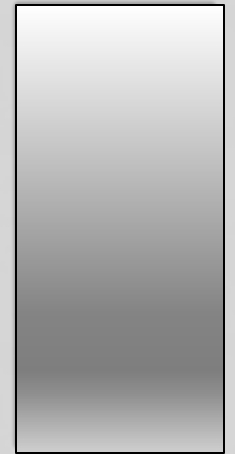


# **LEGALITE** ADVISORS

IMPORTANT LEGAL UPDATES FOR APRIL, 2019



# Companies Act

- ❑ **The Ministry of Corporate Affairs (“MCA”) – notification no. G.S.R. .... (E) (yet to be published in official gazette) on the Companies (Appointment and Qualification of Directors) Amendment Rules, 2019 (“Amendment Rules”) dated April 30, 2019 (“Notification”).**
  - The MCA, *vide* the Notification, has amended the Companies (Appointment and Qualification of Directors) Rules, 2014 (“**Principal Rules**”) which shall come into force from the date of publication in the official gazette.
  - The Principal Rules have been amended to prescribe that every individual who has been allotted a Director Identification Number (DIN) as on 31st March of a financial year, shall submit e-form DIR-3-KYC to the Central Government on or before **30th June** of immediate next financial year. The Principal Rules earlier prescribed the deadline of **30th April** of immediate next financial year for filing the said e-form DIR-3-KYC.
  - **Link of the Notification**  
[http://www.mca.gov.in/Ministry/pdf/CosAppointmentQualificationDirAmend\\_01052019.pdf](http://www.mca.gov.in/Ministry/pdf/CosAppointmentQualificationDirAmend_01052019.pdf)

## Companies Act (Contd...)

□ **The Ministry of Corporate Affairs (“MCA”) – notification no. G.S.R. .... (E) (yet to be published in official gazette) on the Companies (Registration Offices and Fees) Third Amendment Rules, 2019 (“Amendment Rules”) dated April 30, 2019 (“Notification”).**

- The MCA, *vide* the Notification, has further amended the Companies (Registration Offices and Fees) Rules, 2014 (“**Principal Rules**”) which shall come into force from the date of publication in the official gazette.
- The Principal Rules have been amended to prescribe a separate provision to levy penalty in case there is a delay in filing e-forms relating to creation or modification of charge. The revised penalty structure is proposed as under by adding sub-item E after sub-item D under Annexure 1 of the Principal Rules:

### **“E. Fees for filing charge documents.**

- a) for charges **created or modified before November 02, 2018**, and allowed to be filed within a period of 300 (three hundred) days of such creation or 6 (six) months from November 02, 2018, as the case may be, the following additional fees shall be payable:-

## Companies Act (Contd...)

Sl. No.	Period of delay	Additional Fee Applicable
1.	Upto 30 days	2 times of normal fees
2.	More than 30 days and upto 60 days	4 times of normal fees
3.	More than 60 days and upto 90 days	6 times of normal fees
4.	More than 90 days and upto 180 days	10 times of normal fees
5.	More than 180 days	12 times of normal fees

b) For the **charges created or modified on or after November 02, 2018:-**

A. The following additional fees or advalorem fees, as the case may be, shall be payable upto July 31, 2019, by all companies:-

Sl. No	Period of delay	Additional Fee Applicable
1.	Upto 30 days	2 times of normal fees
2.	More than 30 days and upto 60 days	4 times of normal fees
3.	More than 60 days and upto 90 days	6 times of normal fees

## Companies Act (Contd...)

- B.** the following additional fees or advalorem fees as the case may be, shall be payable **with effect from August 01, 2019:-**

Sl. No.	Period of delay	Small Companies and One Person Company	Other than Small Companies and One Person Company
1.	Upto 30 days	3 times of normal fees	6 times of normal fees
2.	More than 30 days and upto 60 days	3 times of normal fees plus an ad valorem fee of 0.025 per cent. of the amount secured by the charge, subject to the maximum of one lakh rupees.	6 times of normal fees plus an ad valorem fee of 0.05 per cent of the amount secured by the charge, subject to the maximum of five lakh rupees.

