



November 2024

This Newsletter sets out some of the key legislative and regulatory updates in the banking and finance, funds and insolvency space for the month of November 2024.

Sovereign green bonds included as specified securities under the Fully Accessible Route

The Reserve Bank of India (“**RBI**”), *vide* various circulars, has specified categories of government securities that are eligible for investment under the Fully Accessible Route (“**FAR**”). Further to this, RBI, *vide* circular dated November 7, 2024, has designated sovereign green bonds of 10 (ten) year tenor issued by the Government of India in the second half of the fiscal year 2024-25 as ‘specified securities’ under the FAR.

Reporting of foreign exchange transactions to Trade Repository

RBI, *vide* circular dated November 8, 2024, has issued a clarification regarding reporting of foreign exchange transactions to the Trade Repository (“**TR**”).

To ensure completeness of transaction data in the TR for all foreign exchange instruments, the reporting requirement will now include foreign exchange spot (including value cash and value tom) deals in a phased manner. Accordingly, transactions in the following foreign exchange contracts involving Indian Rupees or otherwise (“**FX Contracts**”), must now be reported to the TR:

1. foreign exchange cash;
2. foreign exchange tom; and
3. foreign exchange spot.

The following FX Contracts executed with clients must be mandatorily reported as per the following timelines:

1. FX Contracts with the value equal to or exceeding the threshold limit of USD 1,000,000 (US Dollars one million) and equivalent thereof in other currencies with effect from May 12, 2025;
2. FX Contracts with the value equal to or exceeding the threshold limit of USD 50,000 (US Dollars fifty thousand) and equivalent thereof in other currencies with effect from November 10, 2025; and
3. FX Contracts executed with clients should be reported before 12:00 noon of the following business day.

Relaxation from certain provisions for units allotted to an employee benefit trust by Infrastructure Investment Trusts and Real Estate Investment Trusts

The Securities and Exchange Board of India (“SEBI”), *vide* notifications dated November 13, 2024, has made some relaxations and aligned distribution timelines for Real Estate Investment Trusts (“REITs”) and Infrastructure Investment Trusts (“InvITs”) to promote ease of doing business. Some of the key changes are as follows:

1. the 1 (one) year lock-in on units allotted to persons other than the sponsor(s), the 6 (six) months lock-in on pre-preferential issue unitholding of the allottees, and allotment related restrictions on preferential issue of units will not apply to the units allotted to an employee benefit trust for the purpose of a unit-based employee benefit scheme in compliance with Chapter IVB of the SEBI (Infrastructure Investment Trusts) Regulations, 2014; and
2. the manner of distribution of unclaimed or unpaid amounts has been prescribed. Where a distribution has been made by the investment manager within the timelines specified under respective InvIT/REITs regulations, but the payment to any unitholders has remained unpaid or unclaimed, the investment manager must, within 7 (seven) working days from the date of expiry of the prescribed timelines, transfer such unclaimed amounts to an escrow account to be opened by it on behalf of the InvIT/REIT in any scheduled bank. Such account will be termed as the ‘Unpaid Distribution Account’.

Rights of investors of a scheme of an Alternate Investment Fund

SEBI, *vide* notification dated November 18, 2024, has notified the SEBI (Alternative Investment Funds) (Fifth Amendment) Regulations, 2024 amending the SEBI (Alternative Investment Funds) Regulations, 2012. Regulations 20(21) and 20(22) has been inserted which deals with the rights of investors of a scheme of an Alternative Investment Fund (“AIF”). Some of the key amendments are as follows:

1. the investors of a scheme of an AIF must have rights, pro-rata to their commitment to the scheme, in each investment of the scheme and in the distribution of proceeds of such investment, except as may be specified by SEBI. The rights of investors of schemes of an AIF issued prior to this amendment, which are not pro-rata to their commitment to the scheme and not exempted by SEBI, must be dealt with in the manner specified by SEBI; and
2. the rights of investors of a scheme of an AIF, other than that specified above, must be *pari passu* in all aspects. However, differential rights may be offered to select investors of a scheme of an AIF, in the manner as may be specified by SEBI, without affecting the interest of other investors of the scheme. This requirement will not apply to large value fund for accredited investors. Further, any differential right already issued by an AIF to select investors of a scheme of an AIF, prior to this amendment must be dealt with in the manner as specified by SEBI.

Master Circular for Credit Rating Agencies amended

SEBI, *vide* circular dated November 18, 2024, has amended Para 15.3 of the Master Circular for Credit Rating Agencies (“CRAs”) dated May 16, 2024. Pursuant to COVID-19, a provision on post-default curing period was introduced which mandated CRAs to frame a policy in respect of upgrade of default rating to investment grade rating. The policy could include scenarios like technical defaults, change in management and acquisition by another firm which fundamentally alter the credit risk profile of the defaulting firm. The term ‘technical defaults’ now stands deleted. Further, in the scenario of non-payment of debt due to reasons beyond the control of the issuer, namely, failure to remit payment due to absence of correct information or due to incorrect or dormant investor account furnished by the investor(s) or due to notice/ instruction received from a government authority to freeze the account of investor(s), the CRA must confirm and verify the availability of adequate funds with the issuer and confirm and verify details relating to any failure to repay the debt.

