



JSA Corporate InVision

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SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI)

Specific due diligence of investors and investments of Alternative Investment Funds

SEBI, *vide* notification dated October 8, 2024, has outlined specific due diligence requirements for Alternative Investment Funds (“AIFs”), their managers, and key personnel on investors and investments. These include:

1. carrying out due diligence for investments from countries sharing land borders with India, in line with the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019. For every scheme of AIFs where 50% or more of the corpus of the scheme is contributed by investors, necessary due diligence as per the implementation standards formulated by the Standard Setting Forum for AIFs must be carried out prior to the investment;
2. necessary due diligence is carried out prior to availing benefits to Qualified Institutional Buyers (“QIBs”) (under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018) and Qualified Buyers (“QBs”) (under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002) for every scheme of AIFs having an investor, or investors belonging to the same group, who contribute(s) 50% or more to the corpus of the scheme. AIFs must ensure that investors who are not eligible for QIB or QB status do not avail of the benefits through the AIF;
3. if an investor of the scheme is an AIF, or a fund set up outside India or in International Financial Services Centres (“IFSCs”) in India, then the criteria check for investor(s) regulated by the Reserve Bank of India; and
4. reporting of any existing investments that fail the due diligence checks or confirm compliance by April 7, 2025.

Inclusion of mutual fund units in the SEBI (Prohibition of Insider Trading) Regulations, 2015

On November 24, 2022, SEBI amended the SEBI (Prohibition of Insider Trading) Regulations, 2015 to provide specific safeguards against insider trading in the units of mutual funds. A new Chapter IIA was inserted titled ‘Restrictions on Communication in Relation to and Trading by Insiders in the Units of Mutual Funds’. SEBI, *vide* notification dated October 22, 2024, has issued a circular to streamline the implementation of the amendments relating to mutual funds. The circular will be applicable from November 1, 2024. Some of the key provisions of the circular are as follows:

1. Asset Management Companies (“**AMCs**”) must disclose the details of the holdings of designated persons of AMCs, trustees and their immediate relatives on aggregate basis from November 1, 2024, on a quarterly basis. The holdings as on October 31, 2024, must be disclosed on the platform of the stock exchanges by November 15, 2024. Thereafter, for all subsequent calendar quarters AMCs must provide the information within 10 (ten) calendar days from the end of the quarter;
2. details of all the transactions in the units of its own mutual funds, above the threshold amount which aggregates to a value in excess of INR 15,00,000 (Indian Rupees fifteen lakh), in a transaction or a series of transactions over any calendar quarter, executed by the designated persons of AMC, trustees and their immediate relatives must be reported by the concerned person to the compliance officer of AMC within 2 (two) business days from the date of transaction; and
3. all transactions reported under Regulation 5(E)(2) and any violations of SEBI (Prohibition of Insider Trading) Regulations, 2015 must be disclosed as per the specified format.

Further, the master circular for mutual funds dated June 27, 2024, is modified in line with the amendments.

MINISTRY OF CORPORATE AFFAIRS (MCA)

Companies (Adjudication of Penalties) Second Amendment Rules, 2024

MCA, *vide* notification dated August 5, 2024, had issued the Companies (Adjudication of Penalties) Amendment Rules, 2024, which mandated all proceedings of adjudicating officer and Regional Director must take place in electronic mode only through the e-adjudication platform developed by the Central Government. These amendments have come into force from September 16, 2024. MCA, *vide* notification dated October 9, 2024, has added a proviso to the rules to state that proceedings pending before the adjudicating officer or Regional Director prior to the commencement of the Companies (Adjudication of Penalties) Amendment Rules, 2024 will continue as per provisions of the rules existing prior to amendment.

