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DAILY NEWS DIGEST BY BFSI BOARD

30 March, 2023

SEBI ANNOUNCED ON CREATION OF CORPORATE DEBT MARKET DEVELOPMENT FUND (CDMF): SEBI has approved setting up of a "Corporate Debt Market Development Fund" in the form of an Alternative Investment Fund, to act as a "backstop" facility to purchase investment grade corporate debt securities in times of stress. This will help instill confidence in investors on the corporate bond market and also enhance secondary market liquidity. Corporate Debt Market Development Fund (CDMDF), based on a guarantee to be provided by the National Credit Guarantee Trust Company (NCGTC), may raise funds to purchase corporate debt securities during market dislocation. "Access to the fund for selling securities during market dislocation shall be to specified mutual fund schemes in proportion to the contribution made to the fund at a mutual fund level,". The regulator has also decided that the period of compliance for Large Corporates to raise 25% of their incremental borrowings through the debt market be extended to a contiguous block of 3 years instead of the current 2 years.
(Economic Times)

RBI TO PROVIDE RS 5,000 CRORE LIQUIDITY FACILITY FOR STANDALONE PRIMARY DEALERS ON MARCH 31: RBI) on March 29 said it has decided to provide an additional amount of Rs 5,000 crore to standalone primary dealers under Standing Liquidity Facility on March 31. These will be provided at the prevailing repo rate. Currently, the repo rate is at 6.50 percent. This was decided after review of current and evolving liquidity conditions, the central bank said in a release. "The amount availed under the special arrangement will be repayable on or before April 5, 2023," RBI said.
(Moneycontrol)

SEBI ALLOWS MUTUAL FUNDS TO LAUNCH MULTIPLE ESG-BASED SCHEMES: SEBI, the financial market regulator, has announced a slew of measures to boost ESG factor-based investing in India through mutual funds. Mutual fund houses henceforth, can launch more than one scheme, the investment mandate of which is governed by ESG factors. ESG - Environmental, Social and Governance factors-based investing is catching up in all parts of the world. Indian policymakers are also incentivising sustainable investing. In order to address the risk of mis-selling and greenwashing, to enhance stewardship reporting requirements, and to promote ESG investing SEBI has made some key announcements today, which are expected to impact mutual funds. As per extant rules of categorisation of mutual fund schemes, ESG schemes are considered thematic funds. And fund houses are allowed to launch only one ESG scheme. Now with the regulator allowing multiple schemes based on

ESG-related factors, investors may get more alternatives in this space that suit their requirements.
(Moneycontrol)

SEBI ALLOWS PRIVATE EQUITY FUNDS TO BECOME SPONSORS OF MUTUAL FUND COMPANIES: The board of Securities and Exchange Board of India (SEBI) on Wednesday took a number of decisions relating to ESG disclosures, rating framework on ESG, and a mechanism for preventing and detecting frauds stock market frauds. The markets regulator has introduced quantitative norms to gauge materiality of developments. Related to mutual funds, SEBI has brought in a backstop facility for specified debt funds. A backstop fund has to be created by mutual funds to buy corporate bonds during times of stress. The regulator has banned permanent board seats for listed companies, while it has introduced periodic shareholder approval in order to ensure special shareholder rights. Companies will have to take the approval of the exchange before they announce bonus issue of shares.
(Business Line)

GOVERNMENT TO BORROW ₹8.80-LAKH CR IN APRIL-SEPT OF FISCAL YEAR 2023-24: The Finance Ministry on Wednesday said the government will borrow ₹8.80 lakh crore through dated securities during April-September (H1) period of fiscal year 2023-24. It is 57.5 per cent of gross borrowing of ₹15.43 lakh crore for the full fiscal. Also, it is less than previous years, where 60 per cent or more used to be borrowed during first six months. Less than average borrowing means more funds will be available for private sector to borrow.
(Business Line)

SEBI APPROVES ASBA-LIKE FACILITY FOR SECONDARY MKT: SEBI has approved a broad framework of Application Supported by Blocked Amount or ASBA-like facility to be available to investors for secondary market trading. The facility is based on blocking of funds for trading in the secondary market through UPI, SEBI said in a release post its board meeting. The facility will be optional for investors as well as stock brokers. The framework aims at giving benefits such as interest on the blocked funds in a client’s savings account till the time the amount is debited. Under the framework, there will be direct settlement with clearing corporation, without passing through pool accounts of intermediaries.
(Economic Times)

SEBI IS INTRODUCING A QUANTITATIVE THRESHOLD FOR DETERMINING ‘MATERIALITY’ OF EVENTS OR INFORMATION: SEBI is introducing a quantitative threshold for determining ‘materiality’ of events or information. According to that, within 30 minutes of the board meeting, a listed entity must disclose “material information” from the

meeting, and all the material information within 12 hours. With effect from October 1, 2023, the top 100 listed companies by market capitalization must provide clarification and confirmation on market rumours. For the top 250 listed entities, the rule will be applicable from April 1, 2024.The regulator further said that, Companies must fill up the vacancy of directors, compliance officer, chief executive officer and chief financial officer within a period of 3 months from the date of such vacancy.
(Economic Times)

