



Regulatory updates



Amendments to SEBI regulations

ICDR Regulations

The Securities and Exchange Board of India (SEBI) through a notification dated 28 September 2020 has amended the provisions relating to rights issue under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (ICDR Regulations).

Key amendments are as follows:

- **Applicability of ICDR Regulations:** The provisions of the ICDR Regulations are now applicable to a rights issue by a listed issuer where the aggregate value of the issue is **INR50 crore** (earlier INR10 core) or more.
- **Minimum subscription:** Currently, the minimum subscription to be received in the issue should be at least 90 per cent of the offer through the offer document. In case of non-receipt of minimum subscription, all application monies received should be refunded to the applicants not later than 15 days from the closure of issue.

Amendment

As per the amendment, the minimum subscription criteria will not be applicable to an issuer if:

- a. The objects of the issue involves financing other than financing of capital expenditure for a specific project and
 - b. The promoter(s) and the promoter group of the issuer undertake to subscribe fully their portion of rights entitlements and do not renounce their rights entitlements except to the extent of renunciation within the promoter group.
- **Eligibility conditions for fast track rights issue:** Currently, an issuer is required to satisfy certain conditions for making a rights issue through the fast track route. Those, *inter alia*, include the following:
 - a. No show-cause notices have been issued or prosecution proceedings have been initiated by SEBI and pending against the issuer, its promoters or whole-time directors as on the reference date.
 - b. There are no audit qualifications on the audited accounts of the issuer in respect of those financial years for which such accounts are disclosed in the letter of offer.

Amendment

The amendments have modified the above-mentioned conditions. Accordingly, an issuer is required to, *inter alia*, satisfy the following while making a rights issue through the fast track route:

- a. No show-cause notices, excluding proceedings for imposition of penalty, have been issued by SEBI and pending against the issuer, its

promoters or whole-time directors as on the reference date.

In cases where show-cause notice(s) has been issued by SEBI in a proceeding for imposition of penalty or prosecution proceedings have been initiated by SEBI against the issuer, its promoters or whole-time directors, necessary disclosures in respect of such action(s) along-with its potential adverse impact on the issuer should be made in the letter of offer.

- b. For audit qualifications, if any, in respect of any of the financial years for which financial statements are disclosed in the letter of offer, the issuer should provide the restated financial statements adjusting for the impact of the audit qualifications.

Further, for the qualifications wherein impact on the financial statements cannot be ascertained the same should be disclosed appropriately in the letter of offer.

Effective date: The amendments are effective from the date of their publication in the Official Gazette i.e. 1 October 2020.

(Source: SEBI notification no. SEBI/LAD-NRO/GN/2020/31 dated 28 September 2020)

Listing Regulations

On 8 October 2020, SEBI has issued certain amendments to the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

Key amendments are as follows:

- **Asset cover by debt listed companies:** Currently, a listed company with listed Non-Convertible Debt Securities (NCDS) is required to maintain 100 per cent asset cover in respect of NCDS which should be sufficient to discharge the principal amount at all times for the NCDS issued.

The requirement is not applicable in case of unsecured debt securities issued by regulated financial sector entities eligible for meeting capital requirements as specified by respective regulators.

Amendment

In addition to the current requirement, the amendments to the Listing Regulations permits a listed company to maintain an asset cover as per the terms of offer document/Information Memorandum and/or debenture trust deed in respect of the NCDS issued.

Additionally, the exemption from maintaining an asset cover granted to unsecured debt securities issued by regulated financial sector entities has been removed.

- **Intimation to debenture trustee:** Currently, a company with listed debt securities is required to send certain documents and intimations to the debenture trustee promptly. Those, *inter alia*, includes:
 - a. Intimations regarding revision in credit rating, default in timely payment of interest or redemption or both in respect of the NCDS and failure to create charge on assets.
 - b. A half-yearly certificate regarding maintenance of 100 per cent asset cover in respect of listed NCDS, **by either a practicing Company Secretary (CS) or a practicing Chartered Accountant (CA)**, along with the half-yearly financial results.

