

Introduction

The Novel Coronavirus (COVID-19) has been declared a pandemic by the World Health Organization and has affected numerous countries, including India. In response to the developing COVID-19 situation, the Ministry of Corporate Affairs (“**MCA**”) and other regulatory authorities have granted several relaxations from regulatory compliances for the corporate sector. In our previous updates dated March 20, 2020, March 24, 2020, and April 6, 2020, we had summarised some of the key relaxations and measures which have been introduced by the MCA, Securities and Exchange Board of India (“**SEBI**”), Reserve Bank of India (“**RBI**”) and other courts/tribunal across the country¹. The earlier updates can be found here:

- a. **Volume 1:** <http://www.argus-p.com/papers-publications/thought-paper/covid-19-relaxations-from-certain-regulatory-compliances-for-corporates-and-other-measures/>;
- b. **Volume 2:** <http://www.argus-p.com/papers-publications/thought-paper/covid-19-update-csr-funds-can-be-used-for-covid-19/>;
- c. **Volume 3:** http://www.argus-p.com/papers-publications/thought-paper/covid-19-latest-relaxations-from-provisions-of-the-companies-act-2013-and-the-ibc/#_ftn1; and
- d. **Volume 4:** <http://www.argus-p.com/papers-publications/thought-paper/covid-19-relaxations-announced-by-rbi/>.

In this update, we have summarized the latest announcements, notifications and circulars that have been issued by MCA, SEBI, Competition Commission of India (“**CCI**”) as well as certain important notifications by courts/tribunals, granting various relaxations under the Companies Act, 2013 (“**Companies Act**”), Competition Act, 2002 (“**Competition Act**”), Limited Liability Partnership Act, 2008 (“**LLP Act**”), and certain SEBI regulations.

¹ The updates do not deal with the administrative and public measures/ prohibitions (such as closure of shops and establishments, restrictions on travel etc) announced by the Government.

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Contribution to PM Cares Fund to qualify as CSR expenditure

The Government of India has set up the Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund ("PM Cares Fund"). The primary objective of the PM Cares Fund is to deal with any kind of emergency or distress situation, including that posed by the COVID-19 pandemic.

Under the Companies Act, the board of every company having a net worth of Rs. 500 crore or more, or turnover of Rs. 1000 crore or more, or a net profit of Rs. 5 crore or more during any financial year, is required to ensure that the company spends, in every financial year, at least 2% (two percent) of the average net profits of the company made during the 3 (three) immediately preceding financial years, in pursuance of its corporate social responsibility ("CSR") policy. Only the projects or programs relating to activities, areas or subjects specified in schedule VII to the Companies Act qualify as CSR activities.

Item no. (viii) of the schedule VII of the Companies Act, *inter alia*, provides that contribution to any fund set up by the Central Government for socio-economic development and relief qualifies as CSR expenditure. In lieu of the same, MCA issued an office memorandum dated March 28, 2020 clarifying that since the PM Cares Fund has been set up to provide relief to those affected by any kind of emergency or distress situation, any contribution made to the PM Cares Fund will qualify as CSR expenditure under the Companies Act.

NCLT benches to remain closed till April 14, 2020

In view of the lockdown announced by several State Governments and Central Government, on March 22, 2020, the Registrar, National Company Law Tribunal ("NCLT") issued a notice ("Notice") stating that all benches would remain closed from March 23, 2020 to March 31, 2020 for the purpose of judicial work. In respect of unavoidable urgent matters, the Notice provides as follows:

"work, as to unavoidable urgent matters, on application by the aggrieved, through email to the registry NCLT Chennai after service of notice to the other side, Hon'ble Acting President sitting singly at Chennai will examine and pass necessary orders on Wednesday and Friday".

It was also stated that:

"The Parties/Counsels would not be provided making oral submissions and the NCLT discourages persons to arriving to NCLT Chennai. Application shall be verified by the respective counsel through affidavit by mentioning their bar enrollment number, above process should not be abused. The application/communication shall be sent to Registrar NCLT Chennai email from email of respective counsel."

