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FROM THE GOVERNMENT



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Corporate Laws

01 The Companies (Amendment) Act, 2020, section 1 (29 of 2020)

[Issued by the Ministry of Corporate Affairs [File No.1/3/2020-CL.I] dated 30.10.2023. Published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-Section (ii)]

In exercise of the powers conferred by sub-section (2) of section 1 of the Companies (Amendment) Act, 2020 (29 of 2020), the Central Government hereby appoints the 30th day of October, 2023 as the date on which the provisions of section 5 of the said Act shall come into force.

INDER DEEP SINGH DHARIWAL

Joint Secretary

02 The Companies (Prospectus and Allotment of Securities) Second Amendment Rules, 2023

[Issued by the Ministry of Corporate Affairs [F. NO. 1/21/2013-CL-V] dated 27.10.2023. Published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-Section (i)]

In exercise of the powers conferred by section 29 read with section 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules further to amend the Companies (Prospectus and Allotment of Securities) Rules, 2014, namely:-

- Short title and commencement. - (1) These rules may be called the Companies (Prospectus and Allotment of Securities) Second Amendment Rules, 2023.
 - They shall come into force on the date of publication in the Official Gazette.
- In the Companies (Prospectus and Allotment of Securities) Rules, 2014 (hereinafter referred to as the said rules) rule 9 shall be numbered as sub-rule (1) thereof, and after sub-rule (1) as so numbered, the following sub-rules shall be inserted, namely: -

“(2) Every public company which issued share warrants prior to commencement of the Companies Act, 2013 (18 of 2013) and not converted into shares shall, -

 - within a period of three months of the commencement of the Companies (Prospectus and Allotment of Securities) Second Amendment

Rules, 2023 inform the Registrar about the details of such share warrants in Form PAS-7; and

- within a period of six months of the commencement of the Companies (Prospectus and Allotment of Securities) Second Amendment Rules, 2023, require the bearers of the share warrants to surrender such warrants to the company and get the shares dematerialised in their account and for this purpose the company shall place a notice for the bearers of share warrants in Form PAS-8 on the website of the company, if any and shall also publish the same in a newspaper in the vernacular language which is in circulation in the district and in English language in an English newspaper, widely circulated in the State in which the registered office of the company is situated.
- In case any bearer of share warrant does not surrender the share warrants within the period referred to in sub-rule (2), the company shall convert the such share warrants into dematerialised form and transfer the same to the Investor Education and Protection Fund established under section 125 of the Act.”

INDER DEEP SINGH DHARIWAL

Joint Secretary

Complete details are not published here for want of space. For complete notification readers may log on to www.mca.gov.in

03 The Limited Liability Partnership (Third Amendment) Rules, 2023

[Issued by the Ministry of Corporate Affairs [F. No. Policy-01/2/2021-CL-V-MCA-Part (2)] dated 27.10.2023. Published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-Section (i)]

In exercise of the powers conferred by sub-sections (1) and (2) of section 79 of the Limited Liability Partnership Act, 2008 (6 of 2009), the Central Government hereby makes the following rules further to amend the Limited Liability Partnership Rules, 2009, namely: -

- Short title and commencement- (1) These rules may be called the Limited Liability Partnership (Third Amendment) Rules, 2023.
 - They shall come into force on the date of their publication in the Official Gazette.
- In the Limited Liability Partnership Rules, 2009 (hereinafter referred to as the said rules), after rule 22, the following rules shall be inserted, namely:-

“22A. Register of Partners.- (1) Every limited liability partnership shall, from the date of its incorporation, maintain a register of its partners in Form 4A which shall be kept at the registered office of the limited liability partnership:

Provided that in the case of limited liability partnership existing on the date of commencement of the Limited

Liability Partnership (Third Amendment) Rules, 2023, shall maintain the register of partners in Form 4A within thirty days from such commencement.

2. The register of partners shall contain the following particulars, in respect of each partner, namely:-
 - (a) name of the partner; address (registered office address in case the member is a body corporate); e-mail address; Permanent Account Number or Corporate Identification Number; Unique Identification Number, if any; father or mother or spouse's name; occupation; status; Nationality; name and address of nominee;
 - (b) date of becoming partner;
 - (c) date of cessation;
 - (d) amount and nature of contribution (indicating tangible, intangible, movable, immovable or other benefit to the limited liability partnership, including money, promissory notes, other agreements to contribute cash or property, and contracts for services performed or to be performed) with monetary value; and
 - (e) any other interest, if any,
- (3) The entries in the register maintained under this rule shall be made within seven days pursuant to any change made in the contribution amount, or in name and details of the partners in the Limited Liability Partnership agreement, or in cases of cessation of partnership interest.
- (4) If any rectification is made in the register maintained under this rule by the Limited Liability Partnership pursuant to any order passed by the competent authority under any law, the necessary reference of such order shall be indicated in the respective register and for reasons to be recorded in writing.

INDER DEEP SINGH DHARIWAL

Joint Secretary

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04 The Companies (Management and Administration) Second Amendment Rules, 2023

[Issued by the Ministry of Corporate Affairs [E. No. 01/34/2013 CL-V (Pt-III)] dated 27.10.2023. Published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-Section (i)]

In exercise of the powers conferred by sub-sections (1) and (2) of section 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules further to amend the Companies (Management and Administration) Rules, 2014, namely:-

1. Short title and commencement.-(1) These rules may be called the Companies (Management and Administration) Second Amendment Rules, 2023.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. In the Companies (Management and Administration) Rules, 2014, in rule 9, after sub-rule (3), the following sub-rules shall be inserted, namely:-

“(4) Every company shall designate a person who shall be responsible for furnishing, and extending co-operation for providing, information to the Registrar or any other authorised officer with respect to beneficial interest in shares of the company.

(5) For the purpose of sub-rule(4), the company may designate-

(i) a Company Secretary, if there is a requirement of appointment of such Company Secretary under the Act and the rules made thereunder; or

(ii) a Key Managerial Personnel, other than the company secretary; or

(iii) every Director, if there is no Company Secretary or Key Managerial Personnel.

