

NEWSLETTER

November 2024

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MEASURES TO STRENGTHEN EQUITY INDEX DERIVATIVES FRAMEWORK FOR INCREASED INVESTOR PROTECTION AND MARKET STABILITY¹

Following the recommendations from the EWG and discussions in SEBI's Secondary Market Advisory Committee, SEBI issued a consultation paper on July 30, 2024. After reviewing feedback and consulting with Stock Exchanges and Clearing Corporations, SEBI has decided to implement measures to enhance the equity index derivatives framework:

Upfront collection of Option Premium from options buyers
Options prices exhibit non-linear behavior and high implicit leverage, making them volatile contracts that can rapidly appreciate or depreciate in value. To mitigate undue intraday leverage for end-clients and discourage positions exceeding collateral, it has been mandated that Trading Members ("TMs") and Clearing Members ("CMs") collect options premiums upfront from option buyers. According to Clause 14.3 of Chapter 5 of the SEBI Master Circular for Stock Exchanges and Clearing Corporations dated October 16, 2023, TMs are required to collect Initial Margin ("IM") and Extreme Loss Margin ("ELM") upfront, which will now also include the net options premium at the client level. This requirement will be verified through intraday snapshots by Clearing Corporations, with penalties imposed for non-compliance.

Removal of calendar spread treatment on the expiry date
Due to the higher trading volumes and increased basis risk on expiry day, the ability to offset positions across different expiries (calendar spread) will not be permitted for contracts expiring on that day. This aligns the treatment of calendar spreads with the cross-margin framework, where such benefits are revoked at the start of the first expiring correlated index.

The worst scenario loss, as outlined in Clause 14.3 of the SEBI Master Circular for Stock Exchanges and Clearing Corporations dated October 16, 2023, will be calculated separately for contracts expiring on the given day and those expiring later, leading to no additional calendar spread margin for contracts expiring that day. Existing margin calculations for calendar spread positions will remain unchanged for other expiries, meaning that while calendar spread positions involving contracts expiring on the same day won't receive this treatment, those involving future expiries will continue to do so.

Intraday monitoring limits
It has been decided to implement intra-day monitoring to mitigate the risk of undetected intraday positions exceeding permissible limits, especially on expiry days when trading volumes are high. Stock Exchanges will now be required to take a minimum of four random position snapshots throughout the day, with the specific number of snapshots determined by each exchange, to ensure compliance with the established position limits.

Contract size for index derivatives
The SEBI Master Circular for Stock Exchanges and Clearing Corporations dated October 16, 2023 has updated the contract size for index futures and index options, increasing the minimum contract value from Rs. 5 lakhs to Rs. 15 lakhs, effective upon the introduction of new derivative contracts. This change reflects the tripling of broad market values and prices since the last adjustment in 2015. Further, the lot size for these contracts will be determined to ensure that their value falls between Rs. 15 lakhs and Rs. 20 lakhs at the time of review, while all other existing stipulations regarding contract sizes for index derivatives will remain unchanged.

Rationalization of Weekly Index derivatives products
SEBI has identified that trading in index options on expiry days, particularly when option premiums are low, tends to

¹ SEBI/HO/MRD/TPD-1/P/CIR/2024/132

be highly speculative and characterized by hyperactive trading, with average position holding periods lasting only minutes. This activity leads to increased volatility in index values throughout the day, raising concerns regarding investor protection and market stability, without contributing to sustained capital formation. To address this excessive trading, SEBI has decided to streamline the index derivatives products offered by exchanges, permitting each exchange to provide derivatives contracts for only one benchmark index with a weekly expiry.

Increase in tail risk coverage on the day of options expiry

To address the increased tail risk associated with heightened speculative activity in options positions on expiry days, an additional Extreme Loss Margin (“ELM”) of 2% will be levied on short options contracts. This additional margin will apply to all open short options at the start of the expiry day as well as to any short options contracts initiated during the day that are set to expire. For example, if the weekly expiry for an index contract is on the 7th of the month, an additional 2% ELM will be applied to all options contracts expiring on that day.

Measure	Effective From
Upfront collection of Option Premium from options buyers	February 01, 2025
Removal of calendar spread treatment on the expiry date	February 01, 2025
Intraday monitoring limits	April 01, 2025
Contract size for index derivatives	November 20, 2024
Rationalization of Weekly Index derivatives products	November 20, 2024
Increase in tail risk coverage on the day of options expiry	November 20, 2024

REVIEW OF STRESS TESTING FRAMEWORK FOR EQUITY DERIVATIVES SEGMENT FOR DETERMINING THE CORPUS OF CORE SETTLEMENT GUARANTEE FUND²

SEBI has decided to introduce the following additional hypothetical stress testing scenarios/methodologies for determining the Minimum Required Corpus (“MRC”) of Core SGF in the equity derivatives segment:

- **Stressed VaR:** Utilizes a stress period's variance-covariance matrix to simulate price movements, doubling the volatility factor, and shocking options volatility by 100% through Monte Carlo simulations assuming multivariate normal returns.
- **Filtered Historic Simulation:** Adjusts past data for prevailing volatility using Exponentially Weighted Moving Average (EWMA) to calculate volatility, where

historical returns are standardized and then re-scaled to current volatility estimates.

- **Factor Model:** Considers the largest 3-day NIFTY movements (upwards and downwards) since 2000, multiplied by each stock's beta from a stress period, with options volatility shocked by 100%.

For each stress testing model, the data for modeling returns or movements of underlying assets must be based on stress periods specified by the Clearing Corporations (“CCs”). CCs are required to jointly frame a policy for updating and reviewing these stress periods, which should be approved by their Risk Committees. Additionally, a Stress Period of Risk (SPOR) of 3 days will be used, meaning that non-overlapping return movements over a 3-day period will be considered for stress testing.

To accommodate the increase in the MRC for the equity derivatives segment following the new stress testing methodologies, CCs are allowed a one-time inter-segment transfer of funds. If average stress losses are less than 50% of the MRC in the equity cash segment over the past 12 months, CCs can transfer up to 100% of the surplus beyond the MRC from the equity cash segment's Core Settlement Guarantee Fund (“SGF”) to the equity derivatives segment. CCs must retain a minimum of 50% of the MRC in the equity cash segment. Additionally, penalties and accrued interest from the equity cash segment may also be transferred to the equity derivatives segment with approval from the Risk Committee.

CCs are required to review and determine the MRC for the following month by the 15th of each month, based on daily stress test results from the preceding month. The MRC will be set as the higher value between the average of all daily worst-case losses and the previously determined segment MRC. Additionally, contributors to the SGF must meet contribution adequacy requirements, with any additional funds due within four months of the circular's issuance (by February 01, 2025). The initial additional contribution will be based on stress losses since January 2024, and penalties credited to the Core SGF, and accrued interest will also be considered in determining further contributions.

Contributors to the SGF may make subsequent contributions, following the initial contribution, in a staggered manner based on monthly MRC requirements. CCs will establish a detailed framework for this process. While these contributions can be staggered, the MRC for the next month will still be determined according to the provisions outlined earlier. Additionally, CCs must disclose any

² SEBI/HO/MRD/MRD-PoD-2/P/CIR/2024/131

difference between the required contribution and the actual contribution made each month on their websites, along with their monthly Core SGF data.

The stress testing methodologies for CCs in the equity derivatives segment will be uniformly applied across all CCs. These CCs are categorized into two groups based on their share of clearing volumes: Category A for those with 40% or more, and Category B for those with less than 40%. Clearing volumes are determined by the daily average value of cleared contracts, with categorization jointly communicated to SEBI. For Category B CCs, credit exposure is calculated based on the default of at least two members, while Category A CCs must calculate exposure from the default of at least three members or a fixed sum of INR 10,500 crores, whichever is higher.

CCs and stock exchanges are required to jointly formulate a Standard Operating Procedure within 30 days of the circular's issuance. This SOP must be approved by their respective Risk Committees and cover various operational aspects, including the specification of initial stress periods, the implementation of new stress testing models, and frameworks for updating stress periods.

RELAXATION FROM COMPLIANCE WITH CERTAIN PROVISIONS OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 – REG.³

SEBI had previously issued a circular on October 7, 2023, providing relaxations from regulation 36(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**LODR Regulations**”) for Annual General Meetings (“**AGMs**”) and regulation 44(4) for general meetings held electronically until September 30, 2024. This was based on the relaxations granted by the Ministry of Corporate Affairs (“**MCA**”) through General Circular No. 09/2023 dated September 25, 2023.

Recently, the MCA extended this relaxation on sending physical copies of financial statements to shareholders for AGMs conducted until September 30, 2025, through General Circular No. 09/2024 dated September 19, 2024.

In response to requests for further extensions, SEBI has decided to extend the earlier relaxations mentioned above until *30 September, 2025*.

However, listed entities must continue to comply with the conditions specified in paragraphs 5.1 and 5.2 of section VI-J in chapter VI of SEBI’s Master Circular dated July 11, 2023, while availing themselves of these relaxations. The circular is

issued under SEBI’s authority and must be adhered to alongside the provisions of the Companies Act, 2013, and any modifications thereof.

TIMELINES FOR DISCLOSURES BY SOCIAL ENTERPRISES ON SOCIAL STOCK EXCHANGE (“SSE”) FOR FY 2023-24⁴

SEBI, through Circular SEBI/HO/CFD/PoD-1/P/CIR/2024/0059 dated May 27, 2024, had established deadlines for Social Enterprises listed on the Social Stock Exchange (“**SSE**”) to submit their annual disclosures under Regulation 91C(1) and annual impact reports under Regulation 91E(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**LODR Regulations**”) for FY 2023-24.

In a partial modification to the abovementioned circular, SEBI has extended the outer timeline for these submissions, allowing Social Enterprises on the SSE to submit both the annual disclosures and the annual impact reports for FY 2023-24 by January 31, 2025.

SPECIFIC DUE DILIGENCE OF INVESTORS AND INVESTMENTS OF AIF⁵

AIFs, designated as Qualified Institutional Buyers (“**QIBs**”) under the SEBI Issue of Capital and Disclosure Requirements Regulations (“**ICDR**”), must conduct due diligence to prevent ineligible investors from accessing QIB benefits. Specifically, for any AIF scheme where an investor or group of investors contributes 50% or more to the corpus, the required due diligence must follow standards set by the Standard Setting Forum (“**SFA**”) for AIFs before availing QIB benefits under ICDR and SEBI regulations.

AIFs, designated as Qualified Buyers (“**QBs**”) under the SARFAESI Act, are eligible to invest in Security Receipts (“**SRs**”) issued by Asset Reconstruction Companies (“**ARCs**”). To prevent ineligible investors from accessing QB benefits, AIF schemes where an investor or group of investors contributes 50% or more to the corpus must conduct due diligence following standards set by the SFA for AIFs before investing in SRs or accessing QB benefits under the SARFAESI Act.

For every scheme of AIF, necessary due diligence must be conducted in accordance with the implementation standards set by the SFA if the scheme has a manager or sponsor regulated by the Reserve Bank of India (“**RBI**”), or if it includes investors regulated by RBI who contribute 25% or more to the scheme's corpus, are associates of the manager/sponsor, or hold majority or veto power over investment committee decisions. Additionally, if an investor is another AIF or a fund established outside India or in

³ SEBI/HO/CFD/CFD-PoD-2/P/CIR/2024/133

⁴ SEBI/HO/CFD/PoD-1/P/CIR/2024/134

⁵ SEBI/HO/AFD/AFD-POD-1/P/CIR/2024/135

International Financial Services Centres in India, the due diligence criteria for RBI-regulated investors will be assessed on a look-through basis.

Entities from countries sharing a land border with India, or beneficial owners from those countries, require government approval for investments. To monitor such investments through AIFs, if 50% or more of an AIF's corpus is contributed by investors from these bordering countries, necessary due diligence must be conducted. After the due diligence, schemes must report any investments resulting in a holding of 10% or more in an investee company to their custodian within 30 days, who will compile and report this information to SEBI monthly. Additionally, AIFs must report existing investments holding 10% or more to their custodians by April 07, 2025.

Custodians are required to compile the relevant information reported by AIFs and submit it to SEBI by May 07, 2025.

The trustee or sponsor of the AIF must ensure that the 'Compliance Test Report' prepared by the manager, as per Chapter 15 of the Master Circular for AIFs, includes adherence to the provisions outlined in this circular.

This circular came into effect on October 08, 2024.

EXTENSION OF TIMELINE FOR IMPLEMENTATION OF SEBI CIRCULAR SEBI/HO/MIRSD/MIRSD-POD1/P/CIR/2024/75 DATED JUNE 05, 2024⁶

To enhance operational efficiency and reduce risks, SEBI issued Circular SEBI/HO/MIRSD/MIRSD-PoD1/P/CIR/2024/75 on June 05, 2024, mandating that the pay-out of securities be credited directly to clients' demat accounts. This new policy was initially set to take effect on October 14, 2024.

The final operational guidelines for this implementation were expected from Clearing Corporations ("CCs") by August 5, 2024. However, due to extensive consultations within the Brokers' Industry Standards Forum, these guidelines were only issued at the end of August. Following a review meeting with Market Infrastructure Institutions ("MIIs") and input from the Brokers' ISF, SEBI decided to postpone the implementation date to November 11, 2024, to ensure a smooth transition without disrupting market operations or impacting investors.

In light of this circular, Stock Exchanges, Depositories, and CCs are required to inform their members and participants about the new provisions and to publish the details on their websites. They must also establish the necessary systems

and procedures to ensure compliance and amend relevant bye-laws, rules, and regulations accordingly.

This circular comes into effect on November 11, 2024.

CHANGE IN TIMING FOR SECURITIES PAYOUT IN THE ACTIVITY SCHEDULE FOR T+1 ROLLING SETTLEMENT⁷

SEBI, through Circular SEBI/HO/MIRSD/MIRSD-PoD1/P/CIR/2024/75 dated June 5, 2024, has introduced changes to the pay-out process for securities in the T+1 Rolling Settlement. As mandated, Clearing Corporations ("CCs") are now responsible for directly crediting the pay-out of securities to the client's demat account. This applies to the equity cash segment, including netted cash and Futures & Options ("F&O") physical settlement, ensuring that clients receive their securities more efficiently.

Under Phase-1 of this new system, securities for pay-out will now be credited directly to the respective client's demat account by the CCs. This direct pay-out mechanism eliminates intermediaries and aims to enhance the speed and transparency of the securities settlement process.

As a result of this change, the timing for the pay-out of securities has been revised from 1:30 PM to 3:30 PM on the same settlement day. Previously, clients had to wait one working day after the CCs received the pay-out. This adjustment also affects the T+1 Rolling Settlement Activity Schedule outlined in Para 1.4 of Chapter 3 of SEBI's Master Circular on Stock Exchanges and Clearing Corporations, dated October 16, 2023.

SEBI has directed Stock Exchanges, Clearing Corporations, and Depositories to amend their bye-laws, rules, and regulations as needed to implement this decision. Additionally, these entities are instructed to inform market participants of the changes and disseminate the updated provisions through their websites.

CORRIGENDUM TO CIRCULAR ON EASE OF DOING BUSINESS IN THE CONTEXT OF STANDARD OPERATING PROCEDURE FOR PAYMENT OF "FINANCIAL DISINCENTIVES" BY MARKET INFRASTRUCTURE INSTITUTIONS AS A RESULT OF TECHNICAL GLITCH⁸

SEBI issued circular SEBI/HO/MRD/TPD-1/P/CIR/2024/124 on September 20, 2024, which amends the Standard Operating Procedures ("SOP") for the payment of financial disincentives by Market Infrastructure Institutions ("MIIs") due to technical glitches. This circular applies to all MIIs, including Commodity Derivatives Exchanges and Clearing Corporations. This amendment not explicitly reference the

⁶ SEBI/HO/MIRSD/MIRSD-PoD1/P/CIR/2024/136

⁷ SEBI/HO/MRD/MRD-PoD-2/P/CIR/2024/137

⁸ SEBI/HO/MRD/TPD-1/P/CIR/2024/138

relevant sections of the Master Circular for the Commodity Derivatives Segment dated August 04, 2023, which could lead to confusion regarding compliance and enforcement.