The submission of half-yearly certificate is not applicable in cases **where a listed entity is a bank, Non-Banking Financial Company (NBFC) registered with the Reserve Bank of India (RBI)** or where bonds are secured by a government guarantee.

Amendment

In addition to the current requirements, a listed company is required to provide an intimation of all covenants of the issue (including side letters, accelerated payment clause, etc.) to the debenture trustees.

Further, the requirement relating to submission of half-yearly certificate has also been amended. As per the revised requirement, a listed entity is required to submit a half-yearly certificate regarding maintenance of 100 per cent asset cover **or asset cover as per the terms of offer document/Information Memorandum and/or debenture trust deed, including compliance with all the covenants**, in respect of listed NCDS, **by the statutory auditor**, along with the half-yearly financial results.

The submission of half-yearly certificate is not applicable where bonds are secured by a government guarantee. Accordingly, no exemption is available to a listed company which is a bank or NBFC from submission of the said half-yearly certificate.

(Emphasis added to highlight the changes)

- **Forensic audit (Schedule III – Part A):** Para A of Part A of Schedule III to the Listing Regulations specifies events which are deemed to be material events to be reported by companies with listed specified securities (i.e. equity shares and convertible securities) to the recognised stock exchange(s) as soon as possible but not later than 24 hours from the occurrence of the event or information. Those, *inter alia*, includes events

relating to:

- a. Fraud/defaults by a promoter, Key Managerial Personnel (KMP) or by the listed company
- b. Arrest of KMP or promoter
- c. Change in directors, KMP, auditor and compliance officer
- d. Resignation by an auditor and independent director of the listed company.

Amendment

In addition to the current requirements, every company with listed specified securities is required to make following disclosures to the stock exchange(s) in case of initiation of forensic audit (by whatever name called):

- a. The fact of initiation of forensic audit along-with name of entity initiating the audit and reasons for the same, if available
- b. Final forensic audit report (other than for forensic audit initiated by regulatory/enforcement agencies) on receipt by the listed entity along with comments of the management, if any.

Effective date: The amendments are effective from the date of their publication in the Official Gazette i.e. 9 October 2020.

For a detailed read, please refer to KPMG in India's First Notes on 'SEBI issues amendments for listed companies including disclosure of forensic audit' dated 28 October 2020.

(Source: SEBI notification no. SEBI/ LAD-NRO/GN/2020/33 dated 8 October 2020)



Debt Listing Regulations

The SEBI (Issue and Listing of Debt Securities) Regulations, 2008 (Debt Listing Regulations) are applicable to a public issue of debt securities and listing of debt securities issued through public issue or on a private placement basis on a recognised stock exchange. On 8 October 2020, SEBI has issued certain amendments to the Debt Listing Regulations.

Key amendments are as follows:

- **Revised definition of 'private placement':** Currently, 'private placement' has been defined to mean 'an offer or invitation to **less than 50 persons** to subscribe to the debt securities in terms of Section 67(3) of the **Companies Act, 1956 (1956 Act)**'.

Amendment

The amendments revised the definition of private placement in the Debt Listing Regulations. As per the revised definition, private placement would mean 'an offer or invitation to subscribe **or issue of securities to a select group of persons by a company (other than by way of public offer) through private placement offer-cum-application**, which satisfies the conditions specified in **Section 42 of the Companies Act, 2013 (2013 Act)**.

(Emphasis added to highlight the changes)

- **Creation of security:** A new requirement has been introduced by the amendments wherein an issuer is required to give an undertaking in the Information Memorandum that the assets on which charge is created are free from any encumbrances. Further, in cases where the assets are already charged to secure a debt, the permission or consent to create a second or pari-passu charge on the assets of the issuer has been obtained from the earlier creditor.
- **Recovery expense fund:** An issuer of debt securities is now required to create a recovery expense fund in the manner as may be specified by SEBI from time to time and inform the debenture trustee about the same.

