimate of a threshold for Indian corporate leverage - estimated at around 60 per cent for debt to equity ratio and 28 per cent for debt to asset ratio, beyond which corporate leverage drags growth. With current readings at 48 per cent and 19 per cent respectively for debt to equity and debt to asset ratios, these indicate a space for further corporate borrowing which will lead to higher investment and growth;
- iii. Cash holdings of the companies have a negative impact on fixed investment, implying cash holdings not to be realising into fixed assets; and
- iv. The business expectations of the corporates and economic policy uncertainties are seen to have a significant impact on India's investment process.

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RBI issues working paper on An Alternative Perspective on Demand and Supply to Forecast Inflation

The Reserve Bank of India (RBI) on December 16, 2021 has issued a press release on working paper on An Alternative Perspective on Demand and Supply to Forecast Inflation.

The Key findings of the paper are as followed:

- The paper develops a new method to construct a measure of demand-supply imbalance in the economy using a Bayesian Dynamic Factor Model.
- The estimated index of demand-supply mismatch is found to have a causal relationship with headline inflation.
- It is also found to be a competing predictor of headline inflation, as compared to other conventional measures of slack such as the output gap and level of capacity utilisation.

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RBI issues restriction on storage of actual card data

The Reserve Bank of India (RBI) on December 23, 2021 has issued Restriction on storage of actual card data [Card on File (CoF)]

The following was stated namely: -

- The timeline for storing of CoF data is extended by six months, which is now till June 30, 2022
- In addition to tokenisation, industry stakeholders may devise alternate mechanism(s) to handle any use case (including recurring e-mandates, EMI option, etc.) or post-transaction activity (including chargeback handling, dispute resolution, reward / loyalty programme, etc.) that currently involves / requires storage of CoF data by entities other than card issuers and card networks.

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MCA clarifies on holding AGM through Video Conferencing or other methods

On 8th December 2021, the MCA had issued a circular to clarify that there is no extension provided to the companies to hold their Annual General Meetings (AGM) through video conferencing or Other Audio-Visual methods.

The last date decided for holding AGMs online is 30th June 2022, and the companies which have not adhered to the relevant timelines shall be liable for legal actions under the appropriate provision of the Companies Act, 2013.

[Click here](#) to view the notification.

MCA to allow companies to conduct EGM through Video Conferencing

On 8th December 2021, the MCA had issued a circular to clarify that the companies can issue ordinary or special resolutions which are specified in the Companies Act, 2013 in accordance with the rules made due to COVID-19.

MCA has decided to allow companies to conduct their EGMs through Video Conference (VC) or Other Audio-Visual Means (OAVM) or transact items through postal ballot up to June 30, 2022.

[Click here](#) to view the notification.

MCA issues clarification of holding of AGMs held through VC and OAVM

On 14th December 2021, the MCA had issued a circular to clarify holding of Annual General Meeting (AGM) through Video Conference (VC) or other Audio Visual Means (OAVM)

It has been clarified namely that the circular does not confer any extension of time for holding the AGMs. The companies which have not adhered to the relevant timelines shall be penalized.

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MCA relaxes levy of additional fees in the filing of certain e-forms

On 29th December 2021, the MCA had issued a relaxation on the levy of additional fees in the filing of e-forms AOC-4, AOC-4(CFS), AOC-4 XBRL, AOC-4 Non-XBRL and MGT-7/MGT-7A in respect of the financial year ended on 31st March 2021.

The following were stated in the circular-

- No additional fees shall be levied for the filing of e-forms AOC-4, AOC-4 (CFS), AOC-4 XBRL, AOC-4 Non-XBRL up to February 15, 2022
- No additional fees shall be levied for filing of e-forms MGT-7/ MGT-7A up to February 28, 2022
- Normal fees shall be payable for the filing of the aforementioned e-forms during the said period.

[Click here](#) to view the notification.

SEBI notifies on Publishing of Investor Charter and disclosure of complaints by Debenture Trustees (DTs) on their Websites

The Securities and Exchange Board of India (SEBI) through a circular dated December 01, 2021 has issued Publishing of Investor Charter and disclosure of complaints by Debenture Trustees (DTs). SEBI has developed an Investor Charter for DTs, which details the services provided to Investors, timelines for various DT services provided, Investor Rights and Obligations, and Grievance Redress Mechanism on their Websites to facilitate investor awareness about various activities where an investor has to deal with DTs for availing various services.