(6) Until a person is designated as referred under sub-rule (4), the following persons shall be deemed to have been designated person;

(i) Company secretary, if there is a requirement of appointment of such Company Secretary under the Act and the rules made thereunder; or

(ii) every Managing Director or Manager, in case a Company Secretary has not been appointed; or

(iii) every Director, if there is no Company Secretary or a Managing Director or Manager.

(7) Every company shall inform the details of the designated person in Annual return.

(8) If the company changes the designated person at any time, it shall intimate the same to the Registrar in e-form GNL-2 specified under the Companies (Registration Offices and Fees) Rules, 2014.

INDER DEEP SINGH DHARIWAL

Joint Secretary

05 The Companies (Incorporation) Third Amendment Rules, 2023

[Issued by the Ministry of Corporate Affairs [E. No. 1/13/2013-CL-V, Vol. IV] dated 20.10.2023. Published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-Section (1)]

In exercise of the powers conferred by section 3, section 4, sub-sections (5) and (6) of section 5, section 6, sub-sections (1) and (2) of section 7, sub-sections (1) and (2) of section 8, sub-sections (2), (3), (4), (5) and (9) of section 12, sub-sections (3), (4) and (5) of section 13, sub-section (2) of section 14, sub-section (1) of section 17,

section 20 read with sub-sections (1) and (2) of section 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules further to amend the Companies (Incorporation) Rules, 2014, namely:-

1. These rules may be called the Companies (Incorporation) Third Amendment Rules, 2023.
 - (2) They shall come into force with effect from 21st October, 2023.
2. In the Companies (Incorporation) Rules, 2014, in rule 30, in sub-rule (9), -
 - (i) the words “and may include such order as to costs as it thinks proper” shall be omitted;
 - (ii) after the proviso, the following proviso shall be inserted, namely:-

“Provided further that where the management of the company has been taken over by new management under a resolution plan approved under section 31 of the Insolvency Bankruptcy Code, 2016 (31 of 2016) and no appeal against the resolution plan is pending in any Court or Tribunal and no inquiry, inspection, investigation is pending or initiated after the approval of the said resolution plan, the shifting of the registered office may be allowed.”

MANOJ PANDEY

Joint Secretary

06 Guidelines for Business Continuity Plan (BCP) and Disaster Recovery (DR) of Qualified RTAs (QRTAs)

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/IMD/IMD-TPD-1/P/CIR/2023/173 dated 20.10.2023]

1. Qualified RTAs (i.e. RTAs having more than 2 Crore folios) are systemically important institutions as they, inter-alia, provide infrastructure necessary for the smooth and uninterrupted functioning of the securities market. As part of the operational risk management, these QRTAs need to have high level of resiliency to provide essential facilities and perform systemically critical functions uninterrupted in the securities market.
2. In view of the above, based on consultation with Technical Advisory Committee (TAC) of SEBI, it has been decided to issue guidelines for strengthening overall resiliency, the procedures at / governance of QRTAs for handling disruption, augmentation of systems and practices to achieve better Recovery Time Objective (“RTO”) and Recovery Point Objective (“RPO”), and to improve overall preparedness by conducting periodic announced / unannounced drills. Hence, QRTAs are required to comply with the following framework for BCP and DR:
3. Organizational Resilience and Documentation

3.1. QRTAs shall have in place Business Continuity Plan (BCP) and Disaster Recovery Site (DRS) so as to ensure continuity of operations, maintain data and transaction integrity.

3.2. The manpower deployed at DRS/ Near Site (NS) shall have the same expertise as available at PDC in terms of knowledge/ awareness of various technological and procedural systems and processes relating to all operations such that DRS/ NS can function at short notice, independently. QRTAs shall have sufficient number of trained staff at their DRS so as to have the capability of running live operations from DRS without involving staff of the PDC.

3.3. All QRTAs shall constitute an Incident and Response team (IRT) / Crisis Management Team (CMT), which shall be chaired by the Managing Director (MD) of the QRTA or by the Chief Technology Officer (CTO), in case of non-availability of MD. IRT/ CMT shall be responsible for the actual declaration of disaster, invoking the BCP and shifting of operations from PDC to DRS whenever required. Details of roles, responsibilities and actions to be performed by employees, IRT/ CMT and support/outourced staff in the event of any Disaster shall be defined and documented by the QRTA as part of BCP-DR Policy Document.

3.4. The Technology Committee of the QRTAs shall review the implementation of BCP-DR policy approved by the board of the QRTA on a quarterly basis.

ROHIT SARAF

Deputy General Manager

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07 Ease of doing business and development of corporate bond markets – revision in the framework for fund raising by issuance of debt securities by large corporates (LCs)

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/DDHS/DDHS-RACPOD1/P/CIR/2023/172 dated 19.10.2023]

1. Regulation 50B of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (NCS Regulations) read with Chapter XII of the NCS Master Circular² on ‘Fund raising by issuance of debt securities by large corporates’ (LC Chapter), inter-alia, mandates LCs to raise a minimum 25% of their incremental borrowings in a financial year through issuance of debt securities which were to be met over a contiguous block of three years from Financial Year (FY) 2022 onwards.
2. Taking into account prevailing market conditions and representations from market participants, the framework for fund raising by issuance of debt

securities by LCs is revised as specified in further paragraphs.

3. Applicability of the framework:

3.1. This framework is applicable with effect from April 01, 2024 for LCs following April-March as their financial year. This framework is applicable with effect from January 01, 2024, for LCs which follow January-December as their financial year.

Explanation 1: The term "Financial Year" here would imply April-March or January-December, as followed by an entity. Thus, FY 2025 shall mean April 01, 2024 - March 31, 2025 or January 01, 2024 - December 31, 2024, as the case may be.

3.2. The framework shall be applicable for all listed entities (except for Scheduled Commercial Banks), which as on last day of the FY (i.e. March 31 or December 31):

a) have their specified securities or debt securities or non-convertible redeemable preference shares listed on a recognised Stock Exchange(s) in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR Regulations);

and

b) have outstanding long term borrowings of Rs.1000 crore or above.

