



MINISTRY OF CORPORATE AFFAIRS

Gist of Regulatory Changes by Various Authorities in month of July, 2018

- ❖ [IBBI \(Insolvency Resolution Process for Corporate Persons\) \(Third Amendment\) Regulations, 2018](#)

The regulations provide for a model timeline of the corporate insolvency resolution process assuming that the interim resolution professional is appointed on the date of commencement of the process and the time available is 180 days.

- ❖ [Empanelment of Insolvency Professional Entities](#)

The IPEs are directed to refrain from seeking empanelment with or joining any panel of any market participant as an IPE is neither enrolled as a member of an IPA (Insolvency Professional Agency) nor registered as an IP with the IBBI and it cannot act as IP under the Code.

- ❖ [Company to report Satisfaction of Charge](#)

Another commencement notification of Companies Amendment Act, 2017 has enforced changes in Section 82 of Companies Act, 2013 providing that the Registrar may allow time of 300 days for intimation of payment or satisfaction of charge on payment of such additional fees as may be prescribed.

- ❖ [Another major commencement notification of Companies Amendment Act, 2017](#)

Following provisions of Companies Amendment Act, 2017 shall be enforced:



- Maintenance of Deposit Repayment Reserve for Public Deposits is proposed to be changed to 20% of the amounts maturing during the next year in place of 15% of two years,
- Repayment of Public deposit accepted before April 1, 2014 can be made within 3 years or the period for which deposits were accepted, whichever is earlier.
- The company formed under another act having atleast 2 or more members, can register as a company under section 366 of the principal act
- Once LLP converted into company, LLP deemed to have been dissolved under LLP Act as per section 374

❖ [Companies \(Registration Offices and Fees\) Third Amendment Rules, 2018](#)

Every DIN holder is required to file Form DIR-3 KYC on or before April 30 annually, otherwise delayed fee of Rs. 5,000/- shall be charged.

Further, For the current FY (2018-2019), no fee shall be chargeable till August 31, 2018 and fee of Rs. 5,000/- shall be payable on or after the September 1, 2018.

❖ [Companies \(Appointment and Qualification of Directors\) Fourth Amendment Rules, 2018](#)

The following provisions has been inserted in these rules:

- Every individual who has been allotted DIN as on March 31 is required to submit e-form DIR-3-KYC on or before April 30 of immediate next financial year.
- Non-filing of form within time shall lead to de-activation of DIN by Central Government or RD (Northern Region), or any other officer authorized and de-activated DIN shall be re-activated after filing of Form DIR-3 KYC.
- Aadhar number, Mobile No. & E-mail ID required to be mandatorily entered in the form and the same shall belong to director himself.

❖ [Companies \(Acceptance of Deposits\) Amendment Rules, 2018](#)

The following provisions has been inserted in these rules:

- Statutory auditor certificate for default, if any made in repayment of deposits or interest is required to be attached in Form DPT-1.
- The amount remained deposited in scheduled bank under rule 13 shall not fall below 20% of amount of deposit maturing during financial year.
- Form DPT-1 & DPT-3 has been substituted.

❖ [Companies \(Authorised to Register\) Second Amendment Rules, 2018](#)

The amended rule provides more understanding and restricted the scope of ambiguous parameters in relation to the procedure and provisions w.r.t the registration of Firms, Society and Trust as a company under section 366 the Companies Act, 2013, by introducing, wherever requires, the reference of new inserted definitions of society, Trust, Registrar of Firms and Trusts in various provisions of this rule.

Further, MCA has loosened the grip on limits of membership from seven to two members for registration of other business entities as private company under the said section.

❖ [Additional Requirements of KYC provided by MCA](#)

Mandatory Requirements for DIR-3 KYC:

- Unique Personal Mobile Number which will be duly verified by One Time Password(OTP)
- Personal Email ID
- PAN-based DSC in case of Indian Nationals
- In case of foreign nationals, applicant's name in DSC would be matched with his/her name entered while filing the form(DIR-3 KYC).