It was also stated that matters under the Insolvency and Bankruptcy Code, 2016 regarding extension of time, approval of resolution plan and liquidation would not be construed as urgent matters, and would be taken up as soon as regular benches start functioning, and until such time, such applications must not be filed.

On March 28, 2020, the directions given in the Notice were extended to April 14, 2020. On March 30, 2020, another notice was issued by the Registrar, NCLT clarifying that the matters which were to be listed from March 23, 2020 to April 14, 2020 will now be listed from April 15, 2020 onwards before the respective NCLT benches.

Limitation period for filing in all courts/tribunals extended

On March 23, 2020 the Honourable Supreme Court in a suo motu writ petition (Civil) No. 03/2020 ordered that the period of limitation in all proceedings (irrespective of the limitation prescribed under general law or special laws whether condonable or not), will stand extended w.e.f. March 15, 2020, till further orders are passed by the Supreme Court. The same was accepted and recognised by National Company Law Appellate Tribunal and NCLT *vide* their notices dated March 24, 2020 respectively.

NCLT recommends filing of joint memo of written submissions in hearings conducted by video conferencing

On April 7, 2020, the Registrar, NCLT issued a notice, whereby, with respect to urgent hearings being conducted by NCLT during the lockdown by means of video conferencing, it made “*an appeal to the users of NCLT under Companies Act 2013 and Insolvency and Bankruptcy Code 2016, to cooperate with NCLT by filing JOINT MEMO OF WRITTEN SUBMISSIONS as stated below:*”

- (a) As a first step towards the preparation of the joint memo of written submissions, the applicant is required to brief facts (mention the supporting material papers while narrating facts) in 5 (five) to 10 (ten) lines and the reliefs thereto and serve the same upon the opposite party along with its application.
- (b) The opposite party, in turn, is required to brief its defence (mention the supporting material papers while narrating facts) in 5 (five) to 10 (ten) lines and serve the same upon the applicants within 24 (twenty four) to 48 (forty eight) hours.
- (c) Upon exchange of brief facts, both the parties are required to jointly draft the points for determination by NCLT.
- (d) Based on the points for determination, both the parties are required to separately set out reasons supporting their respective stands in 2 (two) to 3 (three) lines on each of the points for determination. The applicants are first required to set out their reasons in bullet points, and subsequently, the opposite party is required to set out its reasons in bullet points.
- (e) Relevant or material papers for determination of the points from either side (if any), are required to be annexed to the joint memo of written submissions. The joint memo of written submissions is required to capsule the steps specified hereinabove in 2 (two) to 3 (three) pages.
- (f) The joint memo of written submission prepared in accordance with the steps specified above, is required to be signed by both parties and counsel and filed with the NCLT 1 (one) day or at the least, 6 (six) hours prior to the hearing.
- (g) If the opposite party does not appear even after service is affected upon him/her/them, the applicant is required to place brief facts, reliefs, relevant material papers and reasons for seeking reliefs in the form of the joint memo of written submissions before the NCLT, (one) day or 6 (six) hours prior to the hearing.
- (h) It may be noted that in the event the situation demands grant of ad-interim relief by NCLT even before filing of the joint memo of written submissions, non-filing of the joint memo of written submissions will not prohibit NCLT from granting such relief.

- (i) It is anticipated that the procedure specified above will avoid delays, avoid filing replies and rejoinders and further, the joint memo of written submissions will be user friendly, and will enable NCLT to arrive at decisions quickly.

Introduction of “Companies Fresh Start Scheme, 2020”

The Companies Act requires all companies to make annual statutory compliance by filing annual returns and financial statements. Apart from these, various other statements, documents, returns, etc. are required to be filed on the MCA-21 electronic registry within prescribed time limits.

The MCA has introduced a new scheme, i.e. “Companies Fresh Start Scheme, 2020” (“CFSS”) vide general circular no. 12/2020, dated March 30, 2020, to condone delay in filing the aforementioned documents with the registrar of companies, insofar as it relates to charging of additional fees, and granting of immunity from launching of prosecution or proceedings for imposing penalty on account of delay associated with certain filings.

