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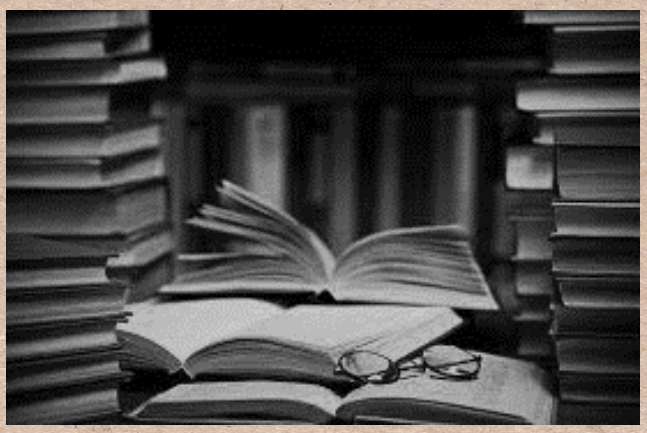
Quid Pro Quo – "Something that is given to a person in return for something they have done"



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SEBI UPDATES

SEBI LODR (THIRD AMENDMENT) REGULATIONS, 2024 – NOTIFIED

Securities and Exchange Board of India ("**SEBI**"), *vide* its notification dated December 12, 2024, has notified the SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2024 ("**LODR Amendment**"), thereby amending the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI LODR**").

Following are the key takeaways of the LODR Amendment:

(a) related party transactions: definition of related party transactions tweaked by expanding the exempted transactions - following additional transactions will not be considered as related party transaction: (i) acceptance of current account deposits and saving account deposits by banks in compliance with the directions of the relevant central bank; and (ii) retail purchases from any listed entity or its subsidiary by its directors or its employees without establishing a business relationship and at uniform appliable terms;

(b) no approval of audit committee for the remuneration/sitting fees paid to related parties: remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of audit committee provided that the same is not material as per SEBI LODR;

(c) ratification of related party transactions by audit committee: members of the audit committee, who are independent directors, may ratify, related party transactions within 3 months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions: (i) aggregate value of the ratified transactions with a related party during a financial year not exceed INR 1 crore; (ii) transaction is not material in terms of SEBI LODR; (iii) rationale for inability to seek prior approval to be placed at the time of ratification; and (iv) details of the ratification shall be disclosed along with the disclosures of related party transactions (*failure to seek ratification of the audit committee will render the transaction voidable at the option of the audit committee and if the transaction is with a related party to any director, or is authorised by any other director, the director concerned shall indemnify the listed entity against any loss incurred by it*);

(d) approval of certain transactions by audit committee and shareholders exempted: (i) transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between an entity and the government (*central/state or combination thereof*); and (ii) transactions entered into between a public sector company and the government (*central/state or combination thereof*);

(e) relaxation in timeline of disclosure of material events/information post closure of board meeting: (i) in case the board meeting closes after normal trading hours of that day, but more

than 3 hours before the beginning of the normal trading hours of the next trading day, the listed entity shall disclose the decision pertaining to the event or information, within 3 hours (*instead of existing requirement of 30 minutes*) from the closure of the board meeting; and (ii) in case the board meeting is being held for more than 1 day, the financial results shall be disclosed within 30 minutes or 3 hours, as applicable, from closure of such meeting for the day on which it has been considered;

(f) Secretarial Audit: (i) every listed entity and its material unlisted subsidiaries incorporated in India should appoint a secretarial auditor who shall be a peer reviewed company secretary in practice to conduct secretarial audit; (ii) based on the recommendation of the board of directors, listed entity shall appoint/reappoint an individual as secretarial auditor for not more than 5 consecutive years or a secretarial audit firm as secretarial auditor for not more than 2 terms of 5 consecutive years with the approval of its shareholders in its annual general meeting; and (iii) after completion of the term as secretarial auditor, it shall not be eligible for re-appointment as secretarial auditor in the same entity for a period of 5 years from the completion of such term; etc.;