Explanation 2: 'Outstanding long term borrowings' for the purpose of this framework shall mean any outstanding borrowing with an original maturity of more than one year but shall exclude the following:

- i. External Commercial Borrowings;
- ii. Inter-Corporate Borrowings involving the holding company and/ or subsidiary and/ or associate companies;
- iii. Grants, deposits or any other funds received as per the guidelines or directions of Government of India;
- iv. Borrowings arising on account of interest capitalization; and
- v. Borrowings for the purpose of schemes of arrangement involving mergers, acquisitions and takeovers.

and

c) have a credit rating of "AA"/"AA+"/"AAA ", where the credit rating relates to the unsupported bank borrowing or plain vanilla bonds of an entity, which have no structuring/ support built in.

Explanation 3: In case a listed entity has multiple ratings from multiple rating agencies, the highest of such ratings shall be considered for the purpose of this framework.

PRADEEP RAMAKRISHNAN

General Manager

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08 Amendment to the Guidelines on Anti-Money Laundering (AML) Standards and Combating the Financing of Terrorism (CFT) /Obligations of Securities Market Intermediaries under the Prevention of Money-laundering Act, 2002 and Rules framed there under

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/MIRSD/SEC-FATF/P/CIR/2023/0170 dated 13.10.2023]

1. Please refer to the Master Circular reference number SEBI/HO/MIRSD/MIRSD-SEC-5/P/CIR/2023/022 dated February 03, 2023 and amendments thereto dated June 16, 2023 on the captioned subject issued by the Securities and Exchange Board of India (SEBI).
2. The Government of India has notified Prevention of Money-laundering (Maintenance of Records) (Second Amendment) Rules, 2023, which is published in the Official Gazette on September 4, 2023 (Notification G.S.R. 652(E)). The said amendments came into force on the date of its publication i.e. with effect from September 4, 2023.
3. In view of the afore-referred amendments to the Prevention of Money-laundering (Maintenance of Records) Rules, 2005 and to further enhance the effectiveness of the AML/CFT framework, certain provisions of the aforesaid Master Circular shall stand modified as mentioned below: -

3.1. In Paragraph 6, the following paragraph shall be inserted at the end, namely:-

If the host country does not permit the proper implementation of AML/CFT measures consistent with the home country requirements, financial groups shall be required to apply appropriate additional measures to manage the ML/TF risks, and inform SEBI.

3.2. After paragraph 7A and before paragraph 8, the following paragraph "7B" shall be inserted, namely: -

7B. Financial groups shall be required to implement group wide programmes for dealing with ML/TF, which shall be applicable, and appropriate to, all branches and majority owned subsidiaries of the financial group as under:

- a. Policies and procedures for sharing information required for the purposes of CDD and ML/TF risk management;

- b. The provision, at group level compliance, audit, and/or AML/CFT functions, of customer, account, and transaction information from branches and subsidiaries when necessary for AML/CFT purposes. This shall include information and analysis of transactions or activities which appear unusual (if such analysis was done);

Similar provisions for receipt of such information by branches and subsidiaries from these group level functions when relevant and appropriate to risk management; and

- c. Adequate safeguards on the confidentiality and use of information exchanged, including safeguards to prevent tipping-off.

SAPNA SINHA

Deputy General Manager

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09 Extension in timeline for compliance with qualification and experience requirements under Regulation 7(1) of SEBI (Investment Advisers) Regulations, 2013

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/MIRSD/MIRSD-PoD-2/P/CIR/2023/168 dated 10.10.2023]

1. Regulation 7 of SEBI (Investment Advisers) Regulations, 2013, as amended vide SEBI (Investment Advisers) (Amendment) Regulations, 2020, specifies the qualification and experience requirements for investment advisers and provides that an individual investment adviser or principal officer of a non-individual investment adviser registered under these regulations and persons associated with investment advice shall comply with the enhanced qualification and experience requirements specified in regulation 7(1) within a period of three years, i.e., by September 30, 2023.
2. Based on the representations received from various stakeholders and in view of the emerging landscape of the domain of investment advice, the first proviso to regulation 7(1) of SEBI (Investment Advisers) Regulations, 2013 has been amended with effect from September 30, 2023, vide the SEBI (Investment Advisers) (Amendment) Regulations, 2023 dated October 09, 2023. Accordingly, it is now specified that the timeline to comply with the enhanced qualification and experience requirements under regulation 7(1) is extended to September 30, 2025.
3. BSE Administration & Supervision Limited is directed to bring the provisions of this circular to the notice of its members and also disseminate the same on its website.
4. This circular is issued in exercise of the powers conferred under section 11(1) of the Securities and

Exchange Board of India Act, 1992 read with regulation 7(1) SEBI (Investment Advisers) Regulations, 2013, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

5. This circular is available on the SEBI website at www.sebi.gov.in under the categories "Legal → Circulars" and "Info for → Investment Advisers".

SRISHTI AMBOKAR

Deputy General Manager

10 Relaxation from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Reg.

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2023/167 dated 07.10.2023]

1. SEBI Master Circular dated July 11, 2023 on compliance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) (LODR) Regulations, 2015 by listed entities ("Master Circular") inter-alia relaxed the applicability of regulation 36(1) (b) of the LODR Regulations for Annual General Meetings (AGMs) and regulation 44(4) of the LODR Regulations for general meetings (in electronic mode) held till September 30, 2023 (section VI-J) of the Master Circular).
2. MCA, vide General Circular No. 09/2023 dated September 25, 2023, has extended the relaxation from sending physical copies of financial statements (including Board's report, Auditor's report or other documents required to be attached therewith) to the shareholders, for the AGMs conducted till September 30, 2024. SEBI has also received representations to extend the relaxations mentioned at para 1 above.
3. In view of the above, it has been decided to extend the relaxations mentioned at para 1 above till September 30, 2024.
4. It is reiterated that the listed entities shall ensure compliance with the conditions stipulated at para 5.1 and 5.2 of section VI-J of chapter VI of the Master Circular while availing the relaxations provided above.
5. This Circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 read with Regulation 101 of the LODR Regulations and the relaxations contained herein are subject to the provisions of the Companies Act, 2013 and rules made thereunder.
6. This Circular is available at www.sebi.gov.in under the link "Legal→Circulars".