SEBI EASES TIME LIMIT FOR DISCLOSURE OF NAVS OF OVERSEAS FUNDS: With regards to schemes investing at least 80 %of total assets in permissible overseas investments, the new timeline for disclosure of NAV has been changed to 10 AM (IST) on T+1 day. On the other hand, the timeline for disclosing NAVs for schemes having exposure to Exchange Traded Commodity Derivatives (ETCDs) will remain at 9 AM on T+1 day.
(Moneycontrol)

NON-RESIDENT TAXPAYERS WITHOUT PAN CAN FILE FORM 10F MANUALLY TILL SEPTEMBER 30: he non-resident taxpayers who do not have a permanent account number or are not required to have one are exempted from mandatory electronic filing of Form 10F till September 30, 2023. This will bring some relief to the difficulties faced by non-residents in claiming benefits of the tax treaty as well as to the resident taxpayers while undertaking foreign remittances.
(Economic Times)

SEBI STRENGTHENS CORPORATE GOVERNANCE NORMS, ENDS PRACTICE OF PERMANENT BOARD SEATS AT LISTED COS: Sebi Chairperson Madhabi Puri Buch on Wednesday announced steps to strengthen corporate governance norms, ending practice of individuals having permanent seats at boards of listed companies. The Sebi board approved amendments to the LODR Regulations to strengthen corporate governance at listed entities by enhancing disclosure and empowering shareholders through various mechanisms. They included periodic shareholders' approval for any special right granted to a shareholder of a listed entity to address the issue of perpetuity of special rights. Besides, there would now be periodic shareholders' approval for any director serving on the board of a listed entity to do away with practice of permanent board seats. Besides, it was proposed that from April 1, 2024, subject to the other applicable provisions of law, the listed entity should ensure that the directorship of all directors serving on the board or appointed to the board is put up to shareholders for approval at least once in every 5 years.
(Business Today)

NPCI PARTNERS WITH PAYMENT AGGREGATORS FOR MERCHANT TRANSACTIONS THROUGH CREDIT CARDS ON UPI: After the Reserve Bank of India allowed linking RuPay credit cards to the Unified Payment Interface (UPI) last year, the National Payments Corporation of India (NPCI), which operates retail payments and settlement systems in the country, has joined hands with various payment aggregators to enable merchant transactions through RuPay credit cards on UPI. “NPCI has enabled key aggregators like BharatPe, Cashfree Payments, Google Pay, Razorpay, Paytm, PayU and Pine Labs to enable merchant transactions through RuPay credit cards on UPI in the Indian market,” NPCI said in a statement on Wednesday. Earlier, UPI customers were able to make transactions only through their bank accounts, overdraft accounts, and prepaid accounts. NPCI said the linkage will ensure that customers no longer have to carry their credit cards with them for payments.
(Financial Express)

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FINANCIAL TERMINOLOGY/CONCEPTS

MARKET STABILIZATION SCHEME (MSS)

- The Market Stabilization Scheme is a policy introduced by the RBI in 2004. The main aim of this scheme is to withdraw excess money supply from the system by selling securities in the economy. The sale of government bonds achieves this. These securities are issued not to meet the government's expenditure.

- The bills/bonds issued under MSS have all the attributes of the existing treasury bills and dated securities. These securities will be issued by way of auctions to be conducted by the RBI. The timing of issuance, amount and tenure of such securities will be decided by the RBI.

- The securities issued under the MSS scheme are matched by an equivalent cash balance held by the government with the RBI. As a result, their issuance will have a negligible impact on the fiscal deficit of the government.

- The amounts raised under the MSS would be held in a separate identifiable cash account titled the Market Stabilisation Scheme Account (MSS Account) to be maintained and operated by the Reserve Bank.

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RBI KEY RATES

Repo Rate: 6.50%
SDF: 6.25%
MSF & Bank Rate: 6.75%
CRR: 4.50%
SLR: 18.00%
Fixed Reverse Repo: 3.35%

FOREX (FBIL 1.30 PM)

INR / 1 USD : 82.3603
INR / 1 GBP : 101.4306
INR / 1 EUR : 89.1709
INR /100 JPY : 62.4500

EQUITY MARKET

Sensex: 57960.09 (+346.37)
NIFTY: 17080.70 (+129.00)
Bnk NIFTY: 39910.15 (+342.25)

Courses conducted by BFSI Board

- **Certificate Course on Concurrent Audit of Banks**
- **Certificate Course on Credit Management of Banks**
- **Certificate Course on Treasury and International Banking**
- **Certificate Course on Investment Management**
- **Certificate Course on General Insurance.**

For details please visit BFSIB portal of the ICAI website

Publications by BFSI Board

- **Aide Memoire on Infrastructure Financing.**
- **Aide Memoire on lending to MSME Sector (including restructuring of MSME Credit).**
- **Guidance Note on the Internal Audit of General Insurance Companies.**
- **BFSI Chronicle (quarterly issue of BFSIB)**

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