To clarify the relationship between the new circular and existing regulations, specific references to the Master Circular are now included:

For instance, paragraphs 1 and 4 of the September circular will reference paragraph 16.8 of the Master Circular, while paragraph 4.1 will reference paragraph 16.8.1. Paragraph 4.2 of the September circular will include clauses 3,4, and 5 from Annexure-ZF of the Master Circular. Paragraph 4.3 of the September circular will include clause 6 of Annexure-ZF and paragraph 4.4 of the September circular will include clause 7 and 8 of Annexure-ZF of the Master Circular.

A new Clause 2.5 will be added to Annexure-ZE of the Master Circular for the Commodity Derivatives Segment, stating that upon identifying a technical glitch leading to a financial disincentive for Market Infrastructure Institutions (MIIs), SEBI will allow the affected MIIs to submit their case. Clause 2.6 mandates that MIIs conduct internal examinations to determine individual accountability for such glitches and take appropriate actions, including considering this in performance appraisals. SEBI reserves the right to initiate enforcement actions against individuals at the MII if warranted.

MONITORING SHAREHOLDING OF MARKET INFRASTRUCTURE INSTITUTIONS (MIIS)⁹

Paragraph 2.4 of Chapter 6 of SEBI Master Circular No. SEBI/HO/MRD2/PoD-2/CIR/P/2023/171 (October 16, 2023), paragraph 4.76 of Section 4 of SEBI Master Circular No. SEBI/HO/MRD/MRD-PoD-2/P/CIR/2023/166 (October 06, 2023), and paragraphs 15.1.1 (IV) & (V) of Chapter 15 of SEBI Master Circular No. SEBI/HO/MRD/MRD-PoD-1/P/CIR/2023/136 (August 04, 2023) outline procedures for ensuring compliance with SECC Regulations, 2018 for listed stock exchanges. SEBI's July 17, 2017 letter to depositories and exchanges provided guidelines for ownership monitoring under SECC Regulations, 2012 and D&P Regulations, 2012.

SEBI has extended these guidelines to all Market Infrastructure Institutions ("MIIs"), requiring the appointment of a Designated Depository ("DD") to monitor shareholding limits under SECC and D&P Regulations, 2018. MIIs must disclose their shareholding patterns quarterly, and the DD must monitor breaches of thresholds, such as 5%, 15%, or 49% foreign ownership.

For Stock Exchanges

The DD must coordinate with other depositories to monitor and ensure that the shareholding of Trading Members ("TMs"), their associates, and agents in stock exchanges does not exceed 49% of the paid-up equity capital. This is done by tracking daily demat balances and generating shareholding reports. The DD must alert the stock exchange and parties involved if the shareholding approaches 45% and report any breaches of the 49% limit. TMs must obtain approval from the exchange before acquiring shares if their collective shareholding exceeds 45%, and any unauthorized purchases will be flagged by the DD.

For recognized Clearing Corporations ("CC")

The DD must ensure that at least 51% of the paid-up equity capital of a CCs is held by one or more recognized stock exchanges, while no single stock exchange, individually or with others, can hold more than 15% of the equity in more than one CC. If these limits are breached, the DD will take appropriate actions as outlined in paragraph 4.9. However, this provision does not apply to AMC Repo Clearing Limited.

The MIIs shall submit to SEBI on a quarterly basis an exceptional report regarding the shareholders who are not fit and proper and action taken thereof.

Upon a breach of the fit and proper criteria or shareholding limits for MIIs, the DD will freeze the excess shareholding at the ISIN level and disable e-voting for the relevant shareholder. The DD will also freeze corporate benefits for excess shares, transferring dividends to the Investor Protection Fund ("IPF") or Settlement Guarantee Fund ("SGF") as applicable. For listed MIIs, excess shareholding will be divested through a special stock exchange window, while SEBI will provide specific directions for unlisted MIIs.

Paragraph 2.4 of Chapter 6 (Stock Exchanges and Clearing Corporations), paragraph 4.76 of Section 4 (Depositories), and paragraph 15.1.1 (IV) & (V) of Chapter 15 (Commodity Derivatives Segment) from SEBI Master Circulars dated October 16, 2023, October 06, 2023, and August 04, 2023, respectively, will be rescinded upon the implementation of the new circular.

SEBI letter dated July 17, 2017 to Depositories and Stock Exchanges on procedures for ensuring compliance with SECC Regulations, 2018 and D&P Regulations, 2018 shall stand rescinded with effect from the date of implementation of this circular.

The provisions of this circular shall come into effect on January 12, 2025.

⁹ SEBI/HO/MRD/MRD-PoD-3/P/CIR/2024/139

MONITORING OF POSITION LIMITS FOR EQUITY DERIVATIVE SEGMENT¹⁰

SEBI has updated the position limits for Trading Members (“TMs”), as outlined in the Master Circular on Stock Exchanges and Clearing Corporations dated October 16, 2023 (“SECC”). Previously, TMs were allowed a position limit of the higher of INR 500 crore or 15% of the total open interest (“OI”) in the market. Based on feedback from market participants and discussions within the Secondary Market Advisory Committee (“SMAC”), this limit has now been increased to the higher of INR 75,00,00,00,000 (Indian Rupees Seven Thousand Five Hundred Crore only) or 15% of the total market OI. These limits apply separately to index futures and index options positions.

This provisions of paragraph 2 of this circular, mentioned hereinabove, came into effect on October 15, 2024.

Further, SEBI has introduced a new monitoring mechanism for equity derivatives (index and stocks). The positions of market participants will now be tracked based on the total market OI from the previous day’s trade. This change aims to provide better clarity regarding position limits. In cases where the market OI decreases compared to the previous day, participants may unintentionally breach their limits without altering their positions. Such “passive breaches” will not result in penalties or force participants to reduce their positions.

The provisions of paragraph 3 of this circular, mentioned hereinabove, come into effect on April 01, 2025.

LIQUIDITY WINDOW FACILITY FOR INVESTORS IN DEBT SECURITIES THROUGH STOCK EXCHANGE MECHANISM¹¹

SEBI issued a circular introducing a new Liquidity Window Facility to enhance participation in the corporate bond market, particularly for retail investors. This initiative addresses the issue of low liquidity caused by limited secondary market transactions. The main purpose of this facility is to allow early redemption options for retail investors holding debt securities and also enhance market liquidity.

Under this circular, SEBI has laid out guidelines for the issuers, they are as follows:

- Issuers must obtain board approval and have their Stakeholders' Relationship Committee (SRC) oversee the facility.
- The process must be objective, transparent, non-discretionary, and available to eligible investors without discrimination.

¹⁰ SEBI/HO/MRD/MRD-PoD-2/P/CIR/2024/140

¹¹ SEBI/HO/DDHS/DDHS-PoD-1/P/CIR/2024/141

- The liquidity window can be offered only after one year from the issuance of the debt securities.

Regarding post-closure actions, Issuers have 45 days to manage the tendered debt securities through various methods (e.g., selling on exchanges). Any securities sold will replenish the liquidity window limit.

According to the circular, Investors can exercise their put options by blocking securities in their demat accounts during trading hours when the liquidity window opens. Modifications or withdrawals of bids are allowed during this session and all valid bids submitted by the end of the trading day will be accepted within the issuer’s limits.

Lastly, issuers are to report to the stock exchange within three working days after the liquidity window closes and notify depositories about any extinguished securities.

This circular will come into effect on and from November 01, 2024.

CLARIFICATION WITH REGARD TO USAGE OF 3-IN-1 TYPE ACCOUNTS FOR MAKING AN APPLICATION IN PUBLIC ISSUES OF SECURITIES¹²

SEBI highlighted Para 2 of Chapter I of the master circular dated May 22, 2024 which had prescribed provisions about the application process in case of public issue of securities under SEBI.

SEBI had then received feedback for the same stating that there’s a need to specify the usage of 3-in-1 type accounts for making an application in public issue of debt securities, non-convertibles redeemable preference shares, municipal debt securities and securitised debt instruments.

Accordingly, in this circular, SEBI has clarified that, in addition to existing modes of making an application in the public issue of securities as specified under para 2 of the above-mentioned master circular and notwithstanding the provisions specified under para 2 of SEBI circular dated September 24, 2024, investors may continue to submit the bid-cum application form online using the facility of linked online trading, demat and bank account (3-in-1 type accounts).

INCLUSION OF MUTUAL FUND UNITS IN SEBI (PROHIBITION OF INSIDER TRADING) REGULATIONS, 2015¹³

Through an amendment dated November 24, 2022, SEBI included a regulatory framework concerning the prohibition of insider trading in units of mutual funds.

¹² SEBI/HO/DDHS/DDHS-PoD-1/P/CIR/2024/142

¹³ SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/144

After considering the recommendations on implementation, by a working group of representatives from AMCs, AMFI, Stock Exchanges, RTAs and Depositories, the following had been decided-

- As per Regulation 5(E)(1), Asset Management Companies (AMCs) must disclose the holdings of Designated Persons, trustees, and their immediate relatives on an aggregate basis starting November 1, 2024, on a quarterly basis. Initial disclosure (holdings as of October 31, 2024) is due by November 15, 2024, on stock exchange platforms. The holdings are to be disclosed in the format specified in Annexure A of the circular
- Regulation 5(E)(2) mandates that transactions in units of AMCs' mutual funds exceeding INR 15,000,00 (Indian Rupees Fifteen Lakh only) (per PAN across all schemes) must be reported by Designated Persons and their relatives to the AMC Compliance Officer within two business days.
- Transactions reported under Regulation 5(E)(2) of PIT Regulations are to be disclosed in the format specified in Annexure B and violations observed are to be disclosed in the format specified in Annexure C of the circular
- Additionally, SEBI has modified Clause 6.6 Master Circular for Mutual Funds dated June 27, 2024, with the amended PIT Regulations, Clause 6.6 of Master Circular stands modified as under:

Clause 6.6.2.1(a) is modified as:

"These Guidelines cover transactions for purchase or sale of any securities such as shares, debentures, bonds, warrants, derivatives."

The following is inserted as Clause 6.6.2.1(b)(4)

"Investments in units of schemes floated by mutual funds /AMCs where the concerned persons (in terms of the applicability stated at 6.6.1.1.a above) are employed."

Clause 6.6.2.3(f) is modified as:

"All employees shall refrain from profiting from the purchase and sale or sale and purchase of any security within a period of 30 calendar days from the date of their personal transaction. However, in cases where it is done, the employee shall provide a suitable explanation to the Compliance Officer, which shall be reported to the Board of the AMC and the Trustees at the time of review."

Lastly, clause 6.6.4 of the master circular is deleted.

The circular shall come into effect from November 1, 2024.

ASSOCIATION OF PERSONS REGULATED BY THE BOARD AND THEIR AGENTS WITH CERTAIN PERSONS¹⁴

On August 26, 2024, SEBI notified the Securities and Exchange Board of India (Intermediaries) (Amendment) Regulations, 2024, the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) (Fourth Amendment) Regulations, 2024, and the Securities and Exchange Board of India (Depositories and Participants) (Second Amendment) Regulations, 2024. These amendments outline those entities regulated by SEBI (including stock exchanges, clearing corporations, and depositories), along with their agents, must avoid any direct or indirect association with persons who:

1. Provide securities advice or recommendations without SEBI registration or approval.
2. Make claims of returns or performance related to securities unless authorized by SEBI.

However, the provisions mentioned above are not applicable in respect of an association through a 'specified digital platform', provided these platforms have mechanisms approved by SEBI to prevent misuse. Additionally, SEBI clarified that investor educators are not considered "another person" as long as they do not engage in the above activities.

The Board will issue separate guidelines for recognizing specified digital platforms. In the meantime, Regulated entities, including recognized stock exchanges, clearing corporations, depositories, and their agents, must terminate any existing contracts with individuals engaged in activities as outlined in clauses (i) and (ii) of paragraph 2 of the circular, within three months from the date of the circular i.e October 22nd, 2024.

MODIFICATION IN ANNEXURE TO COMMON APPLICATION FORM (CAF)¹⁵

The Securities and Exchange Board of India (SEBI) issued a circular on June 27, 2024, revising the Master Circular for Foreign Portfolio Investors (FPI), Designated Depository Participants, and Eligible Foreign Investors to provide flexibility for up to 100% aggregate contributions from NRIs, OCIs, and RIs individuals in FPIs based in International Financial Services Centres (IFSCs) regulated by the International Financial Services Centres Authority (IFSCA).

SEBI has added an option under Section B-II, "NRI/OCI/RI – Entitlement in FPI," applicable to FPIs based in IFSCs. It allows eligible FPIs to confirm that contributions by single NRI/OCI/RI investors, including those controlled by an NRI/OCI/RI investment manager, are below 25% of the corpus but may aggregate to over 50%.

¹⁴ SEBI/HO/MIRSD/ MIRSD-PoD-1/P/CIR/2024/143

¹⁵ SEBI/HO/AFD/AFD-POD-3/P/CIR/2024/145

FPIs with up to 100% NRI/OCI/RI participation are required to submit specific information and documents in a format prescribed in Annexure 1 of the circular. The Depositories are instructed to modify the CAF module on their websites accordingly.

This circular is dated, October 22, 2024 and comes into effect immediately.

CLARIFICATION WITH RESPECT TO ADVERTISEMENT CODE FOR RESEARCH ANALYSTS (RAS) ¹⁶

In this circular, The Securities and Exchange Board of India (SEBI) has clarified that research reports and recommendations by Research Analysts (RAs) do not qualify as advertisements unless they promote the RA's products or services. This clarification was with regards to the queries raised for a circular dated April 5, 2023, and the Master circular for RAs dated 21st May 2024 which outlined the advertisement code for RAs.

paragraph 8.1 a. ii. of the Master Circular has been updated to specify that the advertisement code applies to various forms of communication, including print and digital media, pamphlets, electronic and audio-visual forms. A research report regardless of how it's shared, will be considered an advertisement if it implicitly or explicitly promotes RA services.

This circular is dated, October 24, 2024 and comes into effect immediately.

PERIODIC REPORTING FORMAT FOR RESEARCH ANALYSTS AND PROXY ADVISERS ¹⁷

The Securities and Exchange Board of India (SEBI) has mandated a standardized format for periodic reporting by Research Analysts (RAs) and Proxy Advisers (PAs) under Regulation 24(4) of the SEBI (Research Analysts) Regulations, 2014. SEBI has developed periodic reporting formats for RAs and PAs, it has been outlined in Annexure I and Annexure II of the circular, respectively, following industry consultation and public feedback.

RAs are to submit reports to the Research Analyst Administration and Supervisory Body (RAASB) within 30 days of the reporting period end, while PAs will submit directly to SEBI. Reporting is half-yearly, with deadlines on April 30 and October 30 for periods ending March 31 and September 30, respectively.

The initial reporting period concludes on March 31, 2025, with submissions due by April 30, 2025, giving RAs and PAs approximately six months to prepare. The RAASB must

ensure proper arrangements for report submissions (Format specified in Annexure 1 of the circular), notify RAs, update its website, and amend necessary regulations for enforcement.

This circular is dated October 25, 2024 and is effective immediately.

ANNUAL COMPLIANCE CERTIFICATE FOR CLIENT LEVEL SEGREGATION BY NON-INDIVIDUAL INVESTMENT ADVISERS AND TIMELINE FOR SUBMISSION OF PERIODIC REPORTS ¹⁸

The Securities and Exchange Board of India (SEBI) issued guidelines to ease compliance for non-individual Investment Advisers (IAs) regarding client-level segregation and periodic reporting timelines.

A. Annual Compliance Certificate for Client-Level Segregation: Non-individual IAs can now obtain their annual compliance certificate for client-level segregation requirements from any auditor, rather than solely from a statutory auditor. This certificate must be obtained within six months of the financial year-end, as part of the compliance audit under Regulation 19(3) of the IA Regulations.