RAJ KUMAR DAS

Deputy General Manager

11

Requirement of Base Minimum Capital Deposit for Category 2 Execution Only Platforms

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/MRD/POD-III/CIR/2023/165 dated 06.10.2023]

1. SEBI vide circular No. SEBI/HO/IMD/IMD-PoD-1/P/ CIR/2023/86 dated June 13, 2023 had prescribed the regulatory framework for Execution Only Platforms (EOP) for facilitating transactions in direct plans of schemes of Mutual Funds through their technology or digital platforms. An EOP for facilitating transactions in direct plans of schemes of Mutual Funds, means any digital or online platform which facilitates transactions such as subscription, redemption and switch transactions in direct plans of schemes of Mutual Funds.
2. Any entity desirous of operating as an EOP can obtain registration under one of the following two categories:
 - a. Category 1 EOP: Entities desirous of operating as Category 1 EOP are required to obtain registration from AMFI and shall act as an agent of AMC(s) and can provide service to investors and other intermediaries. Category 1 EOPs shall follow the guidelines specified by AMFI in consultation with SEBI. Category 1 EOPs are not required to maintain any deposit with AMFI for operating as an EOP.
 - b. Category 2 EOP: Category 2 EOPs are required to obtain registration as a Stock Broker in terms of SEBI (Stock Brokers) Regulations, 1992 under the EOP segment of Stock Exchanges. Category 2 EOPs shall operate as an agent of investor and provide services to investors directly and shall not act as an aggregator of the transactions in direct plans of schemes of Mutual Funds. They shall follow various requirements applicable to stock brokers, including maintenance of deposit with the stock exchange.
3. SEBI vide Circulars No. SMD/SED/RCG/270/96 dated January 19, 1996, No. MRD/DoP/SE/Cir-07/2005 dated February 23, 2005 and No. CIR/MRD/DRMNP/36/2012 dated December 19, 2012 had prescribed the requirement of Base Minimum Capital (BMC) deposit for stock brokers trading on stock exchange. BMC is the deposit given by the member of the stock exchange against which no exposure for trades is allowed.
4. In this regard, it has been decided that the members of stock exchanges functioning only in EOP segment (Category 2 EOP) shall maintain a sum of Rs. 10 Lakhs with the stock exchange as BMC deposit. However, for members having registration of more than one segment on the same stock exchange, the BMC deposit requirement shall not be additive for such number of segments and shall be the highest applicable BMC deposit, across various segments.

5. The SEBI circulars specified at paragraph 3 above, stand modified suitably. All other relevant provisions with respect to BMC Deposit shall continue to remain applicable.
6. The provisions of this circular shall be implemented immediately.
7. Stock exchanges are directed to:
 - a. take necessary steps and put in place necessary systems for the implementation of the above;
 - b. make necessary amendments to the relevant by-laws, rules and regulations, wherever applicable, for the implementation of the above; and
 - c. bring the provisions of this circular to the notice of market participants (including investors) and also disseminate the same on their website.
8. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
9. This Circular is available on SEBI website at www.sebi.gov.in.

HRUDA RANJAN SAHOO

Deputy General Manager

12

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

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/DDHS/P/CIR/2023/0164 /dated 06.10.2023]

1. Regulation 58(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") provides that a listed entity shall send a hard copy of the statement containing the salient features of all the documents, as specified in Section 136 of Companies Act, 2013 and rules made thereunder to those holders of non-convertible securities who have not so registered.
2. SEBI, vide Circular no. SEBI/HO/CFD/CMD1/ CIR/P/2020/79 dated May 12, 2020, relaxed the aforesaid provisions pursuant to relaxations by the Ministry of Corporate Affairs (MCA) vide Circular dated May 5, 2020. Thereafter, further extensions were granted by SEBI pursuant to MCA relaxations vide:
 - a) Circular no. SEBI/HO/CFD/CMD2/CIR/P/2021/ 11 dated January 15, 2021, till December 31, 2021;
 - b) Circular no. SEBI/HO/DDHS/P/CIR/2022/0063 dated May 13, 2022 up to December 31, 2022 and
 - c) Circular no. SEBI/HO/DDHS/RACPOD1/CIR/P/ 2023/001 dated January 05, 2023 up to September 30, 2023.

3. MCA vide circular dated September 25, 2023, has, inter-alia, extended the relaxation from dispatching of physical copies of the financial statements (including Board's report, Auditor's report or other documents required to be attached therewith) up to September 30, 2024.
4. Consequently, it has been decided to relax, up to September 30, 2024, the requirements of regulation 58 (1)(b) of the SEBI Listing Regulations.
5. This Circular shall come into force with immediate effect.
6. Stock Exchanges are advised to bring the provisions of this circular to the notice of all entities with listed non-convertible securities and disseminate on their websites.
7. The Circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 read with Regulation 101 of the SEBI Listing Regulations.

PRADEEP RAMAKRISHNAN

General Manager

13

Centralized mechanism for reporting the demise of an investor through KRAs

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/0000000163 dated 03.10.2023]

1. It has been decided to introduce a centralized mechanism for reporting and verification in case of the demise of an investor and thereby smoothen the process of transmission in securities market. This circular spells out the operational norms including the obligations of regulated entities, including registered intermediaries that have interface with 'investors' / 'account holders' (used interchangeably) who are natural persons.
2. Listed companies wanting to provide the beneficial access to such a centralized mechanism to their investors¹ holding securities in physical form, are eligible to establish connectivity with KRA through their RTAs.

