

***SPOM – Set A; Set C (IBC) & Paper 4 : IBS  
Corporate & Economic Laws – Amendments  
(1<sup>st</sup> Nov 2023 – 31<sup>st</sup> Oct 2024)***

*For CA Final  
(Applicable up to May 2025)*

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***MASTER THE ART OF INTERPRETATION..!!***



Amendments in Companies Act

<u>Appointment of Directors Rules</u>	<p><b>Rule 12A, -</b></p> <p>(i) in the third proviso, after the word “only”, the words and figures “on or before 30<sup>th</sup> September of the financial year” shall be inserted and it will then read as under</p> <p>In case an individual desires to <b>update his personal mobile number or the e-mail address</b>, he shall update the same by submitting e-form DIR-3 KYC only <b>on or before 30<sup>th</sup> September</b> of the financial year</p> <p>(ii) after the third proviso, the following proviso shall be inserted, namely -</p> <p><b>Provided also</b> that if an individual intends to <b>update</b> his personal mobile number or the email address <b>again</b> at any time during the financial year in addition to the up-dation allowed above, he shall update the same by submitting e-form DIR-3 KYC on <b>payment of fees of INR 500</b></p>
<u>Compromise &amp; Arrangement Rules</u>	<p>In the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, in rule 25A, the following sub-rule shall be inserted, namely: -</p> <p>(5) Where the <b>TRANSFEROR FOREIGN COMPANY</b> incorporated outside India being a <b>holding company</b> and the <b>TRANSFeree INDIAN COMPANY</b> being a wholly owned subsidiary company incorporated in India, enter into merger or amalgamation, –</p> <ul style="list-style-type: none"> <li>• both the companies shall obtain the <b>prior approval of RBI</b>;</li> <li>• the transferee Indian company shall comply with the provisions of section 233;</li> <li>• the application shall be made by the transferee Indian company to CG u/s 233 and provisions of rule 25 shall apply to such application; and</li> <li>• the declaration referred to in sub-rule (4) shall be made at the stage of making application under section 233</li> </ul>
<u>Nidhi Rules</u>	<p>In Rule 4(5), the following proviso shall be inserted, namely -</p> <p><b>Provided that</b> a company shall <b>not use</b> the words “Nidhi Limited” in its name <b>unless it is declared as such</b> under section 406(1) of the Act</p>
<u>Adjudication of Penalty</u>	<p>New Rule 3A is inserted –</p> <p style="text-align: center;"><b><u>3A. Adjudication Platform</u></b></p> <p>(1) On the commencement of the Companies (Adjudication of Penalties) Amendment Rules, 2024, <b>all proceedings</b> (including issue of notices, filing replies or documents, evidences, holding of hearing, attendance of witnesses, passing of orders and payment of penalty) of adjudicating officer and RD <b>shall take place in electronic mode</b> only through the e-adjudication platform developed by CG</p> <p><b>Provided that</b> the proceedings pending before the Adjudicating Officer or RD on the date of such commencement shall continue as per provisions of these rules existing prior to such commencement.</p> <p>(2) In case the</p> <ul style="list-style-type: none"> <li>→ <b>e-mail address</b> of any person to whom a notice or summons is required to be issued under these rules <b>is not available</b>,</li> <li>→ the adjudicating officer shall <b>send the notice by post</b> at the last intimated address or address available in the records and</li> <li>→ the officer shall <b>preserve a copy</b> of such notice <b>in the electronic record</b> in the e-adjudication platform</li> </ul> <p><b>Provided that</b> in case no address of the person concerned is available, the notice shall be placed on the e-adjudication platform</p>