All registered Debenture Trustees are required to take the appropriate steps to bring the Investor Charter, as set forth in 'Annexure – A,' to the attention of non-convertible debt securities investors.

SEBI has decided that all registered DTs must disclose data on complaints received against them or in respect of nonconvertible debt securities issuances dealt by them, as well as redressal, on their respective websites by the 7th of the next month, as per the format attached at Annexure 'B'.

[Click here](#) to view the notification.

SEBI issues publishing Investor Charter and disclosure of Investor Complaints by Stock Brokers on their websites

SEBI through a circular dated December 02, 2021, has issued the Investor Charter and disclosure of Investor Complaints by Stock Brokers on their Websites to facilitate investor awareness about various activities that an investor deals with such as the opening of an account, KYC, and in-person verification, complaint resolution, issuance of contract notes and various statements, the process for dematerialization/ re-materialization, etc., SEBI, in consultation with the market participants, has prepared an Investor Charter for Stock Brokers inter-alia detailing the services provided to Investors, Rights of Investors, various activities of Stock Brokers with timelines, DOs and DON'Ts for Investors and Grievance Redressal Mechanism which is placed at Annexure 'A'.

SEBI has advised Stock Brokers to bring the Investor Charter for Stock Brokers to the attention of their clients (both existing and new clients) by posting it on their websites, making it available at prominent locations in the office, including a copy of the Investor Charter in the account opening kit, and via e-mails/ letters.

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Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) (Third Amendment) Regulations, 2021

The Securities and Exchange Board of India (SEBI) through a circular dated December 06, 2021 has issued Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) (Third Amendment) Regulations, 2021 to further amend the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

The amendments have been made to Regulation 5A which specifies Delisting Officer, Regulation 7 which specifies Offer Size and Regulation 22, which specifies completion of the acquisition.

All the amendments made are explained in the aforementioned circular.

[Click here](#) to view the notification.

SEBI notifies on Transaction in Corporate Bonds through Request for Quote platform by Portfolio Management Services (PMS)

The Securities and Exchange Board of India (SEBI) through a circular dated December 09, 2021, has issued a notice on Transaction in Corporate Bonds through Request for Quote Platform by Portfolio Management Services (PMS) to increase liquidity on the exchange platform and increase transparency pertaining to debt investments in Corporate Bonds (CBs) by Portfolio Management Services (PMS).

All the points decided by SEBI are explained in the aforementioned circular.

This circular shall come into force with effect from April 1, 2022.

[Click here](#) to view the notification.

SEBI issues circular for Publishing Investor Charter and disclosure of Investor Complaints by Mutual funds on their websites and AMFI website

The Securities and Exchange Board of India (SEBI) through a circular dated December 10, 2021 has issued the notice for Publishing Investor Charter and Disclosure of complaints by AIFs. This shall come into effect from January 1, 2022.

It stated the following namely:

Details must be made public within two months of the financial year's end.

- Annexure – A which specifies "Format for Mutual Funds to disclose investor complaints" shall be made available within the 7th of the succeeding month.
- The "Investor Charter for Mutual Funds" has been included in Annexure B.
- Mutual funds must provide a link or option to file a complaint directly with them on their websites and mobile apps.

[Click here](#) to view the notification.

SEBI issues circular for Publishing Investor Charter and Disclosure of complaints by AIFs

The Securities and Exchange Board of India (SEBI) through a circular dated December 10, 2021 has issued a notice for Publishing Investor Charter and Disclosure of complaints by AIFs. This shall come into effect from January 1, 2022.

- Annexure – X, titled "Investor Charter for Alternative Investment Funds," must be brought to the notice of investors through methods mentioned in the aforementioned circular.

- Annexure - Y, stipulates "Complaints Data to be displayed by AIFs for each scheme" need to be brought to the attention through methods mentioned in the aforementioned circular.

[Click here](#) to view the notification.

SEBI notifies on Publishing of Investor Charter and disclosure of Investor Complaints by Portfolio Managers on their websites

The Securities and Exchange Board of India (SEBI) through a circular dated December 10, 2021 has issued a notice for Portfolio Managers to publish an Investor Charter and disclose Investor Complaints on their websites in order to increase investor awareness of the various activities that an investor deals with while using portfolio managers' services which an investor deals with while availing the services provided by portfolio managers, an investor charter has been prepared by SEBI, which is placed at Annexure-A and to in order to enhance transparency in the Investor Grievance Redressal Mechanism, all Portfolio Managers on a monthly basis shall disclose on their websites, the data pertaining to all complaints including SCORES complaints received by them in the format mentioned in Annexure-B. The information shall be made available by the 07th of the succeeding month.