CENTRAL CONSUMER PROTECTION AUTHORITY (CCPA)

CCPA issues guidelines for Prevention and Regulation of Greenwashing or Misleading Environmental Claims, 2024

On October 15, 2024, the CCPA has notified the Prevention and Regulation of Greenwashing or Misleading Environmental Claims, 2024 (“**Guidelines**”), in furtherance to the Guidelines for Prevention of Misleading Advertisements and Endorsements for Misleading Advertisements, 2022. The Guidelines were framed after seeking comments from public on the earlier released draft Guidelines and seek to prevent companies from making false or misleading claims about the environment-friendly nature of their products and services.

The Guidelines define ‘environmental claims’ to include any representation, in any form, suggesting environmentally friendly attributes aimed to convey a sense of environmental responsibility or eco-friendliness of goods (either in its entirety or as a component), the manufacturing process, packaging, the manner of use of the goods or its disposal or any service (or any portion thereof) or the process involved in providing the services. The Guidelines also highlight that any aspirational or futuristic environmental claims may be made only when clear and actionable plans on how such objectives are sought to be achieved are developed. ‘Greenwashing’ is also clarified to mean any deceptive or misleading practice, which includes concealing, omitting or hiding relevant information, by exaggerating, making vague, false, or unsubstantiated environmental claims or the use of misleading words, symbols, or imagery, placing emphasis on positive environmental aspects while downplaying or concealing harmful attributes. The Guidelines pose

a significant step towards promoting transparency and accountability in environmental claims made in advertising and push for provision of correct information thereby enabling consumers to make informed choices.

For a detailed analysis, please refer to the [JSA Prism of October 29, 2024](#).

INTERNATIONAL FINANCIAL SERVICES CENTRE AUTHORITY (IFSCA)

Guidelines for utilisation of office space or manpower or both by finance company(ies)/unit(s) undertaking ship leasing activity in IFSCs

On October 4, 2024, IFSCA has released guidelines regarding the utilisation of office space or manpower for finance companies engaged in ship leasing activities within the IFSC. Some of the key aspects of the guidelines are as follows:

1. the proposed entity must qualify to be a 'group entity' of either the applicant entity or that of its parent entity. In such case, the applicant entity must submit duly filled application in the prescribed manner along with the one-time fee of USD 2,500 (US Dollars two thousand five hundred); and
2. the application as must be made before the incorporation of the proposed entity in the IFSC. Further, the proposed entity must be incorporated and its application for registration as a ship lessor must be received by IFSCA within a period of 6 (six) months from the date of receipt of approval, for which the approval must remain valid.

Clarifications in relation to investment restrictions on retail schemes set up in IFSCs

IFSCA, *vide* circular dated October 29, 2024, has clarified that in case of investment by retail schemes in unlisted securities issued by an investment fund which is open-ended in nature, regulated by the concerned regulatory authority in its home jurisdiction and permitted for offering to retail investors in its home jurisdiction, the following ceilings/limits will not apply:

1. the ceiling of 15% investment of the total Asset Under Management ("AUM") of the scheme in unlisted securities in the case of an open-ended scheme;
2. the minimum investment amount of USD 10,000 (US Dollars ten thousand) for close-ended schemes investing more than 15% of AUM in unlisted securities;
3. the ceiling of 50% investment of AUM in unlisted securities in case of a close-ended scheme; and
4. the ceiling of 25% investments of AUM in the associates.

Further, in case of a retail scheme which is in the nature of a fund-of-funds scheme, the Fund Management Entity ("FME") must disclose in the offer document the details of the underlying scheme(s) wherein the investments are intended to be made and the nature of association, if any, that the FME has with the manager of the underlying scheme(s).

Framework for environmental, social and governance ratings and data products providers in the IFSC

IFSCA issued a circular dated October 30, 2024, outlining the framework for entities wishing to operate as Environmental, Social and Governance ("ESG") Ratings and Data Products Providers ("ERDPP") within the IFSC. Under the new framework, ERDPP entities must obtain registration with IFSCA. Such entities must be present in the IFSC by establishing a branch or forming a company or limited liability partnership or body corporate or any other form as

permitted by IFSCA. Existing credit rating agencies already registered with IFSCA are permitted to offer ESG ratings without undergoing a separate registration process. Entities must maintain a minimum net worth of at least USD 25,000 (US Dollars twenty-five thousand), appoint a principal officer and compliance and adhere to a code of conduct focusing on governance, transparency and conflict management. Additionally, ERDPPs are mandated to publish their rating methodologies and undertake an annual audit to uphold service quality and credibility.