Manner and operation of recovery expense fund

On 22 October 2020, SEBI through a circular has prescribed the manner of creation and operation of recovery expense fund. As per the circular, an issuer proposing to list debt securities should deposit an amount equal to 0.01 per cent of the issue size subject to a maximum of INR25 lakh per issuer towards recovery expense fund with the designated stock exchange as identified

and disclosed in its offer document/Information Memorandum.

The provisions of the circular would be effective from 1 January 2021.

Effective date: The amendments are effective from the date of their publication in the Official Gazette i.e. 9 October 2020.

For a detailed read, please refer to KPMG in India's First Notes on 'SEBI issues amendments for listed companies including disclosure of forensic audit' dated 28 October 2020.

(Source: SEBI notification no. SEBI/LAD-NRO/GN/2020/35 dated 8 October 2020 and circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated 22 October 2020)

Debenture Trustees Regulations

On 8 October 2020, SEBI has issued certain amendments to the SEBI (Debenture Trustees) Regulations, 1993 (Debenture Trustees Regulations).

Key amendments are as follows:

- **Duties of a debenture trustee:** Currently, a debenture trustee is required to ensure the implementation of the conditions regarding creation of security for the debentures, if any, and debenture redemption reserve. Additionally, in case where listed debt securities are secured by way of receivables/book debts, the debenture trustee is required to obtain the following:

Quarterly basis	a. Certificate from the director/ Managing Director (MD) of the issuer company certifying the value of the book debts/ receivables b. Certificate from an independent CA giving the value of book debts/ receivables.
Yearly basis	a. Certificate from the statutory auditor giving the value of book debts/receivables.

Amendments

The amendments require a debenture trustee to perform the following:

- **Recovery expense fund:** A debenture trustee would need to ensure implementation of the conditions regarding recovery expense fund in addition to those relating to creation of security for the debentures and debenture redemption reserve.

- *Quarterly/yearly reporting:* The current requirements of obtaining documents on a quarterly/yearly basis have also been amended. According to the revised requirements, in case where listed debt securities are secured by way of receivables/book debts, a debenture trustee is required to perform the following on a:

Quarterly basis	Carry out the necessary due diligence and monitor the asset cover in the manner as may be specified by SEBI.
Half-yearly basis	Obtain a certificate from the statutory auditor of the issuer giving the value of receivables/book debts including compliance with the covenants of the offer document/Information Memorandum in the manner as may be specified by SEBI.

- *Due diligence:* In addition to the current duties, a debenture trustee is required to exercise independent due diligence before creating a charge on the security for the debentures to ensure that such security is free from any encumbrance or that it has obtained the necessary consent from other charge-holders if the security has an existing charge, in the manner as may be specified by SEBI.
- *Inter-creditor agreement:* A debenture trustee may enter into inter-creditor agreements, on behalf of the debenture holders, as provided under the framework specified by RBI, subject to the approval of the debenture holders and the conditions as may be specified by SEBI.

- **Meeting of debenture holders:** Currently, a debenture trustee shall call or cause to be called by the body corporate a meeting of all debenture holders on the occurrence of any event, which constitutes a default or which in the opinion of the debenture trustees affects the interest of the debenture holders.

Amendment

In addition to the current guidance, meeting shall be called by a debenture trustee or cause to be called by the body corporate in case of breach of covenants (as specified in the offer document/ Information Memorandum and/or debenture trust deed).

Effective date: The amendments are effective from the date of their publication in the Official Gazette i.e. 9 October 2020.

For a detailed read, please refer to KPMG in India's First Notes on 'SEBI issues amendments for listed companies including disclosure of forensic audit' dated 28 October 2020.

