



THE SPOTLIGHT

FORTNIGHTLY NEWSLETTER

LEGAL UPDATES

The Insolvency and Bankruptcy Board of India (IBBI) notified the Insolvency and Bankruptcy Board of India (Liquidation Process) (Second Amendment) Regulations, 2022 ('Amended Liquidation Regulations') and Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) (Second Amendment) Regulations, 2022 ('Amended Voluntary Liquidation Regulations') on September 16, 2022

To enable better participation of stakeholders and streamline the liquidation process to reduce delays and realise better value, the amendment makes the following major modifications:

- The Committee of Creditors (CoC) constituted during Corporate Insolvency Resolution Process (CIRP) shall function as Stakeholders Consultation Committee (SCC) in the first 60 days. After adjudication of claims and within 60 days of initiation of process, the SCC shall be reconstituted based upon admitted claims.
- The liquidator has been mandated to conduct the meetings of SCC in a structured and time bound manner with better participation of stakeholders.
- The scope of mandatory consultation by liquidator, with SCC has been enlarged. Now, SCC may even propose replacement of liquidator to the Adjudicating Authority (AA) and fix the fees of liquidator, if the CoC did not fix the same during CIRP.
- If any claim is not filed during liquidation process, then the amount of claim collated during CIRP shall be verified by the liquidator.
- Wherever the CoC decides that the process of compromise or arrangement may be explored during liquidation process, the liquidator shall file application only in such cases before Adjudicating Authority for considering the proposal of compromise or arrangement, if any, within thirty days of the order of liquidation.
- Specific event-based timelines have been stipulated for auction process.
- Before filing of an application for dissolution or closure of the process, SCC shall advise the liquidator, the manner in which proceedings in respect of avoidance transactions or fraudulent or wrongful trading, shall be pursued after closure of liquidation proceedings.

The Amended Liquidation Regulations and Amended Voluntary Liquidation Regulations further lay down the manner and period of retention of records relating to liquidation and voluntary liquidation of a corporate debtor or corporate person, respectively. To access the Gazette:

- Insolvency and Bankruptcy Board of India (Liquidation Process) (Second Amendment) Regulations, 2022, [click here](#).
- Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) (Second Amendment) Regulations, 2022, [click here](#).

Insolvency and Bankruptcy Board of India (Information Utilities) (Second Amendment) Regulations, 2022 – September 20, 2022

The IBBI has issued Insolvency and Bankruptcy Board of India (Information Utilities) (Second Amendment) Regulations, 2022 to further amend the Insolvency and Bankruptcy Board of India (Information Utilities) Regulations, 2017. This shall come into effect on October 01, 2022.

- The non-refundable fee for application for registration or renewal thereof under regulation 4 has now been increased to 10 Lakh from 5 Lakh.
- The information utility has to pay 1 Crore instead of 50 Lakh to the Board within fifteen days of receipt of intimation of registration or renewal from the Board to fulfil the conditions of registration under Regulation 6(2)
- Clause (e) of Regulation 6(2) has been substituted namely: -
“pay to the Board, a fee calculated at the rate of ten per cent. of the turnover from the services as an information utility rendered in the preceding financial year, on or before 30th April every year.”

To access the notification, [click here](#).

Insolvency and Bankruptcy Board of India (Insolvency Professionals) (Fourth Amendment) Regulations, 2022 – September 28, 2022

The IBBI published the Insolvency and Bankruptcy Board of India (Insolvency Professionals) (Fourth Amendment) Regulations, 2022 through which it has notified a new Form AA for application for registration as an insolvency professional. As per the amendment, no insolvency professional entity, recognised by the Board, shall be eligible to be registered as an insolvency professional, if the entity and/or any of its partner or director, as the case may be, is not fit and proper person. The insolvency professional entity eligible for registration as an insolvency professional should make an application to the IBBI in the new Form AA of Second Schedule along with a non-refundable application fee of two lakh rupee.

Further under regulation 7 which deals with Certificate of registration, a new clause (ha) under sub-regulation 2 has been notified as follows:

(ha) in case an insolvency professional entity is an insolvency professional, it should allow only a partner or director, as the case may be, who is an insolvency professional and holds a valid authorisation for assignment to sign and act on behalf of it.

To access the notification, [click here](#).