Obligation of Intermediary – verification of the death certificate

3. Upon receipt of intimation about the demise of an investor from a joint account holder(s) or nominee(s) or legal representative or family member (hereinafter, collectively referred to as 'notifier(s)', the 'concerned intermediary'² shall obtain the death certificate along with the PAN from the notifier and carry out the following steps;
 - a. Verify the death certificate (to be completed by the next working day of its receipt)

- i. Online viz. the website of the issuing Government authority, or
- ii. Offline: OSV ('Original Seen and Verified') process by intermediary

The intermediary shall treat the OSV of the death certificate accompanied with the PAN of deceased investor, received electronically along with the credentials of the notifier (including his / her PAN) and the validation report from an Investor Service Centre (ISC) of the Stock Exchange or Depository (MII)³, to be on par with its own OSV.

- b. Record and retain self-certified copy of proof of identity, relationship with deceased and contact details of the notifier.
4. If the concerned intermediary, after receiving information about the demise of the investor from the notifier or after inferring⁴ the same, does not have access to or is not in a position to obtain the death certificate, then it shall carry out the following steps;
 - a. Intimate⁵ the investor, notifier(s), or the nominee(s) that the KYC status of the investor has been flagged off as "On Hold" and require them to furnish the death certificate of the concerned investor.
 - b. Upon receipt of the death certificate, the intermediary shall follow the steps as per paragraph 3 above.

Obligation of intermediary - Updation of records in the KRA system by the Intermediary

5. After verification of the death certificate, the concerned intermediary shall (on the same day of verification):
 - a. Submit a 'KYC modification request' to the KRA that "information on death of investor received; death certificate verified" and also upload the relevant documents⁶
 - b. Block⁷ all debit transactions in the account / folios of the deceased investor.

It is noted that for joint accounts, the specified mode of operation should be adhered to, and if the account is operated on Either OR Survivor, or Anyone or Survivor, etc. (i.e. modes other than joint mode), the account operation in such mode shall continue.

S. MANJESH ROY

General Manager

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14 Banking Regulation (Amendment) Act 2020 - Change in Name of Co-operative Banks

[Issued by the Reserve Bank of India vide RBI/2023-24/79 DoR.REG/LIC. No.55/07.01.000/2023-24 dated 30.10.2023]

Pursuant to the notification of the Banking Regulation (Amendment) Act (No. 39 of 2020), Sections 49B and 49C of Banking Regulation Act, 1949 ('BR Act') are applicable to Co-operative Banks. In terms of Section 49B, the Central Registrar of Cooperative Societies (CRCS)/Registrar of Cooperative Societies (RCS) shall not signify its approval to the change of name of any co-operative bank unless the Reserve Bank certifies in writing that it has no objection to such change. Further, in terms of Section 49C, no application for the confirmation of the alteration of by-laws of a co-operative bank shall be maintainable unless Reserve Bank certifies that there is no objection to such alteration.

- Accordingly, it has been decided to issue guidelines with regard to the procedure to be followed for any change in name by a Co-operative Bank as enclosed in Annex -1.

Commencement

- These guidelines will come into effect from the date of issue of this circular.

MANORANJAN PADHY

Chief General Manager

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15 Clarification regarding Shifting of Branches/ Offices/Extension Counters within the same city, town or village by District Central Co-operative Banks (DCCBs) and Guidelines on Closure of Branches and Extension Counters by DCCBs

[Issued by the Reserve Bank of India vide RBI/2023-24/78 DoR.REG/LIC. No.54/19.51.052/2023-24 dated 30.10.2023]

Pursuant to the amendment to the Banking Regulation Act (No.39 of 2020) dated September 29, 2020, District Central Co-operative Banks (DCCBs) are permitted to open new place of business/install ATMs or shift the location of such offices only after obtaining prior approval of the Reserve Bank of India (RBI). Accordingly, guidelines for opening of new place of business by District Central Co-operative Banks (DCCBs) – Section 23 of the Banking Regulation Act, 1949 (As Applicable to Co-operative Societies) were issued vide Circular DOR.REG.No.63/19.51.052/2022-23 dated August 11, 2022.

- In this regard, RBI has been receiving references seeking clarifications on shifting of branches within the same locality and closure of un-remunerative branches by District Central Co-operative Banks (DCCBs).
- On examination of the matter, it has been decided to issue requisites clarifications regarding Shifting

of Branches/Offices/Extension Counters within the same city, town or village by DCCBs and Guidelines on Closure of Branches and Extension Counters by DCCBs, as enclosed in Annex - 1.

Commencement

- These guidelines will come into effect from the date of issue of this circular.

Applicability

- This circular is applicable to all District Central Co-operative Banks.

MANORANJAN PADHY

Chief General Manager

Complete details are not published here for want of space. For complete notification readers may log on to www.rbi.org.in

16 Joining the Account Aggregator Ecosystem as Financial Information User

[Issued by the Reserve Bank of India vide RBI/2023-24/77 DoR.FIN. REC.53/03.10.123/2023-24 dated 26.10.2023]

Please refer to the Master Direction – Non-Banking Financial Company - Account Aggregator (Reserve Bank) Directions, 2016.

- It has been observed that certain entities, which are eligible to join Account Aggregator (AA) ecosystem as Financial Information Provider (FIP), have onboarded as Financial Information User (FI-U) only. Consequently, such entities are accessing financial information from other FIPs but are not providing the financial information held by them. As such, with a view to ensure efficient and optimum utilisation of the AA ecosystem, it has been decided that regulated entities of the Bank joining the AA ecosystem as FI-U shall necessarily join as FIP also, if they hold the specified financial information and fall under the definition of FIP.
- The Master Direction – Non-Banking Financial Company - Account Aggregator (Reserve Bank) Directions, 2016, is being modified accordingly.

R. LAKSHMI KANTH RAO

Chief General Manager

17 Review of Financial Information Provider (FIP) under Account Aggregator Framework

[Issued by the Reserve Bank of India vide RBI/2023-24/76 DoR.FIN. REC.52/03.10.123/2023-24 dated 26.10.2023]

Please refer to the paragraph 3(1)(xi) of Master Direction – Non-Banking Financial Company - Account Aggregator (Reserve Bank) Directions, 2016 defining the term 'Financial Information Provider'.

