

**REGULATORY UPDATES FOR THE MONTH OF JANURAY AND FEBRUARY 2021**

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MCA

**1. HOLDING OF AGM THROUGH VIDEO CONFERENCING (VC) OR OTHER AUDIO VISUAL MEANS (OAVM) –Circular Dated 13<sup>th</sup> January, 2021**

MCA vide General Circular no. 02/2021 has allowed companies to conduct their AGMs through video conferencing (VC) or other audio visual means (OAVM) on or before 31.12.2021 whose AGM's were due to be held in the year 2020, or become due in the year 2021.

For detailed Circular, please refer the link:

[http://www.mca.gov.in/Ministry/pdf/GeneralCircularNo.02\\_14012021.pdf](http://www.mca.gov.in/Ministry/pdf/GeneralCircularNo.02_14012021.pdf)

**2. COMPANIES (INCORPORATION) AMENDMENT RULES, 2021 – Circular dated 25<sup>th</sup> January, 2021**

- MCA vide notification G.S.R. 44(E) notified Companies (Incorporation) Amendment Rules, 2021 and has made amendment in Rule 41 of the Companies (Incorporation) Rules, 2014 which relates to “Application under section 14 for conversion of public company into private company”.
- If hearing has been called by the Regional Director and if, no consensus is received at the hearing, the Regional Director may approve the conversion of public company into private company, if he is satisfied having regard to all the circumstances of the case, that the conversion would not be against the interests of the company or is not being made with a view to contravene or to avoid complying with the provisions of the Companies Act, 2013, with reasons to be recorded in writing. Further, conversion shall not be allowed by the Regional Director, if any inquiry, inspection or investigation has been initiated against the company or any prosecution is pending against the company under the Companies Act, 2013.

For detailed notification, please refer the link:

[http://www.mca.gov.in/Ministry/pdf/CompaniesAmndtRules\\_16022021.pdf](http://www.mca.gov.in/Ministry/pdf/CompaniesAmndtRules_16022021.pdf)

**3. COMPANIES (SPECIFICATION OF DEFINITIONS DETAILS) AMENDMENT RULES, 2021 –Notification Dated 01st February, 2021**

MCA vide notification G.S.R. 92(E) dated 01<sup>st</sup> February, 2021 amended the Companies (Specification of Definitions Details) Amendment Rules, 2021 and inserted new clause (t) after clause (s), in sub-rule (1) of rule 2 to change the definition of small companies by increase the threshold limit for paid-up share capital from “not exceeding fifty lakh rupees” to “not exceeding two crore rupees” and turnover from “not exceeding two crores” to “not exceeding twenty crore rupees”.

For detailed notification, please refer the link:

<http://egazette.nic.in/WriteReadData/2021/224862.pdf>

**4. PRODUCER COMPANY – Notification Dated 11th February, 2021**

- MCA has issued notification S.O. 644(E) to notify and appoints 11<sup>th</sup> February, 2021 as the date on which the provisions of **section 52 and section 66** of the Companies (Amendment) Act, 2020 shall come into force.
- MCA has introduced a new chapter “CHAPTER XXIA” in Companies Act, 2013 for Producer Companies and “provisions of Part IX A of the Companies Act, 1956 stand omitted.

For detailed notification, please refer the link:

<http://egazette.nic.in/WriteReadData/2021/225115.pdf>

**5. PRODUCER COMPANY RULES, 2021 – Notification Dated 11th February, 2021**

MCA vide notification G.S.R. 112(E) in supersession of the Producer Companies (General Reserve) Rules, 2003 except as respects to things done or omitted to be done before such suppression, made the “**Producer Company Rules, 2021**”. These rules came into force on 11<sup>th</sup> February, 2021.

For detailed notification, please refer the link:

<http://egazette.nic.in/WriteReadData/2021/225116.pdf>

**SEBI UPDATES**

**1. SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) (AMENDMENT) REGULATIONS, 2021 - Notification Dated 8th January, 2021**

- The Securities and Exchange Board of India (“SEBI”) has issued notification No. SEBI/LAD-NRO/GN/2021/02 to further amend the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- SEBI has made amendment in Clause 16 of Part A of Schedule III which relates to the “events in relation to the corporate insolvency resolution process (CIRP) of a listed corporate debtor under the Insolvency Code” and the same is required to be intimated to stock exchange under regulation 30.
- Now, the SEBI has increased the responsibility of the listed corporate debtor to intimate to stock exchange the additional disclosures regarding details of resolution plan.

For detailed notification, please refer the link:

<http://egazette.nic.in/WriteReadData/2021/224288.pdf>

**2. RELAXATION FROM COMPLIANCE WITH CERTAIN PROVISIONS OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 DUE TO THE COVID -19 PANDEMIC – Circular Dated January 15, 2021**

SEBI vide its Circular no. SEBI/HO/CFD/CMD2/CIR/P/2021/11 had extended the relaxation for non-submission of physical copy of Annual Report to Shareholders and requirement of proxy for general meeting held through electronic mode is extended till 31.12.2021 due to the COVID-19 pandemic.

For detailed notification, please refer the link: [https://www.sebi.gov.in/legal/circulars/jan-2021/relaxation-from-compliance-with-certain-provisions-of-the-sebi-listing-obligations-and-disclosure-requirements-regulations-2015-due-to-the-covid-19-pandemic\\_48790.html](https://www.sebi.gov.in/legal/circulars/jan-2021/relaxation-from-compliance-with-certain-provisions-of-the-sebi-listing-obligations-and-disclosure-requirements-regulations-2015-due-to-the-covid-19-pandemic_48790.html)

**RBI**

**1. GUIDELINES ON RISK-BASED INTERNAL AUDIT (RBIA) SYSTEM – Notification Dated February 03, 2021**

It has now been decided to mandate RBIA framework for the following Non-Banking Financial Companies (NBFCs) and Primary (Urban) Co-operative Banks (UCBs):

- a) All deposit taking NBFCs, irrespective of their size;
- b) All Non-deposit taking NBFCs (including Core Investment Companies) with asset size of ₹5,000 crore and above; and
- c) All UCBs having asset size of ₹500 crore and above.

RBIA framework shall be implemented by the above entities by March 31, 2022. The entities mentioned above may constitute a committee of senior executives with the responsibility of formulating a suitable action plan. The committee may address transitional and change management issues and should report progress periodically to the Board and senior management.

This circular should be placed before the Board in its next meeting. The implementation of these guidelines as per timeline specified should be done under the oversight of the Board.

For detailed notification, please refer the link:

<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/88NBFCUCBS9C069C43CF494795E304AC9D23C87F.PDF>

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