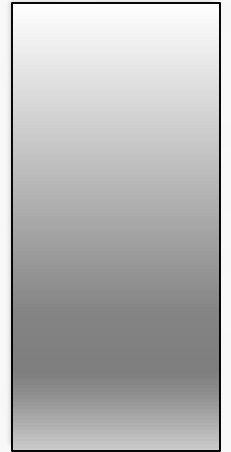


# **LEGALITE** ADVISORS

IMPORTANT LEGAL UPDATES FOR DECEMBER, 2021



# Companies Act

- **The Ministry of Corporate Affairs (“MCA”) – general circular no. 22/2021-Relaxation on levy of additional fees in filing of e-forms AOC-4, AOC-4 (CFS), AOC-4 (XBRL) AOC-4 Non-XBRL and MGT-7/MGT-7A for the financial year ended on 31.03.2021 under the Companies Act, 2013 dated December 29, 2021 (“Circular”).**
  - The MCA had *vide* circular dated October 29, 2021 (“**Circular I**”) had granted relaxation on levy of additional fees for the filing of e-forms **AOC-4, AOC-4 (CFS), AOC-4 (XBRL) AOC-4 Non-XBRL and MGT-7/MGT-7A** in respect of the financial year ended on **31.03.2021** up to **31.12.2021**. MCA has further *vide* this Circular relaxed levy of additional fees for annual financial statement/ return filings required to be done for the financial year ended on **31.03.2021** and that no additional fees shall be levied up to **15.02.2022** for the filing of e-forms AOC-4, AOC-4 (CFS), AOC-4 XBRL, AOC-4-XBRL and up to **28.02.2022** for filing of e-forms MGT-7/MGT-7A in respect of the financial year ended on **31.03.2021** respectively.
  - The aforesaid has been done keeping in view the difficulties faced by various companies due to the unprecedented COVID-19 and to provide certain time/relaxations to the companies to comply with the provisions of the Companies Act, 2013.
  - **Link of the Circular I.**  
<https://mca.gov.in/bin/ebook/dms/getdocument?doc=NDA5MDk=&docCategory=Circulars&type=open>

## Companies Act (Contd...)

- **Link of the Circular.**

<https://www.mca.gov.in/bin/ebook/dms/getdocument?doc=NDEzNDU=&docCategory=Circulars&type=open>

## Companies Act (Contd...)

- **The Ministry of Corporate Affairs (“MCA”) – general circular no. 20/2021-Clarification on passing of Ordinary and Special resolutions by the companies under the Companies Act, 2013 read with rules made thereunder on account of COVID-19 Extention of timeline- reg dated December 08, 2021 (“Circular”).**
  - The MCA, *vide* the Circular has, due to the persistent difficulties faced by the companies owing to the COVID-19 pandemic, decided to allow the companies to conduct their extra-ordinary general meetings through video conference or other audio-visual means or transact items through postal ballot until June 30, 2022, in accordance with the framework provided in the following previous circulars issued by MCA:
    - ✓ No. 14/2020 dated April 08, 2020;
    - ✓ No. 17/2020 dated April 13, 2020;
    - ✓ No. 22/2020 dated June 15, 2020;
    - ✓ No. 33/2020 dated September 28, 2020;
    - ✓ No. 39/2020 dated December, 2020; and
    - ✓ No. 10/2021 dated June 28, 2021.
  - **Link of the Circular.**  
<https://www.mca.gov.in/bin/ebook/dms/getdocument?doc=NDExNDA=&docCategory=Circulars&type=open>