▪ **Link of the Notification**

[http://www.mca.gov.in/Ministry/pdf/CompRegistrationOfficesFeesThirdAmend\\_01052019.pdf](http://www.mca.gov.in/Ministry/pdf/CompRegistrationOfficesFeesThirdAmend_01052019.pdf)

## Companies Act (Contd...)

- ❑ **The Ministry of Corporate Affairs (“MCA”) – notification no. G.S.R. .... (E) (yet to be published in official gazette on the Companies (Registration of Charges) Amendment Rules, 2019 (“Amendment Rules”) dated April 30, 2019 (“Notification”).**
  - The MCA, *vide* the notification has amended the Companies (Registration of Charges) Rules, 2014 (“**Principal Rules**”) which shall come into force from the date of publication in the official gazette.
  - Sub-rules (2) and (3) of the rule 3 of the Principal Rules (registration of creation or modification of charge) have been substituted to provide as under:
    - ✓ Sub-rule (2): The said sub-rule is substituted consequent to amendment in section 77 of the Companies Act, 2013 (“**Act**”) (duty to register charges, etc.) *vide* Companies (Amendment) Ordinance, 2019, which prescribes penalties for delayed filing in respect of creation or modification of charge and the same is linked to the number of days for which the delay persists. The revised penalty has been prescribed in the Companies (Registration Offices and Fees) Rules, 2014.
    - ✓ Sub-rule (3): The said sub-rule is substituted to give power to the charge holder to get the penalty re-imbursed from the company on whose assets the charge is created, in case the e-forms for creation or modification of charge are filed by the charge holder with delay due to omission of filing the e-forms by the said company.

## Companies Act (Contd...)

- Rule 4 of the Principal Rules (Condonation of Delay by Registrar) has been substituted consequent to amendment in section 77 of the Act, 2013 vide Companies (Amendment) Ordinance, 2019 which prescribes penalties for delayed filing in respect of creation or modification of charge and the same is linked to the number of days for which the delay persists. The Registrar of Companies has been accordingly empowered to allow the registration of the creation or modification of charge after thirty days but within the period as specified under section 77 of the Act, on payment of fee, additional fee or ad-valorem fee, as may be applicable, as prescribed in the Companies (Registration Offices and Fees) Rules, 2014.
- The aforesaid amended rule also prescribes that application for registration of modification of charge in case of issue of debentures after the prescribed period shall be made in e-form CHG-9.
- Rule 12 of the Principal Rules has been substituted and the heading now reads as '**Rectification in register of charges on account of omission or misstatement of particulars in charge previously recorded and extension of time in filing of satisfaction of charge.**' The said amended sub-rule omits the provision for condonation of delay by the Central Government for filing of e-forms in respect creation or modification of charge and restricts the said rule to power of the Central Government in respect of condonation of delay for filing e-form in respect of satisfaction of charge and for rectification of register of charges previously recorded with the Registrar with respect to any charge or modification thereof, or with respect to any memorandum of satisfaction or other entry made as per section 82 (company to report satisfaction of charge) or section 83 (power of registrar to make entries of satisfaction and release in absence of intimation from company) of the Act.

## Companies Act (Contd...)

- The Amended Rules also provide for revised e-forms CHG-1, CHG-8 and CHG-9 which shall be effective from August 01, 2019.
- **Link of the Notification**  
[http://www.mca.gov.in/Ministry/pdf/CompaniesRegistrationChargesAmendRule\\_01052019.pdf](http://www.mca.gov.in/Ministry/pdf/CompaniesRegistrationChargesAmendRule_01052019.pdf)



## Companies Act (Contd...)

- ❑ **The Ministry of Corporate Affairs (“MCA”) – notification no. G.S.R. 341(E) on the Companies (Acceptance of Deposits) Second Amendment Rules, 2019 (“Amendment Rules”) dated April 30, 2019 (“Notification”).**
  - The MCA, *vide* the Notification, has further amended the Companies (Acceptance of Deposits) Rules, 2014 (“**Principal Rules**”) which shall come into force from the date of publication in the official gazette i.e. April 30, 2019.
  - Rule 16A of the Principal Rules has been amended to provide for filing of e-form DPT-3 (onetime return of outstanding receipt of money or loan by a company but not considered as deposits from April 01, 2014 to March 31, 2019) within 90 (ninety) days from March 31, 2019. Thus, a clear date has been now specified which was earlier linked to the notification of the Companies (Acceptance of Deposits) Amendment Rules, 2019 in the official gazette.
  - **Link of the Notification**  
[http://www.mca.gov.in/Ministry/pdf/CompaniesAcceptanceDepositsSecAmendRules\\_01052019.pdf](http://www.mca.gov.in/Ministry/pdf/CompaniesAcceptanceDepositsSecAmendRules_01052019.pdf)