(g) reclassification of promoter/public: LODR Amendment has tweaked the procedure of reclassification by first requiring the listed entity to submit application seeking no-objection of the recognized stock exchange (*instead of approval of shareholders first*) for such reclassification request along with the views of the board of directors within 5 days of consideration of the request by the board of directors. The recognized stock exchange shall decide on such application(s) within a period of 30 days, excluding the time taken, if any, by the listed entity to respond to queries of stock exchange, from the date of receipt of the application. The listed entity shall then place the reclassification request before the shareholders in a general meeting for approval, within 60 days of receipt of no objection letter from the recognized stock exchange, along with the views of the board of directors on the request and the no-objection letter;

(h) website disclosure: the listed entity must disseminate certain information under a separate section on its website, which are: (i) memorandum of association and articles of association; (ii) brief profile of board of directors including directorship and full time positions in body corporates; and (iii) employees benefit scheme documents, excluding commercial secrets; and such other information that would affect competitive position of the listed entity;

(i) Insolvency and Bankruptcy Code, 2016 related amendments include: (i) the time for filling vacancy in the office of the compliance officer, chief executive officer, managing director, whole time director or manager or chief financial officer of such entity in respect of which a resolution plan has been approved; (ii) reclassification of promoters; (iii) disclosure of financial results within 90 days from the end of the quarter in which such resolution plan was approved and if the resolution plan was approved during the last quarter of a financial year then shall disclose its annual audited financial results within 120 days from the end of such financial year; and (iv) reconstitution of board and committees.

To read the LODR Amendment click here

SEBI ISSUES GUIDELINES REGARDING PRO-RATA AND PARI-PASSU RIGHTS OF INVESTORS OF AIFs

SEBI, *vide* its notification dated November 18, 2024, had notified the SEBI (Alternative Investment Funds) (Fifth Amendment) Regulations, 2024 ("**AIF Amendment Regulations**"), thereby amending the SEBI (Alternative Investment Funds) Regulations, 2012 ("**AIF Regulations**"). The amendments were introduced with respect to maintaining pro-rata and pari-passu rights of investors in a scheme of an Alternative Investment Fund ("**AIF**").

SEBI, *vide* its circular dated December 13, 2024 ("**AIF Circular**"), has now laid down the guidelines in respect of granting pro-rata and pari-passu rights of investors of AIFs.

(a) Pro-rata rights of investors of AIFs: SEBI, *vide* AIF Amendment Regulations, had notified that the investors of a scheme of an AIF shall 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 specified by SEBI. However, this shall not apply to angel funds.

The AIF Circular has specified that the requirement of maintaining investors' rights pro-rata to their commitment to the scheme shall not be applicable in an investment of a scheme and distribution of proceeds of the investment to the extent (i) an investor has been excused or excluded from participating in the said investment; or (ii) an investor has defaulted on providing his/her pro-rata contribution for the said investment. Further, the requirement of maintaining pro-rata rights of investors in distribution of proceeds of investments of a scheme shall not be applicable to the extent returns or profit on the investments is shared by an investor with the investment manager or sponsor of the AIF (*by whatever name it is called, such as carried interest/additional return*), in terms of contribution agreement executed between them.

Additionally, the following entities may accept returns lesser or share losses more than their pro-rata rights in investments of an AIF/scheme of an AIF, i.e., may subscribe to classes of units which are junior/subordinate to other class(es) of units/scheme of the AIF – (i) investment manager or sponsor of the AIF; (ii) Multilateral or Bilateral Development Financial Institutions; (iii) State Industrial Development Corporations; and (iv) entities established or owned or controlled by the Central Government or a State Government or the Government of a foreign country, including central banks and sovereign wealth funds ("**Exempted Entities**"). In the event an investment manager or sponsor of an AIF subscribes to junior/subordinate class(es) of units/scheme of the AIF, the amount invested by the AIF or its scheme cannot be utilized by an investee company, directly or indirectly, to repay any of its obligations or liabilities towards the investment manager or sponsor of the AIF or their associates.

