



# **Recap of Recent Regulatory & Legal Updates**

**(September, 2023)**

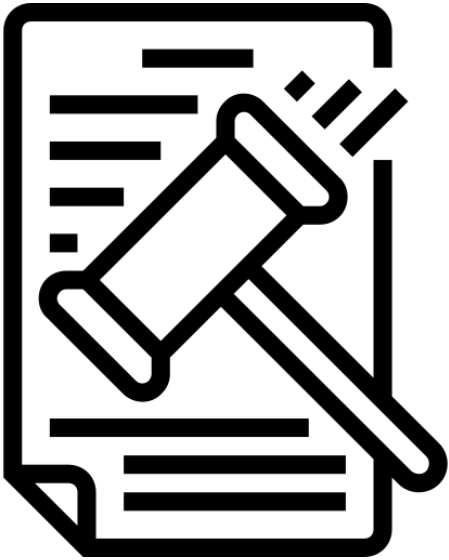


# **Regulatory Company Law**

## **updates:**



## One-Time Relaxation in Additional Fees for Delayed LLP Filings



MCA has granted a one-time relaxation in additional fees to LLPs that were unable to file the following forms within the due dates:

- a) Form 3** (LLP Agreement and changes therein);
- b) Form 4** (Notice of appointment, cessation, change in name/address/designation of a designated partner or partner, and consent to become a partner/designated partner); and
- c) Form 11** (Annual Return of LLP).



# One-Time Relaxation in Additional Fees for Delayed LLP Filings

## Key Features:

- Filing of **Forms 3 & 4** without additional fees shall apply to event dates from **01/01/2021 onwards**. Filing of **Form 11** without additional fees shall apply to the **FY 2021-22 onwards**.
- Filing of forms before the specified event dates above can be done with an additional fee of **02 times** and **04 times** the normal fee for **small LLPs** and **other than small LLPs**, respectively.
- This scheme will be available from **01/09/2023 to 30/11/2023**, and LLPs that avail of this scheme will not be subjected to any action for delayed filing.

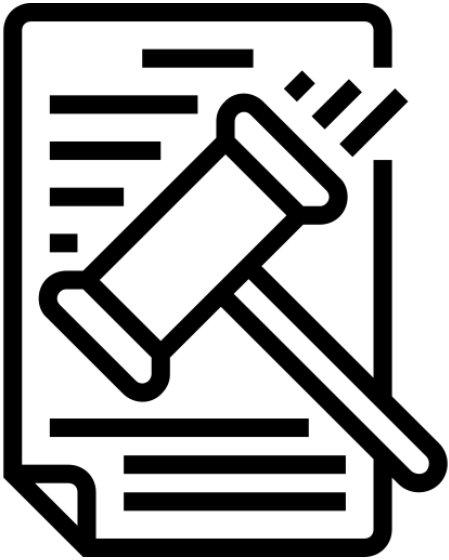




# Securities Laws: Offer for Sale by REITs & InvITs



## Offer for Sale framework for sale of units of Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs)



- SEBI has modified the comprehensive framework on Offer for Sale (OFS) of shares including units of REITs and InvITs through stock exchange mechanism and prescribed that OFS for sale of units of REITs and InvITs by sponsor(s) or sponsor group entities, and other unit holders are permitted only in units of listed REITs and listed InvITs.
- However, in case of OFS for listed InvITs, the trading lot shall be same as the trading lot prescribed for such InvITs in the secondary market in terms of SEBI (Infrastructure Investment Trusts) Regulations, 2014.

