

THE MARKET CHRONICLE

~BY CATALYST

NEWS

● VOLUME: 1 ● ISSUE: 2 ● 30 APRIL, 2024

CIRCULAR AND AMENDMENT ISSUED BY THE MARKET REGULATORS:

IFSCA Circular on Clarifications in relation to permissible activities undertaken by a lessor specified under "Clarification on Framework for ship leasing" – dated 2nd April 2024.

IFSCA has issued the above circular F. No 496/ IFSCA/FC/SLF/2024-25/01 dated 02 April 2024, stating lessor may undertake the following activity of the SL Framework, only if such lessor has absolute or leasehold right over the ship/ocean vessel, key highlights of the same is as below:

- The lessor, which has obtained a Certificate of Registration under regulation 3 of the FC Regulations, may undertake the permissible activities specified in sub-clause E and H of clause 3 of the SL Framework.
- Asset Management Support Services for assets owned or leased out by the entity or by its wholly owned subsidiary(ies) or by a branch of its wholly owned subsidiary set up in IFSCs in India.

For more details, please refer the attached IFSCA circular's Link.

Learn more: [https://ifsc.gov.in/Viewer?](https://ifsc.gov.in/Viewer?Path=Document%2FLegal%2Fpermitted_activities_clarification_11_03_2024_03042024103242.pdf&Title=Clarifications%20in%20relation%20to%20permissible%20activities%20undertaken%20by%20a%20lessor%20specified%20under%20E2%80%9CClarification%20on%20Framework%20for%20ship%20leasing%22&Date=02%2F04%2F2024)

[Path=Document%2FLegal%2Fpermitted_activities_clarification_11_03_2024_03042024103242.pdf&Title=Clarifications%20in%20relation%20to%20permissible%20activities%20undertaken%20by%20a%20lessor%20specified%20under%20E2%80%9CClarification%20on%20Framework%20for%20ship%20leasing%22&Date=02%2F04%2F2024](https://ifsc.gov.in/Viewer?Path=Document%2FLegal%2Fpermitted_activities_clarification_11_03_2024_03042024103242.pdf&Title=Clarifications%20in%20relation%20to%20permissible%20activities%20undertaken%20by%20a%20lessor%20specified%20under%20E2%80%9CClarification%20on%20Framework%20for%20ship%20leasing%22&Date=02%2F04%2F2024)

IFSCA Circular on Ease of doing business - Filing of Schemes or funds under IFSCA (Fund Management) Regulations 2022 – dated 5h April 2024.

IFSCA has issued Circular F. No. IFSCA-AIF/32/2024-Capital Markets dated 5 April 2024 stating that for all schemes or funds to be launched (except Retail Schemes), the Fund Management Entity (FME) shall submit the Private Placement Memorandum (PPM) along with other documents ensuring minimum disclosures and other requirements as outlined in this circular, to IFSCA.

After filing these documents along with the disclosures and complying with other requirements stipulated in this circular, FMEs may launch their respective schemes. The circular has also stated the checklist of documents required for filling of application.

For more details, please refer the attached the IFSCA circular link.

Learn more: <https://ifsc.gov.in/Viewer?Path=Document%2FLegal%2FEase-of-doing-business-filing-of-schemes-or-funds-under-ifsc-fm-regulations-05042024072655.pdf&Title=Ease%20of%20doing%20business%20-%20Filing%20of%20Schemes%20or%20funds%20under%20IFSCA%20%28Fund%20Management%29%20Regulations%202022.&Date=05%2F04%2F2024>

Entities allowed to use e-KYC Aadhaar Authentication services of UIDAI in Securities Market as sub-KUA – dated 5th April 2024.

SEBI has issued a circular dated April 5, 2024, pertaining to Entities allowed to use e-KYC Aadhaar Authentication services of UIDAI in Securities Markets as sub-KUA.

It is with reference to the SEBI circular dated 19th March 2024, which further states that as the SEBI Master Circular of October 12, 2023, outlines the implementation of Aadhaar-based e-KYC processes and authentication for Resident Investors under the Prevention of Money Laundering Act, 2002. Additionally, the Ministry of Finance has notified 155 and 39 entities to undertake e-KYC Aadhaar Authentication services, as per gazette notifications dated July 13, 2022, and Jan 30, 2023, respectively.

In this regard, the Ministry has now notified another 24 entities for Aadhaar authentication services and the same is captured in Annexure A.

For more details, please refer the attached SEBI circular link.