With respect to the existing AIFs/schemes of AIFs that have adopted priority distribution model (*i.e., schemes that issued senior and junior/subordinate classes of units*) in terms of the AIF circular dated November 23, 2022, and do not fall under the category of Exempted Entities, shall neither accept any fresh commitment nor make investment in a new investee company, directly or indirectly. In the event the investment limits specified under the AIF Regulations are breached pursuant to compliance hereunder, such breach may not be

considered as non-compliance with applicable provisions of the AIF Regulations or circulars issued thereunder, to that extent. However, the same shall be recorded in writing in the compliance test report prepared by the investment manager.

(b) Pari-passu rights of investors of AIFs: Pursuant to the AIF Amendment Regulations, the rights of investors of a scheme of an AIF shall be pari-passu in all aspects other than the rights of the investors which are pro rata to their commitment to the scheme of AIF. Further, Large Value Fund for Accredited Investors ("**LVFs**") were exempted in this regard. The AIF Circular has specified that differential rights may be offered by AIFs to select investors without affecting the rights of other investors, based on the following guiding principles:

(i) Any such right shall not result in any investor bearing liability accrued or accruing to other investors of the AIF/scheme of AIF;
(ii) Any such right with respect to non-monetary/non-commercial terms shall not provide control to an investor on the decision making of the AIF/ scheme of AIF, except in cases where investor/its nominee is part of the Investment Committee constituted by the investment manager;
(iii) Any such right shall not alter the right(s) available to other investors under their respective agreements with the AIF/investment manager; and
(iv) Any such right and eligibility to avail the same shall be transparently disclosed in the Private Placement Memorandum ("**PPM**") of the AIF/scheme of the AIF.

Further, Standard Setting Forum for AIFs ("**SFA**"), in consultation with SEBI, shall formulate the implementation standards in this regard, prescribing the positive list of specific differential rights that may be offered by AIFs. AIFs, investment managers and their key management personnel shall ensure that the differential rights are provided only in accordance with the implementation standards formulated by SFA.

Further, in terms of the standard template for PPMs prescribed by SEBI *vide* its circular, AIFs are required to disclose in their PPM about any differential right offered to an investor(s). In this regard, AIFs/schemes of AIFs whose PPMs were filed post applicability of the aforesaid circular, i.e., on or after March 1, 2020, shall report the details of differential right(s) which do not fall under the implementation standards formulated by SFA in the format as specified in the AIF Circular, on or before February 28, 2025. Further, the investment manager shall immediately terminate/discontinue those differential rights which are ascertained to be affecting the rights of other investors.

Furthermore LVFs, whose PPMs are filed with SEBI for launch of scheme post the date of issuance of the AIF Circular, may avail exemption from the requirement of maintaining pari-passu rights after making appropriate disclosure in the PPM and obtaining an undertaking from accredited investor at the time of on-boarding to the LVF. Existing LVFs may also avail exemption in this regard provided that each investor of the scheme provides a waiver to this effect in the manner as specified in the AIF Circular.

To read the AIF Amendment Regulations click here and to read the AIF Circular click here

SEBI GRANTS RELAXATION FOR THE TRIGGER OF MAXIMUM ISIN MATURITY REQUIREMENT

SEBI, *vide* its circular dated December 13, 2024, has notified that all the listed entities, whose non-convertible debt securities are listed, can list their outstanding unlisted ISINs as of December 31, 2023, pursuant to the provision of Regulation 62A(2) of SEBI LODR, without triggering the maximum ISIN maturity limit for a financial year. The said circular has modified Chapter VIII (*Specifications related to ISIN for debt securities*) of the Master Circular for issue and listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper dated May 22, 2024.

To read the circular click here

INDUSTRY STANDARDS ON BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT – NOTIFIED

SEBI, *vide* its circular dated December 20, 2024, has notified that all the listed entities shall ensure compliance of the Business Responsibility and Sustainability Report Core as mandated under Regulation 34(2)(f) of the SEBI LODR in line with the Industry Standards notified by the Industry Standards Forum ("**ISF**") comprising of representatives from 3 industry associations, *viz.* ASSOCHAM, CII and FICCI, under the aegis of the stock exchanges from financial year 2024-25.