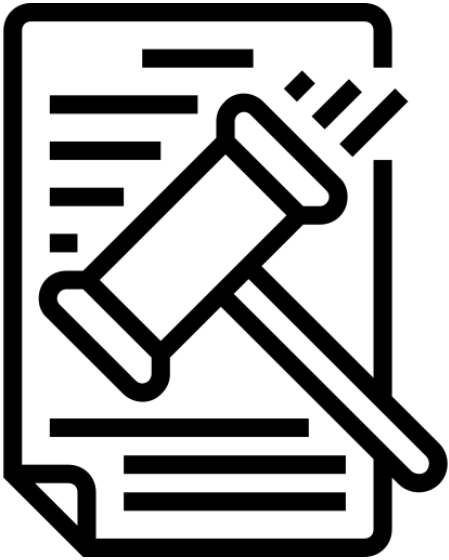




## **Securities Laws :** **Reduction of timeline for listing of shares**



## Reduction of timeline for listing of shares in Public Issue from existing T+6 days to T+3 days



- SEBI has reduced the time taken for listing of specified securities after the closure of public issue to **3 working days (T+3 days)** as against the present requirement of **6 working days (T+6 days)**. 'T' being issue closing date.
- Accordingly, SEBI has specified the revised timelines for listing of specified securities and various activities involved in the public issue process. Further, provided that the T+3 timeline for listing shall be appropriately disclosed in the Offer Documents of public issues.





## Reduction of timeline for listing of shares in Public Issue from existing T+6 days to T+3 days

Voluntary  
basis

- **01st  
September,  
2023**



Mandatory

- **01st  
December,  
2023**

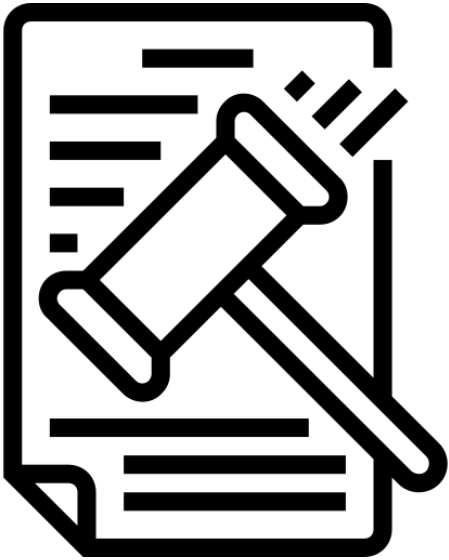




## **Securities Laws :** **Facilitation of Grievance Redressal Mechanism**



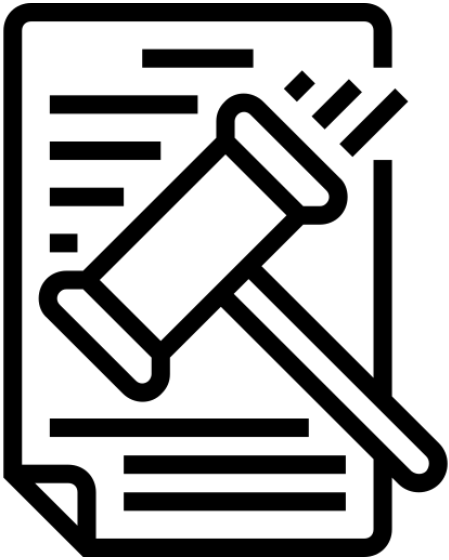
# SEBI (Facilitation of Grievance Redressal Mechanism) (Amendment) Regulations, 2023



- SEBI has made amendments to several regulations aimed at enhancing the mechanism for addressing investor complaints. Under these changes, complaints must be resolved by the relevant entities within 21 days.
- This requirement now extends to merchant bankers, debenture trustees, registrars to an issue, share transfer agents, and know your client registration agencies, all of whom are obligated to address investor grievances within the same 21-day timeframe.



# SEBI (Facilitation of Grievance Redressal Mechanism) (Amendment) Regulations, 2023



- Furthermore, these regulations also apply to portfolio managers, investment advisers, and research analysts. Additionally, SEBI has the authority to designate a corporate body responsible for managing and overseeing the grievance redressal process within the specified time period.