Framework on Social Stock Exchange – September 19, 2022

Capital markets regulator Securities and Exchange Board of India (SEBI) came out with a detailed framework for social stock exchange, specifying minimum requirements for a Not-for-Profit Organisation (NPO) for registering with the bourse and disclosure requirements. To access the circular, [click here](#).

SEBI permits Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs) to issue commercial papers – September 22, 2022

SEBI has allowed emerging investment vehicles, REITs and InvITs, to issue commercial papers. The move came after Reserve Bank Commercial Paper Directions last month indicated that InvITs and REITs having net worth of at least Rs100 crore are eligible to issue commercial paper. This is subject to certain

conditions, including, need to abide by the guidelines prescribed by Reserve Bank of India (RBI) and following the conditions of listing norms prescribed by SEBI.

To access the circulars,

- Issue and listing of Commercial Paper by listed InvITs, [click here](#).
- Issue and listing of Commercial Paper by listed REITs, [click here](#).

Modification in the Operational Guidelines for Foreign Portfolio Investors (FPIs), Designated Depository Participants (DDPs) and Eligible Foreign Investors (EFIs) pertaining to FPIs registered under Multiple Investment Managers (MIM) structure – September 26, 2022

The SEBI has modified the operational guidelines for FPIs, DDPs and EFIs pertaining to FPIs registered under MIM structure. As per the modification, an entity that engages multiple investment managers can obtain FPI registrations mentioning the name of investment manager for each of the registration. Further, such applicants can obtain different DDPs for each registration without any external investment managers in the case of MIM structures. To access the circular, [click here](#).

SEBI notifies amendments to guidelines for preferential issue and institutional placement of units by a listed REIT/InvIT – September 28, 2022

The SEBI has issued guidelines for modifying the provisions pertaining to preferential issue and institutional placement of units by listed InvITs/ REITs which were previously notified vide Circular dated November 27, 2019. The amendment to Clause 2.2 provides that units of the same class, proposed to be allotted should now be required to be listed for a period of 6 months. As per the amended Clause 4.2, the unsubscribed portion of the units can be made to the sponsor in the institutional placement subject to the following conditions:

- Atleast 90% of the issue size has been subscribed.
- The object of the issue should be acquisition of assets from that sponsor.
- The allotted units should be locked in for a period of three years from the date of trading approval granted for the units. (As per Clause 3 Annexure I of Circulars dated November 27, 2019).
- Approval of unitholders should be taken before allotting the unsubscribed portion of the units to sponsors.

To access the circular,

- Amendments to guidelines for preferential issue and institutional placement of units by a listed InvIT, [click here](#).
- Amendments to guidelines for preferential issue and institutional placement of units by a listed REIT, [click here](#).

Companies (Specification of Definition Details) Amendment Rules 2022 – September 15, 2022

The Ministry of Corporate Affairs (MCA) has amended the definition of “Small Company” under Section 2(85) of the Companies Act, 2013 – Companies (Specification of definition details) Amendment Rules, 2022 – MCA Notification No. G.S.R. 700(E). To access the gazette copy, [click here](#).

Amendment of the Companies (CSR Policy) Rules, 2014 of the Companies Act, 2013 – September 20, 2022

The government had ask companies having any amount in their unspent Corporate Social Responsibility (CSR) accounts to set up a CSR committee. To this effect, the government has amended rules governing CSR, according to an official notification issued by the MCA. To access the gazette copy, [click here](#).

CBDT issues revised guidelines for compounding of offences under the Income-tax Act, 1961 – September 17, 2022

The Central Board of Direct Taxes (CBDT) has reviewed the guidelines on the compounding of offences under the Income-tax Act intending to simplify and facilitate the compounding of offences. Thus, in supersession of all earlier guidelines, the board has issued revised guidelines for compliance by all concerned. To access the press release, [click here](#).

Inviting comments on the draft Indian Telecommunication Bill, 2022 – September 22, 2022

The Ministry of Communications had initiated a public consultative process to develop a modern and future-ready legal framework in telecommunication. In July 2022, a Consultation Paper on 'Need for a new legal framework governing Telecommunication in India' was published and comments were invited. Comments have been received from various stakeholders and industry associations. Based on the consultations and deliberations, the Ministry has now prepared the draft Indian Telecommunication Bill, 2022. To access the draft Indian Telecommunication Bill, 2022, [click here](#). Further, to access Explanatory note to the draft Indian Telecommunication Bill, 2022, [click here](#).

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