The industry associations which are part of ISF (*ASSOCHAM, FICCI, and CII*) and the stock exchanges shall also publish the aforesaid industry standards on their websites.

To read the circular click here

SEBI CLARIFIES REGULATIONS ON SHAREHOLDING TRANSFERS AND CHANGE IN CONTROL FOR MARKET INTERMEDIARIES

SEBI, *vide* its circular dated December 27, 2024, has clarified the requirement of prior approval for change in control, among immediate relatives and transmission of shareholdings and their effect on change in control for intermediaries, including investment advisors ("**IAs**"), research analysts ("**RAs**") and KYC (*Know Your Client*) registration agencies ("**KRAs**"). The key takeaways from the circular are highlighted below:

(a) Transfer/Transmission of shareholdings for an unlisted body corporate intermediary:
For unlisted body corporates, the transfer or transmission of shareholding among immediate relatives shall not constitute a change in control. The term 'Immediate Relative' is to be construed in consonance with Regulation 2(1)(l) of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011, which includes the spouse, parent, brother, sister or child of the person, or of the spouse.

(b) Transfer/Transmission of shareholdings for a proprietary firm intermediary:
For a proprietary firm, the transfer or bequeathing the firm's business or capital by way of transmission to another person would mean a change in the legal formation or ownership and hence it would fall within the ambit of change in control, and therefore the legal heir / transferee in such cases is mandated to obtain prior approval and fresh registration in the name of the legal heir or transferee, as the case may be.

(c) Transfer/Transmission of ownership interest for a partnership firm intermediary:
For partnership firms, compliance varies in the event of transfer of ownership interest and transmission of ownership interest.

(i) For transfer of ownership interest: an inter-se transfer amongst partners (*provided, the firm has more than 2 partners*) will not be treated as a change in control. However, in the event of the death of 1 partner in a partnership with only 2 partners, the same shall lead to the dissolution of the partnership unless a new partner is introduced. In this case, the introduction of the new partner into the partnership shall constitute a change in control, mandating fresh registration and prior approval from SEBI.

(ii) For transmission of ownership interest: the legal heir of the deceased partner may be admitted into the partnership, in case of death of a partner, if permitted by the partnership deed, thereby reconstituting the partnership. However, such admittance by way of bequeathing partnership rights to the legal heir shall not amount to a change in control.

With the circular taking effect immediately, incoming entities/shareholders becoming part of controlling interest in the intermediary pursuant to transfer of shares from immediate relative / transmission of shares (*immediate relative or not*) are required to meet the 'fit and proper person' criteria enshrined under the SEBI (Intermediaries) Regulations, 2008.

To read the circular click here

RBI & IFSC UPDATES

IFSCA (INFORMAL GUIDANCE) SCHEME, 2024

International Financial Services Centres Authority ("**IFSCA**"), *vide* its circular dated December 2, 2024, has issued the IFSCA (Informal Guidance) Scheme, 2024 ("**Informal Guidance Scheme**") to provide a mechanism for seeking clarity and guidance on various legal and regulatory issues faced by financial institutions and persons intending to set up a unit in International Financial Services Centre ("**IFSC**"), amongst others.

The key provisions of the Informal Guidance Scheme are as follows:

(a) Eligibility: The persons eligible to submit a written request (*application*) seeking informal guidance include a person who is (i) licensed, registered, recognised or authorised by IFSCA; (ii) intending to undertake a business transaction in relation to financial product(s) or financial service(s) regulated by IFSCA; (iii) a person desirous of setting up a unit in IFSC; and (iv) such other person as may be specified/permitted by IFSCA.

(b) Types of informal guidance: Informal guidance may be sought through no-action letters (*where any action is recommended to the IFSCA*) or interpretive letters (*where any interpretation is sought of any regulations issued by IFSCA or any other authority prior to IFSCA*).