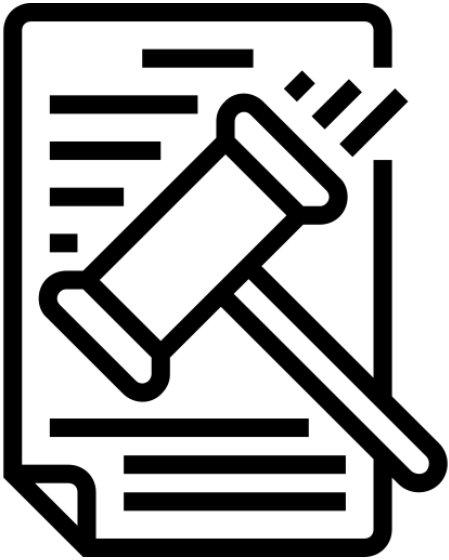




# Securities Laws : **LODR**



## SEBI (LODR) (Third Amendment) Regulations, 2023



- SEBI has inserted a new **Chapter VIA** which provides the framework for voluntary delisting of non-convertible debt securities or non-convertible redeemable preference shares and obligations of the listed entity on such delisting.
- The provisions of this Chapter VIA shall be applicable to voluntary delisting of all listed non-convertible debt securities or non-convertible redeemable preference shares from all or any of the stock exchanges where such non-convertible debt securities or nonconvertible redeemable preference shares are listed except a few mentioned in the notification.



# SEBI (LODR) (Third Amendment) Regulations, 2023

## Exceptions:

Company has outstanding listed NCDS or NCRPS issued by way of a public issue

Company has more than 200 securities holders excluding QIBs in any International Securities Identification Number relating to listed NCDS or NCRPS

NCDS or NCRPS have been delisted by the stock exchanges as a consequence of any penalty or action initiated against the company or on any grounds as specified under rule 21 of the Securities Contracts (Regulation) Rules, 1957

NCDS or NCRPS have been delisted by the stock exchanges pursuant to redemption of such securities or shares

NCDS or NCRPS have been delisted pursuant to a resolution plan as per Section 31 of the Insolvency Code





# **Securities Laws : New format of Abridged Prospectus**





## SEBI (LODR) (Third Amendment) Regulations, 2023



- In order to further simplify, provide greater clarity and consistency in the disclosures across various documents and to provide additional but critical information in the abridged Prospectus, the format for disclosures in the abridged Prospectus has been revised.
- This Circular shall be applicable for all public issues opening on or after **October 1, 2023**. Accordingly, for public issues that open on or after October 1, 2023, the format of an Abridged Prospectus shall be as per this Circular instead of Part B of Schedule I of the NCS Regulations.