Only normal fees will be payable for filing of documents in the MCA-21 registry in such cases during the currency of CFSS as per the provisions of section 403 read with Companies (Registration Offices and Fee) Rules, 2014 (“Fee Rules”) and section 460 of the Companies Act. CFSS also gives an opportunity to inactive companies to get their companies declared as ‘dormant company’ under section 455 of the Companies Act by filing a simple application at a normal fee. This provision enables inactive companies to remain on the register of the companies with minimal compliance requirements. The key provisions of CFSS include:

- (a) CFSS will come into force on April 1, 2020 and will remain in force till September 30, 2020.
- (b) CFSS is applicable to any ‘defaulting company’, as defined under Companies Act, which has made a default in filing of any of the documents, statement, returns, etc. including annual statutory documents on the MCA-21 registry (“Defaulting Company”).
- (c) Every Defaulting Company is required to pay normal fees as prescribed under the Fee Rules, on the date of filing of each belated document and no additional fee will be payable. Additionally, immunity from the launch of prosecution or proceedings for imposing penalty pertaining to any delay associated with the filings of belated documents will be provided. It is also clarified that any other consequential proceedings, including any proceedings involving interests of any shareholder or any other person qua the company or its directors or key managerial personnel will not be covered by such immunity.
- (d) An application for seeking immunity in respect of belated documents filed under CFSS can be made electronically in form CFSS-2020, after closure of CFSS and after the documents are taken on file, or on record or approved by the respective registrar of companies having jurisdiction over the registered office of the company (“Designated Authority”), but the same cannot be made after the expiry of 6 (six) months from the date of closure of CFSS. Additionally, there will be no fee payable on this form. However, the CFSS states that this immunity will not be applicable in the matter of any appeal that is pending before the court of law or tribunal, and in case of management disputes of the company pending before any court of law or tribunal. Additionally, no immunity will be provided in case any court has ordered conviction in any matter and no appeal has been preferred against such order. The form CFSS-2020, basis which an immunity certificate in respect of documents filed under CFSS will be issued, is available at:
http://www.mca.gov.in/Ministry/pdf/Circular12_30032020.pdf as an annexure to CFSS.

- (e) Before filing an application for issue of immunity certificate under the CFSS, the applicant is required to withdraw any appeal filed against any notice issued or complaint filed or an order passed by a court or by an adjudicating authority, with respect to any statutory filing under the Companies Act, 1956 and/or the Companies Act. The applicant is also required to furnish proof of such withdrawal along with the application.
- (f) After granting the immunity, the Designated Authority is required to withdraw the prosecution(s) pending, if any, and the proceedings of adjudication of penalties under section 454 of the Companies Act, other than those where a court has ordered conviction in a matter and no appeal has been preferred against such order. In respect of defaults against which immunity has been so granted will be deemed to have been completed without any further action on the part of the Designated Authority.
- (g) A special measure has been introduced for all cases where due to delay associated in filing of any document in the MCA-21 registry, penalties were imposed by an adjudicating officer, but no appeal has been preferred by the concerned company before the regional director under section 454(6) of the Companies Act as on the date of the commencement of CFSS. In such cases, the following applies:
 - i. where the last date for filing the appeal against the order of the adjudicating authority under section 454(6) of the Companies Act falls between March 1, 2020 to May 31, 2020 (both days included), a period of 120 (one hundred twenty) additional days will be allowed with effect from such last date to all companies and their officers for filing the appeal; and
 - ii. during such additional period, as provided above in (i), prosecution under section 454(8) of the Companies Act for non-compliance of the order of the adjudicating authority, insofar as it relates to delay associated in filing of any document in the MCA-21 registry, will not be initiated against such company/officers.
- (h) The CFSS is not applicable to the following:
 - i. to companies against which action for final notice for striking off the name under section 248 of the Companies Act has already been initiated;
 - ii. where an application has already been filed by the companies for action of striking off the name of the company from the register of companies;
 - iii. to companies which have amalgamated under a scheme of arrangement or compromise under the Companies Act;
 - iv. where applications have already been filed for obtaining dormant status under section 455 of the Companies Act before the CFSS;
 - v. to vanishing companies; and
 - vi. where an increase in authorised capital is involved (form SH-7) and also charge related documents (CHG-1, CHG-4, CHG-8 and CHG-9).
- (i) The CFSS permits defaulting inactive companies filing documents under CFSS to simultaneously apply to get themselves declared as dormant company under section 455 of the Companies Act by filing e-form MSC-1 or apply for striking off the name of the company by filing e-form STK-2.
- (j) At the conclusion of CFSS, the Designated Authority is required to take necessary action against companies who have not availed the CFSS and are in default in filing these documents in a timely manner.

