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# CORPORATE LAW & MCA UPDATES

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## Corporate & MCA Bytes

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### **CCI CONTINUES TO BE IN ACTION WHILE THEY SEARCH FOR A NEW CHAIRMAN**

Since the demission of office by the former chairperson of the Competition Commission of India (CCI) i.e., Mr. Ashok Gupta, Ms. Sangeeta Verma, an existing member of the Commission took over as the acting chairperson of the Competition Commission of India, while the commission searches for a newly appointed chairperson.

Almost four months have elapsed and the commission hasn't been able to appoint a new chairperson. The government had earlier vide its notification dated 23.01.2023 released vacancies for the appointment of 3 additional members to restore the size of members at the CCI but it didn't lead to the resolution of the main issue.

In order to remedy the immediate situation, the government has invoked the 'Doctrine of Necessity' for the smooth functioning of the CCI and clearance of various pending deals with the quorum strength of only two members.

Erstwhile, the government is also trying to push forth the Competition Amendment Bill 2022. The decision of the government proved to be fruitful and the Commission cleared 6 deals in a single day.

### **SEBI ISSUES GUIDELINES ON GREEN DEBT SECURITIES**

The Security and Exchange Board of India (SEBI) vide its circular dated February 03' 2023 issued guidelines for the DOs and Don'ts of listing Green Debt Securities. Regulation 2(1) (q) of the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 defines 'Green Debt Security'.

However, the legal framework for 'Green Debt Securities' was reviewed recently and there were certain concerns raised with respect to Greenwashing. The generally accepted definition for "Greenwashing" is making false, misleading, unsubstantiated or otherwise incomplete claims about the sustainability of a product, service or business operation."

Therefore, SEBI issued certain guidelines to avoid the occurrence of greenwashing:

- That in the process of raising funds towards a greener pathway, shall consistently monitor to check whether the path undertaken towards renewal form of operations result in a decrease in the impact on environmental adversities.
- That the funds raised through the procedure shall not be utilized for the purposes provided under the concept of "Green Debt Security" under the NCS regulations.
- In case of any atrocities mentioned in the above clause, the said shall be disclosed to the investors and if required, shall make adequate measures and warrants for it.
- The purpose should not be misguiding labels, obscuring or hiding any such data from the research to highlight any such practices obscuring others.
- To maintain the highest standards in relation to the issue to green debt security in consonance with the rating assigned to it.
- It shall minimize and neutralize the negative issues arising out of the utilization of funds raised through it.
- It shall make any fraudulent and unwarranted claims regarding untrue certification by a third-party entity.





The said circular is in the exercise of Section 11(1) of the Securities and Exchange Board of India, 1992 read with Regulation 55(1) of the SEBI (Issue and Listing of Non-convertible Securities) Regulations, 2021 in order to protect the investors and for smooth functioning of the securities market.

## CHATGPT AND THE LEGAL FRAMEWORK AROUND IT

ChatGPT is an Open AI-developed language model that generates human-like text through deep learning. It is trained on vast amounts of internet text and can answer questions, write stories, and translate. The purpose of ChatGPT is to offer a conversational Artificial Intelligence (AI) system for human-like interaction.

- The EU introduced the AI Act in 2021 to secure AI systems and uphold rights, inspiring similar measures in countries like Brazil and Canada. These measures aim to ensure ethical AI development and protect data privacy.
- In India, there is a call for dedicated legislation on AI. The country has recently taken on the role of chair in the Global Partnership on Artificial Intelligence (GPAI), an international initiative for responsible and human-centred AI development.
- India's Ministry of Electronics and Information Technology (MEITY) has established four committees to develop a policy framework for AI, and the Niti Aayog has created a set of seven responsible AI principles, including safety, equality, privacy, transparency, and accountability, among others. These principles aim to protect the public while promoting innovation and increasing trust in AI technology.
- In India, the Information Technology (IT) Act and the Personal Data Protection Bill, 2022 serve as the primary legislation for data protection and regulate the collection, storage, and use of personal data.
- The bill also addresses the potential risks posed by AI with regard to personal data protection and requires organizations to obtain explicit consent and ensure that AI systems are developed in a fair, transparent, and non-discriminatory manner.

- The legal industry is poised for change as ChatGPT, a form of Artificial Intelligence has the potential to provide efficient solutions but human lawyers bring unique skills, such as creativity, artistry, and empathy, that cannot be replicated by ChatGPT. As AI continues to advance, human lawyers should consider developing new skills and exploring new areas of expertise to find a balance between AI benefits and human values.