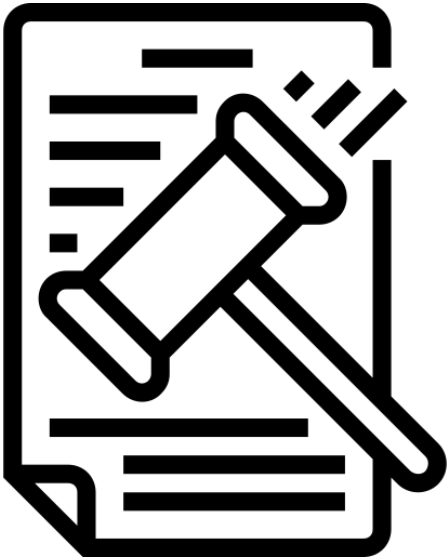




# **The Digital Personal Data Protection Act, 2023**



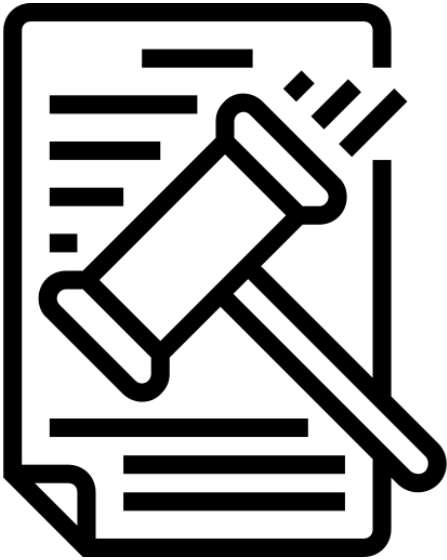
## Highlights of the Act



- The Act will be applicable to the processing of digital personal data within India, whether such data is collected online or offline and subsequently digitized. It will also extend to such processing conducted outside India if it involves offering goods or services within India.
- Personal data can only be processed for lawful purposes with the consent of the individual. However, consent may not be required for specific legitimate purposes, such as voluntary data sharing by individuals or processing by the State for permits, licenses, benefits, and services.
- Data fiduciaries will have an obligation to ensure data accuracy, maintain data security, and delete data once its intended purpose has been fulfilled.



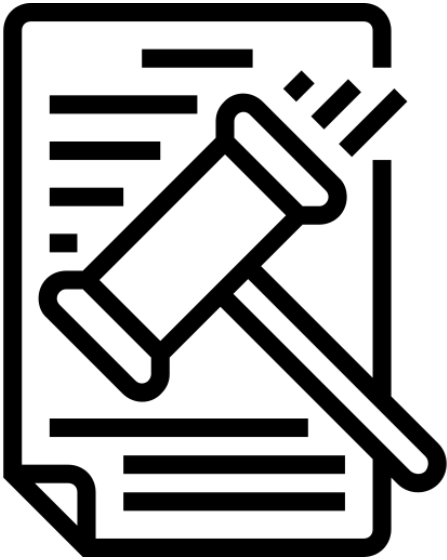
## Highlights of the Act



- The Act grants certain rights to individuals, including the right to access information, request correction and erasure of data, and seek grievance redressal.
- The central government may exempt government agencies from complying with certain provisions of the Act in cases where it is in the interest of specific grounds, such as state security, public order, or the prevention of offenses.
- The central government will establish the Data Protection Board of India to adjudicate cases of non-compliance with the provisions of the Act.



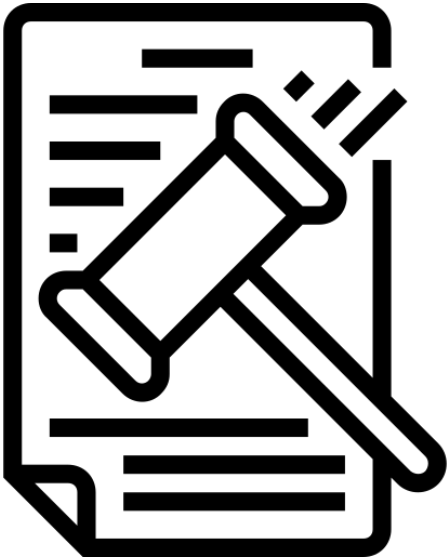
## Key Issues and Analysis



- Exemptions to data processing by the State on grounds such as national security could result in the collection, processing, and retention of data beyond what is necessary. This could potentially violate the fundamental right to privacy.
- The Act does not address the risks of harm that may arise from the processing of personal data.
- The Act does not grant data principals the right to data portability and the right to be forgotten.



## Key Issues and Analysis



- The Act allows the transfer of personal data outside India, except to countries specified by the central government. This mechanism may not guarantee a thorough evaluation of data protection standards in countries where the transfer of personal data is permitted.
- Members of the Data Protection Board of India will be appointed for two years and will be eligible for reappointment. The short term of appointment with the possibility of reappointment may impact the independent functioning of the Board.