Modifications to the “LLP Settlement Scheme, 2020”

In continuation to General Circular No. 06/2020 (“LLP Circular”) vide which the LLP Settlement Scheme 2020 (“LLP Scheme”) was introduced for providing a one-time relaxation in additional fees to the defaulting limited liability partnerships (“LLPs”) to make good their default by filing pending documents, the MCA has issued a General Circular No. 13/2020, to support and enable LLPs to reduce their compliance burden in light of COVID-19, by introducing some modifications to the said LLP Circular. These modifications include:

- (a) As per the LLP Circular, the LLP Scheme was intended to remain in force till June 13, 2020. However, paragraph 8 of the LLP Scheme has been amended, and June 13, 2020 has been replaced with March 30, 2020;
- (b) With effect from April 1, 2020, a new paragraph, i.e. paragraph 8A has been inserted to modify the LLP Scheme, and *inter alia* provides that the LLP Scheme will come into force on April 1, 2020 and remain in force till September 30, 2020. It also provides that the defaulting LLP is permitted to file belated documents which were due for filing till August 31, 2020. The defaulting LLPs can avail the LLP Scheme for filing documents which have not been filed or registered in time without any levy of additional fees, and only the fee payable for filing such documents needs to be paid. It also provides that the defaulting LLPs which have filed their belated documents till September 30, 2020 and made good the default, will not be subjected to prosecution by the registrar for such defaults. Lastly, the LLP Scheme will not apply to LLPs which have made applications to the registrar for striking off their name from the register as per provisions of rule 37(1) of the Limited Liability Partnership Rules, 2009.
- (c) The LLP Scheme has also been modified to say that after September 30, 2020, the registrar will take necessary action under the LLP Act against LLPs which have not availed the LLP Scheme and are in default of the provisions of LLP Act regarding filing of documents in a timely manner.

Relaxation from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and certain SEBI circulars

Pursuant to a circular dated March 23, 2020 (“March 23 Circular”), SEBI has granted the following relaxations to listed companies:

A. Extension of timeline for issuance and filings for issuers who have listed /propose to list their non-convertible debentures (NCDs), non-convertible redeemable preference shares (NCRPS) or commercial papers (CPs)

Currently, companies proposing to make public issue of debt securities are required to give the audited financials in the offer document, which are not older than 6 (six) months from the date of prospectus. Pursuant to the March 23 Circular, compliant listed entities are allowed to disclose unaudited financials with limited review report, instead of audited financials, for the stub period.

Similarly, for issuers, which intend to list their CPs, have to submit their latest audited financials which should not be older than 6 (six) months. Pursuant to the March 23 Circular, such issuers have now been allowed to file unaudited financials with limited review for the stub period in the current financial year.

In order to enable issuers who intend/propose to list their NCD/NCRPS/CPs, following relaxations in timelines have been granted:

Particulars	Available audited Financials	Date for issuance	Extended date for issuance	Period of relaxation
Cut-off date for issuance of NCDs/ NCRPS/ CPs	As on September 30, 2019	On or before March 31, 2020	On or before May 31, 2020	60 days

B. Extension of timeline for filing

The timelines for certain filings as required under the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR”) and circulars specified below, have been extended, as follows:

S.N.	Regulation and Associated Filing	Filing		Relaxation w.r.t. the half year/ financial year ending March 31, 2020		
		Frequency	Due within	Due date	Extended date	Period of relaxation
1.	Large corporate-initial disclosure and annual disclosure (SEBI Circular HO/DDHS/CIR/P /2018/144 dated November 26, 2018)	yearly	initial disclosure within 30 days from the beginning of financial year	April 30, 2020	June 30, 2020	60 days
			annual disclosure - within 45 days from the end of financial year	May 15, 2020	June 30, 2020	45 days
Non-Convertible Debentures (NCDs) / Non-Convertible Redeemable Preference Shares (NCRPS)						
2.	Regulation 52(1) and (2) relating to financial results	half yearly/ yearly	45 days from the end of the half year	May 15, 2020	June 30, 2020	45 days
			60 days from the end of financial year for annual financial results	May 30, 2020	June 30, 2020	30 days
3.	Common obligations prescribed under Chapter III of LODR	Timelines as prescribed in SEBI Circular no. SEBI/HO/CD/CMD1/ CIR/P/2020/38 dated March 19, 2020				
Commercial Papers (CPs)						
4.	Financial results	half yearly/ yearly	45 days from the end of the half year	May 15, 2020	June 30, 2020	45 days
			60 days from the end of financial	May 30, 2020	June 30, 2020	30 days

			year for annual financial results			
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C. Extension of timeline for filings prescribed for issuers of municipal debt securities

The timelines for certain filings as required under the provisions of the SEBI (Issue and Listing of Debt Securities by Municipalities) Regulations, 2015 (“**ILDM Regulations**”) and SEBI circular nos. CIR/IMD/DF1/60/2017 dated June 19, 2017 and SEBI/HO/DDHS/CIR/P/134/2019 dated November 13, 2019 have been extended, as follows:

S.N.	Regulation and Associated Filing	Filing		Relaxation w.r.t. the half year/ financial year ending March 31, 2020		
		Frequency	Due within	Due date	Extended date	Period of relaxation
1.	Investor Grievance Report as per municipal bond	half yearly	within 30 working days from end of half year		June 30, 2020	45 days
2.	Financial results	half yearly	60 days from the end of financial year for annual financial results	May 30, 2020	June 30, 2020	30 days
3.	Accounts maintained by issuers under ILDM Regulations	quarterly	45 days from end of quarter	May 15, 2020	June 30, 2020	45 days

Pursuant to a circular dated March 26, 2020, SEBI has granted the following relaxations to listed companies.

D. Extension of timeline for filings under LODR

The timelines for certain filings as required under the provisions of the LODR and circulars specified below, have been extended, as follows:

S.N.	Regulation and Associated Filing	Filing		Relaxation w.r.t. the half year/ financial year ending March 31, 2020		
		Frequency	Due within	Due date	Extended date	Period of relaxation
1.	Regulation 40(9) of the LODR relating to certificate from practicing Company Secretary on timely issue of share certificates	half yearly	1 month of the end of each half of the financial year	April 30, 2020	May 31, 2020	1 month

2.	Regulation 44(5) of the LODR relating to holding of annual general meeting by top 100 listed entities by market capitalization for financial year 2019-2020	annual	within a period of 5 months from the date of closing of the financial year	August 31, 2020	September 30, 2020	1 month
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E. Relaxations in respect of conduct of meetings

Timelines prescribed by the LODR within which certain committees of listed companies are required to conduct their meetings, have been extended as follows:

S.N.	Regulation	Requirement	Frequency	Due date	Extended date	Period of relaxation
1.	19(3A) of the LODR	The nomination and remuneration committee shall meet at least once in a year.	Yearly	March 31, 2020	June 30, 2020	3 months
2.	20(3A) of the LODR	The stakeholders relationship committee shall meet at least once in a year.				
3.	21(3A) of the LODR	The risk management committee shall meet at least once in a year.				

F. Standard Operating Procedure to come into effect on June 30, 2020.

SEBI *vide* circular no. SEBI/HO/CFD/CMD/CIR/P/2020/12 dated January 22, 2020, issued the Standard Operating Procedure on imposition of fines and other enforcement actions for non-compliances with provisions of the LODR, the effective date of operation of which was for compliance periods ending on or after March 31, 2020. The said circular will now come in force w.e.f. compliance periods ending on or after June 30, 2020.