Given the above, paragraph 1.2 (i) (i) of the Master Circular dated May 21, 2024 shall stand modified as under:

"1.2. (i) Client Level Segregation of Advisory and Distribution Activities

i. The IAs shall maintain on record an annual certificate from an auditor confirming compliance with the client level segregation requirements as specified in Regulation 22 of the IA Regulations. Such annual certificate shall be obtained within 6 months of the end of the financial year and form part of compliance audit, in terms of Regulation 19(3) of the IA Regulations."

B. Timeline for Periodic Reports: IAs are granted 30 days after the end of each half-yearly reporting period to submit periodic reports to the Investment Adviser Administration and Supervisory Body (IAASB).

Accordingly, paragraph 20.6.ii of the Master Circular dated May 21, 2024, shall stand revised as under:

"20.6.ii For the subsequent half-yearly periods, IAs shall submit periodic reports within 30 days from the end of the half-yearly period for which details are to be furnished."

¹⁶ SEBI/HO/MIRSD/MIRSD-PoD1/P/CIR/2024/146

¹⁷ SEBI/HO/MIRSD/MIRSD-PoD1/P/CIR/2024/148

¹⁸ SEBI/HO/MIRSD/MIRSD-PoD1/P/CIR/2024/14

This circular is dated October 25, 2024 and is effective immediately. IAASB is directed to notify IAs of the new provisions, update its website, amend relevant Bye-laws,

Guidelines, SOPs, Rules, and Regulations to support implementation.



Following are the developments in the Competition law sphere for the month of October 2024:

CCI APPROVES THE COMBINATION OF DIXON TECHNOLOGIES AND ISMARTU INDIA PVT. LTD.

The Competition Commission of India (“CCI”/ “Commission”) vide its [order](#) dated July 18, 2024, approved the combination of ISMARTU India Private Limited (“Target”) by DIXON Technologies (India) Limited (“Acquirer”) from ISMARTU Singapore (“Seller 1”), 5A Advisors (“Seller 2”), and TRANSSION Technology Limited (“Seller 3”) under Section 31 (1) of the Competition Act, 2002 (“Act”).

The Acquirer is a listed company involved in the business of providing electronics manufacturing services (“EMS”) for communication devices such as mobile phones. The Target is a private company and an Indian subsidiary of ISMARTU Singapore. The Target is involved in the business of providing EMS and production, testing and conducting failure analysis within the EMS segment.

The Commission in its assessment noted that the parties exhibited horizontal overlap in the broad market of EMS for communication in India. The parties also exhibited vertical overlaps in relation to the manufacturing of Printed Circuit Board Assembly by Target and EMS for communication for mobile phones by Acquirer.

The Commission noted that the combined market share of the parties for both the overlaps is in the range of 0-5% in the segment concerned.

The Commission concluded that the proposed combination is not likely to foreclose competition and is not likely to have appreciable adverse effect on competition in India.

Considering the same, the Commission approved the combination under the Act.

CCI APPROVES THE COMBINATION INVOLVING PLATINUM POPPY LTD. AND BERHYANDA LTD.

The CCI via its [order](#) dated July 18, 2024, approved the proposed combination involving PLATINUM Poppy C 2024 RSC Limited (“Acquirer”) and Berhyanda MidCo Limited (“Target 1”) and Berhyanda Limited (“Target 2”) under Section 31 (1) of the Act.

The Acquirer is wholly owned by Platinum Lily B 2024 RSC Limited, which in turn is wholly owned by Platinum International Investment Holdings RSC Limited. Abu Dhabi Investment Authority (“ADIA”) is the ultimate beneficiary of the Acquirer. ADIA is a public institution established by the Government of the Emirate of Abu Dhabi as an independent investment institution.

Through the proposed combination, the Acquirer envisaged acquiring 21.76% and 25% ordinary shares of Target 1 and Target 2 respectively. Pursuant to such acquisitions, the Acquirer will also have an indirect non-voting economic interest in Seven Pharmaceuticals Limited (“Seven”), as Target 1 currently holds 50.1% of the shareholding in Seven.

The Commission in its assessment noted that the proposed combination is not likely to have an adverse effect on competition in India and approved the combination under the Act.

TELANGANA HIGH COURT DISMISSES WRIT PETITION FILED BY DR. REDDY'S LABORATORIES LIMITED

The Hon'ble Telangana High Court (“High Court”) via its order dated September 19, 2024, dismissed the writ petition (in [Writ Petition No. 25689 of 2024](#)) filed by Dr. Reddy's Laboratories Limited (“Dr. Reddy's”). The writ petition was

filed challenging the investigation initiated by CCI against Dr. Reddy's.

Previously, the CCI directed the DG to initiate an investigation against the All India Organization for Chemists and Druggists ("AIOCD"), its affiliated state associations, and certain pharmaceutical companies, including Dr. Reddy's. The investigation focused on alleged anti-competitive practices, specifically the requirement for stockists to obtain a No Objection Certificate ("NOC") from state associations or AIOCD before being appointed by pharmaceutical companies.

Following its investigation, the DG submitted its report ("DG Report") to the CCI in April 2024. Subsequently, in May 2024, the CCI issued an order ("Order") directing Dr. Reddy's to provide: (a) a response or objections to the DG Report; and (b) its financial statements. Upon reviewing the CCI Order and the DG Report, Dr. Reddy's discovered the presence of adverse findings against itself.

Dr. Reddy's, aggrieved by the adverse findings, filed a writ petition before the High Court challenging both the DG Report and the CCI Order. The petition argued that the DG Report contains no adverse findings against Dr. Reddy's, and that the CCI Order is arbitrary and unlawful.

The High Court dismissed the writ petition, noting that Dr. Reddy's had not first exhausted the statutory remedies available under the Act. The High Court further observed that writ petitions should only be entertained in exceptional circumstances, such as cases involving a violation of principles of natural justice.

CCI CONDITIONALLY APPROVES THE RELIANCE-DISNEY MERGER

By an [order](#) dated August 27, 2024, the CCI conditionally approved the merger involving Viacom18 Media Private Limited ("Viacom18") and The Walt Disney Company ("Disney"). Under a composite scheme of arrangement,

Viacom18's media business will merge into Star India Private Limited ("Star India"), with the participation of Digital18 Media Limited ("Digital18"), Star India, and their respective shareholders and creditors.

In its assessment of the transaction, the CCI identified multiple horizontal, vertical, and complementary overlaps between the parties' business operations. The horizontal overlaps include: (a) the operation and wholesale supply of television channels in India, (b) retail supply of audiovisual ("AV") content via OTT streaming platforms in India, (c) supply of advertising airtime in India, (d) licensing of AV content in India, (e) production and distribution of films for theatrical release in India, (f) provision of fixed broadband internet services in India, and (g) distribution of broadcast television channels to Indian viewers. Owing to such overlaps and anticipating competition concerns, the parties voluntarily committed to divest general entertainment television channels in the Bengali, Marathi, Kannada, and Kids sub-segments, where the combined market share was between 40–55%. The CCI accepted these divestments as sufficient to address competition issues related to these channels; however, concerns remained in the sports segment. The CCI observed that the parties held exclusive rights to all major cricket events for the next three to four years. This exclusivity would limit advertisers' alternative options on both television and OTT platforms.

In response, the parties submitted an additional set of voluntary behavioural commitments. They agreed not to bundle ad slot sales for cricketing rights held with the BCCI, ICC, and IPL across TV and OTT platforms and committed not to raise advertising rates to an unreasonable level until the expiration of the current rights. For viewers, the parties pledged to maintain subscription fees in line with industry standards.

Additionally, the Commission recommended the BCCI to consider auctioning media rights for certain IPL matches on a non-exclusive basis to mitigate concerns.



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THE RESOLUTION PROFESSIONAL IS NOT OBLIGATED TO ACCEPT THE CLAIMS AFTER THE EXPIRATION OF AN EXTENDED 90 DAYS PERIOD

The Hon'ble National Company Law Appellate Tribunal, Principal Bench, New Delhi ("NCLAT") in the matter titled **Commissioner of Income Tax vs. Sundaresh Bhat and Ors.**¹⁹ has held that the Resolution Professional ("Respondent"/ "RP") is not obligated to accept the claims after the expiration of extended 90 days period. It was further held that the RP at all times is empowered to seek for additional documents for adjudication of the claim filed by a creditor, and that the Income Tax Act does not create any charge or security interest in favour or provides any foundational basis for the Income Tax Department to be a Secured Creditor.

In the present case, an appeal was preferred by the Commissioner of Income Tax, Mumbai ("Appellant"), against the order passed by Hon'ble National Company Law Tribunal ("NCLT") in I.A. No. 899/AHM/2022 in CP (IB) No. 232 (AHM) of 2018 whereby the Ld. NCLT approved the resolution plan of the Corporate Debtor - JBF Petrochemicals Limited. The Appellant contended that their claim was not taken into consideration by the RP and hence not incorporated in the resolution plan. It was also contended that the Appellant was never informed about the rejection of their claim, was rejected without giving a proper opportunity to present their claim, amounting to a violation of principles of natural justice along with Section 30(2) of the Insolvency and Bankruptcy Code, 2016 ("Code").

The Hon'ble NCLAT held that the RP is not obligated to accept claims after the expiration of the extended period of 90 days and is empowered to seek additional documents to verify and substantiate the claims filed before him. As the Corporate Insolvency Resolution Process ("CIRP") is a time-

bound process. The Regulations do not give any discretion to RP to accept any claim after the lapse of the extended period. Further Hon'ble NCLAT held that the status of claims uploaded on the Corporate Debtor's website and on the official website Insolvency and Bankruptcy Board ("IBBI") amounts to constructive notice to the Appellant to cross-verify the admission/rejection of their claim. Therefore, once a Resolution Plan is approved by the Committee of Creditors and Hon'ble NCLT, it cannot be reopened on the basis of claims being belatedly agitated by the Appellant, who for no justifiable reasons had dropped guard of being vigilant in following up with the RP about their claim, within the timelines laid down under the Code.

The Hon'ble NCLAT further distinguished the judgment passed by the Hon'ble Supreme Court in *State Tax Officer v. Rainbow Papers Limited*²⁰, while placing reliance on the judgment passed by Hon'ble Supreme Court in *Paschimanchal Vidyut Vitran Nigam Ltd. v. Raman Ispat Pvt. Ltd. & Ors.*²¹, stating that the creation of charge by operation of law must be apparent from the express words of the statute. Since, the provisions of the Income Tax Act do not create any charge or security interest on the income tax due, hence, it cannot be termed as a Secured Creditor.

INTERIM MORATORIUM UNDER SECTION 96 OF THE CODE IS NOT APPLICABLE ON ASSETS BELONGING TO THE PARTNERSHIP FIRM, AS IT REMAINS SEPARATE FROM THE PERSONAL INSOLVENCY PROCEEDINGS AGAINST AN INDIVIDUAL PARTNER

The Hon'ble National Company Law Appellate Tribunal, Principal Bench, New Delhi ("NCLAT") in the matter titled **Ramesh Kumar Chugh vs. Assets Care & Construction Enterprises Limited**²² has held that the interim moratorium under Section 96 of the Insolvency and Bankruptcy Code,

¹⁹ Company Appeal (AT) (Insolvency) No. 575 of 2023

²⁰ Civil Appeal No. 1661 of 2020

²¹ Civil Appeal No. 7976 of 2019

²² Company Appeal (AT)(Ins) No. 1726 of 2024

2016 (“Code”) does not extend to partnership assets as it remains separate from the personal insolvency proceedings against an individual partner.

In the present case, an appeal was preferred by Mr. Ramesh Kumar Chugh (“Appellant”), against the order passed by Hon’ble National Company Law Tribunal (“NCLT”) in I.A. No. 317/2024 in Company Petition (IB) No. 10/ND/2024 which allowed Assets Care & Construction Enterprises Ltd. (“Respondent”) to auction the properties belonging to a partnership firm in which Appellant was a partner. The issue challenged before the Hon’ble NCLAT was whether the declaration of interim moratorium under Section 96 of the Code shall apply to partnership assets in the context of a personal insolvency proceeding initiated against the Appellant as a personal guarantor for debts of a separate entity.

The Appellant in its appeal contended that upon filing of an insolvency application under Section 95 of the Code an interim moratorium was imposed, barring any actions against his assets or interests. The partnership firm i.e., M/s Sheena Exports, in which the Appellant held a 25% stake, was dissolved, making the liabilities of the partnership firm devolve onto the partners individually under Section 45 of the Indian Partnership Act, 1932. By virtue of Section 238 of the Code, which provides overriding powers over other laws, the interim moratorium under the Code should protect the partnership assets from enforcement actions, including the auction under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (“SARFAESI Act”). Further, since the partnership was dissolved, any sale of its assets should comply with the Code’s debt settlement priority under Section 178 of the Code, which aims to uphold the moratorium.

Refuting the contentions, the Respondent stated that the assets in question were held in the name of M/s Sheena Exports, a separate legal entity. As such, the moratorium under Section 96 of the Code only applies to the personal assets of the Appellant and does not extend to partnership assets. The Respondent, as a secured creditor, and is entitled under the SARFAESI Act to proceed against the partnership’s assets without infringing upon the interim moratorium, which applied solely to the Appellant’s personal guarantee obligations. The Respondent further contended that the Appellant’s notice of dissolution of the partnership firm was aimed at thwarting recovery actions and did not change the legal standing of the firm’s assets or shield them under the imposition of the moratorium to the Appellant’s insolvency. Upon adjudicating the appeal, the Hon’ble NCLAT held that interim moratorium under Section 96 of the Code applies only to debts related to the Appellant’s personal guarantee and does not extend to assets held by the Partnership firm

i.e., M/s Sheena Exports. The interim moratorium, as interpreted in the context of the Code, applies specifically to the debtor’s personal liabilities and not to the collective assets of a partnership. The Hon’ble NCLAT emphasized that the partnership assets are distinct from the Appellant’s assets and remain unaffected by the interim moratorium. Therefore, the Respondent’s right to enforce the security interest under the SARFAESI Act was valid and did not violate the moratorium imposed under Section 96 of the Code.

The Hon’ble NCLAT dismissed the appeal while relying on the judgment passed by the Supreme Court in *Rajendra Bajoria vs Hemant Kumar Jalan*²³, affirming the Respondent’s right to proceed with the auction of the partnership’s assets under the SARFAESI Act. The Hon’ble NCLAT further clarified that the interim moratorium under Section 96 of the Code does not extend to partnership assets, which remain separate from the personal insolvency proceedings against an individual partner.

SECTION 69 OF THE PARTNERSHIP ACT CANNOT BE APPLICABLE TO THE ARBITRAL PROCEEDINGS

The Hon’ble Delhi High Court in the matter titled *Hari Om Sharma versus Sauman Kumar Chatterjee & Anr.*²⁴ upheld the arbitral award under Section 34 of the Arbitration and Conciliation Act, 1996 (“the Act”), holding that the claims of the Claimant were not barred under Section 69(1) of the Partnership Act, 1932 (“Partnership Act”), despite being an unregistered firm.

In the present case, *Hari Om Sharma* (“Petitioner”) along with *Mr. Sauman Kumar Chatterjee* (“Respondent No. 1”) and *Mr. S.K. Malhotra* (“Respondent No. 2”) constituted, M/s Ashika Textiles and M/s Classic Processors, two partnership firms at will, by executing Partnership Deeds. The present petition was filed under Section 34 of the Act to challenge an arbitral award issued on 28.04.2017 (and corrected on 01.07.2017). The dispute stemmed from the partnership agreements, which ceased to operate in 2003.

The Petitioner contended that the Respondents violated the terms of the partnership by returning the business premises to the landlord without following necessary procedures, such as issuing a written notice of dissolution. The Respondents, in contrast, argued that the claims were barred under Section 69 of the Partnership Act, which states that, no suit can be instituted by a person against their own partnership firm or another partner unless the firm is registered and the person is listed as a partner in the official records. It was contended that Section 69 was a mandatory provision, and the bar engrafted therein cannot be ignored. In this regard, reliance was placed by the Respondent on *Krishna Motor Service vs HB Vittala Kamath*²⁵ and *Jagdish*

²³ Civil Appeals Nos. 5819-22 of 2021

²⁴ 2024 DHC 8383.