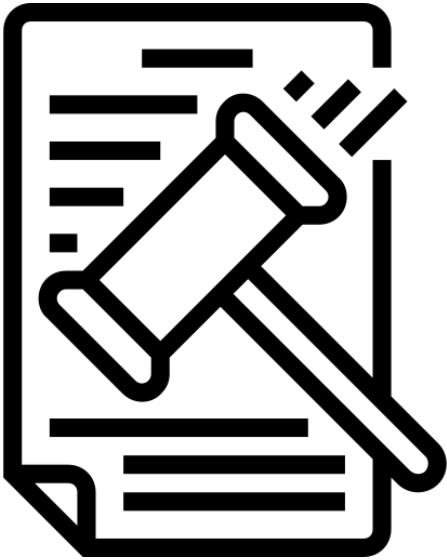


**Securities  
Laws**

**Law: Case**



# Shivdarshan Sales Pvt. Ltd. and Ors. v. SEBI along with other tagged matters– SAT Order dated 28.08.2023

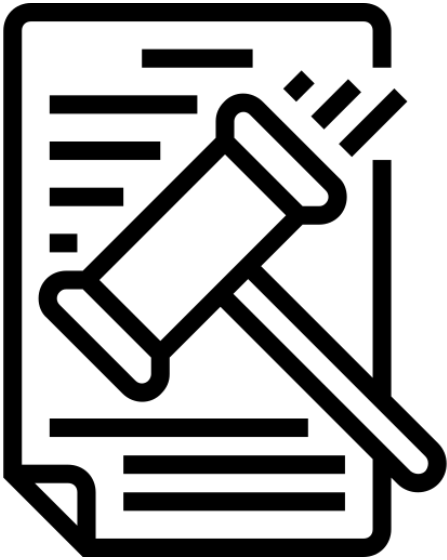


- Main Issues in the case:
  - a) Investigation in the scrip of PMC Fincorp Ltd. – SCN to 62 entities, including 8 entities filing the captioned Appeal.
  - b) Unusual rise in the price of the scrip – the 8 Appellants herein held 45.76% total quantity during the Investigation Period.
  - c) The Appellants herein were net buyers and kept on buying even when prices were going high.
  - d) Significant contribution to market positive LTP and allegation of creating artificial demand.
  - e) Charged for market manipulation under S. 12A (a), (b), (c) of SEBI Act, 1992 r/w Reg. 3 (a), (b), (c), (d); 4(1), 4(2)(a)(e) of PFUTP Regulations.





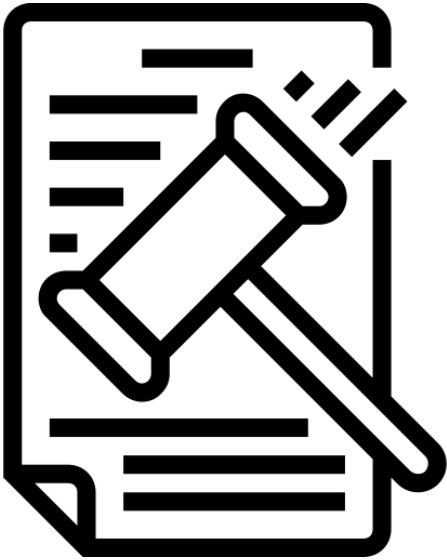
## Shivdarshan Sales Pvt. Ltd. and Ors. v. SEBI along with other tagged matters– SAT Order dated 28.08.2023



- Held:
  - a) Connection shown by the AO between Appellants and other entities is odious.
  - b) Continuous buying at increasing prices from market is no crime.
  - c) Nothing on record to show that Appellants placed buy orders above LTP.
  - d) Motive for creating artificial demand in the scrip, given by AO to be to provide exit to large shareholders – however, no such shareholders named or found by SEBI. The said motive was thus held to be presumptive.
  - e) In the absence of any cogent motive being proven, continuously buying the shares at increasing prices and holding on to them is not by itself violative of any fraudulent activity under Regulations 3 & 4 of the PFUTP Regulations.