G. Exemption from publication in newspapers

Under regulation 47 of the LODR, the listed entity is required to publish in the newspapers, information such as notice of the board meeting, financial results, etc.. For the financial year ending March 30, 2020, an exemption from publication of advertisements in newspapers as required under regulation 47 of the LODR has been granted for all events scheduled till May 15, 2020.

Relaxation from compliance with requirements pertaining to mutual funds

By its circular no. SEBI/HO/IMD/DF3/CIR/P/2020/47, dated March 23, 2020, SEBI has granted the following relaxations from the requirements specified in the SEBI (Mutual Funds) Regulations, 1996 (“**Mutual Fund Regulations**”) and circulars issued thereunder:

A. Extension of validity of schemes remaining to be launched

All schemes where observation letter was issued by SEBI which are yet to be launched will have a validity period of 1 (one) year from the date of SEBI letter. Further, all new schemes where final observation letter will be issued will also have validity period of 1 (one) year from the date of SEBI letter.

B. Extension of timeline for certain disclosures

- (a) Under regulation 59 of the Mutual Fund Regulations, a mutual fund and asset management company is required to host a soft copy of its unaudited financial results on their website within 1 (one) month from the closing of each half year. The timeline for compliance with this requirement has been extended from April 30, 2020 to May 31, 2020.
- (b) Under point 2(a) of SEBI circular no. SEBI/HO/IMD/DF2/CIR/P/2016/42 dated March 18, 2016, the amount of actual commission paid by asset management companies/ mutual funds to distributors during the half year period is required to be disclosed within 10 (ten) days from the closing of each half year. The timeline for compliance with this requirement has been extended from April 10, 2020 to May 10, 2020.
- (c) Under point 4(b) of SEBI circular no. Cir/IMD/DF/2/2010 dated May 13, 2010, a yearly disclosure of investor complaints with respect to mutual funds is required to be made within 2 (two) months of the closing of the financial year. The timeline for compliance with this requirement has been extended from May 31, 2020 to June 31, 2020.

C. Extension of effective date of implementation of certain policy initiatives

Additionally, the effective date of implementation of certain policy initiatives have been extended as under:

- (a) Under the circular titled “*Risk management framework for liquid and overnight funds and norms governing investment in short term deposits*” dated September 20, 2019, the timeline for compliance with the requirement that liquid funds must hold at least 20% (twenty percent) of their net assets in liquid assets was April 1, 2020. The effective date for implementation has now been extended to May 1, 2020.
- (b) As per the circular titled “*Review of investment norms for mutual funds for investment in Debt and Money Market Instruments*” dated October 1, 2019, the timeline for compliance by existing open ended mutual fund schemes with revised limits for sector exposure was April 1, 2020. The effective date for implementation has now been extended to May 1, 2020.
- (c) As per the circular titled “*Review of investment norms for mutual funds for investment in Debt and Money Market Instruments*” dated October 1, 2019, timeline for compliance with the requirement that the maximum investment in unlisted NCDs must be 15% (fifteen percent) of the debt portfolio of the scheme was March 15, 2020. The effective date for

implementation has now been extended to April 30, 2020.

- (d) As per the circular titled “*Valuation of money market and debt securities*” dated September 24, 2019, the timeline for compliance with the following requirements: (i) dispensation of amortization based valuation; and (ii) valuation of all money market and debt securities to be valued in terms of paragraph 1.1.2.2. of the said circular, irrespective of residual maturity, was April 1, 2020. The effective date for implementation has now been extended to May 1, 2020.

D. Relaxation of access control

In light of difficulties expressed by asset management companies, the access control presently exercised in the asset management companies’ dealing room including call recording of deals is temporarily relaxed subject to checks and balances including electronic confirmation by way of email or other system having audit trail.

Relaxation from compliance for Real Estate Investment Trusts and Infrastructure Investment Trusts

SEBI *vide* its circular SEBI/HO/DDHS/CIR/P/2020/42 dated March 23, 2020 has extended the due date for regulatory filings and compliances for real estate investment trusts and infrastructure investment trusts for the period ending March 31, 2020 by 1 (one) month over and above the timelines prescribed under SEBI (Real estate Investment Trusts) Regulations, 2014 and SEBI (Infrastructure Investment Trusts) Regulations, 2014, and the circulars issued thereunder.