(Source: SEBI notification no. SEBI/LAD-NRO/GN/2020/34 dated 8 October 2020)

Relaxation with respect to validity of SEBI observations and revision in issue size

SEBI through a circular dated 29 September 2020 has extended the timeline for relaxations provided with respect to validity of SEBI observations and revision in issue size as follows:

- **Flexibility in issue size:** An issuer is permitted to increase or decrease the fresh issue size by up to 50 per cent of the estimated issue size without filing a fresh draft offer document with SEBI subject to specified conditions. The relaxation is applicable up to 31 March 2021 (earlier up to 31 December 2020).
- **Extension of validity of SEBI observations:** Currently, a public issue/rights issue may be opened for public/shareholders within 12 months from the date of issuance of observations by SEBI on the draft offer document/draft letter of offer.

In view of the pandemic, the validity of SEBI observations expiring between 1 October 2020 and 31 March 2021 has been extended up to 31 March 2021, subject to an undertaking from lead manager to the issue confirming compliance with Schedule XVI of the ICDR Regulations while submitting the updated offer document to SEBI.

The provisions of the circular are effective from 1 October 2020.

(Source: SEBI circular dated 29 September 2020)



Amendments to guidelines for preferential issue and institutional placement of units by listed InvITs and REITs

SEBI through its circular dated 28 September 2020 has modified the guidelines issued for preferential issue and institutional placement of units by listed Infrastructure Investment Trusts (InvITs)¹ and listed Real Estate Investment Trusts (REITs)² on account of COVID-19.

Key changes relate to the following:

- **Subsequent institutional placement:** The InvIT/REIT should not make any subsequent institutional placement until the expiry of two weeks (earlier six months) from the date of the prior institutional placement made pursuant to one or more special resolutions.
- **Optional pricing method:** For any preferential issue between 28 September 2020 (date of SEBI circular) and 31 December 2020, the InvIT/REIT may opt for a pricing method where the price of the units to be allotted pursuant to the preferential issue should not be less than the higher of the average of the weekly high and low of the volume weighted average price of the related equity shares quoted on the recognised stock exchange during:
 - a. 12 weeks preceding the relevant date or
 - b. Two weeks preceding the relevant date.

Additionally, the units allotted on a preferential basis using the above mentioned pricing option would be subject to a lock-in period of three years.

(Source: SEBI circular no. SEBI/HO/DDHS/DDHS/CIR/P/2020/184 and SEBI/HO/DDHS/DDHS/ CIR/P/2020/183 dated 28 September 2020)

Extraordinary meeting of InvITs and REITs

SEBI through a circular dated 8 October 2020 has allowed InvITs and REITs to conduct extraordinary meeting(s) of their unitholders through Video Conferencing (VC) or Other Audio-Visual Means (OAVM) up to 31 December 2020 subject to a prescribed procedure.

(Source: SEBI circular no. SEBI/HO/DDHS/DDHS/CIR/P/2020/201 dated 8 October 2020)

Standard timelines for listing of securities issued on a private placement basis

SEBI through a circular dated 5 October 2020 has issued standard timelines for listing of securities issued on a private placement basis under the following regulations:

- a. SEBI (Issue and Listing of Debt Securities) Regulations, 2008
- b. SEBI (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013
- c. SEBI (Public Offer and Listing of Securitised Debt Instruments and Security Receipts) Regulations, 2008 and
- d. SEBI (Issue and Listing of Municipal Debt Securities) Regulations, 2015.

The timelines are as follows:

Details of activities	Due dates
Closure of issue	T day
Receipt of funds	To be completed by T+2 trading day
Allotment of securities	
Issuer to make listing application to stock exchange(s)	To be completed by T+4 trading day
Listing permission from stock exchange	

In case of delay in listing of securities issued on a private placement basis beyond the timelines specified above, an issuer would be:

- a. Liable to pay a penalty at the rate of one per cent per annum over the coupon rate for the period of delay to the investor (i.e. from date of allotment to the date of listing) and
- b. Permitted to utilise the issue proceeds of its subsequent two privately placed issuances of securities only after receiving final listing approval from stock exchanges.

The provisions of the circular are effective from 1 December 2020.

