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***The Ministry of Corporate Affairs issued an update dated February 19, 2021 on extending the provisions of Significant Beneficial Ownership under Limited Liability Partnership Act, 2008***

- MCA issued an update dated February 19, 2021 on extending the provisions of Significant Beneficial Ownership under Limited Liability Partnership Act, 2008.
- Requirement of obtaining SBO declaration from persons holding beneficial interest beyond a prescribed threshold and the need to maintain a register of such declaration. As a result, LLPs may have to obtain SBO declaration from its partners.
- Provisions dealing with disqualification of directors, limitation on number of directorships. Through this, the government may specify the maximum number of firms in which an individual can act as a partner or designated partner and the grounds for disqualification and vacation of office.
- Certain powers under the Companies Act relating to calling of information, inspecting books of accounts, conducting inquiries will also apply to the LLP Act.

***The Reserve Bank of India vide notification dated February 18, 2021 has issued Master Direction on Digital Payment Security Controls***

- RBI notification dated February 18, 2021 has issued Master Direction on Digital Payment Security Controls.
- It is proposed to issue Reserve Bank of India (Digital Payment Security Controls) Directions 2020, for regulated entities to set up a robust governance structure for such systems and implement common minimum standards of security controls for channels like internet, mobile banking, card payments, among others. While the guidelines will be technology and platform agnostic, it will create an enhanced and enabling environment for customers to use digital payment products in more safe and secure manner. Necessary guidelines will be issued separately.



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- In exercise of the powers conferred by the Banking Regulation Act, 1949, the Reserve Bank of India Act, 1934 and Payment and Settlement Systems Act, 2007, the Reserve Bank, being satisfied that it is necessary and expedient in the public interest so to do, hereby, issues the directions hereinafter specified. SEBI has made major key changes in the earlier issued Master Circular for Depositories.

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***The Reserve Bank of India vide notification dated February 17, 2021 has issued Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021***

- RBI vide notification dated February 17, 2021 has issued Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021.
- The Reserve Bank of India (the Bank), having considered it necessary in the public interest, and being satisfied that, for the purpose of enabling the Bank to regulate the financial system to the advantage of the country and to prevent the affairs of any Housing Finance Company (HFCs) from being conducted in a manner detrimental to the interest of investors and depositors or in any manner prejudicial to the interest of such HFCs, and in exercise of the powers conferred under sections 45L and 45MA of the Reserve Bank of India Act, 1934 and Sections 30, 30A, 32 and 33 of the National Housing Bank Act, 1987, hereby issues to every HFC, in supersession of the regulations/ directions as given in Chapter XVII of these directions, the Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 hereinafter specified.

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***The Reserve Bank of India vide notification dated February 16, 2021 has issued Remittances to International Financial Services Centres (IFSCs) in India under the Liberalised Remittance Scheme (LRS)***

- RBI vide notification dated February 16, 2021 has issued Remittances to International Financial Services Centres (IFSCs) in India under the Liberalised Remittance Scheme (LRS).
- With a view to deepen the financial markets in International Financial Services Centres (IFSCs) and provide an opportunity to resident individuals to diversify their portfolio, the extant guidelines on Liberalised Remittance Scheme (LRS) have been reviewed and it has been decided to permit resident individuals to make remittances under LRS to IFSCs set up in India under the Special Economic Zone Act, 2005, as amended from time to time. Accordingly, AD Category - I banks may allow resident individuals to make remittances under LRS to IFSCs in India.

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***The Reserve Bank of India vide notification dated February 16, 2021 has issued advisory regarding Investment in NBFCs from FATF non-compliant jurisdictions***

- The Financial Action Task Force (FATF) periodically identifies jurisdictions with weak measures to combat money laundering and terrorist financing (AML/CFT) in its following publications: i) High-Risk Jurisdictions subject to a Call for Action, and ii) Jurisdictions under Increased Monitoring. A jurisdiction, whose name does not appear in the two afore mentioned lists, shall be referred to as a FATF compliant jurisdiction. Investments in NBFCs from FATF non-compliant jurisdictions shall not be treated at par with that from the compliant jurisdictions.
- Investors in existing NBFCs holding their investments prior to the classification of the source or intermediate jurisdiction/s as FATF non-compliant, may



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continue with the investments or bring in additional investments as per extant regulations so as to support continuity of business in India.

- New investors from or through non-compliant FATF jurisdictions, whether in existing NBFCs or in companies seeking Certification of Registration (COR), should not be allowed to directly or indirectly acquire 'significant influence' in the investee, as defined in the applicable accounting standards. In other words, fresh investors (directly or indirectly) from such jurisdictions in aggregate should be less than the threshold of 20 per cent of the voting power (including potential<sup>1</sup> voting power) of the NBFC.

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