Learn more: https://www.sebi.gov.in/legal/circulars/apr-2024/entities-allowed-to-use-e-kyc-aadhaar-authentication-services-of-uidai-in-securities-market-as-sub-kua_82813.html

Standardization of Private Placement Memorandum (PPM) Audit Report – dated 18th April 2024.

SEBI has issued circular, dated April 18, 2024, pertaining to Standardization of the Private Placement Memorandum (PPM) Audit Report (Applicability - PPM audit reports to be filed for FY ending March 31, 2024, onwards)

Background: Regulation 28 of SEBI (AIF) Regulations, 2012 and Clause 2.4 of SEBI Master Circular dated July 31, 2023, outlines the mandatory requirement to carry out an annual audit of compliance with the terms of Private Placement Memorandum (PPM). The said report shall be submitted to entities listed therein, within 6 months from the end of the Financial Year. (Below are the key highlights of the same)

- To have uniform compliance standards and for ease of compliance reporting, standard reporting format for PPM Audit Report applicable to various categories of AIF shall be hosted on the websites of the AIF Associations within 2 working days of issuance of this circular.
- The PPM audit reports shall be submitted to SEBI by AIFs online on the SEBI Intermediary Portal (SI Portal) as per the aforesaid format and all other provisions w.r.t filing of the PPM audit report specified in the Master circular shall remain unchanged.

The reporting format shall be reviewed periodically by pilot SFA in consultation with SEBI and in case of any revision, the revised reporting format shall be made available on websites of the Associations which are part of SFA.

For more details, please refer the attached SEBI circular Link

Learn more: https://www.sebi.gov.in/legal/circulars/apr-2024/standardization-of-the-private-placement-memorandum-ppm-audit-report_82938.html

Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2024– dated 25th April 2024.

SEBI has Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2024 (Applicability - Date of publication in the Official Gazette); below is the key highlight of the same:

- In regulation 2 (i), definition of “dissolution period” and “encumbrance” has been inserted and the words “for fully liquidating the scheme” are omitted in clause (pb)
- The new proviso pertaining to creation of encumbrance on equity of investee company for Category I & II AIF has been added in Regulation 16(1)(c) and 17(c) accordingly.
- The new sub-regulation 20 (20) shall be inserted - Every AIF, Manager of AIF and KMP of the manager shall exercise specific due diligence, with respect to their investors and investments.
- In regulation 29 (9), the words “sell such investments to a liquidation scheme” shall be replaced by the words “enter into dissolution period”.
- The new sub-regulation 29 (9A) and 29 (10) shall be inserted pertaining to expiration of liquidation period, subject to such conditions and in the manner as may be specified by SEBI.
- The new sub-regulation 29A (8) shall be inserted- AIF cannot launch any new liquidation scheme under the regulation after the notification of the attached circular.
- The new Regulation 29(B) Dissolution Period shall be inserted and the dissolution period of a scheme of AIF shall not be more than the original tenure of the scheme and shall not be extended in any manner upon expiry of the dissolution period.

For more details, please refer the attached SEBI circular Link

Learn more: https://www.sebi.gov.in/legal/regulations/apr-2024/securities-and-exchange-board-of-india-alternative-investment-funds-second-amendment-regulations-2024_83060.html

Framework for Category I and II Alternative Investment Funds (AIFs) to create encumbrance on their holding of equity of investee companies – dated 26th April 2024.

SEBI has issued the above captioned circular dated April 26, 2024 with Applicability: Immediate Effect, below is its key highlights:

A) To provide ease of doing business and flexibility to Category I & II AIFs to create encumbrance on their holding of equity in investee companies to facilitate raising of debt by such investee companies, SEBI AIF regulations amended on April 25, 2024

B) Category I & II AIFs (Such AIFs) may create encumbrance on equity of investee company subject to the conditions as may be specified by the Board from time to time such as:

1. Existing schemes of such AIFs who have not on-boarded any investors prior to April 25, 2024, may create encumbrance on investee company's equity for borrowing, with explicit disclosure in PPMs.
2. Encumbrances created by such AIFs before April 25, 2024, may continue with explicit disclosure in PPMs.
3. Encumbrances created without disclosure in PPM may continue only with consent of all investors in the scheme of the AIF by Oct. 24, 2024, or else must be removed. Further, encumbrances not meeting criteria must be removed by Oct.24, 2024.
4. Borrowings against encumbered equity must be used for investee company's development, operation, or management, as per the investment agreement.
5. Duration of encumbrance should not exceed the residual tenure of the scheme of such AIFs.
6. AIFs with significant foreign involvement shall ensure compliance with RBI Master Direction dated January 04, 2018 on 'Foreign Investments in India'.
7. AIFs should ensure no additional liability beyond encumbered equity in case of default by the borrower investee company.
8. Flexibility of creating encumbrance on equity investment shall not be interpreted as allowing schemes of such AIFs to extend any form of guarantee for investee company.
9. Schemes of such AIFs shall not create encumbrance on their investments in foreign investee companies.