## Companies Act (Contd...)

- ❑ **The Ministry of Corporate Affairs (“MCA”) – notification no. G.S.R. .... (E) (yet to be published in official gazette) on the Companies (Registration Offices and Fees) Second Amendment Rules, 2019 (“Amendment Rules”) dated April 25, 2019 (“Notification”).**
  - The MCA, *vide* the Notification, has further amended the Companies (Registration Offices and Fees) Rules, 2014 (“**Principal Rules**”) which shall come into force from the date of publication in the official gazette.
  - Per the Notification the Ministry has extended the due date for filing e- Form INC-22A (Active Company Tagging Identities and Verification (ACTIVE)) to June 15, 2019, with zero fee, and in case of any delay, additional fee/delayed fee of INR 10,000 (Indian Rupees Ten Thousand) will be applicable. The said amendment has accordingly been encapsulated under the Annexure, in item VIII of the Principal Rules.
  - **Link of the Notification**  
[http://www.mca.gov.in/Ministry/pdf/CompaniesRegistrationOfficesFeesRule\\_25042019.pdf](http://www.mca.gov.in/Ministry/pdf/CompaniesRegistrationOfficesFeesRule_25042019.pdf)

## Companies Act (Contd...)

- **The Ministry of Corporate Affairs (“MCA”) – notification no. G.S.R. .... (E) on the Companies (Incorporation) Fourth Amendment Rules, 2019 (“Amendment Rules”) dated April 25, 2019 (“Notification”).**
  - The MCA, vide the notification, has further amended the Companies (Incorporation) Rules, 2014 (**“Principal Rules”**) which shall come into force from the date of publication in the official gazette.
  - Highlights of the Notification are as under:
    - ✓ In rule 25A, in sub-rule (1);
      - for the words and figures 'on or before 25.04.2019, the words and figures' on or before 15.06.2019' shall be substituted, which implies that the time period for filing e-form INC-22A (Active Company Tagging Identities and Verification (ACTIVE)) has been extended from April 25, 2019 to June 15, 2019.
      - in the third proviso, for the words and figures 'on or after 26th April, 2019, the words and figures “on or after 16th June, 2019” shall be substituted, which implies that the companies which file e-form INC-22A on or after June 16, 2019 shall be marked as ‘ACTIVE-non-compliant’ and shall be liable for action under section 12(9) of the Companies Act, 2013.

## Companies Act (Contd...)

✓ In rule 25A, in sub-rule (2), for the words and figures 'on or after 26th April, 2019', the words and figures 'on or after 16th June, 2019' shall be substituted, which implies that the company shall be marked as 'ACTIVE Compliant', on payment of additional fee/delayed fee of INR 10,000 (Indian Rupees Ten Thousand.)

▪ **Link of the Notification**

[http://www.mca.gov.in/Ministry/pdf/CompaniesIncorporationFourthAmendmentRules\\_25042019.pdf](http://www.mca.gov.in/Ministry/pdf/CompaniesIncorporationFourthAmendmentRules_25042019.pdf)

## Companies Act (Contd...)

- ❑ **The Ministry of Corporate Affairs (“MCA”) – general circular no. 05/2019 on filing of one time return in DPT-3 Form - reg., dated April 12, 2019 (“Circular”).**
  - The MCA *vide* the Circular has provided clarification for filing e-form DPT-3, pending the deployment of the said form on the MCA 21 portal.
  - Major highlights *wrt* the Circular are as under;
    - ✓ Per Rule 16A(3) of the Companies (Acceptance of Deposit) Rules, 2014 (“**Principal Rules**”), every company other than Government company is required to file a onetime return of outstanding receipt of money or loan by a company but not considered as deposits, in terms of rule 2(1)(c) (i.e. definition of deposits), from April 1, 2014 to January 22, 2019, as specified in e-form DPT-3 within 90 (Ninety) days from the date of publication of the Companies (Acceptance of Deposits) Amendment Rules, 2019 i.e. from January 22, 2019, with the fee as provided in Principal Rules.
    - ✓ Further the data on deposits should be filed upto March 31, 2019 and not upto January 22, 2019 as mentioned in the Principal Rules and the same has been notified separately which has been covered in these updates.
    - ✓ The additional fee, as provided under the Principal Rules will be now levied after 30 (Thirty) days from the date of deployment of the said form on MCA 21 portal.