²⁵ AIR (1996) SC 2209.

Chander Gupta vs. Kajaria Traders (India) Ltd.²⁶ The Respondent further contended that cessation of business, in the absence of written dissolution documents, could still signify the partnership's dissolution.

The Delhi High Court held that a bare reading of Section 69 of the Partnership Act states that no claim can be filed in the civil court by any of the partner of the unregistered firm against the other partners of the firm, in case it is not registered. However, the bar of Section 69 is limited to the courts and the civil suit, and is not attracted where the disputes inter-se the partners, are referred to arbitration. So long as the partnership deed contains a clause providing for the reference of disputes *inter se* the partners to arbitration, non-registration of the partnership firm, is no ground to reject the reference to arbitration.

Accordingly, the Hon'ble Delhi High Court affirmed that the arbitrator's conclusions on dissolution, aligned with the established law, supporting that arbitration is permissible for disputes within unregistered firms. Finding no legal or factual errors in the arbitral award, the court dismissed the petition as meritless.

THE ENFORCEMENT COURT CANNOT REVERSE A FOREIGN AWARD UNDER SECTION 48 OF ARBITRATION ACT

Hon'ble Delhi High Court, in the matter titled **International Air Transport Association versus Spring Travels Private Limited**²⁷, held that only courts with primary jurisdiction at the place of arbitration can set aside a foreign arbitral award. Enforcement courts, holding secondary jurisdiction, can refuse enforcement under Section 48 of the Arbitration & Conciliation Act, 1996 hereinafter referred as ("**the Act**") however, cannot annul a foreign award.

In the present case, the petition sought the enforcement of a foreign arbitral award dated 21.04.2022, issued by a Single Arbitrator in arbitration between *the International Air Transport Association ("IATA"/ "Petitioner")* and *Spring Travels Pvt. LLC ("STPL"/ "Defendant")*. During the arbitral proceedings conducted under the ICC International Court of Arbitration in Singapore, the arbitration addressed STPL's failure to remit funds under the Passenger Sales Agency Agreement ("**PSA**") with the Petitioner, resulting in a claim of Rs. 1,24,31,69,623 plus interest.

STPL challenged the enforcement under Section 48(1)(c) and Section 48(2) of the Act, arguing there was no arbitrable dispute in the absence of prior consideration by the Travel Agency Commissioner ("**TAC**"), as stipulated in the PSA's guidance. Additionally, STPL claimed that it was unable to effectively participate in the proceedings due to high costs, compromising its fair hearing rights.

The Hon'ble Delhi High Court rejected STPL's arguments, affirming that the tribunal acted within the PSA terms and that the TAC's involvement was not mandatory for unpaid dues. The Hon'ble Court further held that STPL had waived any jurisdictional objections by failing to approach the TAC in time. Additionally, the Court dismissed STPL's claims of procedural unfairness, placing reliance on **Vijay Kariya v. Prysmian Cavi E Sistemi SRL**²⁸, noting that STPL had ample opportunity to participate in the proceedings but it in its own discretion opted not to.

Thus, placing reliance on **Union of India v. Vedanta Ltd.**²⁹, the Hon'ble Delhi High Court ruled that it cannot reassess the correctness of decisions made by the primary jurisdiction court, limiting its role to enforcement. Accordingly, the Court granted IATA's enforcement petition, concluding that STPL's objections under Section 48 of the Act were without merit.

²⁶ (1964) 8 SCR 50.

²⁷ 2024 DHC 8413.

²⁸ (2020) 11 SCC 1.

²⁹ (2020) 10 SCC 1.

EMPLOYMENT LAW

GOVERNMENT OF TAMIL NADU AMENDS THE MINIMUM WAGES ACT, 1948 EXTENDING MINIMUM WAGE PROTECTIONS TO WORKERS IN SANITARY NAPKINS, MEDICAL GAUZE, AND RELATED MEDICAL TEXTILES MANUFACTURING

The Government of Tamil Nadu vide notification dated October 2, 2024 amended the Minimum Wages Act, 1948 extending minimum wage protection to workers in Part I of Schedule I of the Minimum Wages Act, 1948, to workers in sanitary napkins, medical gauze, and related medical textiles manufacturing.

GOVERNMENT OF GUJARAT ISSUES MINIMUM WAGE RATES FOR CONTRACT LABOUR

The Labour Department, Government of Gujarat, through a notification dated October 3, 2024, enacted a significant wage policy revision to implement updated minimum wage standards under the Contract Labour (Abolition and Regulation) Act of 1970. These modifications, retrospectively effective from April 24, 2024, establish a tiered compensation structure across geographical zones and skill classifications.

In Zone 1, encompassing municipal corporations, municipalities, and urban regions, skilled laborers are entitled to INR 474 (Rupees Four Hundred Seventy-Four), while semi-skilled and unskilled workers shall receive INR 462 (Rupees Four Hundred Sixty-Two) and INR 452 (Rupees Four Hundred Fifty-Two), respectively. Zone 2, comprising all remaining areas, mandates INR 462 (Rupees Four Hundred Sixty-Two) for skilled, INR 452 (Rupees Four Hundred Fifty-Two) for semi-skilled, and INR 441 (Rupees Four Hundred Forty-One) for unskilled workers.

The notification further incorporates a supplementary compensation provision in the form of a special allowance, applicable from October 1, 2024, till March 31, 2025. This

provision extends to employees within manufacturing entities, commercial establishments, and contractual arrangements, ensuring equitable remuneration during the specified period.

PERSONAL SENSITIVE INFORMATION OF EMPLOYEES IS OUT OF THE AMBIT OF RIGHT TO INFORMATION: DELHI HIGH COURT

The Delhi High Court vide judgment dated October 4, 2024, in the case of Ryan International School vs. Central Information Commissioner & Ors., has held that employee service records, promotion details, and financial benefits are personal information exempt from disclosure under Section 8(1)(j) of the Right to Information Act, 2005.

In the present case, a Right to Information application was filed seeking details of staff service records and benefits at Ryan International School. The Chief Information Commissioner directed the Directorate of Education to obtain the requested information from the school. However, the Delhi High Court denied the same, and emphasized that such information does not serve a larger public interest and that disclosing it would violate employee privacy.

CONTRACTOR'S VIOLATIONS OF CONTRACT LABOUR (REGULATION AND ABOLITION) ACT, 1970 DO NOT AUTOMATICALLY GRANT EMPLOYMENT RIGHTS: GUWAHATI HIGH COURT

The Guwahati High Court vide a judgment dated October 6, 2024, in the case of Jatin Rajkonwar and Ors vs. Union of India and Ors., upheld the Guwahati Industrial Tribunal's ruling dismissing 6 (Six) contract labourers' claims for reinstatement and regularization with Oil and Natural Gas Corporation ("ONGC").

The petitioners, who were initially hired directly by ONGC in 1985-1986 and later shifted to contract work, claimed that

this shift was meant to conceal their true employment relationship. It was argued that ONGC should be considered their employer, given the contractor's lack of a valid license in the early years of their engagement and a 1994 notification prohibiting outsourcing of certain roles. The Respondents, ONGC contested these claims, asserting that the petitioners were always employed by a contractor who had supplied labour to ONGC since 1985. The Industrial Tribunal concluded that the petitioners did not meet the standards required to establish an employer-employee relationship with ONGC.

The Guwahati High Court, agreeing with the findings of the Industrial Tribunal emphasized that contractual violations by the contractor do not create a direct employment relationship. The Guwahati High Court found that the petitioners had not substantiated an employer-employee relationship with ONGC. Further, the Guwahati High Court ruled that any violations of the Contract Labour (Regulation and Abolition) Act, 1970, by the contractor did not automatically confer employee status on contract workers.

EMPLOYEES PROVIDENT FUND ORGANISATION PROVIDES DIRECTIONS ON UTILIZATION OF RESERVES AND SURPLUS BY PRIVATE PROVIDENT FUND TRUSTS OF EXEMPTED ESTABLISHMENTS

The Employees Provident Fund Organisation (“EPFO”) through a circular dated October 7, 2024, addressed the issue of utilization of reserves and surplus by exempt establishment provident fund trusts. The aforementioned circular responds to observations of trusts attempting to distribute disproportionately high interest rates to existing beneficiaries during exemption surrender periods. The circular establishes critical principles prohibiting inflated reserve distribution, mandating monthly interest crediting, and ensuring interest rates align with fund earnings. Further, the EPFO has emphasized that distributing accumulated reserves among incumbent beneficiaries constitutes unjust enrichment, violating paragraph 60 of the Employees Provident Fund Scheme, 1952 and Section 17 of the Indian Trusts Act, 1882. This circular supersedes previous directives, specifically revoking two earlier circulars dated October 20, 2010 and March 17, 2011.

GOVERNMENT OF TRIPURA UNVEILED THE TRIPURA SKILL AND ENTREPRENEURSHIP POLICY 2024, A STRATEGIC INITIATIVE AIMED AT TRANSFORMING THE STATE INTO A SKILLING HUB IN NORTHEAST INDIA

The Department of Industries & Commerce, Government of Tripura, through a notification dated October 8, 2024 introduced the Tripura Skill and Entrepreneurship Policy, 2024 (“Policy”). The Policy encompasses several crucial dimensions like transforming Tripura's human capital landscape, particularly targeting individuals aged 15-45 (Fifteen-Forty Five), through systematic skill enhancement

programs. The initiative acknowledges existing challenges, including the state's limited 4% (Four Percent) vocational training penetration and substantial 21.7% (Twenty-One point Seven Percent) unemployment rate.

The Policy is structured around four foundational principles: skills enhancement focusing on productivity and adaptability, collaborative responsibility among stakeholders, market-aligned training approaches, and adherence to national quality benchmarks. Implementation strategies include coordinated institutional efforts, establishment of specialized training centres, and sophisticated labour market analytics. Priority sectors encompass emerging fields such as logistics, environmental technologies, and hospitality, with particular attention to increasing female workforce participation. The framework incorporates quinquennial reviews to maintain relevance amid evolving economic conditions and technological progress.

EPFO ISSUES NEW RULES FOR EMPLOYERS ON DIGITAL SIGNATURES AND E-SIGNATURES

The EPFO, through a circular dated October 10, 2024 has promulgated revised regulatory guidelines pertaining to the processing and verification of Digital Signature Certificates (“DSC”) and Electronic Signatures for employer authentication. The said circular lays down certain guidelines for handling any request letter for DSC or e-sign, such as:

- (i) The DSC/e-sign must be on the letter head of the establishment concerned only.
- (ii) Three specimen signatures of the proposed signatory must be placed at the designated space on the request letter.
- (iii) DSC/e-Sign request letter must be properly countersigned by the employer whose name must be legibly placed below the signature.
- (iv) The name should be confirmed from the employer details mentioned in the Form 5A of the establishment.
- (v) DSC / E-Sign request letter must be duly stamped with the seal of the employer.

The aforesaid guidelines have been issued in view of the sensitive nature of the usage of DSC, and for quick and smooth processing of DSC/e-sign request letters.

TEMPORARY EMPLOYMENT IN A GOVERNMENT INSTITUTION DOES NOT ENSURE PERMANENT EMPLOYMENT AFTER COMPLETION OF 240 DAYS: BOMBAY HIGH COURT

The Bombay High Court vide judgment dated October 10, 2024, in the case of State of Maharashtra, through Directorate of Medical Education and Research & Anr. Smt. Sunita Shankarrao Vhatkar & Ors., held that the mere

completion of 240 (Two Hundred Forty) days of service does not entitle an employee to a permanent position.

In the present case, the petition was filed challenging the Kolhapur Industrial Court's decision to grant permanency and benefits to contractual employees of Rajshri Government Medical College. The Industrial Court, Kolhapur, granted these employees permanency after they had completed 240 (Two Hundred Forty) days of service.

The Bombay High Court stated that the Industrial Adjudicator lacks the authority to create permanent posts within government bodies simply based on service duration. However, it was observed by the aforesaid court that the Directorate of Medical Education and Research had considered regularising these employees, therefore their cases can be evaluated for potential regularisation by the state government. Thus, the Bombay High Court ruled that while automatic permanency is unwarranted, the employees' requests for regularisation should be duly considered.

However, the Bombay High Court also noted held that the mere completion of 240 (Two Hundred Forty) days of service does not entitle an employee to a permanent position.

GOVERNMENT OF KERALA ISSUED A NOTIFICATION AMENDING THE KERALA LABOUR WELFARE FUND RULES, 1977

The Government of Kerala, through a notification dated October 10, 2024, has amended the Kerala Labour Welfare Fund Rules, 1977. The aforesaid amendment promotes digitalization by allowing online payments alongside traditional methods, including cash and money orders, into Rule 10 and Rule 11 of the Kerala Labour Welfare Fund Rules, 1977. Payments from the welfare fund will now be made through NEFT or modern banking transfer systems. Additionally, the submission of required forms and maintenance of registers can now be done either manually or electronically. These changes align with the ease of doing business policy to reduce compliance burdens on industries and citizens.

GOVERNMENT OF RAJASTHAN REVISES MINIMUM WAGES FOR TOBACCO WORKERS

The Government of Rajasthan has issued a revised notification dated October 14, 2024 regarding minimum wages and variable dearness allowance ("VDA") for workers in the tobacco industry, including beedi manufacturing, effective October 1, 2024.

The revision is based on the CPI for industrial workers with base year 1960, calculated for Jaipur, Alwar, and Bhilwara centres. The average index for July 2023 to June 2024 stood at 8078 (Eight Thousand Seventy-Eight), marking an increase

of 18 (Eighteen) points from the previous period. Daily wages shall be computed by dividing monthly rates by 26 (Twenty-Six).

GOVERNMENT OF JHARKHAND ISSUES A NOTIFICATION REVISING MINIMUM WAGES AND VDA FOR 90 (NINETY) SCHEDULED EMPLOYMENT

The Department of Labour, Employment, Training, and Skill Development, Government of Jharkhand, vide notification dated October 14, 2024, has revised minimum wages for 90 (Ninety) scheduled employments, effective from October 1, 2024 till March 31, 2025. These employments are categorized into various categories, that cover sectors such as shops, security agencies, khadi, cooperative sector, furniture, agriculture, poultry, and printing industries.

For the first category of workers, daily wages range from INR 487 (Rupees Four Hundred Eighty Seven) to INR 777 (Rupees Seven Hundred Seventy Seven) across different areas, and for the second category workers, the wages range from from INR 464 (Rupees Four Hundred Sixty Four) to INR 740 (Rupees Seven Hundred Forty).

GOVERNMENT OF UTTAR PRADESH REVISES MINIMUM WAGES IN THE HOTEL AND RESTAURANT INDUSTRY IN UTTAR PRADESH

The Labour Department, Government of Uttar Pradesh, vide a notification dated October 16, 2024, has implemented revised minimum wages for the hotel and restaurant industry, effective from October 1, 2024 through March 31, 2025. The framework establishes a three-tier structure based on establishment size and classification, as follows:

- (i) Small establishments (<10 (Ten) workers) mandate monthly wages ranging from INR 10,680 (Rupees Ten Thousand Six Hundred Eighty) (unskilled) to INR 13,187 (Rupees Thirteen Thousand One Hundred Eighty-Seven) (skilled).
- (ii) Medium establishments (>10 (Ten) workers) range from INR 11,320 (Rupees Eleven Thousand Three Hundred Twenty) (unskilled) to INR 15,096 (Fifteen Thousand Ninety Six) (skilled).
- (iii) Star hotels range from INR 12,682 (Rupees Twelve Thousand Six Hundred Eighty Two) (unskilled) to INR 21,134 (Rupees Twenty One Thousand One Hundred Thirty Four) (highly skilled).

Each category's compensation comprises a basic wage component plus VDA, with daily wage equivalents clearly specified.