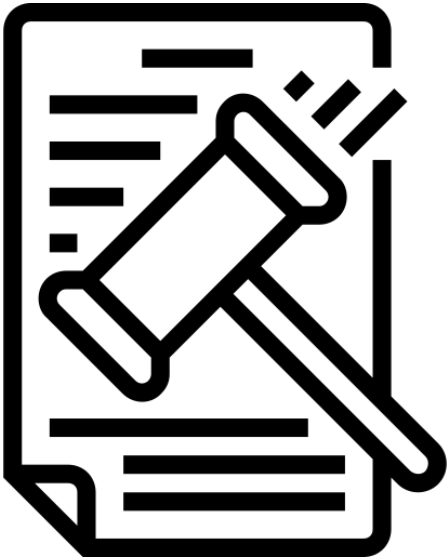
## Sanjay Kumar v. Adjudicating Officer, SEBI, along with other tagged matters – SAT Order dated 05.09.2023



- Main Issues in the Case:
  - a) Investigation in the scrip of Sulabh Engineers and Services Ltd. – previously several orders were quashed by SAT through its order of 29.04.2022 and remanded back to SEBI – these Appeals arise from the fresh orders passed.
  - b) Appellants were alleged to be connected to the Company and thus, were part of the orchestrated scheme.
  - c) Trades of the Appellants matched with counterparties.
  - d) Appellants made positive LTP contributions.



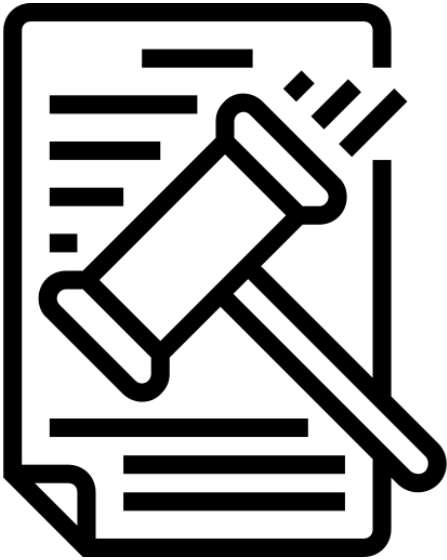
## Sanjay Kumar v. Adjudicating Officer, SEBI, along with other tagged matters – SAT Order dated 05.09.2023



- Held:
  - a) Trades so alleged were those made by five preferential allottees – however, SEBI has previously exonerated 31 preferential allottees, who were placed similarly to these 5. Thus, on the principle of parity orders against them were also quashed.
  - b) With respect to some other entities, the AO had held them guilty of fraud, and imposed a penalty and the CGM had held them not guilty, and did not bar them – SAT held that SEBI must take consistent stands, and as CGM is the higher authority, thus, its directions will have an overriding effect – therefore, orders against these entities were also quashed.



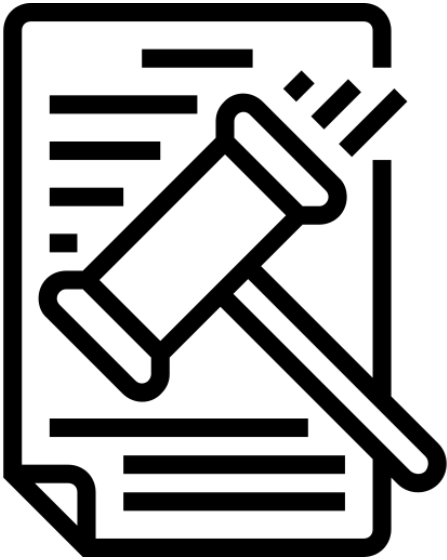
# Pinnacle Market Investment Advisory and Ors. v. SEBI – SAT Order dated 06.09.2023



- Main Issues in the Case:
  - a) Pertains to SEBI (Investment Advisers) Regulations, 2013 and PFUTP Regulations, 2003.
  - b) Appointment of director on board of the Investment Adviser not informed to SEBI.
  - c) Improper Risk Profiling of Clients.
  - d) Charging fees from clients in an unfair and non-transparent manner.
  - e) Providing for assured profits.
  - f) Non-resolution of Investor Grievances.