Amendments in Securities Law

## 1. SEBI (LODR) Regulations, 2015

<p><b><u>Applicability of Regulations</u></b> <b><u>(Regulation 3)</u></b></p>	<p>In Regulation 3,</p> <ol style="list-style-type: none"> <li>1. sub-regulation (2) shall be substituted with the following sub-regulation, namely-             <ol style="list-style-type: none"> <li>(2) The applicability of the provisions of these regulations to a listed entity on the basis of market capitalisation shall be determined as follows:                 <ol style="list-style-type: none"> <li>(a) Every recognized stock exchange shall, at the end of the calendar year i.e., 31<sup>st</sup> December, prepare a list of entities that have listed their specified securities ranking such entities on the basis of their average market capitalisation from 1<sup>st</sup> July to 31<sup>st</sup> December of that calendar year.</li> <li>(b) The relevant provisions shall then become applicable to a listed entity that is required to comply with such requirements for the first time after a period of 3 months from December 31 (i.e. April 1) or from the beginning of the immediate next financial year, whichever is later</li> <li>(c) The listed entity shall continue to comply with relevant provisions that were applicable to it based on the market capitalisation of previous year and continue(s) to remain applicable on the basis of its rank in the list prepared by recognized stock exchanges as per clause (a) of this sub-regulation.</li> </ol> </li> </ol> </li> <li>2. after sub-regulation (2), the following new sub-regulations (2A) and 2(B) shall be inserted, namely-             <table border="1" data-bbox="454 1039 1461 1354" style="margin-left: 20px;"> <tr> <td data-bbox="454 1039 552 1176"><b>(2A)</b></td> <td data-bbox="552 1039 1461 1176">The provisions of these regulations, which become applicable to a listed entity on the basis of criteria of market capitalisation, shall continue to apply to such an entity unless its ranking changes and such change results in the listed entity remaining outside the applicable threshold for a period of 3 consecutive years.</td> </tr> <tr> <td data-bbox="454 1176 552 1354"><b>(2B)</b></td> <td data-bbox="552 1176 1461 1354">For such listed entities which remain outside the applicable threshold for a period of 3 consecutive years in terms of sub-regulation (2A) of this regulation, the provisions that apply on the basis of criteria of market capitalisation shall cease to apply at the end of the financial year following the 31<sup>st</sup> December of the third consecutive year</td> </tr> </table> </li> </ol>	<b>(2A)</b>	The provisions of these regulations, which become applicable to a listed entity on the basis of criteria of market capitalisation, shall continue to apply to such an entity unless its ranking changes and such change results in the listed entity remaining outside the applicable threshold for a period of 3 consecutive years.	<b>(2B)</b>	For such listed entities which remain outside the applicable threshold for a period of 3 consecutive years in terms of sub-regulation (2A) of this regulation, the provisions that apply on the basis of criteria of market capitalisation shall cease to apply at the end of the financial year following the 31 <sup>st</sup> December of the third consecutive year
<b>(2A)</b>	The provisions of these regulations, which become applicable to a listed entity on the basis of criteria of market capitalisation, shall continue to apply to such an entity unless its ranking changes and such change results in the listed entity remaining outside the applicable threshold for a period of 3 consecutive years.				
<b>(2B)</b>	For such listed entities which remain outside the applicable threshold for a period of 3 consecutive years in terms of sub-regulation (2A) of this regulation, the provisions that apply on the basis of criteria of market capitalisation shall cease to apply at the end of the financial year following the 31 <sup>st</sup> December of the third consecutive year				
<p><b><u>Board of Directors</u></b></p>	<p>The relevant amendments in the Regulation 17 were already implemented in the compact book</p>				
<p><b><u>Risk Management Committee</u></b></p>	<p>in Regulation 21, the words “180 days” shall be substituted by the words “210 days”; i.e. not more than 210 days shall elapse between 2 meetings.</p>				
<p><b><u>Prior intimations Regulation 29</u></b></p>	<p>Regulation 29(1), 29(2) and 29(3) shall read as under -</p> <ol style="list-style-type: none"> <li>(1) The listed entity shall give prior intimation of at least 2 working days in advance, excluding the date of the intimation and date of the meeting, to stock exchange about the meeting of the board of directors in which any of the following proposals is due to be considered:             <ol style="list-style-type: none"> <li>(a) financial results viz. quarterly, half yearly, or annual, as the case may be;</li> <li>(b) proposal for buy-back of securities;</li> </ol> </li> </ol>				



	<p>(c) proposal for <b>voluntary delisting</b> by the listed entity from the stock exchange(s);</p> <p>(d) <b>fund raising</b> by way of issue of securities (excluding security receipts, securitized debt instruments or money market instruments regulated by RBI), through further public offer, rights issue, American Depository Receipts/Global Depository Receipts/Foreign Currency Convertible Bonds, qualified institutions placement, debt issue, preferential issue or any other method and for determination of issue price</p> <p><b>Provided that</b> intimation shall also be given in case of any AGM or extraordinary general meeting or postal ballot that is proposed to be held for obtaining shareholder approval for further fund raising indicating type of issuance</p> <p><b>Provided further that</b> intimation for determination of issue price in a qualified institutions placement is not required if such placement is done in accordance with the provisions of the SEBI (ICDR ) Regulations, 2018</p> <p>(e) <b>declaration/ recommendation of dividend</b>, issue of convertible securities including convertible debentures or of debentures carrying a right to subscribe to equity shares or the passing over of dividend.</p> <p>(f) the proposal for declaration of <b>bonus</b> securities</p> <p>(g) any <b>alteration in the form or nature of any of its securities</b> that are listed on the stock exchange or in the rights or privileges of the holders thereof;</p> <p>(h) any <b>alteration in the date</b> on which, the interest on debentures or bonds, or the redemption amount of redeemable shares or of debentures or bonds, shall be payable.</p> <p>(2) The intimation required under sub-regulation (1) shall mention the date of such meeting of board of directors.</p>
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## 2. SEBI (Prohibition of Insider Trading) Regulations, 2015