(Source: SEBI circular no. SEBI/HO/DDHS/CIR/P/2020/198 dated 5 October 2020)

1. SEBI circular no. SEBI/HO/DDHS/DDHS/CIR/P/2019/143 dated 27 November 2019.

2. SEBI circular no. SEBI/HO/DDHS/DDHS/CIR/P/2019/142 dated 27 November 2019.

Additional framework related to issuance, listing and trading of perpetual non-cumulative preference shares

Background

Perpetual Non-Cumulative Preference Shares (PNCPS) and Innovative Perpetual Debt Instruments (IPDIs)/Perpetual Debt Instruments (PDIs) (commonly referred to as 'AT 1 instruments') are essentially non-equity regulatory instruments, forming part of a bank's capital. These are governed by the Reserve Bank of India (RBI) guidelines and issued under the issuance and listing framework given under Chapter VI of the SEBI (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013 (NCRPS Regulations).

These instruments have certain unique features which, *inter-alia*, grant the issuer (i.e. banks, in consultation with RBI) a discretion in terms of writing down the principal/interest, to skip interest payments, to make an early recall, etc. without commensurate right for investors to legal recourse, even if such actions of the issuer might result in potential loss to investors.

New development

SEBI through a circular dated 6 October 2020 has issued an additional framework relating to issuance, listing and trading of PNCPS and IPDIs which are proposed to be listed.

Key features of the framework are as follows:

- **Manner of issuance:** The AT 1 instruments should mandatorily be issued on the Electronic Book Provider (EBP) platform regardless of the issue size.
- **Investors:** Issuers and stock exchange(s) should ensure that only Qualified Institutional Buyers (QIBs) are allowed to participate in the issuance of AT1 instruments.
- **Allotment size:** The minimum allotment of AT1 instruments should not be less than INR1 crore.
- **Trading lot size:** The minimum trading lot size for AT1 instruments should be INR1 crore.
- **Disclosures:** Additional disclosures specified for the issuers of AT1 instruments which, *inter alia*, include specific disclosures about:
 - a. Details of all conditions based on which call option will be exercised for these instruments in the Information/Private Placement Memo.
 - b. Risk factors, to include all the inherent features of AT1 instruments.

The provisions of the circular are effective from 12 October 2020.

(Source: SEBI circular no. SEBI/HO/DDHS/CIR/P/2020/199 dated 6 October 2020)

SEBI clarifications on Insider Trading norms

Background

On 4 November 2019, SEBI had issued certain clarifications relating to the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015 (PIT Regulations) in the form of Frequently Asked Questions (FAQs).

The FAQ, *inter alia*, clarified that in case the designated person is a fiduciary or intermediary, the structured digital database of the listed company should contain the names of the fiduciary or intermediary with whom they have shared Unpublished Price Sensitive Information (UPSI) along with the Permanent Account Number (PAN) or other identifier, in case PAN is not available. Further, the fiduciary or intermediary will be required to maintain details of persons with access to UPSI as specified in Schedule C to the PIT Regulations.

On 17 July 2020, SEBI issued amendments to the PIT Regulations which, *inter alia*, included amendments relating to maintenance and preservation of the structured digital database by a listed company.

New development

In line with the amendments to the PIT Regulations, on 8 October 2020, SEBI has issued revised clarification relating to information to be maintained in a structured digital database, in case the designated person is a fiduciary or intermediary.

As per the revised clarification, a listed company should maintain a structured digital database internally, which should contain information including the following:

- Details of UPSI
- Details of persons with whom such UPSI is shared (along with their PANs/other unique identifier in case PAN is not available) and details of persons who have shared the information.

Similarly, another structured digital database should be maintained internally by fiduciary or intermediary capturing the above information in accordance with Regulation 9A(2)(d) and Schedule C to the PIT Regulations.