## SEBI ISSUES GUIDELINES ON GREEN DEBT SECURITIES

The Minister of State for Corporate Affairs, Mr. Rao Inderjit Singh informed that over 1 lakh companies have been struck off in the last 3 years for failure to submit financial statements for two continuous financial years. This was part of a special drive undertaken by the Government for identification and striking off companies' u/s 248(1) of the Act read with The Companies (Removal of Names of Companies from the Register of Companies) Rules, 2016, that had not filed their financial statements and/or annual returns for a continuous period of two immediately preceding financial years.

To put in place the necessary safeguards and to bring in more transparency with respect to transactions with such struck off companies, the Government amended Schedule III of the Companies Act, 2013 in March 2021, which was effective from the financial year 2021-22. By way of this amendment, companies having a relationship with struck-off companies are required to make certain disclosures such as name and nature of transactions with struck-off companies, balance outstanding (if any) and relationship with the struck-off company, if any, for the preparation of financial statements.

A struck-off Company is a company that is removed from the Register of Companies maintained by the Registrar of Companies (ROC). It can be struck off due to several reasons, either the director of the company voluntarily dissolves the existence & trade of the company; or the ROC directs the company to discontinue its operations for non-compliance with the regulatory framework in terms of Section 248 of Companies Act, 2013.





The Ministry of Corporate Affairs (MCA) through the Schedule III Amendment Notification released on 24th March 2021, aimed to increase the stringency of the regulatory framework. This amendment protects the company's interest from further involving in business with the defunct company. Also, the dealings of the companies become more transparent for their stakeholders.

### **THE MINISTRY OF CORPORATE AFFAIRS LAUNCHED SECOND SET OF COMPANY FORMS COVERING 56 FORMS ON MCA21 – V3 PORTAL FOR FILING PURPOSES**

The Version 3 or V3 portal of the MCA21 portal is an upgraded version of the Version 2 or V2 Portal with the objective of better service facilities as well as the use of data analytics. Apart from Company and LLP Modules, it also includes facilities for e-Adjudication, e-Consultation, eBook, Learning Management and Compliance Management System driven by data analytics, Artificial Intelligence, and Machine Learning. Though the transition was completed on 23.01.2023, there are still technical glitches ever since the migration, such as a user is unable to migrate their login credentials from V2 to the V3 portal, forms not getting downloaded, errors in filing name reservation and incorporation forms and failed payments. However, several representations have been made to the Ministry to allow the physical submission of forms till the technical issues get resolved. The Minister of Corporate Affairs Ms. Nirmala Sitharaman has instructed the Ministry to form a special team to address public grievances and for regular monitoring. Amidst the technical difficulties, and considering the various representations, on February 7th, the Ministry allowed an extension of time for filing the 45 Company e-forms by 15 days on the V3 portal without the payment of any additional fee.

The main difference between the V2 and the V3 portal is that the V2 portal requires the forms to be filled and then uploaded on the portal while in the V3 portal, the forms are to be filled online. This enables user convenience including the ability to save a half-filled form and file it later. Further, in V2, there was only a 'My Workspace' section which had a list of notices from MCA and circulars issued by them. In V3, there is a personalised "My Application" feature that allows one to view all the forms filed by them till date

along with the status of the forms such as pending for DSC upload, Under Processing, Pay fees, Resubmission, etc. When a user logs in to V3 portal, the login is through the email id whereas, in V2, it was possible with the user id. When a business user logs in to the MCA system, an OTP will be sent to their mobile and email address to ensure the authenticity of the user.

### **ISSUANCE OF PPI TO FOREIGN NATIONALS/ NON-RESIDENT INDIANS (NRIs) VISITING INDIA**

The Reserve Bank of India vide its notification dated February 10th, 2023 with reference to the announcement made earlier in the statement of developmental and regulatory policies dated February 8th, 2023 has permitted travellers from G-20 nations to use the mobile-based Unified Payments Interface (UPI) for merchant payments while in India.

Initially, the facility will be available at selected international airports for travellers from G-20 countries and will later be enabled across all entry points in the country.

Banks and non-banks that are permitted to issue prepaid payment instruments (PPIs) can issue full KYC PPIs to foreign nationals and NRIs visiting India. Such PPIs can be issued in a co-branding arrangement with the entities authorised to deal in foreign exchange under FEMA.

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