This circular shall come into effect from January 01, 2022.

[Click here](#) to view the notification.

SEBI issues a new Circular on Mutual Funds

The Securities and Exchange Board of India (SEBI) through a circular dated December 10, 2021 has issued a notice on mutual funds.

The following points have been observed:

- o Usage of pool accounts by Mutual Funds
- o Norms for investment in Bills Re Discounting Scheme (BRDS)
- o In terms of Paragraph-B(5) of SEBI circular no. SEBI/HO/IMD/DF2/CIR/P/ 2019/104 dated October 01, 2019, investments in unrated debt and money market instruments, other than government securities, treasury bills, derivative products such as Interest Rate Swaps (IRS), Interest Rate Futures (IRF), etc. can only be made in instruments like bills re-discounting, usance bills, etc.,
- o SEBI, vide circular no. SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/652 dated October 27, 2021, had specified a two-tiered structure for benchmarking of certain categories of schemes. The same shall come into force from April 01, 2022.

[Click here](#) to view the notification.

SEBI clarifies on amendment to SEBI (Portfolio Managers) Regulations, 2020

The Securities and Exchange Board of India (SEBI) on December 10, 2021 has issued a notification to provide clarification on an amendment to SEBI (Portfolio Managers) Regulations, 2020.

The following provisions have been provided:

- o Procedure for the undertaking of Co-investment portfolio management services

Periodic reporting by Portfolio Managers

- o Direct onboarding of clients by Portfolio Managers

This circular shall be applicable for monthly reports to SEBI and quarterly reports to clients, from the month of April 2022 onwards. The remaining provisions of this Circular shall come into effect from the date of applicability of the aforesaid notification.

[Click here](#) to view the notification.

SEBI notifies of Publishing Investor Charter and disclosure of Investor Complaints by Investment Advisers on their websites/mobile applications

The Securities and Exchange Board of India (SEBI) through a circular dated December 13, 2021 has issued a notice regarding SEBI notifies of Publishing Investor Charter and

disclosure of Investor Complaints by Investment Advisers on their websites/mobile applications. This shall come into effect from January 1, 2022.

The following was stated namely: -

- Annexure – A which specifies “Investor Charter in respect of Investment Adviser (IA)” needs to be prominently displayed on the website/mobile application.
- Annexure – B which specifies “Complaint Data to be displayed by IAs” needs to be disclosed by the 7th of the succeeding month.

[Click here](#) to view the notifications.

SEBI notifies on Publishing of Investor Charter and disclosure of Investor Complaints by Research Analysts on their websites/mobile applications

The Securities and Exchange Board of India (SEBI) through a circular dated December 13, 2021 has issued regarding Publishing of Investor Charter and disclosure of Investor Complaints by Research Analysts on their websites/mobile applications to facilitate investor awareness about various activities which an investor deals with while availing the services provided by research analysts, SEBI has issued a notice regarding the publication of an investor charter and the disclosure of investor complaints by research analysts on their websites/mobile applications in order to increase investor awareness of the various activities that an investor encounters while using research analysts' services.

The disclosure requirements under this circular shall come into effect from January 01, 2022.

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SEBI clarifies on Common and simplified norms for processing investor's service request by RTAs and norms for furnishing PAN, KYC details and Nomination

The Securities and Exchange Board of India (SEBI) through a circular dated December 14, 2021 has asked to clarify Common and simplified norms for processing investor's service request by RTAs and norms for furnishing PAN, KYC details and Nomination which was laid by Circular no. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/655 dated November 03, 2021.

All the clarifications demanded are mentioned in the circular.

[Click here](#) to view the notification.

SEBI notifies on Publishing Investor Charter and Disclosure of Investor Complaints by Merchant Bankers on their Websites for private placement of units by InvITs proposed to be listed

The Securities and Exchange Board of India (SEBI) through a circular dated December 16, 2021 has issued a notice to provide investors with relevant information about the primary market issuances by InvITs, SEBI has prepared an Investor Charter in consultation with Merchant Bankers for a private placement of units by InvITs proposed to be listed and to bring about transparency in the Investor Grievance Redressal Mec, an Investor Charter has been prepared by SEBI in consultation with Merchant Bankers for a private placement of units by InvITs proposed to be listed.