Relaxation from compliance with certain provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

The disclosure filings under regulations 30(1) (*disclosure of the shareholding and voting rights of persons who exercise 25 % (twenty five percent) or more of the voting rights in a target company*), 30(2) (*disclosure of the promoters of a target company*) and 31(4) (*disclosure on absence of any encumbrances created by promoters*) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (“**Takeover Regulations**”), require the shareholders to compile, collate, and disseminate information of their consolidated shareholding as on March 31, 2020, to the company and the stock exchanges within 7 (seven) working days from the end of the financial year.

By its circular no. SEBI/HO/CFD/DCR1/CIR/P/2020/49, dated March 27, 2020, SEBI has extended the due date of filing the disclosures, in terms of regulations 30(1), 30(2) and 31(4) Takeover Regulations for the financial year ending March 30, 2020 to June 1, 2020.

Relaxation from compliance with certain provisions of circulars issued under SEBI (Credit Rating Agencies) Regulations, 1999

SEBI *vide* its circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/53, dated March 30, 2020 has granted certain relaxations from the below-mentioned requirements stipulated *vide* circulars under the SEBI (Credit Rating Agencies) Regulations, 1999 as under:

A. Recognition of default

Currently, credit rating agencies (“**CRAs**”) recognise default based on the guidance issued by SEBI *vide* SEBI circulars dated May 3, 2010 and November 1, 2016. However, the SEBI circular dated March 30, 2020 has adopted a differentiation in treatment of default in view of the nationwide lockdown and RBI’s 3 (three) month moratorium. CRAs are required to determine whether a default has occurred solely due to the lockdown or loan moratorium, or otherwise, on a case by case basis. Accordingly, it has been stated that if the CRA is of the view that the delay in payment of interest/principle has arisen solely due to the lockdown conditions creating temporary operational challenges in servicing debt, including due to procedural delays in approval of moratorium on loans by the lending institutions, CRAs may not consider this as a default event and/or recognise default and make adequate disclosures regarding the same. The same would also be applicable on any rescheduling in payment of debt obligation done by the issuer, prior to the due date, with the approval of the investors/lenders. The above relaxations are extended till the expiry of period of moratorium by the RBI.

B. Extension in timelines for press release and disclosures on website

Considering that CRAs are dependent on the issuers and third parties for information collection which is impaired due to the lockdown, relaxation from timelines for rating action/issue of press release by CRAs stipulated *vide* SEBI circular dated June 30, 2017 has been granted. However, it is mentioned that CRAs should endeavour to finish the exercise on a best effort basis, and such cases will be put up for ratification by the rating sub-committee of the board of CRA. Further, an extension of 30 (thirty) days has been granted for making annual and semi-annual disclosures by CRAs on its website for the period ended March 2020.

Extension of deadline for implementation of the Stewardship Code

SEBI *vide* its circular no. CIR/CFD/CMD1/168/2019, dated December 24, 2019 had introduced a stewardship code for all mutual funds and all categories of alternative investment funds (“**AIFs**”) in relation to their investment in listed equities (“**Stewardship Code**”). The Stewardship Code was to come into effect from April 1, 2020.

SEBI through its circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/55, dated March 30, 2020 has extended the implementation of the aforesaid circular on the Stewardship Code to July 1, 2020.

Relaxation from compliance with requirements pertaining to Portfolio Managers

Pursuant to circular no. SEBI/HO/IMD/DF1/CIR/P/2020/57 issued by SEBI on March 30, 2020, the following timelines for portfolio managers have been extended for a period of 2 (two) months, in light of the COVID-19 pandemic:

- (a) Monthly reporting to SEBI by portfolio managers for the periods ending March 31, 2020 and April 30, 2020; and
- (b) Applicability of SEBI circular dated February 13, 2020 on “Guidelines for Portfolio Managers”.