## Companies Act (Contd...)

- **The Ministry of Corporate Affairs (“MCA”) – general circular no. 19/2021-Clarification on holding of Annual General Meeting (AGM) through video conference (VC) or Other Audio Visual Means (OAVM)- dated December 08, 2021 (“Circular”).**
  - The MCA, referencing the general circular no. 20/2020 (“**Circular I**”) dated 05.05.2020 and general circular no. 02/2021 dated 13.01.2021 (“**Circular II**”), has allowed the companies whose AGMs are due in the year 2021, to conduct their AGMs on or before June 30, 2022 in accordance with the requirements laid down in Para 3 and Para 4 of Circular I.
  - The Circular clarifies that the said exoneration of holding AGMs through VC or OAVM shall not be construed as an extension of the time period for holding AGMs by the companies under the Companies Act, 2013.
  - **Link of the Circular**  
<https://www.mca.gov.in/bin/ebook/dms/getdocument?doc=NDExNDI=&docCategory=Circulars&type=open>
  - **Link of the Circular I**  
[https://www.mca.gov.in/Ministry/pdf/Circular20\\_05052020.pdf](https://www.mca.gov.in/Ministry/pdf/Circular20_05052020.pdf)
  - **Link of the Circular II**  
[https://www.mca.gov.in/Ministry/pdf/GeneralCircularNo.02\\_14012021.pdf](https://www.mca.gov.in/Ministry/pdf/GeneralCircularNo.02_14012021.pdf)

# Securities Law

- **The Securities and Exchange Board of India (“SEBI”) – circular number SEBI/HO/DDHS\_Div2/P/CIR/2021/699 on non-compliance with provisions related to continuous disclosures requirements specified under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR”), dated December 29, 2021 (“Circular”).**
  - SEBI, *vide* circular no. SEBI/HO/DDHS/DDHS/CIR/P/2020/231 dated November 13, 2020, prescribed a uniform structure for levying fines and taking action for non-compliance with continuous disclosure requirements specified under SEBI LODR by the issuers of listed non-convertible securities and/ or commercial papers. However, pursuant to the recent amendments to SEBI LODR, this Circular has been issued in supersession of the aforementioned circular issued in November 2020.
  - In view of the above, in the interest of investors and the securities market, the stock exchanges (“SEs”) shall levy fine and take action in case of non-compliances with continuous disclosure requirements by the issuers of listed Non-Convertible Securities (“NCS”) and/ or Commercial Paper (“CP”) as specified in **Annexure I** to the Circular (fine to be levied in case of non-compliance(s) by issuers of listed NCSs) and **Annexure II** to the Circular (fine to be levied in case of non-compliances by issuers of listed CPs).
  - SEs may deviate from the above, if found necessary, only after recording reasons in writing. In case a non-compliant entity is listed on more than one recognized SE, the concerned recognized SE(s) shall take uniform action under this circular in consultation with each other.

## Securities Law (Contd...)

- The recognized SE shall take necessary steps to implement this Circular and shall disclose on their website the action(s) taken against the entities for non-compliance(s); including the details of the respective requirement, amount of fine levied/ action taken etc.
- The amount of fine realized as per the structure provided in Annexure I of this Circular shall be credited to the "**Investor Protection Fund**" of the concerned recognized SE. The fines specified in Annexure I of this Circular shall continue to accrue till the time of rectification of the non-compliance and to the satisfaction of the concerned recognized SE. Such accrual shall be irrespective of any other disciplinary/enforcement action(s) initiated by recognized SE(s)/SEBI.
- The recognized SE may keep in abeyance the action or withdraw the action in specific cases where specific exemption from compliance with the requirements for continuous disclosures/moratorium on enforcement proceedings has been provided for under any act, Court/Tribunal Orders etc.
- It may be noted that the above provisions are without prejudice to the power of SEBI to take action under the securities laws.

## Securities Law (Contd...)

- This Circular shall come into force for the due dates of compliances falling on or after February 01, 2022. It may be noted that the circular dated November 13, 2020 would be applicable till the time current Circular comes into force.
- **Link of the Circular**  
[https://www.sebi.gov.in/legal/circulars/dec-2021/non-compliance-with-provisions-related-to-continuous-disclosures\\_55070.html](https://www.sebi.gov.in/legal/circulars/dec-2021/non-compliance-with-provisions-related-to-continuous-disclosures_55070.html)