(c) Application for seeking informal guidance: An application shall be filed electronically through the Single Window IT System (SWITS) of IFSCA (*and until such filing of application is enabled under SWITS, should be filed through email at igdesk@ifsca.gov.in*) and shall state that it is being made under the Informal Guidance Scheme and also as to whether the application is made for no-action letter or interpretive letter. The application fee for the informal guidance is USD 1,000.

(d) Request for guidance which may not be entertained by the departments: The departments may not entertain the application where (i) the guidance/query sought is general in nature and the application does not completely and sufficiently disclose the factual situation; (ii) the guidance sought is based on hypothetical situations; (iii) the applicant has no direct or proximate interest; (iv) the applicable legal provisions are not cited; etc.

(e) Confidentiality: All the guidance issued under the Informal Guidance Scheme shall be uploaded on the website of IFSCA. However, if the applicant requests to maintain confidentiality (*on the grounds of sensitivity of proposed business decisions and transactions*), the concerned department of IFSCA shall give confidential treatment for a period of 90 days from the date of issuance of guidance. Further, on specific request from the applicant, the department shall redact the names or any other specified details from the guidance issued, before uploading the same.

(f) No recourse and non-binding nature of informal guidance: The letter issued by IFSCA under the Informal Guidance Scheme shall not be construed as: (i) a conclusive decision or

determination of any question of law or fact by IFSCA; (ii) an order of IFSCA; and (iii) such letter shall not be appealable. The letter issued by the department shall constitute the view of the department and shall not be binding on IFSCA.

(g) Actions against guidance obtained by way of unlawful means: In case IFSCA finds that guidance issued by it under the Informal Guidance Scheme has been obtained by the applicant by fraud or misrepresentation of facts, notwithstanding any legal action IFSCA may take, it may declare such guidance to be *non-est* and the case of the applicant will be dealt with as if such guidance had never been rendered.

To read the Informal Guidance Scheme click here

IFSCA ISSUES REVISED DIRECTIONS TO IBUs FOR OPERATIONS OF FCAS OF INDIAN RESIDENT INDIVIDUALS OPENED UNDER THE LRS

IFSCA, *vide* its circular dated October 10, 2024, had issued directions to IFSC Banking Units ("**IBUs**") for operations of Foreign Currency Account ("**FCA**") of Indian resident individuals ("**RIs**") opened under the Liberalised Remittance Scheme ("**LRS**").

Now, IFSCA, *vide* its circular dated December 13, 2024, has issued revised directions, superseding the earlier directions dated October 10, 2024.

The key directions include:

(a) Obligations of IBUs: IBUs shall

(i) permit RIs to open FCA for receiving remittances under LRS from onshore India and ensure that all the remittances are routed through an Authorised Person ("**AP**"). IBUs shall also obtain a copy of the return submitted by RI to AP (*as prescribed by the Reserve Bank of India*) or any other document confirming the transfer under LRS at the time of any inward remittance to the FCA from onshore India;

(ii) permit RIs to open FCA for receiving remittances from locations other than onshore India. The IBUs shall obtain a declaration from the RI, with respect to remittances into the FCA from locations other than onshore India, that such remittance represents funds duly remitted earlier under LRS or income earned on the investments made from funds duly remitted earlier under LRS.

Further, IBUs may permit opening of FCA by RI for purposes other than LRS in compliance with the provisions of the Foreign Exchange Management (Foreign currency accounts by a person resident in India) Regulations, 2015;

(iii) monitor that remittance into the FCA are made within a reasonable period of time from the date of its opening;

(iv) obtain a declaration from the RI to the effect that received/realised/unspent/unused foreign exchange from onshore India or from locations other than onshore India in FCA, unless reinvested within a period of 180 days from the date of such

receipt/realisation/purchase/acquisition or date of return to India shall repatriated be through an AP to the account of the RI in designated AD Bank;

(v) obtain a declaration from the RI to the effect that, such RI shall not settle any domestic transactions with other RI through the FCA; and

(vi) ensure compliance with the IFSCA (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022, including the circulars issued thereunder.