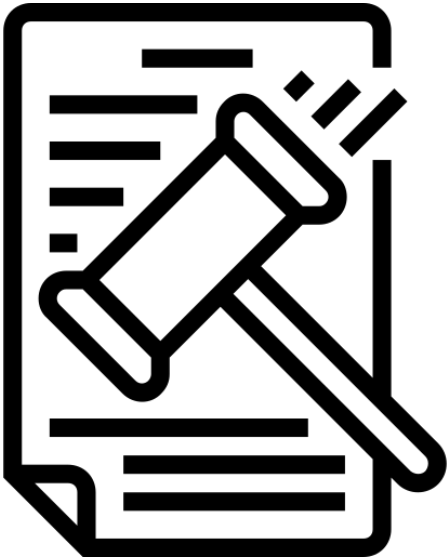
# **Pinnacle Market Investment Advisory and Ors. v. SEBI – SAT Order dated 06.09.2023**



- Held:
  - a) SAT upheld the penalties imposed under the Investment Adviser Regulations.
  - b) However, SAT held that the fact that there was a violation of Investment Adviser Regulations, cannot translate into allegations under PFUTP Regulations.
  - c) The allegations of fraud would require deeper scrutiny and the same cannot be enforced merely because there was a violation of Investment Adviser Regulations.



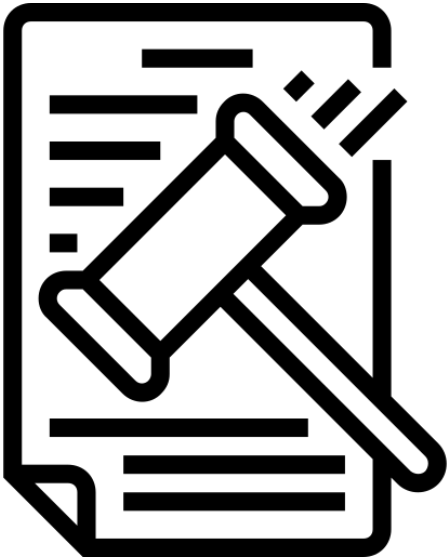
## V. Manikandan v. Adjudicating Officer, SEBI – SAT Order dated 06.09.2023



- Main Issues in the case:
  - a) Allegations of GDR Fraud.
  - b) The Appellant was the Non-executive Director of Southern Ispat Energy Ltd. (SIEL), during the relevant period.
  - c) SEBI states that the Board of Directors passed a resolution to open a bank account with EURAM Bank for depositing GDR proceeds.
  - d) There was a sole subscriber to the GDR Issue, i.e. Vintage FZE.
  - e) Further a loan agreement was entered into by Vintage with EURAM Bank for purchasing GDR proceeds and a parallel pledge agreement was entered into by SIEL, pledging the GDR proceeds as a security for the loan taken by Vintage. Both these agreements were not disclosed.
  - f) Thus, all concerned, including the Company and its directors were alleged of the fraud and penalized.



## V. Manikandan v. Adjudicating Officer, SEBI – SAT Order dated 06.09.2023



- Held:
  - a) As the Appellant was a non-executive director, thus, he could not be held to have participated in the day-to-day affairs of the Company, and therefore, not liable.
  - b) Further, SEBI's allegations that he was a part of the Audit Committee and thus, responsible was also rejected. SAT observed that-
    - The matter of proceeds of GDR and their utilization was not placed before the Audit Committee for its consideration.
    - Section 177(4)(viii) of the Companies Act 2013 which mandates the Audit Committee to look into the utilization of the funds raised through public offers etc., is inapplicable as the allegations pertain to 2008-2011 and the said act came only in 2013. Thus, SAT gave prospective effect to the said provision.



# THANK YOU