## Companies Act (Contd...)

- **Link of the Circular.**

[http://www.mca.gov.in/Ministry/pdf/CircularDPT-3Form\\_12042019.pdf](http://www.mca.gov.in/Ministry/pdf/CircularDPT-3Form_12042019.pdf)

## Companies Act (Contd...)

- **The Ministry of Corporate Affairs (“MCA”) – general circular no. 4/2019 on regarding relaxation of additional fees and extension of last date of filing e-form CRA-2 (Form of intimation of appointment of cost auditor by the company to Central Government) in certain cases under the Companies Act, 2013 ( “Act”) dated April 4, 2019 (“Circular”).**
  - The MCA, on receipt of several representations, for extension of last date for filing of e-form CRA-2, without additional fees where the company has been mandated to get its cost records audited for the first time under the Act on account of Companies (Cost Records and Audit) Amendment Rules, 2018 as notified dated December, 03, 2018, has examined the matter and decided to extend the last date for filing the said form in the abovementioned cases without payment of additional fees **upto May 31, 2019.**
  - **Link of the Circular**  
[http://www.mca.gov.in/Ministry/pdf/GeneralCircular042019\\_05042019.pdf](http://www.mca.gov.in/Ministry/pdf/GeneralCircular042019_05042019.pdf)

## Companies Act (Contd...)

- ❑ **The Ministry of Corporate Affairs (“MCA”) – noting on filing of an affidavit per Section 7(1)(c) of the Companies Act, 2013 (“Act”).**
  - The MCA has requested the stakeholders to note that filing of affidavits (from each of the subscribers to the memorandum and from persons named as the first directors, if any, in the articles that he is not convicted of any offence in connection with the promotion, formation or management of any company, or that he has not been found guilty of any fraud or misfeasance or of any breach of duty to any company under this Act or any previous company law during the preceding five years and that all the documents filed with the Registrar for registration of the company contain information that is correct and complete and true to the best of his knowledge and belief), as per section 7(1)(c) of the Act read with rule 15 of the Companies (Incorporation) Third Amendment Rules, has been dispensed with vide the Companies (Amendment) Act, 2017 **w.e.f. July 27, 2018.**
  - The said noting is provided by the MCA for clarification to the stakeholders and enforcing that only declaration by first subscriber(s) and director(s) in Form No. INC-9 is mandatory and affidavit is **NOT** required to be filed.
  - Further, the MCA has requested the stakeholders to take note of the aforesaid provision while filing e-form SPICe (Simplified Proforma for Incorporating Company Electronically - with mandatory PAN & TAN application included) for incorporation of Companies.



# Limited Liability Partnership Act

- ❑ **The Ministry of Corporate Affairs (“MCA”) – Office Memorandum no. CRC/LLP/e-Forms on business activities to be carried out by Limited Liability Partnerships to exclude manufacturing & allied activities under the Limited Liability Partnership Act, 2008 (“LLP Act”) dated March 06, 2019 (“OM”).**
  - The Major Highlights of the OM are as under;
    - ✓ The MCA *vide* the OM states that Limited Liability Partnerships (“LLPs”), as bodies corporates have been set up for the purposes of carrying out business activities related to service sector.
    - ✓ The said issue relating to quandary over allowance of manufacturing and allied activities for LLPs was discussed in the Review Workshop on Enforcement held under the Chairmanship of Secretary, MCA on December 19 and 20, 2018.
    - ✓ Per para 5 of the minutes of the said workshop, it was stated that the object of LLPs is mainly for professional services and not manufacturing activity and further it also restricted conversion of company doing manufacturing activity into LLP and other conversions of Company to LLP were not to be allowed easily, subject to prior check of the compliances relating to conversion.