(b) Use of funds to avail financial services or financial products in IFSCs: IBUs shall permit the use of funds remitted to FCA for availing financial products (*as defined in Section 3(1)(d) of the IFSCA Act, 2019 including securities, deposits, etc.*) or financial services (*as defined in Section 3(1)(e) of the IFSCA Act, 2019 including buying, selling, or subscribing to a financial product, acceptance of deposits, etc.*) within IFSCs. However, in cases where fixed deposits are offered to RI, the tenure of such deposits should be less than 180 days, and the maturity proceeds of the same, if not reinvested in any other permissible financial product, shall be subject to the provisions of para (a)(iv) above. Additionally, IBUs shall obtain a declaration from the RI, confirming that amount being spent from its FCA for availing financial services or financial products in IFSC is for the purpose declared while remitting the money to the FCA under LRS.

(c) Use of funds to avail services in any other foreign jurisdiction (*other than IFSC*): IBUs shall permit remittance of funds received in FCA for undertaking all permitted current or capital account transactions, in any foreign jurisdiction (*i.e., other than IFSCs*), other than countries identified by Financial Action Task Force (FATF) as non-cooperative countries and territories. Additionally, IBUs shall obtain a declaration from the RI, confirming that amount being remitted from its FCA is for the purpose declared while remitting the money under LRS. It must be ensured by IBUs that remittances of funds from the FCA are not made, directly or indirectly, to those individuals and entities identified as posing significant risk of committing acts of terrorism as advised separately by RBI.

(d) Reporting: IBUs opening FCA shall notify IFSCA by way of a letter, including a description of the arrangements put in place for complying with the conditions specified in the circular and furnish the data about operations in FCAs in the form and manner, as may be specified by IFSCA.

(e) IBUs are advised to take steps to ensure that the opening of FCA by RI and remittance of funds to such FCA may be enabled digitally on the digital banking platforms (*internet banking and mobile banking*) of the parent bank to provide a seamless experience to the customers undertaking such transactions.

To read the circular dated October 10, 2024 click here & to read the revised directions click here

ENVIRONMENTAL UPDATES

BATTERY WASTE MANAGEMENT RULES, 2022 – DECRIMINALIZED

Ministry of Environment, Forest, and Climate Change ("**MoEFCC**"), *vide* its notification dated December 3, 2024, has notified the Battery Waste Management (Third Amendment) Rules, 2024 ("**Battery Amendment Rules**") thereby amending the Battery Waste Management Rules, 2022 ("**Principal Battery Rules**"). The Battery Amendment Rules aim to align the Principal Battery Rules with the Jan Vishwas (Amendment of Provisions) Act, 2023 which decriminalizes certain offences under the Environment (Protection) Act, 1986.

Accordingly, the Battery Amendment Rules have omitted sub-rule (2) and substituted sub-rule (9) of Rule 13 of the Principal Battery Rules with a new provision dealing with contraventions under which any person who fails to comply with or contravenes the provisions of the Principal Battery Rules shall be liable to a penalty in accordance with Section 15 (*Penalty for contravention of the provisions of the Act and the rules, orders and directions*) of the Environment (Protection) Act, 1986. Section 15 provides that a person shall be liable to penalty in respect of each such contravention which shall not be less than INR 10,000 but which may extend to INR 15 lakhs. Additionally, in case of a continuing offence, the person shall be liable to penalty of INR 10,000 for every day during which such contravention continues.

To read the Battery Amendment Rules click here

ENVIRONMENT RELIEF FUND (AMENDMENT) SCHEME, 2024 – NOTIFIED

MoEFCC, *vide* its notification dated December 17, 2024, has notified the Environment Relief Fund (Amendment) Scheme, 2024 ("**ERF Amendment Scheme**") to amend the Environment Relief Fund Scheme, 2008 ("**ERF Scheme**"). The key amendments made in the ERF Scheme are as follows:

(a) The Environment Relief Fund ("**Relief Fund**") is now explicitly vested in the Central Government, and the administration of the Relief Fund will be transferred from United India Insurance Company Limited to the Central Pollution Control Board ("**CPCB**") for a period of 5 years starting January 1, 2025.