IFSCA (Payment and Settlement Systems) Regulations, 2024

These regulations lay down the process of authorisation and operations of payment systems in IFSCs. Some of the key provisions are as follows:

1. every system provider must comply with the Principles for Financial Market Infrastructure issued by Committee on Payments and Market Infrastructures and International Organisation of Securities Commissions, and such other norms as may be specified by IFSCA;
2. every system provider must submit to IFSCA such returns, documents and other information as may be required and specified by IFSCA from time to time; and
3. every system provider must furnish to IFSCA, within 3 (three) months from the date on which its annual accounts are closed, a copy of its audited balance sheet as on the last date of the relevant year along with a copy of the profit and loss account and also a copy of the auditor's report. The regulation can be accessed [here](#).

Format and manner of seeking authorisation to commence or carry on a payment

The format and manner for applying to IFSCA for commencing or carrying on a payment system in an IFSC is specified. Every person desirous of commencing or carrying on a payment system in an IFSC must submit the prescribed application form and additional information/submissions to IFSCA. The circular can be accessed [here](#).

Amendment to the Framework for aircraft lease with regard to transactions with person(s) resident in India

In order to facilitate the setting up of the aircraft leasing business in the IFSCs, IFSCA had issued a framework for entities to get registered as a finance company or a finance unit for undertaking aircraft lease transactions:

IFSCA, *vide* circular dated October 30, 2024, has amended the framework with the insertion of a new clause relating to transactions with person(s) resident in India. It provided that no person(s) resident in India can sell, transfer, lease or otherwise dispose, any asset(s) covered under the framework, or a right or interest related to such assets, to a finance company undertaking aircraft leasing activity(ies), in circumstances where such assets, on or after its disposal, will be operated or used solely by person(s) resident in India or to provide services to person(s) resident in India. These restrictions will not apply where:

1. such disposal is to a lessor who is not a 'group entity' of such person(s); or
2. such disposal is to a lessor as part of sale and leaseback arrangement of such assets which are being imported into India for the first time.

JSA UPDATES

Bombay High Court decision on fact-checking rule and its implications

On September 26, 2024, the Bombay High Court delivered a landmark judgment striking down a controversial rule that empowered the government to flag and remove online content about itself that it identified as 'false' or 'misleading'. This ruling has far-reaching implications for free speech, intermediary liability, and digital content regulation in India. By safeguarding the safe harbour protections for intermediaries, the court has ensured that online platforms are not unfairly burdened with censorship, setting a crucial precedent for balancing State regulation and individual freedoms in the digital age.

For a detailed analysis, please refer to the [JSA Prism of October 16, 2024](#).

PM Electric Drive Revolution in Innovative Vehicle Enhancement Scheme

On September 29, 2024, the Ministry of Heavy Industries has notified the PM Electric Drive Revolution in Innovative Vehicle Enhancement Scheme ("PM E-DRIVE Scheme"), which is to be implemented from October 1, 2024 to March 1, 2026. As a successor to the erstwhile Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles in India (FAME India) Scheme I and II, and the Electric Mobility Promotion Scheme 2024 ("EMPS"), the PM E-DRIVE Scheme also aims to promote adoption and manufacturing of Electric Vehicle ("EV") in India and set up of charging infrastructure to promote e-mobility in India. However, unlike the previous schemes, it extends the subsidies to new categories of EVs as well. The PM E-Drive Scheme has subsumed the EMPS and provides for a substantial outlay of INR 10,900 crore (Indian Rupees ten thousand nine hundred crore) towards demand incentives, creation of capital assets and administrative expenses.

For a detailed analysis, please refer to the [JSA Prism of October 8, 2024](#).