(Source: FAQs on SEBI (PIT) Regulations, 2015 issued by SEBI on 8 October 2020)

SEBI clarification on fraudulent and unfair trade practices for listed companies

Background

Currently, the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (Unfair Trade Practices Regulations) governs the provisions relating to market abuse such as manipulative, fraudulent and unfair trade practices. As per Regulation 4(1) of the Unfair Trade Practices Regulations, no person should indulge in a manipulative, fraudulent or an unfair trade practice in securities markets.

New development

SEBI through a notification dated 19 October 2020 has amended the Unfair Trade Practices Regulations and added an explanation to Regulation 4(1) of the Unfair Trade Practices Regulations.

The explanation clarified that any act of diversion, misutilisation or siphoning-off of assets or earnings of a company or any concealment of such act or any device, scheme or artifice to manipulate the books of accounts or financial statements of such a company that would directly or indirectly manipulate the price of securities of that company shall be and shall always be deemed to have been considered as manipulative, fraudulent and an unfair trade practice in the securities market.

The amendment is effective from 19 October 2020.

(Source: SEBI notification no. SEBI/LAD-NRO/GN/2020/36 dated 19 October 2020)

Amendment to the Companies (Prospectus and Allotment of Securities) Rules, 2014

Currently, Rule 14(1) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 (Prospectus Rules) prohibits a company from making an offer or invitation to subscribe to securities through a private placement unless the proposal has been previously approved by the shareholders of the company, by a special resolution for each of the offers or invitations.

Amendment

The Ministry of Corporate Affairs (MCA) through a notification dated 16 October 2020 has amended Rule 14(1) of the Prospectus Rules and introduced a provision. As per the provision, in case of offer or invitation of any securities to QIBs, it would be sufficient if the company passes a previous special resolution only once in a year for all the allotments to such buyers during the year.

The amendment is effective from the date of its publication in the Official Gazette i.e. 16 October 2020.

(Source: MCA notification no G.S.R. 642(E) dated 16 October 2020)

Extension of relaxation relating to minimum residency of a director

Currently, Section 149(3) of the Companies Act, 2013 (2013 Act) requires every company to have at least one director who stays in India for a total period of not less than 182 days during the Financial Year (FY). In March 2020, as part of special measures introduced in lieu of COVID-19, MCA provided that if the company fails to ensure compliance with the said requirement for FY2019-20, then it will not be treated as a non-compliance.

Relaxation

MCA through a circular dated 20 October 2020 has extended the relaxation for FY2020-21. Accordingly, failure to meet the minimum residency requirement of a director would not be treated as a non-compliance also for FY2020-21.

(Source: MCA general circular no. 36/2020 dated 20 October 2020)

Labour codes received Presidential assent

With an aim to rationalise labour laws prevalent in India, recently, following codes have been passed by the Parliament and have received assent of the President of India on 28 September 2020:

- **The Occupational Health, Safety and Working Conditions Code, 2020:** The Code seeks to amend the laws regulating the occupational safety, health and working conditions of the persons employed in an establishment and related matters.
- **The Industrial Relations Code, 2020:** The Code seeks to consolidate and amend the laws relating to trade unions, conditions of employment in industrial establishment or undertaking, investigation and settlement of industrial disputes and related matters.
- **The Code on Social Security, 2020:** The Code seeks to amend and consolidate the laws relating to social security with the goal to extend social security to all employees and workers either in the organised, unorganised or any other sectors and related matters.

Effective date: The Codes will come into force on such date as the Central Government (CG) may, by notification in the Official Gazette, appoint. Different dates may be appointed for different provisions of the Code.

For a detailed read, please refer to KPMG in India's First Notes on 'Revised norms relating to PF and gratuity under the Code on Social Security, 2020' dated 29 October 2020.

(Source: Codes issued by the Ministry of Law and Justice on 29 September 2020)

Deferment of implementation of Net Stable Funding Ratio (NSFR)

Background

Net Stable Funding Ratio (NSFR) is one of the significant components of the Basel III reforms. It requires banks to fund their activities with sufficiently stable sources of funding over a time horizon of a year in order to mitigate the risk of future funding stress. As per the prescribed timeline, banks in India were required to maintain NSFR of 100 per cent from 1 April 2020. Related NSFR guidelines were also to be implemented from 1 April 2020.