<b>Regulation 5</b>	<p>1. In Point 2 in the compact book, the words “<b>6 months</b>” shall be substituted by the words “<b>120 calendar days</b>”;</p> <p>2. <b>Point 3 and 4</b> in the compact book shall be <b>omitted</b> i.e.</p> <ul style="list-style-type: none"> <li>● <del>No trading between</del> <ul style="list-style-type: none"> <li>→ <del>20<sup>th</sup> day prior to closure of financial period; and</del></li> <li>→ <del>2<sup>nd</sup> trading day after disclosure of financial results</del></li> </ul> </li> <li>● <del>Submitted for a minimum period of 12 months</del></li> </ul> <p>3. <b>Point 6</b> in the compact book should read as under</p> <p>It shall set out following parameters for each trade to be executed:</p> <p>(i) either the value of trade to be effected or the number of securities to be traded;</p> <p>(ii) nature of the trade;</p> <p>(iii) either specific date or time period not exceeding 5 consecutive trading days;</p> <p>(iv) price limit, that is an upper price limit for a buy trade and a lower price limit for a sell trade, subject to the range as specified below:</p>
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- a. **for a buy trade:** the upper price limit shall be between the closing price on the day before submission of the trading plan and upto 20% higher than such closing price;
- b. **for a sell trade:** the lower price limit shall be between the closing price on the day before submission of the trading plan and upto 20% lower than such closing price.

**Explanation:**

- (i) While the **parameters in sub-clauses (i), (ii) and (iii)** shall be **mandatorily** mentioned for each trade, the parameter in **sub-clause (iv)** shall be **optional**.
- (ii) The price limit in sub-clause (iv) shall be rounded off to the nearest numeral.
- (iii) Insider may make adjustments, with the approval of the compliance officer, in the number of securities and price limit in the event of corporate actions related to bonus issue and stock split occurring after the approval of trading plan and the same shall be notified on the stock exchanges on which securities are listed.”

4. In other points (bullet 3), “restrictions on contra trade” shall be omitted

5. in other points (bullet 4),

(1) insider shall **mandatorily implement the plan except due to permanent incapacity or bankruptcy** or operation of law

(2) after the existing proviso thereto, the following proviso and Explanation shall be inserted, namely: -

**Provided further** that if the **insider has set a price** limit for a trade under sub-clause (iv) of Point 6 in the compact book, the **insider shall execute the trade only if the execution price of the security is within such limit**. If price of the security is outside the price limit set by the insider, the trade shall not be executed.

**Explanation - In case of non-implementation** (full/partial) of trading plan due to either reasons enumerated in sub-regulation 4 or failure of execution of trade due to inadequate liquidity in the scrip, the following **procedure** shall be adopted:

- (i) The insider shall **intimate non-implementation** (full/partial) of trading plan **to the compliance officer within 2 trading days** of end of tenure of the trading plan.
- (ii) Upon receipt of information from the insider, **the compliance officer, shall place such information** along with his recommendation to accept or reject the submissions of the insider, **before the Audit Committee** in the immediate next meeting. The Audit Committee shall decide whether such non-implementation (full/partial) was bona fide or not.
- (iii) The **decision of the Audit Committee** shall be **notified** by the compliance officer on the same day **to the stock exchanges** on which the securities are listed.
- (iv) In case the **Audit Committee does not accept the submissions** made by the insider, then the compliance officer shall **take action as per the Code of Conduct**.

6. In other points, last bullet shall be substituted by the following, namely: -

The **compliance officer shall approve or reject the trading plan within 2 trading days** of receipt of the trading plan **and notify** the approved plan to **the stock exchanges** on the day of approval.

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**Amendments in Economic Laws**

<b><u>Meeting of CoC</u></b>	RP shall convene a <b>meeting</b> of CoC before <b>lapse of 30 days from the last meeting</b> <b>Provided that</b> the <b>CoC may decide</b> to extend the interval between such meetings subject to the condition that there shall be <b>at least one meeting in each quarter</b> .
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