- Further requirements can be provided by the authority through the introduction of E-Form DIR-3 KYC.
- ❖ [Appointment of Authorised Representative for Classes of Creditors](#)
- Clarification has been provided that wherever the approval of resolution plan is at least 15 days away, the resolution professional shall expeditiously obtain, by electronic means, the choice of the insolvency professional from creditors in a class to act as the authorised representative of the class.
- ❖ [Insolvency and Bankruptcy Code \(Second Amendment\) Bill, 2018 introduced in Lok Sabha to repeal and replace the Insolvency and Bankruptcy Code \(Amendment\) Ordinance, 2018.](#)
- ❖ [Securities Contracts \(Regulation\) \(Amendment\) Rules, 2018](#)
- Clarification in relation to continuous listing requirements in cases where implementation of the resolution plan approved under Insolvency and Bankruptcy Code, 2016 results into falling of prescribed minimum public shareholding by providing timespan to bring back the shareholding to prescribed limit in the manner specified by SEBI.
- ❖ [Another commencement notification of Companies Amendment Act, 2017](#)
- Following provisions of Companies Amendment Act, 2017 has been enforced:
- The requirement of Affidavit from first directors and subscribers at the time of incorporation has been done away with and only Declaration from Subscribers and First Directors shall suffice the purpose of section 7 of principal act.
 - Intimation of Registered Office or change in Registered Office under section 12 of principal act should be filed within 30 days [Earlier it was 15 days].
- ❖ [Companies \(Incorporation\) Third Amendment Rules, 2018](#)
- The definition of term “resident in India” has been substituted in explanation of Rule 3 (One Person Company) replacing the word ‘Calendar Year’ with ‘Financial Year’ and while counting the number of days of stay of a director in India for the financial year 2018-2019, any period of stay between January 1, 2018 till the date of notification of this rule shall also be counted.
- Further, the requirement of affidavit in Form INC-9 has been replaced with Declaration in Form INC-9.
- ❖ [Companies \(Accounts\) Amendment Rules, 2018](#)
- Rule 8 details the matters to be specified in Board’s Report which shall now include a disclosure on maintenance of cost records, if applicable and a statement for compliance of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
- Further, Rule 8 would not apply to One Person Company (OPC) and Small Company. Accordingly new Rule 8A has been introduced providing matters to be included in Board report of OPC and Small Company.
- ❖ [Revision in provisions of Financial Statements\(FS\) and Board Report \(BR\) under Companies Act, 2013](#)
- Changes prescribed in Section 134 by Companies Amendment Act, 2017 has been enforced:
- Financial Statement (FS), including consolidated FS, if any, shall be approved by the Board before they are signed on behalf of the Board by the chairperson of the company where he is authorised by the Board or by two directors out of which one shall be MD, if any, and the CEO, CFO & CS of the company, wherever they are appointed, or in the case of OPC, only by one director.
 - Board Report (BR) should contain link of web address, if



any, where annual return is placed

- Formal annual evaluation of Board, Committees and individual directors could be made by third agency
- If disclosures referred to in 134(3) have been included in the FS, such disclosures shall be referred to instead of being repeated in the BR
- Salient features of the policies and any change therein along with web-address of company shall be specified in brief in the BR, if available on web-address of company
- An abridged BR can be prescribed for OPC, small companies



RESERVE BANK OF INDIA

- ❖ Due date of registration for the Entity Master has been extended from July 12, 2018 to July 20, 2018



SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI)

- ❖ [Direction to RTA & Listed Companies for transfer of securities](#)

All the Listed Companies & RTAs are directed to send reminders and sensitise shareholders holding shares in physical form about the impact of amendment in regulation 40 on the transfer of shares by way of publication on website and letters respectively.

Listed companies should also ensure that the signature cards of all such holders are handed over to RTA at the earliest and may also report compliance of above by end September 2018 to the Exchange in a format to be specified shortly.

- ❖ [Updation of PAN details of KMP\(s\) and Directors](#)

All listed companies registered on NSE are required to upload PAN copy of each and every Director under Directors Details module on ENIT NEW COMPLIANCE alongwith updation of KMP(s) details by July 31, 2018 to avoid penal action.

- ❖ [Disclosure of Unpublished Price Sensitive Information\(UPSI\) by Listed Companies](#)

It has been observed that UPSI of a few listed companies was circulated through private communication channels/ messaging platforms, before this information was made available as per PIT Regulations. Hence all listed companies are directed to abide with the directions issued by stock exchanges for maintaining confidentiality of UPSI as well as measures to deal with incidents of leakage of price sensitive/ material information.

- ❖ [Strengthening the Guidelines and Raising Industry standards for RTAs, Issuer Companies and Bankerto an Issue –Clarification](#)

SEBI in its circular dated April 20, 2018 has directed RTAs to send a letter under Registered/Speed post seeking PAN and bank details within 90 days of the said circular, i.e. July 18, 2018 and two reminders thereof after the gap of 30 days.

However, SEBI has revised the timeline for sending the initial letter to September 30, 2018 to enable companies to send the initial letter along with Annual Reports /notice of AGM.

Additionally, two reminders may be sent by other modes including ordinary post/courier.

- ❖ [Consultation Paper on Revisiting the public issue process](#)

In order to enable issuers to raise capital in the shortest possible time span and to reduce market risk for investors as well as issuers, SEBI has been exploring ways and means to further streamline the process,



including shortening the timeline. A consultation paper has been released in this regard for public comments by August 15, 2018.

❖ [Discussion Paper on Delisting of Equity Shares - Review of Reverse Book Building Process](#)

A discussion paper has been released by SEBI regarding implementation of the reverse book building process where the fixed price can be rejected by promoters which in turn can futile the whole exercise. Public comments on same has been asked by August 16, 2018.

❖ [Consultative paper on revision of provisions pertaining to re-classification of shareholders](#)

In order to simplify, streamline and bring greater clarity in the provisions of Regulation 31A of SEBI LODR Regulations, SEBI has issued a consultative paper for revision in such provisions and the same once approved shall be applicable only on compliant listed entities. Public comments has been asked on such paper by August 16, 2018.

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