MATERNITY BENEFIT ACT, 1961 IS APPLICABLE TO CONTRACTUAL EMPLOYEES: MADRAS HIGH COURT

The Madras High Court, in the case of MRB Nurses Empowerment Association vs. Government of Tamil Nadu, vide order dated October 18, 2024, reaffirmed that the provisions of the Maternity Benefit Act, 1961 override any contractual conditions that deny maternity benefits to employees.

In the present case, the MRB Nurses Empowerment Association filed a petition seeking 270 (Two Hundred Seventy) days of paid maternity leave for staff nurses under the National Rural Health Mission. The Respondents contended that s nurses are not eligible for any kind of leave as applicable to the regular government servants except for the casual leave of one day for one month and day off.

The Madras High Court held that contractual employees are entitled to the benefits guaranteed under Maternity Benefit Act, 1961, and employers cannot cite employment contracts to withhold them. Further, by virtue of Section 27 of the aforesaid act, the provisions of the Maternity Benefit Act, 1961 will prevail over contractual conditions denying or offering less favourable

The Madras High Court further directed the authorities to process relevant applications within 3 (Three) months.

MONETARY COMPENSATION IS AN ADEQUATE REMEDY FOR WRONGFUL TERMINATION OF DAILY WAGE WORKER: MADHYA PRADESH HIGH COURT

The Madhya Pradesh High Court vide order dated October 21, 2024 in the case of Rajguru Dubey vs. Nagar Palika Parishad Hata, upheld the Madhya Pradesh Labour Court's decision to award monetary compensation rather than reinstatement to employment of a terminated daily wage worker.

In the present case, the termination of a daily wage worker was in violation of Section 25-F of the Industrial Disputes Act, 1947 by the Madhya Pradesh Labour Court.

The Madhya Pradesh High Court, while accepting the observations made by the Labour Court, emphasized that reinstatement with back wages is not an automatic remedy,

particularly for daily-wage employees. It further held that monetary compensation may be more appropriate when the service duration is brief, or termination involves procedural defects.

The Madhya Pradesh High Court also noted that reinstatement might not apply in public sector cases involving non-compliance with Articles 14 and 16 of the Constitution of India.

GOVERNMENT OF MADHYA PRADESH ISSUES NOTIFICATION REGARDING MINIMUM WAGES FOR EMPLOYMENT IN AGRICULTURE

The Labour Department, Government of Madhya Pradesh, vide notification dated October 23, 2024, has revised the minimum wages for agriculture for 2 (two) distinct periods in 2024-25. The first revision period extends from April 1, 2024, to September 30, 2024, while the subsequent adjustment covers October 1, 2024, through March 31, 2025.

For the initial period, the prescribed daily agricultural wage rate stands at INR 271.93 (Rupees Two Hundred Seventy-One and Ninety-Three Paise), calculated on a monthly baseline of INR 8,158 (Rupees Eight Thousand One Hundred Fifty-Eight). The wages during the succeeding period shall be INR 277.73 (Rupees Two Hundred Seventy Seven and Seventy Three Paise), based on a monthly framework of INR 8,332 (Rupees Eight Thousand Three Hundred Thirty Two).

GOVERNMENT OF TAMIL NADU ISSUES NOTIFICATION REVISING MINIMUM WAGES AND VDA FOR WORKERS IN INDUSTRIES IN TAMIL NADU

The Government of Tamil Nadu vide notification dated October 23, 2024 has issued revised minimum wages in three zones, namely zone A, B, and C. These wages are applicable for various job roles in specific industries such as the paper and other incidental process industries, motion picture industry, mat weaving and basket making industries, and security guards.

Zone A encompasses municipal corporation areas, Zone B covers municipalities, and Zone C includes all other areas. The said notification also divides employment on the basis of unskilled, semi-skilled and skilled employees.



RBI ISSUED DIRECTIONS FOR CENTRAL COUNTERPARTIES (“CCPS”)

RBI issued a circular dated October 28, 2024, to introduce directions to domestic CCPs that are authorised to operate in India and foreign CCPs recognised by the RBI under the Payment and Settlement Systems Act, 2007. CCPs has been defined as *system provider, who by way of novation interposes between system participants in the transactions admitted for settlement, thereby becoming the buyer to every seller and the seller to every buyer, for the purpose of effecting settlement of their transactions.* An example of CCP is Clearing Corporation of India.

These directions relate to capital requirements and governance framework. The key highlights of the Directions are provided hereunder:

- (i) Board Composition requirements for CCPs
 - (a) The Board of authorised CCP (“Board”) must include nominee directors, independent directors, a managing director, and other directors as per the Companies Act, 2013.
 - (b) The number of Independent Directors must be equal to or shall exceed the number of nominee directors.
 - (c) Foreign institutional investors shall not have and representation on the Board. Quorum requires one-third of total directors or three directors, with at least half being Independent Directors.
- (ii) The roles and responsibilities of the Board shall include establishment of strategic goals, supervision of risk management practices, ensuring independence of resources for internal control functions and fair conduct of roles and responsibilities of CCPs.
- (iii) The director shall be a person with relevant experience and expertise appointed by the Board on recommendations from the Nomination and Remuneration Committee and as per the terms of articles of association of the authorised CCP.
- (iv) The Chairperson must be an Indian citizen, appointed from independent directors with RBI's approval, who shall serve a term of up to 3 (three) years (extendable based on performance by the RBI).
- (v) The Managing Director must be an Indian citizen and meeting the criteria provided under Companies Act, 2013. Initial term is up to five years of the Managing Director, extendable until the age of 65, upon satisfactory performance and RBI approval.
- (vi) Senior management of the CCPs shall be responsible for aligning activities with Board objectives and overseeing risk control processes.
- (vii) The Nomination and Remuneration Committee, composed of at least three non-executive directors (majority Independent), recommends appointments and remuneration policies.
- (viii) As per the Directions, different internal committees shall be formed by the authorised CCPs, namely:
 - (a) Nomination and Remuneration Committee: It shall comprise of non-executive directors, and shall identify, evaluate, and recommend appointments, removals, and performance assessments of Directors and senior management, thereby ensuring that the

remuneration aligns with the performance of such individuals.

- (b) Risk Management Committee: It shall be chaired by an independent director with risk expertise. The said committee shall formulate, implement, and monitor the risk management policy, thereby advising the Board on significant risk-related matters.
- (c) Audit Committee: It shall comprise primarily of independent directors. Its main function is to oversee financial audits, internal controls, related party transactions, and compliance with financial standards. It shall also evaluate financial statements, with auditors and senior management present in meetings as and when needed.
- (d) Technical Committee: The Committee shall be chaired by an IT-experienced independent director. Its main function is to create and oversee IT policies, ensure cybersecurity, IT strategy, and continuity of plans that align with business goals. The Committee shall meet quarterly for updates and reviews.
- (e) Regulatory Compliance Committee: The committee shall be chaired by an independent director. The main function of the committee is to review the CCP's adherence to regulatory requirements and monitor the compliance with inspection recommendations to ensure ongoing alignment with regulatory standards.
- (f) Other Committees: Additional committees may be formed as required under the Act or RBI regulations, addressing further governance needs as specified by law.
- (ix) The CCP shall also designate a compliance officer whose main function shall be to monitor compliance with laws and regulations.
- (x) Authorized CCPs must disclose timely and accurate information to the RBI regarding financial status, user rights, and its governance as specified by the RBI.
- (xi) CCPs must manage potential conflicts of interest and shall maintain internal procedures that are periodically reviewed.
- (xii) Net Worth and Ownership Requirements of the CCPs:
 - (a) Applicants must have a minimum net worth of INR 300,00,00,000/- (Indian Rupees Three Hundred Crore Only). The adequacy of net worth

requirement of the CCP would be reviewed by RBI from time to time and accordingly, RBI may increase net worth requirement.

- (b) Authorized CCPs must be public companies held by users. Individuals ceasing to be users must divest shares in the CCP.
- (xiii) No individual or entity may hold shares in an authorized CCP unless they meet the "fit and proper" criteria, as detailed in the said Directions.
- (xiv) No person shall transfer / divest / sell / buy equity shares of an authorised CCP without prior approval of RBI –
 - (a) If the transfer of shares is equal to or more than 5% of the shares of the CCP; or
 - (b) Where the acquisition of shares and cumulative shareholding reaches 5% or more.
- (xv) Foreign CCPs must comply with Indian laws and apply to the RBI for its approval as recognised CCP. They must establish domestic operations and demonstrate adherence to equivalent regulatory standards, including (but not limited to) robust governance structure and risk management.

DSK View: *The CCPs play a vital role in clearing and settling transactions that form part of the Payment Settlements Act, 2007. The introduction of these directions will ensure a strict adherence to the management and different committees of CCPs. This will further increase effectiveness and efficiency in the digital payment eco-system by increasing accuracy and decreasing frauds in the settlement of digital payments.*

The detailed Direction can be found here: [Link](#)

RBI ISSUED A CIRCULAR FOR IMPLEMENTATION OF CREDIT INFORMATION REPORTING MECHANISM

The RBI in its circular dated October 10, 2024 ("Circular"), announced implementation of credit information reporting mechanism subsequent to their cancellation of licence or certificate of registration of various regulated entities. The key highlights of this Circular are provided below:

- (i) As per Credit Information Companies (Regulation) Act, 2005 ("CICRA"), only Credit Institutions ("CIs") are authorized to submit credit information to Credit Information Companies ("CICs").
- (ii) CIs with cancelled licenses or Certificates of Registration by the RBI are no longer considered as CIs under CICRA.

- (iii) CICs must tag cancelled entities as "Licence Cancelled Entities" in the Credit Information Reports, and shall not charge any annual and membership fee from them.
- (iv) Licensed Cancelled Entities must continue reporting borrowers' information to CICs, who were onboarded by them prior to the cancellation of their licences, until the loan lifecycle completes or the institution is wound up. Further, these Licences Cancelled Entities can only access credit reports of borrowers who were onboarded by them before their cancellation date.

These directions by RBI are applicable on both current and previously cancelled entities and shall be implemented within six (6) months of the date of the Circular.

DSK View: By introducing the credit information reporting mechanism, RBI aims to protect interest of the borrowers. It has been previously observed that several regulated entities whose licences have been cancelled, do not provide correct credit information of their borrowers, as they do not focus on compliance any longer. The tagging of such entities as 'Licensed Cancelled Entities' will bring clarity to credit reports for the lenders and stakeholders involved. This will strengthen the accuracy of credit information and will aid borrowers in maintaining their credit records, even if their lender's license is revoked.

Source

RBI INTRODUCED THE GUIDELINES FOR ACCESSIBILITY TO DIGITAL PAYMENT SYSTEMS FOR PERSONS WITH DISABILITIES

Keeping in mind the interest of persons with disabilities and providing convenient access to digital payments system to persons with disabilities, the RBI had previously issued several guidelines including a Master Circular on Customer Service in Banks dated July 01, 2015. The Department of Financial Services, Ministry of Finance had also issued the Accessibility Standards and Guidelines for Banking Sector on February 02, 2024 ("**Accessibility Standards**").

In furtherance to its continuing efforts on providing accessibility to digital payments, the RBI has, on October 11, 2024, issued a directive to all the Payment System Participants (PSPs). RBI vide this directive has advised PSPs to review their payment systems / devices, to facilitate the accessibility to Persons with Disabilities to the digital payment systems. The key highlights of these guidelines are:

- (i) The PSPs have been directed to review and carry out modifications to their payment systems and devices without compromising with the security systems. For

the said modifications, PSPs shall follow Accessibility Standards issued by the Ministry of Finance.

- (ii) The PSPs shall submit to the RBI, within 1 (One) month of issuance of these directives, details of their systems / devices that need to be modified, along with a time bound plan of action in this regard.

DSK View: By introducing these directives, the RBI aims to ensure that digital payment systems are accessible to all the users and if specific modifications are required to cater to persons with special needs, the same must be adopted to foster a more inclusive digital financial ecosystem.

Source

RESERVE BANK OF INDIA ("RBI") ANNOUNCED STATEMENT ON DEVELOPMENTAL AND REGULATORY POLICIES

RBI on October 09, 2024, released its revised developmental and regulatory policy measures relating to several aspects including Payment Systems ("**Statement**"). The summary of aspects relating to Payment Systems as provided in the Statement are stated below:

(i) Increase in UPI Limits

- (a) UPI123Pay (a feature specially curated for feature-phone users) limit has been increased to INR 10,000/- (Indian Rupees Ten Thousand Only) per transaction. Earlier, this limit was capped at INR 5,000/- (Indian Rupee Five Thousand Only).
- (b) UPI Lite per transaction limit has been increased to INR 1,000/- (Indian Rupees One Thousand Only) from INR 500/- (Indian Rupees Five Hundred Only).
- (c) UPI Lite Wallet limit has been increased to INR 5,000/- (India Rupees Five Thousand Only) from the earlier limit of INR 2,000/- (Indian Rupee Two Thousand Only).

(ii) Introduction of beneficiary account name look-up facility

RBI has proposed to introduce 'beneficiary account name look-up facility' for Real Time Gross Settlement System (RTGS) and National Electronic Funds Transfer (NEFT) systems. This feature will allow remitters to verify their respective beneficiaries' names by entering the account number and IFSC code before initiating a transfer. This step has been taken to enhance customer confidence by reducing the instances of incorrect credits and fraud.

DSK View: By enhancing the transaction limit on several UPI products, the RBI intends to facilitate higher transaction

volumes and a smoother experience for feature-phone and mobile wallet users. Additionally, the introduction of a beneficiary account name look-up facility for RTGS and NEFT

systems aims to boost remitter confidence, reducing risks of fault in payments and fraud.

Source



DELAY IN IMPLEMENTATION OF THE EU'S DEFORESTATION REGULATION

The European Union Deforestation Regulation (EUDR) arises from a critical need to address the significant impact of European consumption on global deforestation and biodiversity loss. As one of the largest markets for commodities linked to deforestation—such as cattle, cocoa, coffee, palm oil, rubber, soy, and wood—the EU has acknowledged that its trade practices contribute to environmental degradation, often at the expense of forests and the communities that depend on them.

Background and Need for EUDR

An impact assessment conducted by the EU revealed that, without appropriate regulatory intervention, the consumption and production of these commodities could lead to the loss of 248,000 hectares of forest annually by 2030. This alarming projection highlights the urgent need for a regulatory framework to mitigate the environmental consequences of trade practices. Several initiatives have been enforced to tackle deforestation, including:

1. Stepping up the **EU Action to Protect and Restore the World's Forests (2019)**.
2. **The European Green Deal (2020)**, which aims for climate neutrality by 2050.
3. **EU Biodiversity Strategy for 2030**: This strategy focuses on bringing nature back into our lives.

In 2020, the European Parliament adopted a resolution under Article 225 of the Treaty on the Functioning of the EU (TFEU), requesting the Commission to propose a legal framework to halt and reverse the EU-driven global deforestation through mandatory due diligence.

Overview of the EUDR

The EUDR was officially enacted on June 29, 2023. Its primary aim is to promote "deforestation-free" products, thereby reducing the EU's impact on global deforestation and forest

degradation while lowering greenhouse gas emissions and preserving biodiversity. Under the EUDR, the Commission will classify countries and, where relevant, particular regions into one of three categories: high-risk, low-risk, and standard risk. However, this raises questions about the effectiveness of such classifications. Currently, the EU Commission is relying on satellite imagery for deforestation rates, governance indicators for regulatory frameworks, traceability systems and certification standards for supply chain traceability. The credibility of this data can be questioned, as much of it is collected by the EU itself.

To facilitate compliance, an initial 18-month period was granted for operators and traders, with an extended deadline of June 30, 2025, for micro and small enterprises. The EU plans to leverage digital technologies and geospatial information to advance deforestation-free supply chains. Large companies trading in specified commodities must prove that their products do not originate from recently deforested areas or contribute to forest degradation. Products produced before the regulation's entry into force are exempt from these requirements to balance traders' interests with environmental protection.

