



COMPLIANCE UPDATE

May 2022 | Part 2 of 2

Securities and Exchange Board of India (SEBI)

▪ [Securities and Exchange Board of India \(Collective Investment Schemes\) \(Amendment\) Regulations, 2022](#)

SEBI vide Notification dated May 10, 2022 has amended Securities and Exchange Board of India (Collective Investment Schemes) Regulations, 1999. As per the amendment, no Collective Investment Management Company directly or indirectly, shall have:

- 10% or more of the shareholding or voting rights in the Collective Investment Management Company or the Trustee Company of any other Collective Investment Management Company
- Representation on the board of the Collective Investment Management Company or the Trustee Company of any other Collective Investment Management Company

(To view the Notification, please click [here](#))

▪ [Securities and Exchange Board of India \(Infrastructure Investment Trusts\) \(Amendment\) Regulations, 2022](#)

SEBI vide Notification dated May 10, 2022 has amended the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014. As per the amendment, privately placed Infrastructure Investment Trusts (**InvIT**) shall pay non-refundable filing fees of 0.1% in case of initial offer and 0.05% in case of rights issue, of the total issue size including green shoe option, if any, at the time of filing of draft placement memorandum or letter of offer, as applicable, with SEBI.

(To view the Notification, please click [here](#))

▪ [Relaxation from compliance with certain provisions of the SEBI \(Listing Obligations and Disclosure Requirements\) Regulations, 2015](#)

SEBI vide Circular dated May 13, 2022 has provided certain relaxations from dispatching of physical copies of financial statements for the year 2022.

Further, the notice of Annual General Meeting published by advertisement in terms of Regulation 47 of LODR Regulations, shall contain a link to the Annual Report, so as to enable shareholders to have access to the full Annual Report.

(To view the Circular, please click [here](#))

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- **Revised framework to enable verification of upfront collection of margins from clients in cash and derivatives segments**

SEBI vide Notification dated 10, 2022 has revised the framework to enable verification of upfront collection of margins from clients in cash and derivatives segments. It has been decided that the margin requirements to be considered for the intra-day snapshots, in derivatives segments (including commodity derivatives), shall be calculated based on the fixed Beginning of Day (BOD) margin parameters.

(To view the Notification, please click [here](#))

- **Revision in system and network audit framework**

SEBI vide Circular dated May 2, 2022 has revised the existing framework on system and network audit Market Infrastructure Institutions (MIIs), in order to keep pace with the technological advancement in the securities market.

(To view the Circular, please click [here](#))

Central Board of Direct Taxes (CBDT)

- **Income-Tax (Fifteenth Amendment) Rules, 2022**

CBDT vide Notification dated May 10, 2022 has amended Rule 114 of the Income-Tax Rules, 1962 and inserted new Rules 114BA and 114BB for the purpose of notifying transactions for which it will be mandatorily required to quote PAN, as per the provisions of Section 139A(1)(vii) and Section 139(6A) of the Income-Tax Act, 1961.

(To view the Notification, please click [here](#))

- **Income-Tax (Fourteenth Amendment) Rules, 2022**

CBDT vide Notification dated May 9, 2022 has introduced the Income-Tax (Fourteenth Amendment) Rules, 2022. With this amendment, CBDT has amended Form 10A, Form 10AB, Form 10BD, Form 10BE, and Form 3CF related to charitable organizations registered or approved under Section 10(23C), Section 12AB, Section 35, and Section 80G of the Income-Tax Act, 1961.

(To view the Notification, please click [here](#))

- **Income-Tax (Thirteenth Amendment) Rules, 2022**

CBDT vide Notification dated May 6, 2022 has issued the Income-Tax Amendment (Thirteenth Amendment) Rules, 2022, which provide that income received by the specified person, who is a unitholder of an Alternative Investment Fund (AIF), out of the investment made in that fund, shall be chargeable to income-tax in the same manner as if it were the income received by such person had the investment made by such investment fund been made directly by him.

(To view the Notification, please click [here](#))

- **Income-Tax (Twelfth Amendment) Rules, 2022**

CBDT vide Notification dated May 5, 2022 has added Rule 44E of the Income-Tax Rules, 1962 related to the Application for obtaining an advance ruling and introduced amended FORM Nos. 34C, 34D, 34DA, 34E, and 34EA. These are the Forms for application filed by non-resident applicants and other prescribed class of persons for obtaining an advance ruling under Section 245Q (1) of the Income-Tax Act, 1961.