(b) Amounts of compensation or relief payable for environmental damage under Section 24 of the National Green Tribunal Act, 2010, amounts of penalty recoverable under Sections 14, 15 and 17 of the Public Liability Insurance Act, 1991 ("**PLI Act**"), and returns or interest accruing on the investments of the Relief Fund have been added as additional sources of the Relief Fund.

(c) The percentage of the Relief Fund allocated for administrative expenses has been increased from 1% to 2%.

(d) The Fund Manager is required to develop and maintain an online portal for implementing the scheme, and to disburse funds based on orders issued by the District Collector or the Central Government.

(e) Investments of the Relief Fund are allowed to be made only in public financial institutions and savings accounts for liquidity to be maintained to make disbursements within 15 days. The interest earned from these investments must be reinvested on a quarterly basis and full maturity values of fixed deposits shall also be reinvested. The Fund Manager is required to submit an annual statement of accounts to the Central Government for oversight.

(f) The collector is required to forward the order for payment from the Relief Fund (*Form II*) to the Fund Manager, who shall then release the funds within 30 days.

(g) The procedure for applying the fund for environmental restoration is described in a new paragraph 7A of the ERF Scheme. Funds allotted under Rule 3A of the Public Liability Insurance Rules, 1991, will be designated by the Fund Manager. For approval by the Central Government, the CPCB/ State Pollution Control Boards ("**SPCB**") will draft restoration plans that shall include cost estimates, upon the approval of which the Central Government will provide payment to the CPCB/ SPCB.

(h) The Relief Fund's accounts need to be audited by an independent auditor appointed by the Central Government from a panel approved by the Comptroller and Auditor-General.

To read the ERF Amendment Scheme click here

PUBLIC LIABILITY INSURANCE RULES, 1991 – AMENDED

MoEFCC, *vide* its notification dated December 17, 2024, has notified the Public Liability Insurance (Amendment) Rules, 2024 ("**PLI Amendment Rules**"), which aim to strengthen the claims process for environmental damage caused by industrial accidents, thereby amending the Public Liability Insurance Rules, 1991 ("**PLI Rules**"). The key provisions of the amendment are as follows:

(a) An application for claim for relief or restoration of property made to the Collector in Form I can now also be made by individuals who can demonstrate a direct and substantial connection with the property.

(b) The CPCB or SPCB, as the case may be, shall make an application to the Central Government for allocation of funds from the Relief Fund for damage restoration using Form II. Upon receipt, the Central Government will assess the damage and allocate funds, not exceeding 10% of the Relied Fund's balance, issuing an order in Form III. Both boards must maintain records of fund allocation and utilization, submitting annual progress reports to the Central Government. The Central Government will monitor the proper use of these funds.

(c) In case any accident occurs in any industrial unit, the industrial unit must publicise among the affected persons regarding their right to claim for relief under the PLI Rules and PLI Act.

(d) The complaints of alleged offences under the PLI Act can be made by any person *via* registered speed post or electronic mail using Form IV, whereas previously, these methods were not explicitly mentioned.

(e) The maximum aggregate liability of the insurer to pay relief under an award to several claimants has been increased to INR 250 crores (*previously INR 5 crores*), with a total cap of INR 500 crores (*previously INR 15 crores*) for multiple accidents within the policy year.

(f) The owner is liable to reimburse or provide relief for losses or damages in cases such as death, medical expenses incurred due to total or partial disability from an accident, etc., according to the updated schedule of PLI Rules.

(g) The CPCB, SPCB, or any authorized officers can now file a complaint in Form-V regarding the various violations under the PLI Act. Complaints can now be submitted through electronic means, speed post, or by hand to the adjudicating officer, providing more flexibility in the filing process. for filing complaints (Form V), conducting inquiries, transferring cases, and issuing orders or fines.

(h) The fines/penalties collected under the PLI Act shall be credited to the Relief Fund.