Implementation Timeline and Current Status

As of October 2, 2024, the European Commission proposed a 12-month delay in implementing the EUDR, allowing companies more time to prepare and minimize supply chain disruptions. This proposal has received agreement from the European Council but still requires approval from the European Parliament. If approved, the new implementation dates will be:

- December 30, 2025, for large operators and traders.
- June 30, 2026, for small enterprises.

The EUDR poses significant challenges, particularly for developing countries like India, where it could create non-trade barriers and limit market access for exports. Compliance with the EUDR will likely increase operational

costs for businesses, potentially pushing smaller players out of the global agricultural trade. Furthermore, the challenges of assessment and traceability present significant hurdles, especially for small sector players in developing nations where compiling necessary data is often a cumbersome matter, wherein the value chains are not linear.

Objectives of the EUDR

The EU Deforestation Regulation (EUDR) aims to achieve several key objectives, creating a framework that not only addresses deforestation but also fosters sustainable development and respects human rights. These objectives include:

1. **Reducing Environmental Impact:** Limit the EU's market influence on global deforestation and biodiversity loss while decreasing greenhouse gas emissions associated with commodity production.
2. **Promoting Deforestation-Free Supply Chains:** Foster the development and implementation of sustainable, deforestation-free supply chains in the global market.
3. **Protecting Indigenous Rights:** Safeguard the rights of indigenous peoples and local communities, ensuring their voices are heard in the regulatory framework.
4. **Facilitating a Green Transition:** Support the transition to environmentally sustainable practices, mitigating ecological impacts and promoting gender equality and intergenerational equity.
5. **Advancing Sustainable Development Goals (SDGs):** Contribute to the achievement of the United Nations' Sustainable Development Goals adopted in 2015.
6. **Preserving Primary Forests:** Protect unique and irreplaceable primary forests, recognizing their critical role in global biodiversity.
7. **Encouraging Sustainable Production and Consumption:** Promote responsible production and consumption patterns that minimize environmental degradation.
8. **Incorporating Environmental Principles:** Integrate the principles of environmental protection into the policy-making process, ensuring alignment with sustainability goals.

Challenges and Implications

While the EUDR is viewed as a positive development for environmental protection, it poses challenges, particularly for small enterprises. The complex compliance requirements and increased costs may push smaller players out of the global agricultural trade. Major industries affected include coffee, rubber, leather, and paper, all of which have substantial markets in the EU.

The EU has also imposed penalties at its discretion, such as fines proportional to environmental damage and the value of relevant commodities, which can reach up to 4% of the operator's or trader's total annual turnover in the EU for the preceding year. The ongoing uncertainty surrounding the regulation's implementation could lead to market disruptions, especially for small-scale enterprises in countries like India.

Furthermore, historically, developed nations such as the USA and EU have been major polluters compared to developing countries. These developed nations have achieved economic growth at the cost of environmental degradation, and now they are imposing regulations that penalize developing countries for practices that were once commonplace in their own development.

DSK View: *The implementation of the EU Deforestation Regulation (EUDR) represents a significant step toward addressing the pressing issue of global deforestation and its associated environmental impacts. By aligning with global commitments, such as the Paris Agreement and the UN Sustainable Development Goals, the regulation aims to promote sustainable practices and ethical supply chains within the EU and beyond.*

However, the regulation also poses challenges, particularly for small and medium-sized enterprises of the developing nations, that may struggle to meet stringent compliance requirements. The potential for increased operational costs and complexity could undermine their competitiveness in the EU as well as global market. Additionally, the rigorous traceability requirements pose an extra challenge for smaller operations, where supply chains are often intricate and non-linear. All these challenges may result in the proposed regulation being a potential trade barrier for developing and least developed countries.

As the EU moves forward with the EUDR, the balance between environmental protection and economic viability will be crucial. Policymakers will need to consider how to support smaller enterprises in adapting to these new regulations while ensuring that the overarching goals of sustainability and forest conservation are met.

Ultimately, the effectiveness of the EUDR will depend on its implementation and the ability of various sectors to navigate the regulatory landscape, where continued dialogue among stakeholders will be important to address concerns and ensure that the regulation achieves its intended objectives without unintended negative consequences.



KANGANA RANAUT'S EMERGENCY GETS 13 CHANGES FROM CBFC

Kangana Ranaut's film *Emergency*, a political drama based on former Indian Prime Minister Indira Gandhi's declaration of emergency from 1975 to 1977, faced legal challenges primarily with the Central Board of Film Certification (CBFC) and objections from certain Sikh groups. The CBFC requested 13 edits, which include changes in specific scenes that Sikh organizations argued misrepresented the community and distorted historical facts. Ranaut initially criticized these edits as excessive but eventually agreed to make the necessary adjustments to facilitate the film's release.

The film's co-producer, Zee Studios, had filed a petition with the Bombay High Court ("**Bombay HC**") seeking immediate issuance of a censor certificate, which was initially withheld by the CBFC despite earlier conditional approval. Bombay HC was informed that with Ranaut's acceptance of the suggested cuts, the CBFC agreed to finalize the certificate, allowing the film's release to proceed, though not on its originally planned date.

PIL FILED AGAINST RAJINIKANTH'S VETTAIYAN OVER DIALOGUES SUPPORTING ILLEGAL ENCOUNTERS

A Public Interest Litigation (PIL) was filed against the Tamil film *Vettaian*, starring Rajinikanth, by a retired bus conductor. The petitioner argued that specific dialogues in the movie glorify extrajudicial police killings (known as "encounters"), potentially encouraging vigilante justice over lawful procedures. The petition requested the removal of these dialogues and sought to change the film's certification from UA (parental guidance) to A (adults only).

During the hearing, Justices Subramanian and Victoria Gowri of the Madras High Court refused to grant an interim ban on the movie and issued notices to the Central Board of Film Certification (CBFC) and the production house i.e., Lyca

Productions. The case has been adjourned and will be reheard after receiving responses from the concerned parties.

JOHN DOE ORDER GRANTED BY THE DELHI HIGH COURT TO PROTECT VISHNU MANCHU'S PERSONALITY RIGHTS

The Delhi High Court has issued a John Doe order in favor of Telugu actor and producer Vishnu Manchu, safeguarding his personality rights against unauthorized use. The order restricts known and unidentified parties, including several YouTube channels, from exploiting his image, name, voice, and other aspects of his persona for commercial or defamatory purposes. This legal action aims to prevent misuse in any form, including emerging platforms like AI and the metaverse. The order ensures immediate protection, with the court recognizing the potential irreparable harm that could arise without such intervention.

BRANDS MUST SUBSTANTIATE THEIR ENVIRONMENTAL CLAIMS OR FACE PENALTIES UNDER THE NEW ADVERTISEMENT GUIDELINES ISSUED BY THE MINISTRY OF CONSUMER AFFAIRS

The Ministry of Consumer Affairs (MCA) has introduced new guidelines requiring brands that make eco-friendly, green, or sustainable claims to provide supporting evidence for those assertions. Non-compliance will lead to penalties for misleading advertising and unfair trade practices. The MCA emphasized that deceptive practices, such as exaggerating or making vague and unsubstantiated environmental claims, will be closely monitored. The guidelines aim to combat greenwashing and enhance transparency in environmental marketing. Under these rules, companies must substantiate claims like "eco-friendly" or "zero emissions" through verifiable evidence, which can be presented on packaging, via QR codes, pamphlets, or web links. Claims regarding terms such as "natural," "organic," and "sustainable" also require validation. These claims can pertain to entire

products, specific components, packaging, or production processes if properly substantiated. Additionally, service providers making environmental claims must also adhere to these regulations, ensuring transparency across various industries.

THE NCPCR URGES THE CENTRAL GOVERNMENT TO MANDATE DISCLAIMERS ON OTT PLATFORMS TO PREVENT MINORS FROM ACCESSING ADULT CONTENT

The National Commission for Protection of Child Rights (NCPCR) has formally reached out to the Ministry of Information and Broadcasting (MIB), advocating for the implementation of disclaimers on over-the-top (OTT) platforms to be presented in “English, Hindi, and local/regional languages” prior to the display of any adult content. The NCPCR emphasizes that these disclaimers must reference specific legal provisions, including Section 11 of the Protection of Children from Sexual Offences (POCSO) Act, 2012 and Section 75 of the Juvenile Justice (Care and Protection of Children) Act, 2015 to alert subscribers that they could face legal consequences if their children access adult content. Section 11 of the POCSO Act, 2012 addresses actions that are considered sexual harassment against a child, which includes the exhibition of any object or media intended for pornographic purposes. Violations can result in severe penalties, including imprisonment for up to three years and/or fines. Additionally, Section 75 of the Juvenile Justice Act, 2015 outlines penalties for acts of cruelty towards children, which encompasses behaviors such as assault, abuse, neglect, exposure to harmful environments, and abandonment. These offenses can also lead to imprisonment for up to three years or substantial fines. By advocating for these disclaimers, the NCPCR aims to enhance awareness among parents and guardians regarding their responsibilities under these legal frameworks, thereby helping to protect minors from inappropriate content on OTT platforms.

EKTA KAPOOR AND HER MOTHER SHOBHA KAPOOR BOOKED UNDER POCSO ACT FOR INAPPROPRIATE SCENES IN A WEB SERIES

A case has been registered by the Mumbai Police against Ekta Kapoor and her mother, Shobha Kapoor, citing violations of the Protection of Children from Sexual Offences (POCSO) Act, 2012, Indian Penal Code (IPC), 1860 and the Information Technology Act, 2000, due to allegations of inappropriate scenes involving minor girls in the sixth season of their web series *Gandi Baat*, which aired on the OTT platform ALT Balaji. The complaint alleges that the series, which streamed from February to April 2021, included obscene scenes featuring minors. Although the controversial episode is no longer available on the platform, it has raised significant legal concerns. In response to the allegations, Ekta Kapoor's production company, Balaji Telefilms has issued a

statement asserting compliance with all applicable laws, including the POCSO Act. The company clarified that neither Ekta nor Shobha Kapoor is involved in the day-to-day operations of ALT Balaji, which are managed by separate teams. Following the registration of the case, both Ekta and Shobha Kapoor were interrogated by the police and have been summoned for further questioning. The police are also looking into statements from actors involved in the said web series and have requested relevant documents related to the platform 'ALT Balaji'.

PENGUIN RANDOM HOUSE INTRODUCES AI WARNING ON IT'S BOOKS' COPYRIGHT PAGE

Penguin Random House (PRH) is taking a significant step to protect its authors' intellectual property rights by updating the copyright pages of its books to include a specific warning against the use of its titles for training artificial intelligence (AI) systems. The new copyright language will state: “No part of this book may be used or reproduced in any manner for the purpose of training artificial intelligence technologies or systems.” This change will apply to all new publications and reprints across PRH's various imprints globally. This initiative is in response to the growing concerns about the unauthorized use of copyrighted materials in AI training, which has led to numerous lawsuits against technology companies. By explicitly prohibiting such uses, PRH aims to safeguard the rights of its authors.

BLADE RUNNER 2049 PRODUCER SUES ELON MUSK AND WARNER BROS. DISCOVERY OVER AI-GENERATED ADVERTISEMENT

Alcon Entertainment (“Plaintiff”), the production company behind *Blade Runner 2049* (“Film”), has filed a lawsuit against Elon Musk, Tesla, and Warner Bros. Discovery (“Defendants”), alleging copyright infringement related to the promotion of Tesla's new robotaxi. The lawsuit, lodged in a California Federal Court (“Court”), claims that the Defendants used AI-generated imagery that closely resembles scenes from the Film during a live-streamed launch event for the ‘Cybercab’ on October 10, 2024. The Plaintiff asserted that it denied a request from Warner Bros. to use images from the Film for this event and claims that the Defendants proceeded to utilize AI-generated visuals without permission. The lawsuit highlights that the AI-generated images featured a character resembling Ryan Gosling's portrayal in the Film, standing in a dystopian landscape similar to that depicted in the Film. Plaintiff's lawsuit accuses the Defendants of “false endorsement,” suggesting that their actions imply an affiliation between Tesla and Alcon, which they vehemently oppose. The lawsuit describes this use of AI imagery as a “bad-faith and intentionally malicious maneuver” aimed at enhancing the appeal of Tesla's product while misappropriating elements from the Film.



INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY (FORM OF ANNUAL STATEMENT OF ACCOUNTS) AMENDMENT RULES, 2024

The MCA, vide its notification dated October 3, 2024 (accessible [here](#)), has notified the Investor Education and Protection Fund Authority (Form of Annual Statement of Accounts) Amendment Rules, 2024 ("**IEPFA Amendment Rules**"). The IEPFA Amendment Rules amend the provisions of the Investor Education and Protection Fund Authority (Form of Annual Statement of Accounts) Rules, 2018 with respect to authentication of the **(a)** balance sheet, **(b)** income and expenditure account and **(c)** receipt and payment account required to be prepared by the Investor Education and Protection Fund Authority ("**Authority**") for the period ending March 31 of every year. As per the IEPFA Amendment Rules, in addition to the chairperson, the aforesaid documents are now to be signed by the chief

executive officer of the Authority instead of one member of the Authority.

COMPANIES (ADJUDICATION OF PENALTIES) SECOND AMENDMENT RULES, 2024

The MCA, vide its notification dated October 9, 2024 (accessible [here](#)), has notified the Companies (Adjudication of Penalties) Second Amendment Rules, 2024, ("**AJP Second Amendment Rules**"), which amends the Companies (Adjudication of Penalties) Rules, 2014. As per the AJP Second Amendment Rules, all proceedings pending before the adjudicating officers and regional directors as on the date of commencement of the Companies (Adjudication of Penalties) Amendment Rules, 2024 ("**AJP First Amendment Rules**") i.e., September 16, 2024, will be carried out as per provisions of the Companies (Adjudication of Penalties) Rules, 2014, existing prior to the commencement of the AJP First Amendment Rules.

DUE DILIGENCE IN RELATION TO NON-RESIDENT GUARANTEES AVAILED BY PERSONS RESIDENT IN INDIA

The Reserve Bank of India (“RBI”) on October 4, 2024 issued a notification bearing reference number RBI/2024-25/79 A.P. (DIR Series) Circular No. 18 (“FEMA Circular”), stipulating due diligence requirements to be ensured by Authorized Dealer Category-I banks (“AD Category-I Banks”) prior to permitting non-resident entities to issue guarantees (including standby letters of credit (“SBLCs” and / or performance guarantees) in favour of persons resident in India, in violation of the extant Foreign Exchange Management Act, 1999 and rules and regulations issued thereunder.

Specifically, the RBI has instructed AD Category-I Banks to ensure that any guarantee contracts issued by non-resident entities in favour of or on behalf of the resident constituents of such AD Category – I Banks (“Resident Constituents”) are in accordance with the FEMA Regulations.

DSK View: The FEMA Regulations permit only certain types of guarantees to be issued by resident and non-resident Indians. However, recently, the RBI observed several instances where non-resident guarantees (including SBLCs, letters of credit, performance guarantees, etc.) were being issued by non-residents in favour of resident Indian entities. Through the FEMA Circular, RBI aims to cast a responsibility on AD Category - I Banks to ensure that guarantee contracts issued by non-resident entities, in favour of or on behalf of Resident Constituents, are in compliance with FEMA Regulations.

IMPLEMENTATION OF CREDIT INFORMATION REPORTING MECHANISM SUBSEQUENT TO CANCELLATION OF LICENCE OR CERTIFICATE OF REGISTRATION

RBI vide its notification dated October 10, 2024, bearing reference number RBI/2024-25/81 DoR.FIN.REC.47/20.16.042/2024-25 (“CIC Circular”),

directed credit information companies (“CICs”) and credit institutions (“Credit Institutions”) to implement a credit information reporting mechanism to be followed by Credit Institutions, in respect of borrower information provided by banks, non-banking financial institutions, public financial institutions and housing finance institutions, whose licence or certificate of registration has been revoked by the RBI.