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SEBI amends circulars regarding RFP and verification of upfront collection of margins

The Securities and Exchange Board of India (SEBI) through a circular dated December 16, 2021 has set a cut-off deadline for generating the last Risk Parameter File (RPF) for the purpose of collecting margins from customers, as well as a change to the framework to enable verification of upfront margin collection from clients in the commodity derivatives segment. This is in effect from January 15, 2022.

[Click here](#) to view the notifications.

SEBI issues circular regarding Publishing of Investor Charter and Disclosure of Complaints

The Securities and Exchange Board of India (SEBI) through a circular dated December 17, 2021 has issued regarding the Publishing of Investor Charter and Disclosure of Complaints by Custodians and DDPs on their websites. This Shall come into effect from January 1, 2022.

The following was stated namely: -

- Developed Investor Charters for Custodians and DDPs which inter-alia deals with services provided to investors with timelines and general guidance for Investors.
- The Investor Charter needs to be displayed on the website.

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SEBI revises Operational Circular for issue and listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper

The Securities and Exchange Board of India (SEBI) through a circular dated December 17, 2021 has issued to revise certain paragraphs of Circular no. SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021, which is the Operational Circular for issue and listing of Non-Convertible Securities (NCS), Securitised Debt Instruments (SDI), Security Receipts (SR), Municipal Debt Securities and Commercial Paper (CP) to bring about uniformity in requirements, certain amendments are being made to the said Circular, pertaining to the listing of Commercial Paper.

The revisions made are mentioned in the circular.

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SEBI issues directions to stock exchanges in Commodity Derivatives segment

The Securities and Exchange Board of India (SEBI) through a circular dated December 20, 2021 has directions to stock exchanges in Commodity Derivatives segment. It will be in effect from December 20, 2021.

The following was stated namely: -

- The directions have been issued for the commodities as mentioned in the circular
- No new position will be allowed to be taken. Only squaring up of position will be allowed.
- The directions are applicable for a period of 1 year.

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SEBI issues Investment Advisory Services for Accredited Investors

The Securities and Exchange Board of India (SEBI) through a circular dated December 21, 2021 has issued Investment Advisory Services for Accredited Investors.

The following was stated namely: -

- In the case of accredited investors, the limits and modes of fees payable to the IA shall be governed through bilaterally negotiated contractual terms.

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SEBI issues Portfolio Management Services for Accredited Investors

The Securities and Exchange Board of India (SEBI) through a circular dated December 21, 2021 has issued Portfolio Management Services for Accredited Investors.

The following was stated namely: -

- "Accredited Investor" shall have the same meaning as assigned to it under SEBI (Alternative Investment Funds) Regulations, 2012.
- In case of large value accredited investors, the quantum and manner of exit load applicable to the client of the Portfolio Manager shall be governed through bilaterally negotiated contractual terms.

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SEBI issues circular regarding validity of observation letter pertaining to Mutual Funds

The Securities and Exchange Board of India (SEBI) through a circular dated December 22, 2021 regarding restoration of eased timelines for the validity of mutual fund observation letters. This shall come into effect from December 22, 2021. The validity period of the observation letter issued by SEBI to launch NFOs has been restored to 6 months.

[Click here](#) to view the notifications.

SEBI issues circular regarding Non-compliance with provisions related to continuous disclosures

The Securities and Exchange Board of India (SEBI) through a circular dated December 29, 2021 has issued regarding Non-compliance with provisions related to continuous disclosures. This shall come into force on February 1, 2022.

- Non-compliance with ongoing disclosure requirements by issuers of listed Non-Convertible Securities and/or Commercial Paper will result in a fine and/or punishment.
- If a non-compliant firm is listed on more than one recognised stock exchange, the concerned recognised stock exchange(s) must act in concert.
- The fine collected will be credited to the "Investor Protection Fund" of the recognised stock exchange in question.
- The fines will continue to accumulate until the non-compliance is corrected and the concerned recognised stock exchange is satisfied.