## Limited Liability Partnership Act (Contd...)

- ✓ Per section 2(1)(e) of the Act, “**business**” includes every trade, profession, service and occupation, which implies manufacturing and allied activities have been excluded from the definition. Hence, MCA basis the decision taken at the aforesaid workshop and definition of business per the Act, stated that incorporation of LLPs and conversion into LLPs with the proposed business activity(ies) including manufacturing and allied activities are to be disallowed and this needs to be complied with immediate effect. i.e. **w.e.f. March 06, 2019**.
- ✓ However, the OM invoking the restriction regarding manufacturing & allied activities has been withdrawn by MCA, with immediate effect. i.e. **w.e.f. April 17, 2018**.
- ✓ To clarify, the LLPs can carry on the business of manufacturing as has been envisaged by the definition of business under the LLP Act.

# Reserve Bank of India

□ **The Reserve Bank of India (“RBI”) – circular no. RBI/2018-19/177 on Legal Entity Identifier (“LEI”): Extension of deadline, dated April 26, 2019 (“Circular”).**

- The RBI, *vide* the Circular and with reference to its **circular FMRD.FMID.No.10/11.01.007/2018-19 dated November 29, 2018** wherein it had prescribed the requirement of having a legal entity identifier code for certain class of borrowers for participation in non-derivative markets, has, based on the feedback and requests received from market participants, and with a view to enable smoother implementation of the LEI system in non-derivative markets, relaxed the timelines for implementation (Phase I and Phase II) as under:

Phase	Net Worth of Entities	Current Deadline	Extended Deadline
Phase I	above INR.10000 million	April 30, 2019	December 31, 2019
Phase II	between INR.2000 million and INR 10000 million	August 31, 2019	December 31, 2019
Phase III	up to INR.2000 million	March 31, 2020	March 31, 2020

- **Link of the Circular.**

[https://www.rbi.org.in/Scripts/BS\\_CircularIndexDisplay.aspx?Id=11547](https://www.rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?Id=11547)

## Reserve Bank of India (Contd...)

- ❑ **The Reserve Bank of India (“RBI”) – notification no. 4535/13.01.004/2018-19 on Ombudsman Scheme for Non-Banking Financial Companies, 2018, dated April 25, 2019 (“Notification”).**
  - The RBI, *vide* the Notification has specified the following:
    - ✓ The RBI had *vide* **Notification Ref.CEPD.PRS.No.3590/13.01.004/2017-18 dated February 23, 2018**, implemented the Ombudsman Scheme for deposit accepting Non-Banking Financial Companies (NBFCs).
    - ✓ The said scheme was to be extended to remaining identified categories of NBFCs based on experience gained. As announced in Para 11 of the **Statement on Developmental and Regulatory Policies of the Monetary Policy Statement dated April 04, 2019**, in partial modification of the aforesaid notification, RBI has brought the following NBFCs within the ambit of the provisions of the **Ombudsman Scheme for Non-Banking Financial Companies, 2018**
      - NBFCs which are authorised to accept deposits; and
      - Non-Deposit taking NBFCs having customer interface, with assets size of INR 100 crore (Indian Rupees One Hundred Crores) or above, as on the date of the audited balance sheet of the previous financial year, or of any such asset size as the RBI may prescribe;
  - ✓ The NBFC - Infrastructure Finance Company (NBFC-IFC), Core Investment Company (CIC), Infrastructure Debt Fund-Non-Banking Financial Company (IDF-NBFC) and an NBFC under liquidation, **are excluded** from the ambit of the said Scheme.

## Reserve Bank of India (Contd...)

- ✓ The said scheme will continue to be administered from the offices of the NBFC Ombudsman in four metro centers viz. Chennai, Kolkata, Mumbai and New Delhi for handling complaints from the respective zones, so as to cover the entire country. The area of jurisdiction of these offices is indicated in '**Annex- I**' of the said scheme, link whereof is provided hereinabove.
- ✓ The extension of the said scheme to eligible Non-Deposit Accepting NBFCs shall come into effect and force from April 26, 2019.
- **Link of the Notification.**  
<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11546&Mode=0>