In light of the pandemic (COVID-19), the implementation of NSFR and related guidelines were deferred up to 1 October 2020.

New development

RBI through a notification dated 29 September 2020 has further deferred the implementation of NSFR guidelines by a period of six months. Accordingly, these guidelines will now come into effect from 1 April 2021.

(Source: RBI notification no. RBI/2020-21/43 dated 29 September 2020)

SLR holdings in HTM category

Currently, banks are permitted to exceed the limit of 25 per cent of the total investments under Held to Maturity (HTM) category subject to the condition that the excess comprises only of Statutory Liquid Ratio (SLR) securities and total SLR securities held under HTM category is not more than 19.5 per cent of Net Demand and Time Liabilities (NDTL) as on the last Friday of the second preceding fortnight.

The RBI through a notification dated 1 September 2020 had permitted banks to hold under HTM category, SLR securities acquired on or after 1 September 2020 up to an overall limit of 22 per cent of their NDTL up to 31 March 2021 to be reviewed thereafter.

Relaxation

The RBI through a notification dated 12 October 2020 has extended the dispensation of the enhanced HTM limit of 22 per cent, for SLR securities acquired between 1 September 2020 and 31 March 2021, up to 31 March 2022 i.e. banks may continue to hold such excess SLR securities in HTM category up to 31 March 2022.

Further, the enhanced HTM limit should be restored

to 19.5 per cent in a phased manner, beginning from the quarter ending 30 June 2022, i.e. the excess SLR securities acquired by banks during the period 1 September 2020 to 31 March 2021 should be progressively reduced such that the total SLR securities held in the HTM category as a percentage of the NDTL does not exceed the following:

- 21 per cent as on 30 June 2022
- 20 per cent as on 30 September 2022
- 19.50 per cent as on 31 December 2022.

Banks may shift investments to/from HTM with the approval of the board of directors once a year and such shifting will normally be allowed at the beginning of the accounting year.

(Source: RBI notification no RBI/2020-2021/54 dated 12 October 2020)

CBDT amends the Tax Audit Report (Form 3CD)

On 1 October 2020, the Central Board of Direct Taxes (CBDT) through a notification has amended the Income-tax Rules, 1962 (the Rules) which, *inter alia*, includes amendments to Form 3CD (statement of particulars required to be furnished under Section 44AB of the Income-tax Act, 1961 (IT Act)). Those are as follows:

- **Clause introduced in Part A of Form 3CD:** Additional information to be provided as to whether the assessee has opted for taxation under Section 115BA³/115BAA⁴/115BAB⁵ of the IT Act.
- **Clauses modified in Part B of Form 3CD:**
 - *Particulars of depreciation:* Additional information to be provided with respect to adjustment made to the written down value of assets under Section 115BAA (for assessment year 2020-21 only) along with adjusted written down value.
 - *Brought forward loss/depreciation allowance:* Details of brought forward loss or depreciation allowance in Form No. 3CD has been modified to incorporate details relating to losses/allowances not allowed under Section 115BAA of the IT Act and amount as adjusted by withdrawal of additional depreciation on account of opting for taxation under Section 115BAA of the IT Act.

The amendments are effective from 1 October 2020.

(Source: CBDT notification no. G.S.R.610(E) dated 1 October 2020)

3. Tax on income of certain manufacturing domestic companies

4. Tax on income of certain domestic companies

5. Tax on income of new manufacturing companies

Extension of the due date for filing of Form GSTR-9 and GSTR-9C

The Ministry of Finance through a press release dated 24 October 2020 has extended the due date of furnishing Form GSTR-9/GSTR-9A (Annual Return) and Form GSTR 9C (Reconciliation statement) for FY2018-19 up to 31 December 2020.

(Source: Ministry of Finance press release dated 24 October 2020)