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Income-tax (33rd Amendment) Rules, 2021

The Central Board of Direct Taxes (CBDT) on December 10, 2021 has issued the Income-tax (33rd Amendment) Rules, 2021 to further amend the Income-tax Rules, 1962. This shall come into effect from December 10, 2021.

The following amendments were made recently: -

- Rule 21 AK which specifies “Conditions for the purpose of clause (4E) of section 10.” Has been inserted namely:

“The income accrued or arisen to, or received by, a non-resident as a result of transfer of non-deliverable forward contracts under clause (4E) of section 10 of the Act, shall be exempted subject to fulfilment of conditions.”

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CBDT issues e-Verification Scheme, 2021

The Central Board of Direct Taxes (CBDT) on December 13, 2021 has issued the e-Verification Scheme, 2021. It shall come into force on December 13, 2021.

The following has been introduced namely: -

- Rule 4 which specify “Electronic Collection and Verification” has been inserted namely:-

“The Commissioner of Income-tax (e-Verification) shall collect the information referred to in sub-paragraph (1) of paragraph 3, in accordance with the procedure laid down by the Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems), as the case may be.”

- Rule 5 which specify “Random Allocation of information” has been inserted namely: -

“The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), as the case may be, shall, with the approval of the Board, devise a process to randomly allocate or transfer the information, referred to in sub-paragraph (6) of paragraph 4, to the Prescribed Authority.”

- Rule 6 which specify “Issue and service of notice” has been inserted namely: -

“For the purpose of verification of information, the Prescribed Authority shall issue notice to a person requiring him to furnish information or documents as necessary for such verification.”

- Rule 8 which specify “No personal appearance” has been inserted namely: -

“No person shall be required to appear personally or through authorised representative before the Prescribed Authority in connection with any proceedings.”

- Rule 9 which specify “Communication exclusively by electronic mode” has been inserted namely: -

“all communications between the Commissioner of Income-tax (e-Verification) and various authorities from whom the information is received, shall be in the electronic mode.”

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Income-tax (35th Amendment) Rules, 2021

The Ministry of Finance (MoF) on December 29, 2021 has issued the Income-tax (35th Amendment) Rules, 2021 to further amend the Income-tax Rules, 1962.

The following amendments have been made:

- Rule 16DD, which specifies Form of particulars to be furnished along with return of income for claiming deduction under clause (b) of sub-section (1B) of Section (10A), has been inserted, namely:

“The particulars, which are required to be furnished by the assessee along with the return of income under clause (b) of sub-section (1B) of section 10A shall be in Form No. 56FF.”

- Form No. 56FF, which specifies Particulars to be furnished under clause (b) of sub-section (1B) of section 10A of the Income-tax Act, 1961 has been inserted.

This notification shall come into force from July 29, 2021.

[Click here to view the notification.](#)

Faceless Appeal Scheme, 2021

The Central Board of Direct Taxes (CBDT) on December 28, 2021 has issued the Faceless Appeal Scheme, 2021. This shall come into force on December 28, 2021.

The following Clause has been introduced namely: -

- In Clause 4 which specify “Faceless Appeal Centres” The following shall be inserted namely: -

“For the purposes of this Scheme, the Board may set up a National Faceless Appeal Centre to facilitate the conduct of e-appeal proceedings in a centralised manner”

- In Clause 5 which specify “Procedure in appeal” the following has been inserted namely:-

“The appeal shall be disposed of under this Scheme as the National Faceless Appeal Centre shall assign the appeal for disposal to a Commissioner (Appeals) of a specific appeal unit through an automated allocation system”

- In Clause 6 which specify “Penalty proceedings” the following has been inserted namely: -“Commissioner (Appeals) may, in the course of appeal proceedings, for noncompliance of any notice, direction or order issued under this Scheme on the part of the appellant or any other person, as the case may be, send a notice to the appellant through the National Faceless Appeal Centre for initiation of any penalty proceedings calling upon the appellant to show cause as to why penalty should not be imposed upon him under the relevant provisions of the Act.”

- In clause 13 which specify “Power to specify format, mode, procedure and processes” the following has been inserted namely: -

“The Principal Chief Commissioner of Income-tax or the Principal Director General of Income-tax, in charge of the National Faceless Appeal Centre shall, with the prior approval of Board, lay down the standards, procedures and processes for effective functioning of the National Faceless Appeal Centre and the appeal unit set-up under this Scheme, in an automated and mechanised environment, including format, mode, procedure and processes”

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