Relaxation from compliance with requirements pertaining to AIFs and venture capital funds (VCFs)

Vide circular SEBI/HO/IMD/DF1/CIR/P/2020/58 issued on March 30, 2020, for the periods ending March 31, 2020 and April 30, 2020, the due date for regulatory filings for AIFs and VCFs has been extended by 2 (two) months, over and above the timelines prescribed under SEBI (Alternative Investment Funds) Regulations, 2012 and circulars issued thereunder.

Temporary relaxation in processing of documents pertaining to Foreign Portfolio Investors (FPIs)

The operational guidelines for FPIs and Designated Depository Participants (“DDPs”) have been issued under the SEBI (FPI) Regulations, 2019 (“**Operational Guidelines**”), under which the FPI applicant is required to submit a duly signed application form (including know your customer (“KYC”) details accompanied by originals for verification). In case the originals are not produced for verification, copies have to be properly attested by entities authorized for attesting the documents. In light of the COVID-19 pandemic, SEBI has granted the following relaxations in a situation where FPIs are not able to send originals and/or certified documents as specified in the Operational Guidelines:

- (a) DDPs and custodians can now consider and process the request for registration/continuance/KYC/KYC review and any other material change on the basis of a scanned version of signed documents instead of originals, and copies of documents which are not certified, received from:
 - i. e-mail ids of their global custodians/existing clients where these details are already captured in records; or
 - ii. e-mail ids of new clients received from domains which are duly encrypted with transport layer security or similar encryption or the documents are password protected; and
- (b) The above documents may be uploaded to the KYC registration agencies. Other intermediaries can rely on said documents.

These temporary relaxations will be applicable till June 30, 2020. DDPs and custodians are required to obtain the original and/or certified documents (as applicable normally) within 30 (thirty) days from the aforesaid deadline. In case the required documents for registration/KYC are not received by the said deadline, the accounts of such FPIs will be blocked for any fresh purchase. In case documents are still not received within 3 (three) months of the said deadline, DDPs and custodians are required to report these cases to SEBI for appropriate action. Intermediaries should

undertake necessary due diligence including that which is required for regulatory and risk-based approach towards compliance with anti-money laundering requirements while processing these documents based on a scanned copy.

Continuation of Phase II of UPI with ASBA due to COVID-19

SEBI had extended the timeline for implementation of Phase II of the Unified Payments Interface (“UPI”) with Application Supported by Blocked Amount (“ASBA”) till March 31, 2020 through its circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133, dated November 8, 2019. *Vide* its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, SEBI has decided to continue with the current Phase II of the UPI ASBA till further notice. It has also stated that the modalities for implementation of the Phase III of the UPI ASBA will be notified later.

Measures taken by CCI

As per its notice dated March 30, 2020, the CCI has announced that its office will remain closed until April 14, 2020, and in the meantime the following shall be applicable:

- (a) The parties can electronically file combination notices under regulation 5A of the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 at comb.registry@cci.gov.in, between 10:00 AM and 5:00 PM, from Monday to Friday. The fees is required to be paid through electronic clearance service by direct remittance to the CCI account no. 1988002100187687 with Punjab National Bank, Bhikaji Cama Place, New Delhi-110066, and the soft copy proof of payment is also required to be attached. The dates for filing hard copies of the notice and submissions has not been notified yet, and will be notified in due course.
- (b) The CCI will endeavour to process the combination notices filed till March 20, 2020 under section 6 and section 20 of the Competition Act, subject to the availability of necessary information and material.
- (c) All the matters listed for hearings upto April 14, 2020 have been adjourned and fresh dates for the hearings are yet to be notified.
- (d) All filings or compliances due on or before April 14, 2020 in respect of pending cases under section 3 and section 4 of the Competition Act have been suspended and fresh dates regarding the same are yet to be notified.
- (e) All other filings, submissions and proceedings under the Competition Act and regulations made thereunder, including those before the Director General have been suspended till April 14, 2020.

This update has been contributed by Adity Chaudhury (Partner), Kshitija Naik (Associate) and Ishita Malhotra (Associate).

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