- As per National Pension System (NPS) architecture, Central Recordkeeping Agency (CRA), registered under section 27 of the Pension Fund Regulatory and

Development Authority (PFRDA) Act, 2013, acts as an interface between the different intermediaries in the NPS system. CRAs hold information pertaining to the subscribers including the balances under NPS. Accordingly, and as suggested by the PFRDA, it has been decided to replace 'Pension Fund' with 'Central Recordkeeping Agency' as the financial information provider in the AA ecosystem.

3. The Master Direction – Non-Banking Financial Company - Account Aggregator (Reserve Bank) Directions, 2016, is being modified accordingly.

R. LAKSHMI KANTH RAO

Chief General Manager

18 Review of Instructions on Bulk Deposits for Regional Rural Banks (RRBs)

[Issued by the Reserve Bank of India vide RBI/2023-24/75 DoR.SPE. REC.50/13.03.00/2023-2024 dated 26.10.2023]

Please refer to Para 3 (a) (i) of Master Direction - Reserve Bank of India (Interest Rate on Deposits) Directions, 2016 dated March 3, 2016, in terms of which "Bulk Deposit" means:

- Single Rupee term deposits of Rupees two crore and above for Scheduled Commercial Banks (excluding Regional Rural Banks) and Small Finance Banks.
 - Single Rupee term deposits of Rupees fifteen lakhs and above for RRBs.
2. On a review, it has been decided to enhance the bulk deposit limit for Regional Rural Banks. Accordingly, "Bulk Deposit" for Regional Rural Banks would now mean Single Rupee term deposits of Rupees one crore and above. The relevant sections of the Master Direction as amended are indicated in the Annex.
 3. All other instructions in this regard shall remain unchanged.

SUNIL T. S. NAIR

Chief General Manager

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19 Non-Callable Deposits - Master Direction on Interest Rate on Deposits

[Issued by the Reserve Bank of India vide RBI/2023-24/74 DOR.SPE. REC. No 51/13.03.000/2023-24 dated 26.10.2023]

Please refer to the instructions contained in Section 7 of the Master Direction (MD) on Interest Rate on Deposits dated March 03, 2016 and Master Direction - Reserve Bank of India (Co-operative Banks - Interest Rate on Deposits) Directions, 2016 dated May 12, 2016. In terms of these instructions, banks have been permitted to offer domestic term deposits (TDs) without premature withdrawal option, provided that all TDs accepted from individuals

for an amount of Rupees fifteen lakh and below shall have premature-withdrawal-facility. Further, the banks have also been permitted to offer differential rate on interest on TDs based on non-callability of deposits (i.e., non-availability of premature withdrawal option) in addition to tenor and size of deposits.

2. On a review, it has been decided that (i) the minimum amount for offering non-callable TDs may be increased from Rupees fifteen lakh to Rupees one crore i.e., all domestic term deposits accepted from individuals for amount of Rupees one crore and below shall have premature-withdrawal-facility and (ii) these instructions shall also be applicable for Non-Resident (External) Rupee (NRE) Deposit / Ordinary Non-Resident (NRO) Deposits.
3. Accordingly, the relevant sections of the Master Direction have been amended as indicated in the Annex.
4. All other instructions shall remain unchanged.

Applicability

5. This circular is applicable to all Commercial Banks and Co-operative Banks.
6. These instructions shall come into force with immediate effect.

SUNIL T S NAIR

Chief General Manager

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20 Framework for compensation to customers for delayed updation/ rectification of credit information

[Issued by the Reserve Bank of India vide RBI/2023-24/72 DoR.FIN. REC.48/20.16.003/2023-24 dated 26.10.2023]

Please refer to para 4 of the Statement on Developmental and Regulatory Policies released with the Bi-monthly Monetary Policy Statement 2023-24 on April 6, 2023, wherein it was announced, inter alia, that a compensation mechanism will be put in place for delayed updation/rectification of credit information by the credit institutions (CIs) and credit information companies (CICs).

2. Accordingly, in exercise of the powers conferred by sub-section (1) of section 11 of the Credit Information Companies (Regulation) Act, 2005 (CICRA, 2005), the Reserve Bank of India directs CICs and CIs to implement the compensation framework for delayed updation/rectification of credit information by CIs and CICs as detailed below:
 - (a) Complainants shall be entitled to a compensation of ₹100 per calendar day in case their complaint is not resolved within a period of thirty (30) calendar days from the date of the initial filing of the complaint by the complainant with a CI/ CIC.

Explanation:

- (i) Section 21 (3) of CICRA, 2005 provides that a complainant may request a CIC or CI to update the credit information by making an appropriate correction, addition or otherwise, and on such request the CI or CIC shall take steps to update the credit information within thirty (30) days after being requested to do so.
- (ii) Rule 20 (3) (c) of CIC Rules, 2006 provides that the CI shall forward the corrected particulars of the credit information to the CIC or complainant within a period of twenty-one (21) days from the date when the CI was informed of the inaccuracy in the credit information.
- (iii) The combined reading of Section 21(3) of CICRA, 2005 and Rule 20 (3) (c) of Credit Information Companies Rules, 2006 provide the CI and the CIC, collectively, an overall limit of thirty (30) days to resolve/ dispose of the complaint. In effect, this would mean that a CI would get twenty-one (21) days and CICs would effectively get the remainder of nine (9) days for complete resolution of the complaint.

R. LAKSHMI KANTH RAO

Chief General Manager

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21 Strengthening of customer service rendered by Credit Information Companies and Credit Institutions

[Issued by the Reserve Bank of India vide RBI/2023-24/73 DoR.FIN. REC.49/20.16.003/2023-24 dated 26.10.2023]

Please refer to para 4 of the Statement on Developmental and Regulatory Policies released with the Bi-monthly Monetary Policy Statement 2023-24 on April 6, 2023, wherein it was announced that a comprehensive framework will be put in place for strengthening and improving the efficacy of the grievance redress mechanism and customer service provided by the Credit Institutions (CIs) and Credit Information Companies (CICs).

