

- Corporate

## CORPORATE

### A. Issuance of Non-Convertible Debentures (“NCDs”)

Reserve Bank of India (“RBI”), vide notification dated June 23, 2010<sup>1</sup>, has issued the Issuance of Non-Convertible Debentures (Reserve Bank) Directions, 2010 (“Directions”), effective from August 02, 2010. The Directions regulate the issuance of NCDs which have been defined to mean “debt instrument issued by a corporate (including NBFCs) with original or initial maturity up to one year and issued by way of private placement”. The Directions stipulate the eligibility criteria, rating requirement, maturity period, denominations, limits in respect to issuance of

NCDs, the procedure of issuance, requirement of appointment of a debenture trustee, entities authorized to subscribe to NCDs and roles and responsibilities of the entities involved, among others.

The complete text of the Directions is available at

<http://rbidocs.rbi.org.in/rdocs/notification/PDFs/NCDD230610.pdf>

### B. Compounding of Contraventions under Foreign Exchange Management Act, 1999 (“FEMA”)

RBI, vide circular dated June 28, 2010<sup>2</sup>, has modified the procedure for compounding of contravention(s) under FEMA. The circular provides for the manner in which the application is

<sup>1</sup> RBI/2009-10/505 IDMD.DOD.10 /11.01.01(A)/2009-10

<sup>2</sup> RBI/2009-10/56 A.P. (DIR Series) Circular No. 56

required to be made, scope and manner of compounding, prerequisite for the compounding process, amongst others. Per the circular contraventions relating to any transaction where proper approvals or permission from the Government or any statutory authority concerned, as the case may be, have not been obtained, such contraventions would not be compounded unless the required approvals are obtained from the concerned authorities. Further, it is advised that the persons concerned should make an application for compounding as and when the contraventions come to their notice.

The circular is available at

<http://rbidocs.rbi.org.in/rdocs/notification/PDFs/AIR56CF280610.pdf>

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