(To view the Notification, please click [here](#))

Ministry of Corporate Affairs (MCA)

- **Companies (Share Capital and Debentures) Amendment Rules, 2022**

MCA vide Notification dated May 4, 2022 amended the Companies (Share Capital and Debentures) Rules, 2014. The amendment pertains to the insertion of a declaration in Form SH-4 (form for transfer of shares) regarding whether the transferee is required to obtain Government approval under the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 and enclose the approval letter with Form SH-4, if such approval is required.

(To view the Notification, please click [here](#))

- **Companies (Prospectus and Allotment of Securities) Amendment Rules, 2022**

MCA vide Notification dated May 5, 2022 has amended Companies (Prospectus and Allotment of Securities) Rules, 2014. The amendment pertains to insertion of a proviso in Rule 14 with regards to obtaining Government approval under the Foreign Exchange Management (Non-debt Instruments) Rules, 2019, in case a body corporate of a foreign nation shares a land border with India.

(To view the Notification, please click [here](#))

Industry-wise updates

Banking and Finance

▪ **Discontinuation of monthly solvency returns**

The Insurance Regulatory and Development Authority of India (IRDAI) vide Circular dated May 12, 2022 has stated to discontinue the filing of monthly solvency returns by the insurers with immediate effect. However, insurers whose solvency margin is less than 1.55 as at the end of any quarter, shall continue to report the monthly solvency position until the solvency position is restored to 1.55, by email at finace-nonlife@irdai.gov.in.

(To view the Circular, please click [here](#))

▪ **Permission for insurers to design and file alternative products covering fire and allied perils**

IRDAI vide its Circular dated May 12, 2022 has permitted general insurers to design alternative products to cover risk from fire and allied perils for dwellings and small businesses. This Circular shall come into effect from June 1, 2022.

(To view the Circular, please click [here](#))

▪ **Actuarial & reinsurance returns related to hard copy submissions of document**

IRDAI vide Circular dated May 11, 2022 directed the insurers to submit softcopies of reports, returns or other documents related to actuarial valuation or reinsurance on the email addresses prescribed in the Circular.

(To view the Circular, please click [here](#))

Chemical

▪ **Amendment in Methylene Chloride (Dichloromethane) (Quality Control) Order, 2021**

The Ministry of Chemical and Fertilizers vide Order dated May 13, 2022 notified the date of enforcement of the Methylene Chloride (Dichloromethane) (Quality Control) Order, 2021 as November 20, 2022.

(To view the Order, please click [here](#))

▪ **Amendment in Ortho Phosphoric Acid (Quality Control) Order, 2021**

The Ministry of Chemicals and Fertilizers vide Order dated May 13, 2022 notified the date of enforcement of the Ortho Phosphoric Acid (Quality Control) Order, 2021 as December 10, 2022.

(To view the Order, please click [here](#))

Wholesale and Retail

▪ **Amendment in criteria for classifying an enterprise as MSME**

The Ministry of Micro, Small and Medium Enterprises (MSME) vide Notification dated May 6, 2022 has issued amendment to Notification No. S.O. 2119 (E), dated June 26, 2020, which specifies the criteria for classifying the enterprises as MSMEs and specifies the form and procedure for filing the memorandum. As per amendment, the notification will be applicable to enterprises registered prior to June 30, 2022.

(To view the Notification, please click [here](#))

State-wise updates

Andhra Pradesh

- **Extension on relaxation to the existing restriction and control measures on industries by Andhra Pradesh Electricity Regulatory Commission (APERC)**

The Andhra Pradesh Electricity Regulatory Commission (APERC) vide Order dated May 9, 2022 has issued extension of relaxation to the existing electricity restriction and control measures effective from May 10, 2022, wherein it was proposed to cancel additional power holiday and enhance continuous process industries at 70% during the daytime from 0900 hours to 1800 hours with immediate effect. The following is stated in the order:

- Continuous Process Industries: 30% cut in contracted demand during 0900 hours to 1800 hours and 50% cut for the balance period
- Non-continuous Process Industries
- Additional power holiday lifted, but only one shift shall be allowed during the daytime before 1800 hours and any shifts after 1800 hours shall not be allowed

(To view the Order please click [here](#))

Karnataka

- **Karnataka Protection of Interest of Depositors in Financial Establishments (Amendment) Ordinance, 2022**

Government of Karnataka vide Notification dated May 4, 2022 has issued the Karnataka Protection of Interest of Depositors in Financial Establishments (Amendment) Ordinance, 2022 to further amend the Karnataka Protection of Interest of Depositors in Financial Establishments Act, 2004, which shall come into force with immediate effect.