Karnataka shops and commercial establishments to operate 24x7 throughout the year

On September 27, 2024, the Government of Karnataka issued a notification permitting shops and commercial establishments employing 10 (ten) or more persons to operate 24x7 for 3 (three) years, aimed at supporting the State's economic growth, particularly in the information technology sector. The notification includes key requirements to ensure employee welfare, such as mandatory rest days, additional staffing, and compliance with wage regulations.

For a detailed analysis, please refer to the [JSA Prism of October 17, 2024](#).

Draft regulations for implementation of rooftop aero turbine with solar power plants

The recently notified draft regulations for Rooftop Aero Turbines by the Karnataka Electricity Regulatory Commission ("KERC") marks a significant step in the State's commitment towards deployment of new and innovative technology to promote renewable energy. By regulating the installation of small-scale wind energy systems, KEREC aims to promote decentralised renewable power generation. These draft regulations are expected to encourage residential and commercial consumers to actively participate in renewable energy adoption. It is an example which other States can emulate, which will support India's broader goals of carbon emission reduction and sustainable development.

For a detailed analysis, please refer to the [JSA Prism of October 23, 2024](#).

The Ministry of Environment, Forest and Climate Change notifies Ecomark Rules, 2024

The Ecomark Rules, 2024, notified by the Ministry of Environment, Forest and Climate Change, provide a framework for eco-labeling products in India. These rules outline the eligibility criteria for obtaining an ecomark, including environmental standards related to pollution reduction, recyclability and the avoidance of harmful materials. The rules also set forth the application, verification and compliance procedures for granting and monitoring ecomarks, and establish a web portal for submissions and reporting. Additionally, a steering committee and a technical committee will oversee the implementation and development of criteria for the ecomark system.

For a detailed analysis, please refer to the [JSA Prism of October 23, 2024](#).

Corporate Practice

JSA's corporate practice is centered around transactional and legal advisory services including day-to-day business, regulatory issues, corporate and governance affair. We have an expert team of attorneys who advise on legal issues concerning inbound and outbound investments, strategic alliances, collaborations and corporate restructurings. We advise clients through all stages of complex and marquee assignments including restructuring, mergers and acquisitions (including those in the public space) to private equity and joint ventures. Our vast clientele includes multinational corporations and large Indian businesses in private, public and joint sector. We work closely with in-house counsel teams, investment banks, consulting and accounting firms along with multilateral agencies and policy making institutions on development of policy and legal frameworks. We provide assistance and counsel to start-ups and venture backed companies by drawing upon our in-depth understanding of how companies are incorporated, financed and grown. With an in-depth understanding of the industry combined with years of expertise, our attorneys provide innovative and constructive solutions to clients in complex transactional engagements. We emphasise teamwork across our wide network of offices across India. This allows us to benefit from the various specialisations available for the ultimate benefit of our clients. We also provide assistance in dealing with diverse corporate governance and compliance issues including FCPA /Anti-Bribery/Anti-Corruption matters and investigations.

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18 Practices and 25 Ranked Lawyers	7 Ranked Practices, 16 Ranked Lawyers ----- Elite – Band 1 - Corporate/ M&A Practice ----- 3 Band 1 Practices ----- 4 Band 1 Lawyers, 1 Eminent Practitioner	12 Practices and 50 Ranked Lawyers
		
14 Practices and 38 Ranked Lawyers		
		
20 Practices and 22 Ranked Lawyers	Ranked Among Top 5 Law Firms in India for ESG Practice	Recognised in World's 100 best competition practices of 2024
		
Among Top 7 Best Overall Law Firms in India and 11 Ranked Practices ----- 11 winning Deals in IBLJ Deals of the Year ----- 12 A List Lawyers in IBLJ Top 100 Lawyer List	Asia M&A Ranking 2024 – Tier 1 ----- Employer of Choice 2024 ----- Energy and Resources Law Firm of the Year 2024 ----- Litigation Law Firm of the Year 2024	Energy - Law Firm of the Year (APAC)  7 Practices and 3 Ranked Lawyers

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