C) Standard Setting Forum for AIFs, in consultation with SEBI, shall create implementation standards for encumbrances on investee company equity. Managers of Category I or Category II AIFs shall adopt and adhere to such implementation standards and the trustee/sponsor of AIF (basis applicability) shall ensure that the 'Compliance Test Report' includes compliance with the provisions of this circular.

For more details, please refer the attached SEBI circular Link

Learn more: https://www.sebi.gov.in/legal/circulars/apr-2024/framework-for-category-i-and-ii-alternative-investment-funds-aifs-to-create-encumbrance-on-their-holding-of-equity-of-investee-companies_83067.html

Flexibility to Alternative Investment Funds (AIFs) and their investors to deal with unliquidated investments of their schemes – dated 26th April 2024.

In continuation to the SEBI AIF regulations amended on April 25, 2024, SEBI issued the captioned circular dated April 26, 2024 (Applicability: Immediate Effect).

It provides clarity and conditions which are to be followed by AIF's on following matters:

1. Dissolution Period
2. Mandatory in-specie distribution of unliquidated investments
3. One-time flexibility to schemes of AIFs whose Liquidation Period has expired, to deal with unliquidated investments
4. Responsibility for compliance
5. Discontinuation of the option of launching Liquidation Scheme

For more details, please refer the attached SEBI circular Link

Learn more: https://www.sebi.gov.in/legal/circulars/apr-2024/flexibility-to-alternative-investment-funds-aifs-and-their-investors-to-deal-with-unliquidated-investments-of-their-schemes_83065.html

Consultation Paper/ Draft Circular on Relaxation in requirement of intimation of changes in the terms of Private Placement Memorandum of Alternative Investment Funds through Merchant Banker – dated 29th April 2024.

SEBI has issued above circular dated April 29, 2024, pertaining to "Relaxation in requirement of intimation of changes in the terms of Private Placement Memorandum of Alternative Investment Funds through Merchant Banker" (Applicability: Immediate Effect)

In terms of para 2.5.3 of SEBI Master Circular No. SEBI/HO/AFD/PoD1/P/CIR/2023/130 dated July 31, 2023, for AIFs, it is proposed that changes in certain terms of PPM may not be required to be submitted through a merchant banker and may be filed directly with SEBI to facilitate ease of doing business and rationalise the cost of compliance for AIFs.

- The changes in the terms of PPM, as mentioned in Annexure A, may not be required to be submitted through a merchant banker and may be filed directly with SEBI
- Large Value Fund for Accredited Investors (LVFs) shall be exempted from the requirement of intimating any changes in the terms of PPM through a merchant banker. LVFs may directly file any changes in the terms of PPM with SEBI, along with a duly signed and stamped undertaking by CEO of the Manager of the AIF (or person holding equivalent role or position depending on the legal structure of Manager) and Compliance Officer of Manager of the AIF, in a format as specified at Annexure B.

For more details, please refer the attached SEBI circular Link

Learn more: https://www.sebi.gov.in/legal/circulars/apr-2024/relaxation-in-requirement-of-intimation-of-changes-in-the-terms-of-private-placement-memorandum-of-alternative-investment-funds-through-merchant-banker_83091.html

KNOWLEDGE SHARING!

Did you know?? The finance ministry has delegated powers of Development Commissioner including new unit registration/approval to the IFSCA authority! Learn more about it...

The IFSCA is a unified authority for the development and regulation of financial products, financial services, and financial institutions in the International Financial Services Centre (IFSC) in India. At present, the GIFT IFSC is the maiden international financial services centre in India. Prior to the establishment of IFSCA, the domestic financial regulators, namely, RBI, SEBI, PFRDA and IRDAI regulated the business in IFSC.

The finance ministry has delegated powers of Development Commissioner including new unit registration/approval to the IFSCA - International FSCA vide notification vide Gazette Notification S.O. 940(E) dated 28th February 2024.