SEBI buy-back regulations amended

SEBI, *vide* circular dated November 20, 2024, has notified the SEBI (Buy-Back of Securities) (Second Amendment) Regulations, 2024 amending the SEBI (Buy-Back of Securities) Regulations, 2018. Some of the key amendments are as follows:

1. a buy-back offer must open not later than 4 (four) working days from the date of public announcement (*earlier this was the record date*);
2. in case any member of the promoter/promoter group has declared its intention to not participate in the buy-back, the shares held by such member of the promoter/promoter group will not be considered for computing the entitlement ratio;
3. the restriction on issuance of any shares or other specified securities including by way of bonus till the date of expiry of buyback period for the offer will not apply to any issuance in discharge of subsisting obligations through conversion of warrants, stock option schemes, sweat equity or conversion of preference shares or debentures into equity shares; and
4. the cover page of the letter of offer should explicitly cover following details: (a) the entitlement ratio for small and general shareholders; (b) web-link to website of the registrar and share transfer agent for shareholders to check their entitlement under the buyback.

International Financial Services Centres Authority

Certain entities exempted from the International Financial Services Centres Authority (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022

The International Financial Services Centres Authority (“IFSCA”), *vide* circular dated November 18, 2024, has exempted the following entities/activities from the applicability of the IFSCA (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022 (“**Guidelines**”):

1. ‘Global-in-House Centre’ registered under the IFSCA (Global In-House Centres) Regulations, 2020;
2. ‘International Branch Campus’ or an ‘Offshore Educational Centre’ of a foreign university or a foreign educational institution registered under the IFSCA (Setting up and Operation of International Branch Campuses and Offshore Education Centres) Regulations, 2022;
3. ‘Financial Crime Compliance Services Provider’ registered under the IFSCA (Book-keeping, Accounting, Taxation and Financial Crime Compliance Services) Regulations, 2024; and
4. a financial institution providing services only to the entities in its ‘Financial Group’ which are located in a country not identified in the public statement of financial action task force as ‘High-risk jurisdictions subject to call for action’.

IFSCA, on November 22, 2024, further amended the Guidelines. Some of the key amendments are as follows:

1. the regulated entity must adhere to the countermeasures when called upon to do so by any international or intergovernmental organisation of which India is a member and accepted by the Central Government; and
2. a regulated entity which is part of a financial group must ensure that it provides its group-wide compliance, audit and anti-money laundering/countering the financing of terrorism functions of customer, account, and transaction information from its branches and subsidiaries, including information and analysis of transactions or activities which appear unusual, if such analysis has been conducted, when necessary for the purposes of money laundering/terrorism financing risk management. Similarly, branches and subsidiaries should receive such information from these group-level functions when it is relevant and appropriate for effective risk management.

New regulations for registration of factors and the assignment of receivables within International Financial Services Centres

IFSCA, *vide* circular dated November 18, 2024, issued the IFSCA (Registration of Factors and Registration of Assignment of Receivables) Regulations, 2024. These regulations aim to provide for the manner of granting certificate of registration to factors and filing of particulars of transactions with the Central Registry by a Trade Receivable Discounting System (“**TReDS**”) on behalf of the factors. Some of the key features of the regulations are as follows:

1. every factor, intending to commence factoring business in an International Financial Services Centre must make an application to the IFSCA for grant of certificate of registration; a factor or entities other than factors, meeting such eligibility criteria as specified by the IFSCA, may undertake the factoring business with the assignor directly or through an International Trade Financing Services platform; and
2. the trade receivables financed through a TReDS must be filed with the Central Registry, by the concerned TReDS on behalf of the factor, within a period of 10 (ten) days, from the date of such assignment or satisfaction thereof, as the case may be.

JSA Update

Supreme Court of India orders for liquidation of Jet Airways (India) Limited and recommends reform in the Insolvency and Bankruptcy Code, 2016

The Hon’ble Supreme Court of India (“**Supreme Court**”) ordered for liquidation of Jet Airways (India) Limited, exercising the plenary powers under Article 142 of the Constitution of India, considering, *inter alia*, the passage of more than 5 (five) years since the approval of resolution plan. Interestingly, the Supreme Court referred to this prolonged litigation as an ‘eye-opener’, and highlighted deficiencies in the working of Insolvency and Bankruptcy Code, 2016 as well as in the functioning of National Company Law Tribunal and the National Company Law Appellate Tribunal. The Supreme Court has, therefore, given key suggestions for reform in the Insolvency and Bankruptcy Code, 2016.

For a detailed analysis, please refer to the [JSA Prism of November 19, 2024](#).

Finance Practice

JSA has a widely recognised market leading banking & finance practice in India. Our practice is partner led and is committed to providing quality professional service combining domain knowledge with a constructive, consistent, comprehensive and commercial approach to issues. Clients trust our banking lawyers to take a practical and business-oriented approach to achieving their objectives. Our lawyers have a clear understanding of the expectations and requirements of both sides to a financing transaction and provide tailored advice to each client's needs. The practice is especially praised for its accessibility and responsiveness and its ability to work well with international firms and clients. We represent a variety of clients including domestic and global banks, non-banking finance companies, institutional lenders, multi-lateral, developmental finance and export credit institutions, asset managers, funds, arrangers and corporate borrowers in different sectors on a wide range of financing transactions.

Our full spectrum of services includes advising clients on corporate debt transactions (including term and working capital debt), acquisition finance, structured finance, project finance, asset finance, real estate finance, trade finance, securitisation, debt capital markets and restructuring and insolvency assignments.

Our practice has been consistently ranked in the top-tier for several years, and several of our partners are regarded highly, by international publications such as Chambers and Partners, IFLR, Asia Law, Legal 500, Asia Legal Business, IBLJ and Leaders League.

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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 ----- Innovative Technologies Law Firm of the Year 2023 ----- Banking & Financial Services Law Firm of the Year 2022	Ranked #1 The Vahura Best Law Firms to Work Report, 2022 ----- Top 10 Best Law Firms for Women in 2022
		
		7 Practices and 3 Ranked Lawyers

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