To read the PLI Amendment Rules click here

OTHER UPDATES

E-COMMERCE FBOs ADVISED TO STRENGTHEN FOOD SAFETY COMPLIANCE

Food Safety and Standards Authority of India ("**FSSAI**"), *vide* its order dated December 3, 2024, has issued an advisory for e-commerce Food Business Operators ("**FBOs**") on strengthening food safety compliance to help mitigate risks associated with foodborne illnesses and fraudulent practices. The following points have been laid down for consideration of the e-commerce FBOs:

(a) Prioritise training of the last-mile delivery personnel - This should cover safe handling and transportation of food to prevent contamination, as well as personal hygiene and proper sanitization procedures. Additionally, FBOs must ensure that food and non-food items are delivered separately to avoid the risk of cross-contamination.

(b) Any product claims made on e-commerce platforms must be fully aligned with the information provided on the product's physical label. E-commerce FBOs shall have mechanisms in place to ensure that products listed on their platforms are in compliance with the Food Safety and Standards (Labelling and Display) Regulations, 2020.

(c) It is also necessary to ensure that food products being delivered have sufficient remaining shelf life. FSSAI mandates that products must have a minimum shelf life of 30% or at least 45 days before expiry, at the time of delivery.

(d) E-commerce platforms are encouraged to prominently display FSSAI license/registration numbers of the sellers and hygiene ratings obtained by FBOs. E-commerce FBOS shall not list any FBOs (seller) on its platform without displaying their valid FSSAI license/registration.

To read the order click here

MCA EXTENDS THE DEADLINE OF FILING FORM CSR-2

Ministry of Corporate Affairs (MCA), *vide* its notification dated December 31, 2024, has amended Rule 12(1B) of the Companies (Accounts) Rules, 2014 thereby extending the deadline of filing form CSR-2 separately for the financial year 2023-24 from December 31, 2024 to March 31, 2025.

Every company which is covered under Section 135(1) of the Companies Act, 2013 is required to furnish a report on corporate social responsibility in prescribed form CSR-2 separately to the registrar for the financial year 2023-24 on or before March 31, 2025 (*instead of December 31, 2024*) after filing the applicable form No. AOC-4/ AOC-4-NBFC (Ind AS)/ AOC-4 XBRL, as the case may be.

To read the notification click here

MINISTRY OF HOME AFFAIRS TWEAKS THE RULES OF FOREIGN CONTRIBUTION

Ministry of Home Affairs ("**MHA**"), *vide* its notification dated December 31, 2024, has notified the Foreign Contribution (Regulation) Amendment Rules, 2024 ("**FCRA Amendment Rules**"), thereby amending the Foreign Contribution (Regulation) Rules, 2011 ("**FCRA Rules**"). The said amendments are as follows:

(a) Option to carry forward the unspent administrative expense: The FCRA Amendment Rules provides an option to the association to carry forward the unspent part of allowable administrative expenses in a financial year to the immediately succeeding financial year, for reasons to be mentioned in form FC-4 (*annual return*);

(b) Additional disclosures in form FC-4: The FCRA Amendment Rules has added additional disclosures to the form FC-4 which includes: (i) details about the transfer of foreign contribution part of income-tax refund from non-FCRA bank account under the heading "*details of receipt of foreign contribution*"; (ii) providing the details on the carry forward of unspent part of allowable administrative expenses in a financial year as per the inserted table; (iii) providing details of the chartered accountant issuing the certificate under the FCRA Rules (*like name, address, e-mail id, membership number of the chartered account, date of issue of certificate and whether any violation of the Foreign Contribution (Regulation) Act, 2010 ("**FCRA**") has been pointed out in the certificate*); and (iv) declaration by the chartered accountant issuing the certificate on whether the person/association has violated any provisions of the FCRA or rules made thereunder or notifications issued thereunder, if yes, details of the violations to be mentioned in form FC-4.

To read the FCRA Amendment Rules click here

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We hope you like our publication. We look forward to your suggestions. Please feel free to contact us at mumbai@vaishlaw.com.

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