As per the Credit Information Companies (Regulation) Act, 2005 (“CICRA”), only entities within the purview of Section 2(f) of CICRA are permitted to credit information to CICs. Accordingly, entities which cease to be registered or licenced by the RBI, cannot provide credit information to CICs. Resultantly, the credit history of the borrowers of such entities is not updated even if the borrowers continue to repay their dues. The CIC Circular is aimed at reducing the hardship of such borrowers who are clearing their dues, so that the credit information is updated even post revocation of the licence of such Credit Institutions

Key features of the CIC Circular are provided below:

- (i) All Credit Institutions with revoked licenses or certificate of registration will now be classified as "Credit Institutions" under CICRA.
- (ii) Such Credit Institutions must continue reporting credit information of their borrowers onboarded and reported to CICs prior to cancellation of licence, until completion of the loan repayment or winding up of the Credit Institution, whichever is earlier.
- (iii) Access to credit information reports by the Credit Institutions will be limited only to those borrowers who were reported before cancellation of licence or certificate of registration.
- (iv) CICs will not charge the annual and membership fees from such Credit Institutions.
- (v) CICs will label such Credit Institutions as "Licence Cancelled Entities" in the credit information report basis the information available on the website of the

RBI or the cancellation of licence order received from RBI.

DSK View: The CIC Circular highlights RBI's commitment to maintaining credit continuity, protecting consumer interests and ensuring updated credit information is available to financial lenders, even amidst regulatory changes affecting financial institutions.

SUBMISSION OF INFORMATION TO CREDIT INFORMATION COMPANIES (CICs) BY ARCs

The RBI vide its circular no. DNBS (PD-SC/RC). CC. No. 23/26.03.001/2010-11 dated November 25, 2010, had clarified that securitisation companies/reconstruction companies are also covered under the definition of "credit institution" in terms of the provisions of CICRA. RBI had subsequently issued guidelines in relation to the same ("Existing Guidelines").

In order to align the Existing Guidelines with the guidelines applicable to banks and non-banking financial institutions and with a view to maintain a track of borrowers' credit history after transfer of loans to asset reconstruction companies ("ARCs"), RBI has revised the Existing Guidelines vide notification dated October 10, 2024 bearing reference number DoR.FIN.REC.No.46/26.03.001/2024-25 (RBI/2024-25/82) ("**Revised Guidelines**").

Given below are certain critical features of the Revised Guidelines:

- a) **Membership of CICs:** ARCs must become members of all CICs and submit requisite data as per the uniform credit reporting format prescribed by the RBI.
- b) **Submission of information:** ARCs must update borrower information with CICs on a fortnightly basis or at shorter intervals as agreed upon between the ARC and the CIC in terms of Credit Information Companies Regulations, 2006.
- c) **Rectification of rejected data:** ARCs shall rectify basis comments received from CICs and upload the same within 7 (seven) days of receipt of such data.
- d) **Commencement:** ARCs must implement systems and processes to comply with the Revised Guidelines latest by January 1, 2025.

DSK View: The Revised Guidelines for ARCs aim to enhance credit transparency by mandating regular data submissions to CICs post transfer of loans from banks or non-banking financial companies to ARCs. The guidelines may help to align ARCs with traditional financial institutions, improve borrower tracking and ensure prompt data rectification, for a strong financial ecosystem.

MASTER DIRECTION - RESERVE BANK OF INDIA (REGULATORY FRAMEWORK FOR MICROFINANCE LOANS) DIRECTIONS, 2022 (UPDATED BY RBI AS ON OCTOBER 10, 2024)

The RBI on October 10, 2024 vide notification bearing reference number RBI/DOR/2021-22/89 DoR.FIN.REC.95/03.10.038/2021-22 updated the Master Direction - Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022 ("**ML Direction**").

Key Highlights:

The amendment has done away with the requirement of several disclosures related to pricing information and fees for borrowers in the factsheet, as well as the necessity for a factsheet for collateralized loans to low-income households.

Additionally, a new provision has been introduced, mandating Regulated Entities ("**RE**") to provide a Key Fact Statement ("**KFS**") (in the format provided in the revised directions) to all potential borrowers, allowing them to make informed decisions before signing a loan contract.

Furthermore, the amendment sets lays down several obligations for REs, including:

- (i) ensuring that the KFS is written in a language easily understood by borrowers;
- (ii) ensuring that contents of the KFS are explained to the borrower and acknowledged;
- (iii) KFS must include a computation sheet for the annual percentage rate ("**APR**") and amortization schedule;
- (iv) ensuring that charges collected from borrowers on behalf of third-party service providers, such as insurance or legal fees, are included in the APR and disclosed separately.

RBI has also included an APR computation sheet in the KFS model draft and also provided an illustrative repayment schedule for loans with equated periodic instalments.

DSK View: RBI is committed to protect consumers in the microfinance sector and the recent amendments seem to be a step in this direction. Streamlining disclosure processes, ensuring that acceptance is acknowledged and recorded, introducing a standardized KFS to guide lenders, providing illustrations to educate borrowers, etc. All these amendments will hopefully improve transparency and efficiency while protecting the consumer at large.

MASTER DIRECTION - CORE INVESTMENT COMPANIES (RESERVE BANK) DIRECTIONS, 2016 (UPDATED AS ON OCTOBER 11, 2024)

On October 11, 2024, RBI updated the Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016 ("**Master Direction 2016**") via Notification No. RBI/DoR(NBFC)/2016-17/39.

Key changes to the Master Direction 2016 include, amongst other things, an increased requirement for Minimum Net Owned Funds (NOF), enhanced disclosure requirements, revised investment limits, limitation on layers of CICs and permission for investment in money market instruments.

DSK View: *The changes reflect RBI's commitment to enhancing the regulatory framework for these entities. The amendments are expected to significantly impact how CICs operate and manage their investment strategies going forward.*

SEBI

INTRODUCTION OF A LIQUIDITY WINDOW FACILITY FOR INVESTORS IN DEBT SECURITIES THROUGH STOCK EXCHANGE MECHANISM

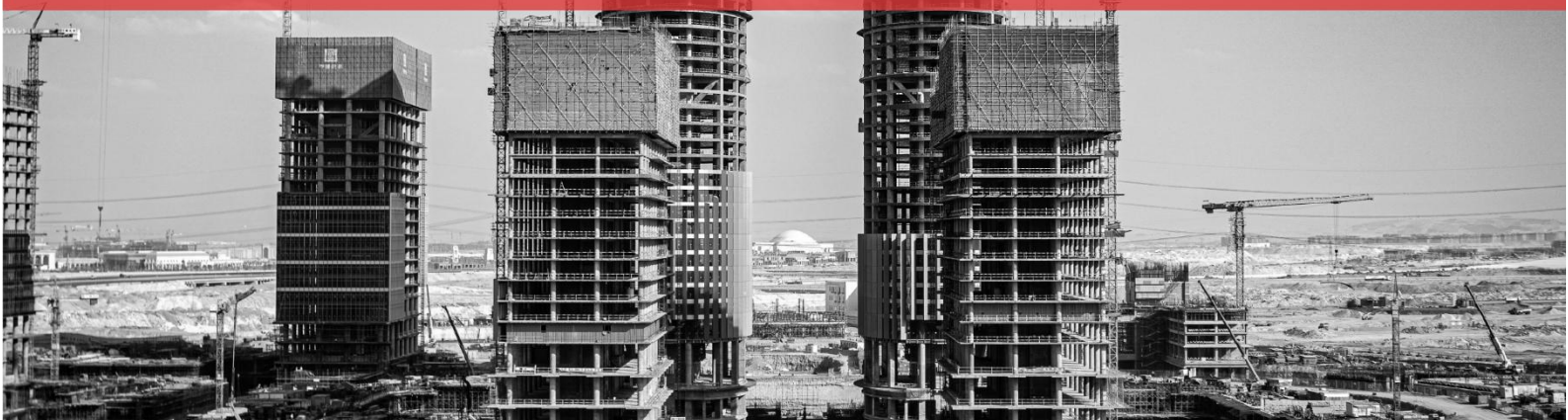
The Securities and Exchange Board of India ("**SEBI**") pursuant to circular bearing reference number SEBI/HO/DDHS/DDHS-PoD-1/P/CIR/2024/141, dated October 16, 2024, issued a liquidity window facility for investors in debt securities through the stock exchange ("**SEBI Circular**").

SEBI has introduced the concept of a liquidity window facility for investors in debt securities, through the stock exchange mechanism.

Key features:

- established under Regulation 15 of SEBI's Issue and Listing of Non-Convertible Securities Regulations, 2021;
- permits debt security issuers to provide investors with a put option, enabling them to redeem their bonds before they mature;
- optional for debt security issuers and available on an ISIN basis, with issuers determining which investors are eligible;
- Issuers can extend this facility to all investors or restrict it to retail investors only;
- investors must hold the debt securities in dematerialized form;
- Issuers are required to set a total limit for exercising the put option, which must be at least 10% of the total debt issue size;
- Issuers must provide detailed information about the liquidity window schedule, outstanding amounts, etc.

DSK View: *The SEBI Circular enhances market dynamics by allowing debt security issuers to offer investors the option to redeem bonds early, promoting liquidity. By establishing clear guidelines and eligibility criteria, the framework aims to create a structured environment for both issuers and investors.*



RENU SINGHAL VS. INDIAN RAILWAY WELFARE ORGANISATION – RAJASTHAN REAT

In a ruling by the Hon'ble Rajasthan Real Estate Appellate Tribunal, it was affirmed that the responsibility of executing the Agreement to Sale lies solely with the promoter and cannot be transferred to the allottee. The Tribunal held that the interest on a refund cannot be denied on the grounds that the Agreement to Sale was not executed between the allottee and the promoter.

The Tribunal further observed that if the allottee has made a payment of more than 10% of the apartment's cost,

pursuant to Sections 12 and 19 of the Act, it becomes the promoter's duty to execute the Agreement to Sale. Under Section 19(1), the allottee is entitled to request information related to sanctioned plans and other details, as mentioned in the Agreement to Sale. It is not the allottee's obligation to seek the execution of this agreement. Additionally, as per Section 13, the promoter cannot demand more than 10% of the apartment's cost without first executing the Agreement to Sale. After the execution, the allottee has the right to request any relevant information from the promoter, who is duty-bound to comply.



SPORTS AND GAMING

SPORTS

WFI WITHDRAWS INDIA FROM WORLD CHAMPIONSHIP

The Wrestling Federation of India (WFI) withdrew the Indian team from the World Championship, conveying to world governing body, UWW, that the sports ministry is interfering with its autonomy. The senior World Championship in 12 non-Olympic categories is to be held in Tirana, Albania from October 28, 2024.

The WFI had recently announced selection trials for the U23 and World Championship, which was challenged as contempt of court by the protesting wrestlers who questioned the legality of the selection by the suspended federation. WFI withdrew the selection trials notice and the court, on October 4, decided not to proceed with the contempt petition.

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HONDA AND ALPINE BREACH F1 ENGINE COST-CAP RULES

Formula 1's governing body, the FIA, has found Honda and Alpine guilty of breaching Formula 1's cost-cap rules for engine manufacturers in 2023. The FIA has fined Honda, which supplies world champions Red Bull, £462,000 (\$600,000) and Alpine, which will supply Aston Martin from 2026, £308,000 (\$400,000) for procedural breaches of the rules. Both manufacturers' costs were under the £73.1m (\$95m) spending limit in the regulations, however, the FIA clarified that neither company had "sought or obtained any undue advantage as a result of the breach". Both companies entered into so-called accepted breach agreements with the FIA over their penalties.

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PSG TO GO TO COURT AFTER LFP RULE IN FAVOUR OF MBAPPE IN WAGE DISPUTE

Paris St Germain will take their wage dispute with Kylian Mbappe to court after the French football league's governing body (LFP) ruled in favour of Mbappe. French media has reported that Mbappe is seeking around 55 million euros (\$59.52 million) in salary and bonuses he says he is owed by the club, however, the club is of the view that Mbappe's contract was legally amended and that he reneged on commitments when he left the club to join the Spanish club, Real Madrid. The LFP's National Joint Appeals Commission heard the parties on October 15, 2024 and announced that it had ruled in favour of Mbappe.

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LEGAL COMPLAINT FILED AGAINST FIFA OVER 'ABUSE OF DOMINANCE'

European leagues and player unions have lodged a formal complaint against FIFA with the European Commission, alleging that FIFA has abused a dominant position and breached European Union (EU) competition law over its setting of the international calendar. The complaint, led by the European Leagues organization—which includes the Premier League among its members—and the European branch of the global players' union FifPro, highlights growing concerns over the relentless demands on players. The current season is set to conclude with the first 32-team Club World Cup, amplifying the strain on athletes. The leagues and unions argue that FIFA's unilateral control over setting the calendar and enforcing mandatory player release periods for international tournaments constitutes an abuse of its dominant position, compounded by a lack of genuine consultation with other stakeholders.

The Commission will now begin a preliminary investigation into the complaint, and if FIFA is ultimately found in breach, it could be ordered to cease and desist and forced back into consultation.

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UN EXPERTS CRITICIZE FRANCE'S BAN ON HIJAB FOR ATHLETES AT PARIS OLYMPICS

UN Human Rights Council experts have condemned the French government's decision to prohibit athletes from wearing the hijab during the Paris Olympics, viewing the ban as an infringement on religious freedoms. France has cited its secularism laws to justify banning religious symbols, including the hijab, for its athletes. The UN experts also criticized similar restrictions imposed by French football and basketball associations on hijab-wearing athletes.

They argued that a state's secular identity does not justify curtailing individuals' rights to freedom of expression and religion, emphasizing that any such restrictions should be proportionate and necessary to meet legitimate international law objectives.

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ADIDAS, YE SETTLE LEGAL DISPUTE SPAWNED BY ANTISEMITIC REMARKS

Following two years of legal proceedings, Adidas and rapper Ye, formerly Kanye West, have reached an out-of-court settlement regarding their contractual dispute. This dispute arose after Adidas cut ties with Ye due to his antisemitic comments. The two parties have been involved in several

GAMING

MONEY LAUNDERING A MAJOR THREAT TO INDIAN ONLINE GAMING SECTOR, SAYS DIF REPORT

A recent report by the Digital India Foundation (DIF) highlights money laundering as a significant threat to the integrity of India's online gaming sector. It recommends the establishment of a whitelist for compliant gaming companies, ensuring that payment gateways and Internet Service Providers only serve listed operators.

The report, titled "Combating Money Laundering in Online Gaming Ecosystem," emphasizes the rising trend of using international betting sites for money laundering and terror financing. It calls for a dedicated task force to target illegal operators, enforce stringent Know Your Customer (KYC) practices, and tackle misleading advertisements.

legal battles, including Adidas's federal court attempt last year to freeze \$75 million belonging to Yeezy, Ye's media and fashion brand. They ultimately opted to settle the matter through arbitration.

Court filings indicate that Adidas ended its partnership with Yeezy in 2022, citing Ye's remarks as "unacceptable, hateful, and dangerous," consistent with its policy against hate speech. Adidas was also the subject of a federal lawsuit from investors alleging the company misled them about its partnership with Ye, violating securities laws. That case was dismissed earlier this year.

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TRANSGENDER WOMEN BANNED FROM TOP TWO TIERS OF WOMEN'S DOMESTIC CRICKET BY ECB

The England and Wales Cricket Board (ECB) has announced that transgender women will be unable to feature in the top two tiers of the new women's domestic structure or the women's Hundred. An updated transgender policy mirrors the International Cricket Council's decision from 2023, which banned anyone who has gone through male puberty from taking part in women's international games. In prohibiting transgender women from playing in women's professional domestic cricket, the ECB said it had consulted "relevant science and medical evidence" and considered "fairness, safety and inclusion". Transgender athletes have been banned from taking part in elite women's competitions in other sports such as swimming, cycling, athletics, rugby league and rugby union.

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Despite the Indian Real Money Gaming (RMG) sector's impressive growth—projected to reach \$7.5 billion in revenue within five years—the report warns that challenges like financial integrity and cybersecurity could hinder progress. The illegal betting market, attracting over \$100 billion in deposits annually, exacerbates these issues. DIF co-founder Arvind Gupta stressed the need for stronger oversight, noting that many platforms evade regulations through mirror sites and deceptive practices. The report advocates for collaboration with banks to block transactions to illegal operators and suggests public awareness campaigns to inform users about safe gaming practices.