2. Accordingly, in exercise of the powers conferred by sub-section (1) of section 11 of the Credit Information Companies (Regulation) Act, 2005 (CICRA, 2005), the Reserve Bank of India directs CICs and CIs to implement the directions as detailed below:
 - 2.1. Intimation of access to Credit Information Report and updation of credit information with Credit Information Companies
 - (a) CICs shall send alerts through SMS/ email to customers when their Credit Information Report (CIR) is accessed by the Specified Users (SUs) as defined in sub-section (l) of section 2 of CICRA, 2005, wherever mobile number/ email ID details of the customers are available. The alerts shall be sent by CICs only when the CIR enquiry reflects in the CIR of the customer.

- (b) CIs shall send alerts through SMS/ email to customers while submitting information to CICs regarding default/ Days Past Due (DPD) in existing credit facilities, wherever the mobile number/email ID details are available.
- (c) To enable sending of alerts through SMS/ email, the Uniform Credit Reporting Format for reporting credit information by CIs to CICs has been modified as detailed in Annex (Item 1).
- (d) CIs are advised to organise special awareness campaigns to sensitise their customers about benefits of submission of their mobile numbers/ email IDs.

R. LAKSHMI KANTH RAO

Chief General Manager

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22 Reserve Bank of India (Financial Statements - Presentation and Disclosures) Directions, 2021: Presentation of unclaimed liabilities transferred to Depositor Education and Awareness (DEA) Fund

[Issued by the Reserve Bank of India vide RBI/2023-24/71 DOR. ACC.47/21.04.018/2023-24 dated 25.10.2023]

The 'Notes and Instructions for compilation' given in Annex II to the Reserve Bank of India (Financial Statements - Presentation and Disclosures) Directions, 2021 (Master Direction) require commercial banks to present all unclaimed liabilities, where the amount due has been transferred to the Depositor Education and Awareness (DEA) Fund established under the DEA Fund Scheme, 2014, under 'Schedule 12- Contingent Liabilities - Other items for which the bank is contingently liable'.

2. To ensure consistency in presentation of financial statements, it is advised that all co-operative banks shall present all unclaimed liabilities (where the amount due has been transferred to DEA Fund) under "Contingent Liabilities – Others".
3. Further, all banks shall specify in the disclosures¹ in the notes to accounts to the financial statements that balances of the amount transferred to DEA Fund are included under 'Schedule 12 - Contingent Liabilities - Other items for which the bank is contingently liable' or 'Contingent Liabilities - Others,' as the case may be.

Applicability

4. These instructions are applicable to all commercial and cooperative banks for preparation of financial statements for the financial year ending March 31, 2024 and onwards.
5. The Reserve Bank of India (Financial Statements - Presentation and Disclosures) Directions, 2021 stands updated to reflect these changes.

USHA JANAKIRAMAN

Chief General Manager

23 Appointment of Whole-Time Director(s)

[Issued by the Reserve Bank of India vide RBI/2023-24/70 DOR.HGG.GOV.REC.46/29.67.001/2023-24 dated 25.10.2023]

Please refer to paragraph 10 and 11 of our instructions DOR.GOV. REC.8/29.67.001/2021-22 dated April 26, 2021 on 'Corporate Governance in Banks - Appointment of Directors and Constitution of Committees of the Board'.

2. Given the growing complexity of the banking sector, it becomes imperative to establish an effective senior management team in the banks to navigate ongoing and emerging challenges. Establishment of such a team may also facilitate succession planning, especially in the background of the regulatory stipulations in respect of tenure and upper age limit for Managing Director and Chief Executive Officer (MD&CEO) positions.
3. To address these issues and challenges, banks are advised to ensure the presence of at least two Whole Time Directors (WTDs), including the MD&CEO, on their Boards. The number of WTDs shall be decided by the Board of the bank by taking into account factors such as the size of operations, business complexity, and other relevant aspects. In compliance to these instructions, banks that currently do not meet the minimum requirement as above are advised to submit their proposals for the appointment of WTD(s) under Section 35B(1)(b) of the Banking Regulation Act, 1949, within a period of four months from the date of issuance of this circular. Those banks which do not already have the enabling provisions regarding appointment of WTDs in their Articles of Association may first seek necessary approvals under Section 35B(1)(a) of the Act *ibid*, expeditiously, so as to be in a position to comply with the requirements under these instructions. While ensuring compliance to the above instructions, careful consideration shall also be given to meet the requirements under other applicable statutory/regulatory provisions.

SCENTA JOY

Chief General Manager

24 Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023

[Issued by the Reserve Bank of India vide RBI/DoR/2023-24/105 DoR.FIN.REC.No.45/03.10.119/2023-24 dated 19.10.2023]

The Reserve Bank of India, having considered it necessary in the public interest, and being satisfied that, for the purpose of enabling the Reserve Bank to regulate the financial system to the advantage of the country and to prevent the affairs of any Non-Banking Financial Company from being conducted in a manner detrimental to the interest of investors and depositors or in any manner prejudicial to the interest of such NBFCs, and in exercise of the powers conferred under sections 45JA, 45K, 45L and 45M of the Reserve Bank of India Act, 1934 (Act 2 of 1934) and section 3 read with section 31A and section 6 of the Factoring Regulation Act, 2011 (Act 12 of 2012), hereby issues to every NBFC, in supersession of the Non-Banking Financial Company–Non-Systemically

Important Non-Deposit taking (Reserve Bank) Directions, 2016 and Non-Banking Financial Company–Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (the Directions), hereinafter specified.

J P SHARMA

Chief General Manager

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25 Amendment to the Master Direction (MD) on KYC

[Issued by the Reserve Bank of India vide RBI/2023-24/69 DOR.AML.REC.44/14.01.001/2023-24 dated 17.10.2023]

Please refer to the Master Direction (MD) on KYC dated February 25, 2016, as amended from time to time, in terms of which Regulated Entities (REs) have to undertake Customer Due Diligence (CDD), as per the process laid out therein, for their customers.