Attention is drawn to Gazette Notification S.O. 940(E) dated 28th February 2024, whereby sub-section (7) was inserted to section 12 of the Special Economic Zones Act, 2005 inter-alia providing –

'7. "Notwithstanding anything contained in this section, in case any Units requiring recognition, registration, license or authorisation by the International Financial Services Centres Authority established under sub-section (1) of section 4 of the International Financial Services Centres Authority Act, 2019 (50 of 2019), the powers and functions of the Development Commissioner under this section, except the powers conferred under sub-section (3), shall be discharged by an officer nominated by the International Financial Services Centres Authority to be designated as "Administrator (IFSCA)".'

2. Accordingly, Shri Praveen Trivedi, Executive Director, International Financial Services Centres Authority has been designated as an Administrator (IFSCA), u/s 12 (7) of the SEZ Act, 2005.

Please find blow the link for downloading the SOP issued by IFSCA:

<https://ifsc.gov.in/Pages/Contents/SEZUnitApproval>

CATALYST OVER THE YEAR! (AN OVERVIEW STRAIGHT FROM OUR HEART):

The past FY has been one of the tremendous growth and expansion for us! as we continue to broaden our service offerings to meet the diverse needs of our clients. We have introduced several new verticals while enhancing our existing services, solidifying our position as a comprehensive solutions provider.

One of the key additions to our portfolio is the Catalyst Family Office, catering to ultra-high-net-worth individuals and families. This specialized service provides multi-generational wealth and legacy management solutions, including customized succession planning tools. We assist with drafting legal documents related to estate and succession planning, acting as executors for wills or trustees for various private family trust structures, and offering concierge services, governance frameworks, and succession strategies.

Our Corporate Services division has also witnessed significant developments. We now offer extensive support for non-convertible debenture (NCD) listings, facilitating appointments of intermediaries, secretarial services, ISIN creation, stock exchange filings, and post-listing compliance. Additionally, we provide Foreign Portfolio Investor (FPI) registration services, including annual administration and computation of tax liabilities.

Recognizing the growing demand for specialized structures, we have expanded our capabilities to support the establishment and administration of Special Purpose Vehicles (SPVs) and Alternative Investment Funds (AIFs). Our services encompass the incorporation of Investment Manager entities, compliance support under SEBI AIF Regulations, FEMA compliance for allotting AIF units to foreign investors, board meeting arrangements, corporate governance calendars, and filing of annual accounts and returns.

Furthermore, our Corporate Service Provider (CSP) offerings have been enhanced to include services such as company incorporation, secretarial services, strike-off procedures, director services, accounting and reporting, tax services, payroll management, and dematerialization of physical shares.

We have also expanded our capabilities by making our offerings more holistic in the Debenture Trustee (DT) and Securitization verticals to serve as a catalyst for your success. We now offer dematerialization services for physical shares, facilitate NCD listings, and act as Investment Managers for AIF portfolios. Our proprietary DA and PTC software solutions have been upgraded to provide additional functionalities, further streamlining our operations.

As we look ahead, Catalyst remains committed to staying at the forefront of industry developments, continuously enhancing our service offerings to meet the evolving needs of our valued clients. We are excited about the opportunities that lie ahead and look forward to partnering as a catalyst of your journey towards success with more and holistic offerings from now on.

HIGHLIGHTS OF THE MONTH:

Security Trustee deals:

Sectors	No. of Transaction	Facility Amount (Cr.)
Infrastructure Sector	5	1325
Renewable Sector	14	44694
NBFC	07	10685
Others	05	4231
Real Estate	06	637.34
Grand Total	37	61,572.34

Debenture Trustee deals:

Sector	No. of Transaction	Facility Amount (Cr.)
NBFC	43	10586.85
Real estate & Infrastructure	10	3752.28
Renewable Energy Sector	3	107
Pharma	2	1004
Others	2	38.2
Grand Total	60	15488.33

Securitization deals:

Asset Class	No. of Deals	Pool Size (Cr.)
Business Loan	3	347
Commercial Vehicle Loan	5	299
HL / LAP	12	1,365
Microfinance	15	973
Personal Loan	8	528
Small Business Loan	7	575
Unsecured Business Loan	2	536
Grand Total	52	4,623

Other deals:

Category	No. of Deals	Issue Size in Crores
AIF (Domestic)	2	225
AIF (GIFT City)	1	50
Grand Total	3	275

Thanks and Regards,
Editorial team of Catalyst.

Write us a mail at newsletters@ctltrustee.com for any query related to the subscription, newsletter, copyrights, etc.

"We are the Market Leaders in the Debenture Trustee and Securitization Trustee Segment"

31.7%

Market share in Debenture Trustee in-terms of NCD Issuance making us the Leaders.

#01

No. 1- Leading Trustee in Debentures and Securitization Segment.

