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## MCA amends CSR Schedule VII of Companies Act, 2013



The Ministry of corporate affairs notified and amended on 24<sup>th</sup> August 2020 item of Schedule VII of the Companies Act which relates to Activities which may be included by companies in their Corporate Social Responsibility Policies. The following items and entries shall be substituted, namely:

- Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and
- Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organization (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and

medicine aimed at promoting Sustainable Development Goals (SDGs).

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## Resources for Trustees of Mutual Funds



The Securities Exchange Board of India (SEBI) has notified on Resources for Trustees of Mutual Funds after interactions with the Trustees who had requested for providing administrative assistance to Trustees in monitoring various activities of the Asset Management Companies. Regulation 18(25)(B)(i) of SEBI (Mutual Funds) Regulations, 1996 states that the Trustees shall obtain internal audit reports at regular intervals from independent auditors appointed by the Trustees.

The key points in the notification read thus;

- 1 Trustees shall appoint a dedicated officer having professional qualifications and a minimum of 5 years of experience in finance and financial services related field.
  - (a) The officer so appointed, shall be employee of the Trustees and directly report to the Trustees.
  - (b) The scope of work for the said officer shall be specified by Trustees from time to time to support the role and responsibilities of the Trustees. The officer shall accordingly assist the Trustees and discharge the activities assigned to him.

(c) The said officer shall be treated as an access person in terms of SEBI Circular No. MFD/CIR No.4/216/2001 dated May 08, 2001.

- Further, Trustees shall have standing arrangements with independent firms for special purpose audits and/or seek legal advice in case of any requirement as identified and whenever considered necessary.
- The expenditure incurred for the above shall be charged under clause 52(b)(iv) “fees and expenses of trustees” of SEBI (Mutual Funds) Regulations, 1996.
- Notwithstanding the above, the Trustees shall however continue to be liable for the discharge of various fiduciary responsibilities as cast upon them in the SEBI (Mutual Funds) Regulations, 1996.

This shall be applicable with effect from October 01, 2020.

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### SEBI issues administration and supervision guidelines for Investment Advisors



The Securities and Exchange Board of India (SEBI) on August 06, 2020 has issued a circular on administration and supervision of Investment Advisors. According to Regulation 14 of the SEBI (Investment Advisors) Regulations, 2013 which specifies the

recognition of body or body corporates for regulation of investment advisors, SEBI can regulate and supervise such investment advisors on terms and conditions specified. In lieu with the growing number of registered investment advisers (IA), it is decided to recognize a wholly owned subsidiary of the stock exchange to administer and supervise IA's registered with SEBI.

The detailed notification can be found in the below link:

[Link to notification](#)

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### Temporary relaxation in processing of documents pertaining to Foreign Portfolio Investors (FPIs) due to COVID-19



SEBI vide Circular No. SEBI/HO/FPI&C/CIR/P/2020/056 dated March 30, 2020 had prescribed temporary relaxation in processing of documents pertaining to FPIs due to COVID-19. Further, vide Circular No. SEBI/HO/FPI&C/CIR/P/2020/104 dated June 23, 2020, the temporary relaxations were extended till August 31, 2020.

- It is understood that while lockdown has been lifted in many jurisdictions, certain jurisdictions continue to be under lockdown in view of the prevailing situation due to COVID-19 pandemic.

- In view of the representations received from various stakeholders, it has been decided that for the entities from jurisdictions which are still under lockdown, the temporary relaxations shall be extended to the entities from such jurisdictions till the time lockdown is lifted from such jurisdictions. However, in-transit applications shall be processed on the basis of provisions of aforesaid circular dated March 30, 2020.
- It may be noted that for the entities from jurisdictions where lockdown has already been lifted, the relaxation provided under the aforesaid circular dated March 30, 2020 shall not be applicable.
- All other terms and conditions specified in the aforesaid circular dated March 30, 2020 shall remain unchanged.
- This circular is issued in exercise of powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 and Sub-rule 14(i) of Rule 9 of the Prevention of Money-laundering (Maintenance of Records) Rules, 2005 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
- A copy of this circular is available at the web page “Circulars” on our website [www.sebi.gov.in](http://www.sebi.gov.in).
- DDPs & Custodians are requested to bring the contents of this circular to the notice of their FPI clients.

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### Relaxation from default recognition due to restructuring of debt



Credit Rating Agencies (CRAs) recognize default based on the guidance issued vide SEBI circulars dated May 3, 2010 and November 1, 2016. Further, SEBI vide circular dated March 30, 2020 had provided for relaxation from recognition of default owing to moratorium permitted by RBI and lockdown due to COVID-19 pandemic.

- The Reserve Bank of India (RBI), vide notification no. RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated August 6, 2020, has provided for a resolution framework for COVID-19 related stress.
- Based on its assessment, if the CRA is of the view that the restructuring by the lenders/ investors is solely due to COVID-19 related stress or under the aforementioned RBI framework, CRAs may not consider the same as a default event and/or recognize default. Appropriate disclosures in this regard shall be made in the Press Release.
- The above relaxation is extended till December 31, 2020.

- This circular is issued in exercise of the powers conferred by Section 11 (1) of Securities and Exchange Board of India Act, 1992 read with the provisions of Regulation 20 of SEBI (Credit Rating Agencies) Regulations, 1999, to protect the interest of investors in securities and to promote the development of, and to regulate, the securities market.

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