2. In this regard, on a review, it has been decided to amend the MD on KYC to:
 - (a) Update certain instructions considering amendments to the PML Rules vide Government notifications dated September 4, 2023 and October 17, 2023;
 - (b) Update Annex II of the MD considering the changes to Government of India Order related to Unlawful Activities (Prevention) Act (UAPA), 1967, vide corrigendum dated August 29, 2023;
 - (c) Update Annex III of the MD by replacing the Government of India Order dated January 30, 2023, related to Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005 (WMD Act, 2005) with the Government of India Order dated September 1, 2023 (which has been issued by the Government in suppression of the earlier WMD Act Order dated January 30, 2023), on the matter;
 - (d) Update certain instructions in accordance with the FATF Recommendations;
 - (e) Add a new Section 55A, on FCRA, in the MD on KYC; and
 - (f) Update certain other instructions post review.

The changes carried out in the MD in this regard are provided in Annexure.

3. Accordingly, the relevant Sections of the MD on KYC are hereby amended to reflect the changes furnished in Annexure. The amended provisions in the MD shall come into force with immediate effect.

SANTOSH KUMAR PANIGRAHY

Chief General Manager

26 Reverse Repo transactions - Reporting in Form 'A' Return

[Issued by the Reserve Bank of India vide RBI/2023-24/68 DoR.RET.REC.43/12.01.001/2023-24 dated 16.10.2023]

Please refer to Form A Return in the Master Direction - Reserve Bank of India [Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR)] Directions - 2021 (updated as on September 25, 2023) regarding the reporting of Reverse Repo transactions by Commercial Banks.

2. In order to bring uniformity in reporting of Reverse Repo transactions in the Form A Return by various banks, it is clarified that the banks should adhere to the following practice for presentation of Reverse Repo transactions in the above return:
 - A. Reverse Repo transactions with the banks should be reported as under:
 - i. For original tenors up to and inclusive of 14 days
 - a) Item III(b) of Form A (i.e. Money at call and short notice) and;
 - b) Memo item 2.1 of Annex A to Form A (i.e. under Inter Bank Assets)
 - ii. For original tenors more than 14 days
 - a) Item III(c) of Form A (i.e. Advances to banks) and;
 - b) Memo item 2.1 and 2.2 of Annex A to Form A (i.e. under Inter Bank Assets)
 - B. Reverse Repo transactions with non-banks (other institutions) for all tenors should be reported under Item VI(a) of Form A [i.e. Loans, cash credits and overdrafts under Bank Credit in India (excluding inter-bank advances)].

BRIJ RAJ

Chief General Manager

27 Prompt Corrective Action (PCA) Framework for Non-Banking Financial Companies (NBFCs) – Extension to Government NBFCs

[Issued by the Reserve Bank of India vide RBI/2023-24/67 Ref. No.DoS.CO.PPG/SEC.05/11.01.005/2023-24 dated 10.10.2023]

Reserve Bank of India introduced PCA Framework for NBFCs on December 14, 2021. The Framework has since been reviewed and it has been decided to extend the same to Government NBFCs (except those in Base Layer) with effect from October 1, 2024, based on the audited financials of the NBFC as on March 31, 2024, or thereafter.

TARUN SINGH

Chief General Manager

28 Gold Loan – Bullet Repayment – Primary (Urban) Co-operative Banks (UCBs)

[Issued by the Reserve Bank of India vide RBI/2023-24/66 DOR.CRE.REC.42/07.10.002/2023-24 dated 06.10.2023]

Please refer to the circular UBD.BPD.(PCB).Cir.No.25/13.05.001/2014-15 dated October 30, 2014, in terms of which UCBs were permitted to extend gold loans up to ₹2.00 lakh with bullet repayment option, subject to certain conditions.

2. Reference is also invited to para 5 of our circular DOR.CRE.REC.18/07.10.002/ 2023-24 dated June 8, 2023 wherein it is stated that incentives to UCBs meeting the Priority Sector Lending (PSL) targets shall be announced separately. Accordingly, as announced vide para 3 of Statement on Developmental and Regulatory Policies dated October 6, 2023, it has been decided to increase the monetary ceiling of gold loans that can be granted under the bullet repayment scheme, from ₹2.00 lakh to ₹4.00 lakh for those UCBs who have met the overall PSL target and sub targets as on March 31, 2023 and continue to meet the targets and sub-targets as prescribed at para 2 of our circular dated June 8, 2023, *ibid*.
3. The limits prescribed above are effective from the date of this circular. All other provisions of the aforesaid circulars remain unchanged.

MANORANJAN MISHRA

Chief General Manager

29 Status of March 31, 2024 for Government transactions through integration with e-Kuber

[Issued by the Reserve Bank of India vide RBI/2023-24/65 CO.DGBA.GBD.No.S646/42-01-029/2023-2024 dated 03.10.2023]

The 'e-Kuber' which is the Core Banking Solution platform of RBI for Government and other payments does not process any Government transactions on Global holidays (which are 26th January, 15th August, 2nd October, all 2nd and 4th Saturdays of a month and on all Sundays). It is observed that March 31, 2024 falls on a Sunday. The office of Controller General of Accounts, Government of India has advised that in order to account for all the Government transactions relating to receipts and payments in the financial year 2023-24 itself, it has been decided that March 31, 2024 (Sunday) be marked as a working day for the Government transactions so that all the Government transactions through integration with e-Kuber are processed on March 31, 2024 and accounted for in the financial year 2023-24 itself for arriving the cash balance of Government of India as on March 31, 2024.

2. Also, the luggage files from banks for transferring the data related to Government transactions to RBI would also be accepted by e-Kuber system on March 31, 2024 for accounting of the same in the account for the financial year 2023-24.

INDRANIL CHAKRABORTY

Chief General Manager