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MISCLASSIFICATION OF ONLINE GAMING HINDERS INDIA'S SKILL GAMING GROWTH

India's online gaming sector, valued at \$3.1 billion, faces significant challenges due to regulatory and taxation issues that could impede its growth. A recent report criticizes the classification of online gaming as a homogeneous industry, which conflates skill-based games with gambling, stifling the growth of skill gaming. Currently, India imposes a 28% Goods and Services Tax (GST) on total player deposits across all gaming formats, significantly higher than global standards. Many countries categorize skill-based games separately, allowing for lower tax rates and distinct regulations. For instance, skill-based games are often taxed on platform fees or Gross Gaming Revenue (GGR) at rates ranging from 2% to 25%. The report emphasizes the need for India to adopt a more nuanced taxation approach that aligns with international best practices. It highlights that all 12 key gaming markets studied have separate legal definitions for games of chance and skill, ensuring clarity in regulation.

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NEW FRAMEWORK LAUNCHED TO CLASSIFY ONLINE SKILL-BASED GAMES IN INDIA

India has launched its first comprehensive framework to classify online games as skill-based, titled "The Skill Games Framework: An Objective Framework to Determine Permissible Online Real Money Games." Developed by Professor (Dr.) Bimal Roy in collaboration with The Dialogue, this initiative aims to regulate the burgeoning online gaming market through a scientific and data-driven approach. The framework addresses the lack of a standardized mechanism to differentiate skill-based games from chance-based ones, providing a transparent method for classification. It incorporates three key tests to assess skill in game outcomes, utilizing advanced statistical tools like the Chi-Square Test and Pearson Correlation Test. Dr. Roy emphasized the importance of regulatory clarity in the evolving gaming landscape, stating that the framework will empower stakeholders, players, regulators, and developers, by ensuring fair practices and protecting the integrity of the gaming market.

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RBI ISSUES GUIDELINES FOR FACILITATING ACCESSIBILITY TO DIGITAL PAYMENT SYSTEMS FOR PERSONS WITH DISABILITIES

On October 11, 2024, the Reserve Bank of India (“**RBI**”) issued a directive to payment service providers (“**PSPs**”) aimed at enhancing accessibility for persons with disabilities ([accessible here](#)). RBI drew the attention of the PSPs to the Master Circular on Customer Service in Banks dated July 01, 2015 ([accessible here](#)) and Accessibility Standards and Guidelines for Banking Sector dated February 02, 2024 ([accessible here](#)), in this regard. All PSPs are required to submit to the RBI the relevant details of their systems / devices that need to be modified, along with a time bound plan of action for achieving the same, by November 11, 2024.

The RBI's push for improved accessibility aligns with broader national and international efforts to promote financial inclusion, ensuring that technological advancements benefit all segments of society. The move is expected to not only empower disabled individuals but also broaden the customer base for payment providers, ultimately contributing to a more inclusive financial ecosystem.

TRAI ISSUES REGULATIONS ON RATING OF PROPERTIES FOR DIGITAL CONNECTIVITY REGULATIONS, 2024

On October 25, 2024, TRAI issued the ‘*Rating of Properties for Digital Connectivity Regulations, 2024*’ (“**Regulations**”) ([accessible here](#)). The Regulations pertain to rating the digital connectivity of various properties and shall be applicable to Property Managers, Digital Connectivity Rating Agencies (“**DCRAs**”) and Telecom Service Providers (“**TSPs**”). DCRAs will be qualified entities under the Regulations who will evaluate and provide the ratings to the properties.

Under the Regulations, TRAI will establish or authorize a rating platform and associated IT systems for managing the rating of properties regarding digital connectivity. The rating process will be conducted exclusively through this platform.

Property managers wishing to have their properties rated must register on the platform, meeting specified size requirements and paying the prescribed fees.

This regulatory framework aims to enhance digital connectivity across various properties, promoting transparency and quality in the rating process.

TRAI ISSUES DIRECTIONS on Misuse of Headers and Content Templates

TRAI issued a direction on October 28, 2024, ([accessible here](#)) addressing the binding process between Principal Entities (“**PEs**”) and Telemarketers (“**TMs**”) to ensure compliance with the Telecom Commercial Communications Customer Preference Regulations, 2018. In this regard, TRAI directed the Access Providers to - (a) complete the PE-TM Chaing Binding process, (b) conduct awareness campaigns to educate and train PEs and TMs, (c) issue daily warnings to PEs and TMs which continue to transmit messages without establishing the PE-TM chain binding or upgrading their systems, (d) submit to TRAI a daily progress report detailing the status of messages in compliance/non-compliance with the PE-TM chain binding process till November 30, 2024, and (e) reject any messages that do not possess a complete and accurately defined PE-TM chain from December 1, 2024.

SEBI ADVISES REGULATED ENTITIES AND THEIR AGENTS TO TERMINATE EXISTING CONTRACTS WITH UNAUTHORISED FINFLUENCERS

The Securities and Exchange Board of India (“**SEBI**”) had issued the *Securities and Exchange Board of India (Intermediaries) (Amendment) Regulations, 2024, Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) (Fourth Amendment) Regulations, 2024 and Securities and Exchange Board of India (Depositories and Participants) (Second Amendment) Regulations, 2024* on August 26, 2024 (“**Regulations**”). Basis these Regulations,

any entity/person regulated by SEBI or its agent, is prohibited from associating with a person who provides any advice/recommendations without being registered with SEBI or makes any claim without the permission of SEBI. SEBI *vide* circular dated October 22, 2024 ([accessible here](#)) has advised the regulated entities to terminate all existing contracts with persons engaged in such activities, (which includes unauthorised influencers) within three months of the issuance of the circular.

MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY EXTENDS DEADLINE FOR IMPLEMENTATION OF “ELECTRONICS AND INFORMATION TECHNOLOGY GOODS(REQUIREMENT OF COMPULSORY REGISTRATION) ORDER, 2021” WITH REGARDS TO CCTVS

The Ministry of Electronics and Information Technology (“MeitY”) extended the deadline for mandatory Bureau of Indian Standards (“BIS”) certification of CCTV cameras as part of its ongoing efforts to enhance security measures across the country *vide* notification dated October 09, 2024 ([accessible here](#)). As a part of the notification issued ([accessible here](#)) on April 9, 2024, by MeitY, various ‘essential security requirements’ were mandated for CCTVs.

Originally set to take effect on October 9, 2024, the new deadline has been moved to April 9, 2025. This extension aims to provide individuals and businesses with additional time to comply with the regulations and ensure proper registration of their surveillance systems. The registration requirement is part of a broader initiative to standardize and regulate the installation of CCTV cameras in both public and private spaces. This move is intended to improve public safety and aid law enforcement in crime prevention and investigation.

DOT AMENDS THE FLIGHT AND MARITIME CONNECTIVITY RULES, 2018

The Department of Telecommunications (“DoT”) *vide* a notification dated October 28, 2024, amended the ‘Flight and Maritime Connectivity Rules, 2018’ ([accessible here](#)) (“Amended Connectivity Rules”). Previously, IFMC (in-flight and marine connectivity) service providers were allowed to provide operations of mobile communication services in aircraft at a minimum height of 3000 meters in the Indian airspace, in order to ensure that such operations do not interfere with the terrestrial mobile networks. Internet services through Wi-Fi were also subject to such restrictions related to height. As per the Amended Connectivity Rules, the restrictions regarding the height of 3000 meters will not be applicable to internet services through Wi-Fi provided on aircrafts, given that such internet services should only be provided when it is permissible to use electronic devices in the aircraft.

RBI TAKES ACTION AGAINST ACTION AGAINST SELECT NBFCs

On October 17, 2024, the RBI issued directives to four non-banking financial companies (“NBFCs”) to immediately cease and desist from sanctioning and disbursing loans ([accessible here](#)). This action affects Asirvad Micro Finance Limited, Arohan Financial Services Limited, DMI Finance Private Limited, and Navi Finserv Limited, and is rooted in serious supervisory concerns regarding their pricing policies, specifically the excessive Weighted Average Lending Rate (“WALR”) and interest spreads over their cost of funds.

The RBI identified that these NBFCs were not adhering to the regulations established in the Master Direction on the Regulatory Framework for Microfinance Loans, 2022 ([accessible here](#)) and the Master Direction on Non-Banking Financial Company–Scale Based Regulation, 2023 ([accessible here](#)). Violations included usurious pricing, inadequate assessment of borrowers’ household income, and non-compliance with guidelines related to income recognition and asset classification, which could lead to the problematic practice of loan evergreening.

The imposed restrictions will not prevent the affected NBFCs from servicing existing customers or engaging in collection and recovery processes. The RBI will review these business restrictions once the companies demonstrate that they have taken adequate remedial actions to address the identified compliance issues, particularly concerning their pricing policies and risk management practices.

TRAI RELEASES CONSULTATION PAPER ON THE TERMS AND CONDITIONS OF NETWORK AUTHORISATIONS TO BE GRANTED UNDER THE TELECOMMUNICATIONS ACT, 2023

TRAI has issued a consultation paper titled “*Terms and Conditions of Network Authorisations to be Granted Under the Telecommunications Act, 2023*,” ([accessible here](#)) inviting stakeholder feedback on satellite-based networks. This action follows a request from DoT to recommend terms, including fees, for authorizations related to establishing, operating, maintaining, or expanding telecommunications networks under the new Act.

The consultation paper has various queries focusing on whether existing financial conditions for Satellite Earth Station Gateway (“SESG”) authorizations should be modified. In November 2022, TRAI had already provided recommendations on SESG licensing, suggesting the establishment of a distinct SESG license under Section 4 of the Indian Telegraph Act (“Telegraph Act”), separate from the Unified License, and advocating for a national service area scope.

TRAI is also exploring which telecommunications equipment should fall under ‘in-building solutions’ and whether a new

authorization is necessary under Section 3(1)(b) of the Telecommunications Act, 2023, which empowers the Central Government to set varying terms and conditions for different telecommunications services. The consultation paper also discussed authorisations for Internet Exchange Points and Content Delivery Networks. Additionally, TRAI is seeking input on whether new authorizations should be introduced for satellite communication networks and ground stations, potentially facilitating a network as a service model. Stakeholders have until November 12, 2024, to provide comments, with counter comments due by November 19, 2024.

TRAI RELEASES CONSULTATION PAPER ON FRAMEWORK FOR SERVICE AUTHORISATIONS FOR PROVISION OF BROADCASTING SERVICES UNDER THE TELECOMMUNICATIONS ACT, 2023

TRAI has issued a consultation paper on October 30, 2024, titled "*Framework for Service Authorizations for the Provision of Broadcasting Services under the Telecommunications Act, 2023*" ([accessible here](#)). In this regard, TRAI has invited comments from stakeholders on the consultation paper by November 20, 2024, and counter-comments by November 27, 2024, to inform the final recommendations.

The Ministry of Information and Broadcasting ("**MIB**") *vide* a letter dated July 25, 2024, informed TRAI about the publication of the Telecommunications Act, 2023, in the official gazette. The letter further stated that Section 3(1)(a) of the Telecommunications Act, which is yet to be notified, requires any entity intending to provide telecommunication services to obtain authorization, subject to prescribed terms, conditions, and fees.

The MIB in its letter also highlighted that various broadcasting platforms, such as DTH, IPTV, FM radio, and community radio, currently operate under authorisations

granted by MIB under the Telegraph Act. With the enactment of the Telecommunications Act, 2023, which replaces the Telegraph Act, there is a need to align the regulatory framework for broadcasting services accordingly. In this context, MIB has requested TRAI to provide recommendations on the terms and conditions for authorizations, including fees and charges, with a view to harmonize these across various service providers. Basis such recommendations, the rules for the authorization of broadcasting services under the new Telecommunications Act, 2023, will be drafted.

SEBI RELEASES CONSULTATION PAPER ON DRAFT CIRCULAR ON RECOGNITION OF PLATFORMS AS SPECIFIED DIGITAL PLATFORM

On October 22, 2024, SEBI released a consultation paper ([accessible here](#)) to seek public comments on provisions of the draft circular outlining curative/preventive measures to be demonstrated by digital platforms in order to be recognised as Specified Digital Platform ("**SDP**") under *SEBI (Intermediaries) Regulations, 2008, Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 and SEBI (Depositories and Participants) Regulations, 2018 ("Regulations")*. As per the Regulations entities regulated by SEBI and their agents shall not associate with a person who provides any advice/recommendations without being registered with SEBI or makes any claim without the permission of SEBI.

The above restrictions will not be applicable to an association through an SDP, as per the proposed circular. An SDP is a digital platform as recognized by SEBI, which has mechanisms in place to take preventive and/or curative action, satisfactory to SEBI, to ensure that such restricted activities mentioned above are not conducted on the platform. The consultation paper will be open for public comments till November 12, 2024.

WHITE COLLAR CRIME

ED IS ENTITLED TO CHALLENGE CLOSURE REPORT OF PREDICATE OFFENCE

The Madras High Court has held that Directorate of Enforcement (ED) is entitled to challenge a Magistrate's order accepting a closure report filed for the predicate offence if there is *prima facie* material against the accused relating to predicate offence. The Court further held that the judgment in *Vijay Madanlal Chaudhary vs. Union of India* (paras. 281 to 284 and 467) should not be read to restrain the ED from challenging the orders of a Magistrate before the High Court under Section 482 of the CrPC.

Case - [The Assistant Directorate vs. The State](#)

PMLA ACCUSED ENTITLED TO BAIL UNDER SECTION 479(1) OF THE BNSS

The *Supreme Court* granted bail to an accused under PMLA under Section 479(1) of the BNSS (defined), which entitles a first-time offender (i.e., with no previous convictions) to be released on bail if he has undergone detention for up to one-third of the maximum imprisonment prescribed for his offence. The Court relied on the judgment in *Vijay Madanlal Chaudhary vs. Union of India* [(2022) SCC Online SC 926], wherein the Supreme Court had held that Section 436A of

the CrPC (corresponding to Section 479(1) of the BNSS) is a beneficial provision which came into effect after PMLA's enactment and therefore applies to prosecution under PMLA.

Case - [Badshah Majid Malik vs. Directorate of Enforcement & Others](#)

MEITY TO NOTIFY EXPERTS FOR ELECTRONIC EVIDENCE UNDER S.63(4), BSA

The *Madras High Court* has directed the Ministry of Electronics and Information Technology (MEITY) to notify sufficient number of persons/bodies/entities as experts for the purpose of furnishing certificates for electronic evidence under Section 63 of the Bharatiya Sakshya Adhiniyam (BSA). This provision corresponds to Section 65B of the former Indian Evidence Act, 1872 which required a person in charge of an electronic record to provide a certificate establishing the authenticity of such electronic records. The BSA has added an additional requirement mandating that an expert also signs the certificate establishing the authenticity of electronic evidence produced by a person in charge of the computer or communication device.

Case - [R vs. B and Another](#)



DSK Legal Knowledge Center

Contact Details for any queries: knowledge.management@dsklegal.com

Mumbai

1701, One World Centre,
Floor 17, Tower 2B,
841, Senapati Bapat Marg,
Mumbai - 400013.
Tel +91 22 6658 8000

Mumbai

C-16, Dhanraj Mahal,
3rd Floor,
Apollo Bunder, Colaba,
Mumbai - 400001.
Tel +91 22 6152 6000

Bengaluru

201, 2nd floor, Prestige Loka,
7/1 & 7/7, Brunton Road,
Craig Park Layout, Ashok Nagar,
Bengaluru - 560025.
Tel +91 80 6954 8770

New Delhi

Max House, Level 5,
Okhla Industrial Area, Phase 3,
New Delhi - 110020.
Tel +91 11 4661 6666

Pune

Ground Floor, 1 Modibaug,
Ganesh Khind Road, Shivajinagar,
Pune - 411016.
Tel +91 20 6684 7600

✉ contactus@dsklegal.com

in DSK Legal

🌐 www.dsklegal.com

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