72%

Market Share in Securitization making us the leaders in the same since half a decade.

Listed NCDs Issuance: 452.



Unlisted NCDs Issuance: 695.



Debenture Trustee: Total Deals: 1147; Volume/ AUM: 1 Lakh core.

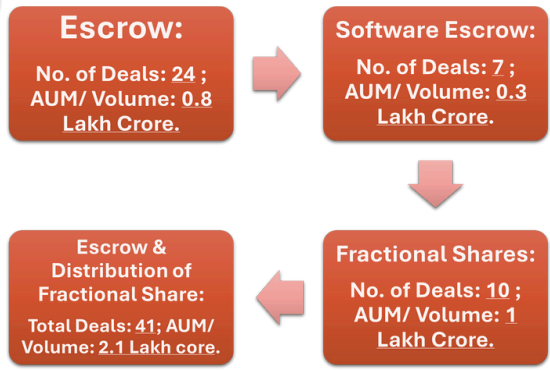
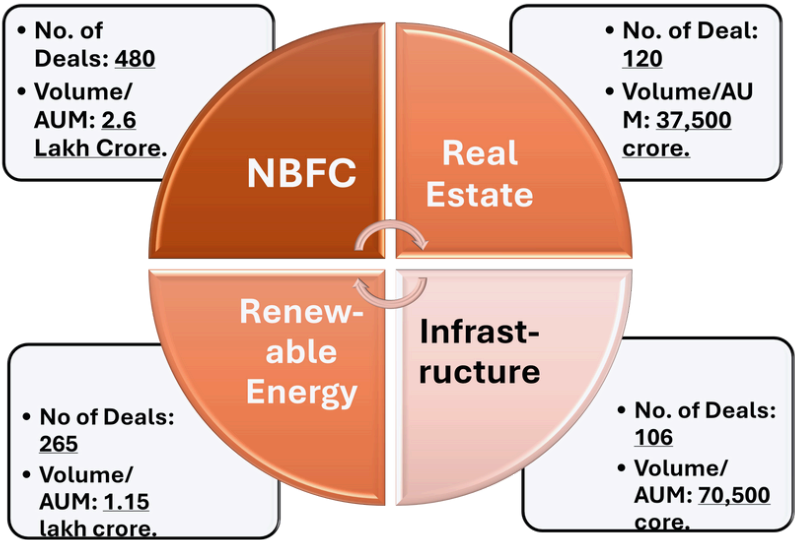
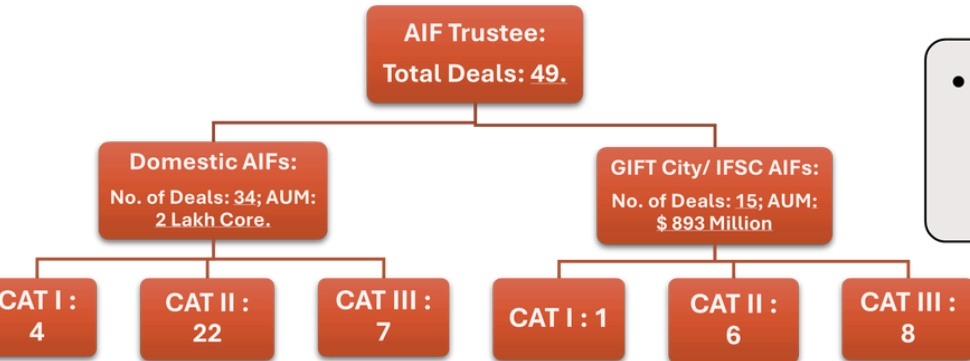
Securitization Trustee: Total Deals: 643 AUM/ Volume: 1 Lakh Core.

PTC

397

DA

298



GSPP Vertical

Total no. of Accounts handled by us: 60,000	Total Volume/Aum handled: 3381 Cr.
---	------------------------------------

Provident Fund (PF)

PF of exempted organization: 12 Fund Under Management: 2550 Cr.	PF of unexempted organization: 15 Fund Under Management: NA
---	---

Gratuity Trust

Number of Clients Catered: 22	Fund Under Management: 477 Cr.
-------------------------------	--------------------------------

Superannuation/ Pension

No. of Clients Catered: 11	Fund Under Management: 354 Cr.
----------------------------	--------------------------------

Enforcement Management for NBFCs, Real Estate, Hotel Industry, Media & Entertainment, etc.



"Currently, our employee size stands at 175+ making us the largest team in trusteeship in India, and we are committed to providing timely and effective services to our client..."