## Reserve Bank of India (Contd...)

- ❑ **The Reserve Bank of India (“RBI”) – circular no. RBI/2018-19/176 on Investment by Foreign Portfolio Investors (FPI) in Debt – Review, dated April 25, 2019 (“Circular”).**
  - The RBI, *vide* the Circular made reference to the following:
    - ✓ Schedule 5 to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2017 notified vide **Notification No. FEMA 20(R)/2017-RB dated November 07, 2017**, as amended from time to time and the relevant directions issued thereunder; and
    - ✓ **AP (DIR Series) Circular No. 22 dated April 6, 2018, AP (DIR Series) Circular No.31 dated June 15, 2018**, and AP (DIR Series) Circular No. 26 dated March 27, 2019 on FPI investments in debt instruments.
  - **In** context of the aforesaid and as a measure to broaden access of non–resident investors to debt instruments in India, Foreign Portfolio Investors (FPI) are now permitted to invest in municipal bonds.
  - The RBI has also clarified the following:
    - ✓ FPI investment in municipal bonds shall be reckoned within the limits set for FPI investment in State Development Loans; and

## Reserve Bank of India (Contd...)

- ✓ All other existing conditions for investment by FPIs in the debt market will remain unchanged.
- **Link of the Circular.**  
[https://www.rbi.org.in/Scripts/BS\\_CircularIndexDisplay.aspx?Id=11545](https://www.rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?Id=11545)

# Securities Law

- **The Securities and Exchange Board of India (“SEBI”) – notification no. SEBI/LAD-NRO/GN/2019/08 on SEBI (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2019, dated April 05, 2019 (“Notification”).**
  - The SEBI *vide* the Notification has amended the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“**Principal Regulations**”) and prescribed the following:
    - ✓ The name of the institutional trading platform under the Principal Regulations has been changed to innovators growth platform (“**IGP**”).
    - ✓ Regulation 283 (Eligibility for accessing the institutional trading platform) of the Principal Regulations has been substituted to enlist a revised criteria for accessibility to the IGP as under:
      - Any issuer or issuer company which is intensive in the use of technology, information technology, intellectual property, data analytics, bio-technology or nano-technology to provide products, services or business platforms with substantial value addition shall be eligible for listing on the IGP;
      - Provided that as on the date of filing of draft information document or draft offer document with the SEBI, 25 % (twenty-five percent) of the pre-issue capital of the issuer company for at least a period of 2 (two) years, should have been held by the following:
        - Qualified institutional buyers (QIBs); or



## Securities Law (Contd...)

- Family trust with net-worth of more than INR 500,00,00,000 crores (Indian Rupees Five Hundred Crores only), as per the last audited balance sheet; or
- Accredited investors for the purpose of IGP; or
- The following regulated entities:
  - Category III Foreign Portfolio Investor;
  - An entity which meets all the following criteria:
    - ❖ It is a pooled investment fund with minimum assets under management of USD 150 million (United States Dollar One Hundred Fifty Million only) one;
    - ❖ Registered with a financial sector regulator in the jurisdiction of which it is a resident;
    - ❖ It is resident of a country whose securities market regulator is a signatory to the International Organization of Securities Commission's Multilateral Memorandum of Understanding or a signatory to Bilateral Memorandum of Understanding with SEBI;
    - ❖ Moreover, it is not resident in a country identified in the public statement of Financial Action Task Force.
- An issuer seeking listing of its specified securities without making a public offer shall file a draft information document along with the necessary documents with SEBI in accordance with the Principal Regulations along with the fee as specified in Schedule III of the Principal Regulations. Moreover, the draft information document shall contain disclosures as specified for the draft offer documents in the Principal Regulations as specified in Part A of Schedule VI.

## Securities Law (Contd...)

- The issuer shall observe the minimum public shareholding as per the Securities Contracts (Regulation) Rules, 1957 norms and minimum offer size as under

Particulars	Amount
Minimum Offer Size	INR. 10 crores
Minimum Application Size	INR. 2 lakhs and in multiples thereof
Minimum Trading Lot	INR. 2 lakhs

- The minimum number of allottees shall be at least 50 (Fifty).
- The allotment to institutional investors as well as non-institutional investors shall be on a proportionate basis.
- The entire pre-issue capital of the shareholders shall be locked-in for a period of 6 months (Six) from the date of allotment in case of listing pursuant to a public issue or date of listing in case of listing without a public issue.