## Securities Law (Contd...)

- **The Securities and Exchange Board of India (“SEBI”) – circular number SEBI/HO/DDHS/P/CIR/2021/613 on operational circular for issue and listing of non-convertible securities, securitised debt instruments, security receipts, municipal debt securities and commercial paper, dated December 17, 2021 (“Circular”).**
- SEBI, *vide* notification no. SEBI/LAD-NRO/GN/2021/39 dated August 09, 2021, notified the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (“**SEBI NCS Regulations, 2021**”) pursuant to merger and repeal of the SEBI (Issue and Listing of Debt Securities) Regulations, 2008 (“**SEBI ILDS Regulations, 2008**”) and SEBI (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013 (“**SEBI NCRPS Regulations, 2013**”).
- For the ease of reference and operations thereof, SEBI has merged these regulations into the SEBI NCS Regulations, 2021 and it also entails consolidation of related existing circulars (“**Annex-1**”) into a single operational circular, with consequent changes. The stipulations contained in such circulars have been detailed chapter-wise in this Circular. Accordingly, the circulars listed at Annex -1, stand superseded by this operational Circular.
- The contents of the Circular, *inter-alia*, ranges from application process in case of public issues of securities, filing of abridged prospectus to details on green debt securities, from standardization of timelines for listing of securities issued on a private placement basis to centralised database for corporate bonds/debentures.

## Securities Law (Contd...)

- **Link of the Circular**

[https://www.sebi.gov.in/legal/circulars/dec-2021/revised-operational-circular-for-issue-and-listing-of-non-convertible-securities-securitised-debt-instruments-security-receipts-municipal-debt-securities-and-commercial-paper\\_54704.html](https://www.sebi.gov.in/legal/circulars/dec-2021/revised-operational-circular-for-issue-and-listing-of-non-convertible-securities-securitised-debt-instruments-security-receipts-municipal-debt-securities-and-commercial-paper_54704.html)

# Reserve Bank of India

- **The Reserve Bank of India (“RBI”) – notification no. RBI/2021-22/137 A.P. (DIR Series) Circular No. 20 on Introduction of Legal Entity Identifier for Cross-border Transactions dated December 10, 2021 (“Notification”).**
  - RBI *vide* the Notification has introduced legal entity identifier for cross-border transactions.
  - The key highlights of the Notification are enumerated hereunder;
    - ✓ The Legal Entity Identifier (“**LEI**”) is a 20-digit number used to uniquely identify parties to financial transactions worldwide to improve the quality and accuracy of financial data systems. LEI has been introduced by the Reserve Bank in a phased manner for participants in the over the counter (“**OTC**”) derivative, non-derivative markets, large corporate borrowers and large value transactions in centralised payment systems.
    - ✓ The move seeks to further harness the benefits of LEI and hence RBI has decided that AD Category I banks, with effect from October 1, 2022, shall obtain the LEI number from the resident entities (non-individuals) undertaking capital or current account transactions of INR 50 crore and above (per transaction) under FEMA, 1999.
    - ✓ Further, AD Category I banks may encourage concerned entities to voluntarily furnish LEI while undertaking transactions even before October 1, 2022. Once an entity has obtained an LEI number, it must be reported in all transactions of that entity, irrespective of transaction size.

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

- ✓ AD Category-I banks shall have the required systems in place to capture the LEI information and ensure that any LEI captured is validated against the global LEI database available on the website of the Global Legal Entity Identifier Foundation (“**GLEIF**”).
- ✓ Entities can obtain LEI from any of the Local Operating Units (“**LOUs**”) accredited by the GLEIF, the body tasked to support the implementation and use of LEI. In India, LEI can be obtained from Legal Entity Identifier India Ltd. (“**LEIL**”) (<https://www.ccilindia-lei.co.in>), which is also recognised as an issuer of LEI by the Reserve Bank under the Payment and Settlement Systems Act, 2007.
- **Link of the Notification:**  
<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12206&Mode=0>

## Deets / Disclaimer

### ❑ Deets.

Legalite Advisors LLP | LLPIN : AAJ 8514 | E-mail : la.mumbai@legalite.co.in | Corporate office: A/402, 4th Floor, Vikas Apartment CHSL, Rajawadi, Ghatkopar (E), Mumbai 400077, Maharashtra, India | 📞: +91 9769022955/ +91 8454846257.

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**Thank You**



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