(To view the Notification, please click [here](#))

Kerala

- **Implementation of Rule 9D of Income-Tax Rules 1962**

Finance Department, Kerala, vide Circular dated May 5, 2022 has announced the implementation of Rule 9D of Income-Tax Rules, 1962, which specifies that interest payable on arrears of salary and Dearness Allowance credited on or after April 1, 2021 to Provident Fund alone is taxable as and when total subscription, including arrears of Dearness Allowance and arrears of salary on pay revision exceed the threshold limit of INR 5 lakh.

(To view the Circular, please click [here](#))

- **Validity of Environmental Clearance for mining projects**

Kerala State Pollution Control Board (KSPCB) vide Circular dated May 4, 2022 has stated that the consent to operate may be renewed for a period of 5 years or up to the validity of the Environmental Clearance, in case the validity of Environmental Clearance is less than 5 years.

(To view the Circular, please click [here](#))

Punjab

- **Implementation procedure for Punjab State Electricity Regulatory Commission (Grid Interactive Rooftop Solar Photo Voltaic Systems) Regulations, 2021**

Punjab State Power Corporation Ltd (PSPCL) vide Circular dated May 9, 2022 has issued an implementation procedure for Punjab State Electricity Regulatory Commission (Grid Interactive Rooftop Solar Photo Voltaic Systems) Regulations, 2021. The following has been stated: 'The consumer intending to set up roof top solar PV system under Net Metering/Net Billing/Gross Metering arrangement (self or third party owned) shall submit the application online at the solar portal of PSPCL for grant of technical feasibility and pay the processing fee.'

(To view the Circular, please click [here](#))

Rajasthan

- **Amendment in Rajasthan Investment Promotion Scheme - 2019**

The Finance Department of Rajasthan vide Order dated May 12, 2022 has amended the following clauses of the Rajasthan Investment Promotion Scheme - 2019:

- **Clause 4.1:** Exemption from payment of 75% of Stamp Duty and reimbursement of 25% of Stamp Duty on purchase or lease/sub-lease of land and construction or improvement on

such land, or on purchase or lease/sub-lease of floor area/space in any constructed commercial building for setting up of enterprise in IT, apparel or industry 4.0 sectors.

- **Clause 6.1:** Exemption from payment of 75% of Stamp Duty and reimbursement of 25% of Stamp Duty on purchase or lease/sub-lease of land and construction or improvement on such land, or on purchase or lease/sub-lease of floor area/space in any constructed commercial building for setting up of enterprise in IT sector; or apparel sector; or industry or tourism sector.
- **Clause 15:** Claim of reimbursement of 25% of Stamp Duty
- **Clause 16:** Reimbursement of investment subsidy

(To view the Order, please click [here](#))

▪ **Amendment in Rajasthan Investment Promotion Scheme - 2019**

The Commercial Taxes Department, Government of Rajasthan, vide Order dated May 11, 2022 ordered the guidelines for reimbursement of State-Tax, and tax deposited by hotels and tour operators in the State. The following has been stated:

- The registered person has to sign up by visiting Rajtax Portal and submit a 'One Time Information for Reimbursement'.
- The registered person shall file all the due returns compulsorily before submitting application for reimbursement of State-Tax.
- The amount of reimbursement shall be first adjusted against the recoverable outstanding demand of the registered person under the taxes administered by the Commercial Taxes Department.

(To view the Order, please click [here](#))

Tamil Nadu

▪ **Medical benefits to families of insured persons under Employees' State Insurance (General) Regulations, 1950**

The Employee's State Insurance Corporation (ESIC) vide Notification dated May 6, 2022 has extended the medical benefits to the families of insured persons in the entire area of Nagapattinam, Tamil Nadu, in addition to the already implemented area in the district under Regulation 95-A of the Employees' State Insurance (General) Regulations, 1950.

(To view the Notification, please click [here](#))

ABOUT US

UnComplycate is an end-to-end compliance and contract management solutions provider that integrates domain experience with IT-enabled implementation, monitoring and management protocols.

With more than thirty years' experience in helping clients discharge their compliance obligations, we have developed a repository of significant knowledge and practical experience in advising and assisting businesses on their regulatory compliance, litigation management, notice and contract management and other attendant requirements. We create bespoke products for clients that include, among other things, an audit of the functions of the company, offering technology-enabled platforms that provide solutions for effective control over the compliance and contract management functions. These services are not limited by geography and can be seamlessly extended to all operating sites of the client.

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