## Securities Law (Contd...)

- An issuer that has listed its specified securities on a recognized stock exchange may at its option migrate to the main board of that recognized stock exchange after the expiry of 3 (three) years from the date of listing. However, this must be subject to compliance with the eligibility requirements of the stock exchange.
- **Link of the Notification.**  
[https://www.sebi.gov.in/legal/regulations/apr-2019/securities-and-exchange-board-of-india-issue-of-capital-and-disclosure-requirements-second-amendment-regulations-2019-\\_42644.html](https://www.sebi.gov.in/legal/regulations/apr-2019/securities-and-exchange-board-of-india-issue-of-capital-and-disclosure-requirements-second-amendment-regulations-2019-_42644.html)

# Insolvency And Bankruptcy Code

□ **Insolvency and Bankruptcy Board of India (“IBBI”) – circular no. IBBI/IP/021/2019 on temporary surrender and revival of professional membership of an insolvency professional dated May 02, 2019 (“Circular”).**

▪ The IBBI *vide* the Circular has prescribed the following:

✓ Regulation 10 of the Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016 read with clause 26 of the schedule to the Insolvency and Bankruptcy Board of India (Model Bye-Laws and Governing Board of Insolvency Professional Agencies) Regulations, 2016 provide for temporary surrender and revival of professional membership by an Insolvency Professional (“IP”).

✓ The Circular provides for scenarios which leads to inconsistencies, due to temporary surrender of professional membership by the IPs and has therefore prescribed that the Insolvency Professional Agency shall not ordinarily accept temporary surrender of professional membership of an IP.

✓ The Circular also prescribes various forms which can be used by the IPs to effectuate surrender and revival of professional membership.

✓ **Link of the Circular.**

[https://ibbi.gov.in/webadmin/pdf/whatsnew/2019/May/IBBI%20Circular%20\[Temp%20Surrender%20and%20Revival\]%2002.05.2019-R\\_2019-05-02%2016:14:55.pdf](https://ibbi.gov.in/webadmin/pdf/whatsnew/2019/May/IBBI%20Circular%20[Temp%20Surrender%20and%20Revival]%2002.05.2019-R_2019-05-02%2016:14:55.pdf)

# Insolvency And Bankruptcy Code (Contd...)

- **Insolvency and Bankruptcy Board of India (“IBBI”) – circular no. IBBI/IP/020/2019 on Compliance with regulations 7 (2) (ca) and 13 (2) (ca) of the Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016 (“IP Regulations”) dated April 12, 2019 (“Circular”).**
  - The IBBI *vide* the Circular has clarified that Form E and Form G to be submitted by the Insolvency professionals (“**IPs**”) and insolvency professional entities (“**IPEs**”) annually for fee (0.25% of the professional fees earned in the preceding financial year) to be paid by the IPs and the IPEs to the IBBI has been made electronic and the said electronic facility can now be used through the credentials already provided to the IPs and the IPEs.
  - It has also been clarified that even though the IPS and the IPEs have earned no fees in the preceding financial year, they have to submit the aforesaid respective forms with the IBBI.
  - **Link of the Circular.**  
[https://ibbi.gov.in/webadmin/pdf/whatsnew/2019/Apr/IBBI%20Circular%20No.%20IBBI-IP-020-2019%20dated%2012th%20April%202019\\_2019-04-12%2019:40:08.pdf](https://ibbi.gov.in/webadmin/pdf/whatsnew/2019/Apr/IBBI%20Circular%20No.%20IBBI-IP-020-2019%20dated%2012th%20April%202019_2019-04-12%2019:40:08.pdf)

## Deets / Disclaimer

### ❑ Deets.

Legalite Advisors LLP | LLPIN : AAJ 8514 | E-mail : la.mumbai@legalite.co.in | Corporate office: 91springboard, 1st Floor, Kagalwala House, Behind Shaman Wheels (Mercedes Showroom), Kalina, Santacruz (East), Mumbai 400098, Maharashtra, India | 📞: +91 9769022955/ +91 8454846257.

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**Thank You**



***There is no wealth like knowledge and no poverty like ignorance - Buddha***