



Fortnightly Newsletter

SARVAANK
ASSOCIATES

15 December 2024 to 1 January 2025



Security and Exchange Board of India

SEBI's Circular on Prior approval for change in control: Transfer of shareholdings among immediate relatives and transmission of shareholdings and their effect on change in control, Circular Dated: 27th December, 2024

SEBI's circular dated December 27, 2024, clarifies the treatment of transfer and transmission of ownership among intermediaries like Investment Advisers, Research Analysts, and KYC Registration Agencies regarding changes in control. Transfers among immediate relatives or transmissions in unlisted corporate intermediaries will not be deemed control changes, simplifying compliance. However, transmissions in proprietary concerns and changes in partners or ownership interests in partnership firms may trigger control changes, requiring SEBI's prior approval and fresh registration. Incoming entities must meet SEBI's "fit and proper" criteria, ensuring governance standards. Effective immediately, supervisory bodies must amend regulations and disseminate this update to protect investors and maintain market integrity.

This Circular can be accessed [Here](#)

In this newsletter you can expect:

SEBI's Circular on Prior approval for change in control: Transfer of shareholdings among immediate relatives and transmission of shareholdings and their effect on change in control, Circular Dated: 27th December, 2024

SEBI's Circular on Pro-rata and pari-passu rights of investors of AIFs, Circular Dated: 13th December, 2024

SEBI's Circular on Classification of Corporate Debt Market Development Fund (CDMDF) as Category I Alternative Investment Fund, Circular Dated: 13th December, 2024

Department for Promotion of Industry and Internal Trade issued a Notification on Gas Cylinder Rules, 2016, Notification Dated:

Department for Promotion of Industry and Internal Trade issued a Notification on the Ammonium Nitrate Rules, 2012



SEBI's Circular on Pro-rata and pari-passu rights of investors of AIFs, Circular Dated: 13th December, 2024

SEBI has amended the AIF Regulations, 2012, introducing stricter norms to ensure fairness in the treatment of investors in Alternative Investment Funds (AIFs). It mandates pro-rata rights for investors regarding their contributions and the distribution of proceeds, with exceptions for excused or excluded investors, defaulters, or manager/sponsor profit-sharing arrangements. Additionally, pari-passu rights must be maintained for all investors unless differential rights are clearly disclosed, do not harm the interests of other investors, and comply with SEBI's standards. AIF managers are required to review and align existing arrangements with these standards, report any non-compliant rights to SEBI by February 28, 2025, and terminate those that adversely impact other investors. While Large Value Funds (LVFs) can offer differential rights, this is permissible only with adequate disclosures and investor waivers. The circular is effective immediately, underscoring SEBI's intent to enhance transparency and protect investor interests.

This Circular can be accessed [Here](#)

SEBI's Circular on Classification of Corporate Debt Market Development Fund (CDMDF) as Category I Alternative Investment Fund, Circular Dated: 13th December, 2024

SEBI has clarified the classification of the Corporate Debt Market Development Fund (CDMDF), established under Chapter III-C of the AIF Regulations, 2012, as a Category I Alternative Investment Fund (AIF) under Regulation 3(4)(a). The CDMDF serves as a backstop facility designed to provide liquidity support for investment-grade corporate debt securities during periods of market stress, ensuring stability in the corporate bond market. By functioning as a safeguard, the fund aims to prevent disruptions in the secondary market and foster investor confidence. This classification aligns with SEBI's broader objective of promoting the development of the corporate bond market, enhancing secondary market liquidity, and ensuring the smooth functioning of debt markets during volatile conditions.

This Circular can be accessed [Here](#).

SEBI's Circular on Industry Standards on Reporting of BRSR Core, Circular Dated: 20th December, 2024

SEBI has mandated the adoption of standardized industry practices for Business Responsibility and Sustainability Report (BRSR) Core disclosures under Regulation 34(2)(f) of the SEBI LODR Regulations, 2015. These standards have been formulated by the Industry Standards Forum (ISF),



comprising ASSOCHAM, FICCI, and CII, under the guidance of stock exchanges. The initiative aims to simplify and standardize compliance with BRSR Core requirements, promoting greater consistency, transparency, and accountability in corporate disclosures related to environmental, social, and governance (ESG) performance. Listed entities are required to implement these standards from FY 2024-25 onwards. Detailed guidelines are available on the websites of ASSOCHAM, FICCI, CII, and respective stock exchanges, ensuring entities have access to the necessary resources for compliance.

This Circular can be accessed [Here](#)

SEBI's Circular on Measures to address regulatory arbitrage with respect to Offshore Derivative Instruments (ODIs) and FPIs with segregated portfolios vis-à-vis FPIs, Circular Dated: 17th December, 2024

SEBI has introduced new regulations to improve the transparency and oversight of Offshore Derivative Instruments (ODIs) and Foreign Portfolio Investors (FPIs). FPIs must issue ODIs under a distinct registration with an "ODI" suffix, ensure one-to-one hedging with securities, and refrain from derivatives-based ODIs. Stringent disclosure requirements are imposed on ODI subscribers holding over 50% equity positions in a single Indian corporate group or exceeding INR 25,000 crore in Indian equity markets, though exemptions apply to government entities and ETFs. FPIs and depositories are tasked with monitoring positions, enforcing compliance with thresholds, and taking corrective actions, such as restricting new positions and mandating liquidation within 180 days for violations. Public disclosure of breaches and exemptions is mandatory, with depositories maintaining a repository of corporate group details. These regulations aim to enhance compliance, prevent regulatory arbitrage, and bolster market oversight.

This Circular can be accessed [Here](#)

Ministry of Commerce and Industry

Department for Promotion of Industry and Internal Trade issued a Notification on Gas Cylinder Rules, 2016, Notification Dated 11th December, 2024:

The notice published in the Gazette of India on December 11, 2024, announces the draft amendments to the Gas Cylinder Rules, 2016, with the aim to update various provisions. It outlines modifications to the definition of "Micro and Small Enterprises," incorporating the Micro, Small, and Medium Enterprises Development Act, 2006. Additionally, new provisions have been introduced under Rule 2(xli) and (liii) to define "Micro and Small



Start-ups" and "Mixed Entrepreneurial Enterprises" based on ownership and funding thresholds. The Gazette also mentions various fee structures for the import, handling, and storage of gas cylinders and related components, including fees for the import of compressed gas cylinders and LPG valves and regulators. Moreover, it highlights the regulatory and inspection fees associated with the gas industry, including the inspection of cylinders and the approval of safety and manufacturing equipment. The Gazette invites public comments and suggestions on these draft amendments within 30 days from the publication date, with further discussions to take place with the concerned authorities.

This Notification can be accessed [Here](#)

Department for Promotion of Industry and Internal Trade issued a Notification on the Ammonium Nitrate Rules, 2012, Notification Dated 11th December, 2024:

The Ministry of Commerce and Industry, through a notification dated December 11, 2024, has published draft amendments to the Ammonium Nitrate Rules, 2012, under the Explosives Act, 1884. These proposed changes include the introduction of definitions for "Micro and Small Enterprises," "Micro & Small Startups," and "Women Entrepreneurs." The draft also outlines revised fees for obtaining licenses and approvals related to the manufacture, possession, import, export, storage, and transport of ammonium nitrate, with reduced fees for micro and small enterprises, startups, and women-owned businesses. The public is invited to submit objections or suggestions within 30 days of the notification's publication.

This Notification can be accessed [Here](#)



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