



### **Consultation paper on Review of framework governing SME IPOs – 19.11.2024**

The SEBI has proposed a slew of amendments to SME Segment Framework under SEBI (ICDR) Regulations, 2018, and corporate governance provisions under SEBI (LODR) Regulations, 2015 on SME companies to curb the misuse of IPO proceeds, promoter exits, substantial related party transactions, fund diversion and market misconduct. The objective is to enhance pre-listing and post-listing provisions, improve governance and balance growth with accountability. Access the Consultation Paper [here](#).

### **Consultation Paper on proposed IFSCA (Capital Market Intermediaries) Regulations, 2024 – 21.11.2024**

The IFSCA has notified the Draft IFSCA (Capital Market Intermediaries) Regulations, 2024 for public consultation proposing a revised regulatory framework for registration, regulation and supervision of capital market intermediaries set up in the IFSC. It aims to facilitate rationalization and simplified intermediation of financial services in the capital market ecosystem focusing on protection the interests of investors and maintaining the integrity of the markets. The Draft Regulations propose key changes in existing categories such as Distributors, ESG Ratings and Data Products Provider, Brokers, Dealers desirous of accessing global markets only, rationalisation of Net Worth requirements, introduction of Research Entity as new category of Intermediaries, among other changes. Access the Draft Regulations [here](#).

# NEWSLETTER

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### **Circular for Operational framework for reclassification of Foreign Portfolio Investment to Foreign Direct Investment (FDI) under Foreign Exchange Management (Non-debt Instruments) Rules, 2019 – 11.11.2024**

The RBI in consultation with the Govt. of India & SEBI notified the Circular amending the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 (NDI Rules) to streamline the process of reclassification from portfolio investment to FDI and ensuring stricter compliance by FPIs and Indian listed companies. The existing framework stipulate specific steps to be taken by an FPI to have their investment re-designated as FDI when they exceed the 10% ownership threshold. The Circular prescribes the conditions and pre requisites for reclassification of FPI to FDI. It clarifies that reclassification of FPI investments will not be permitted in the prohibited sectors including lottery, gambling, chit funds, Nidhi companies, real estate business, manufacturing of tobacco products etc. It also elucidates approvals, compliances and reporting requirements that will be a pre-requisite to reclassification going forward. Access the Circular [here](#).

### **Crypto V Gensler: SEC accused of industry persecution – 15.11.2024**

Eighteen States of the USA and an advocacy group DeFi Education fund have jointly filed a lawsuit against SEC and its Commissioners, alleging unconstitutional overreach and unfair persecution of crypto industry. They plead that the SEC has sought to unilaterally wrest regulatory authority away from the States through an ongoing series of enforcement actions targeting the 3 digital asset industry, premised on the theory that practically all purchases and sales of digital assets are “investment contracts”—and so qualify as securities transactions under the Securities Act of 1933 and the Exchange Act of 1934—because some digital asset buyers expect those assets to increase in value based on the efforts of their creators...and subjects the entire digital asset industry to a single ill-fitting regime that Congress enacted for an entirely different kind of financial instrument. The States pray to restrain the SEC from bringing further actions against crypto-company defendants, saying that the lawsuits brought by the SEC under Chairman Gensler defy basic principles of federalism and separation of powers. It goes on to argue that the SEC’s logic would empower the agency to regulate (and displace State regulation of) not only all transactions in digital assets but also a boundless array of other assets as well, from collectibles to luxury goods and beyond.



### **US CFPB tweaks big tech payments rule - 21.11.2024**

The U.S. Consumer Financial Protection Bureau released the rule which aims to supervise big tech companies operating in the payments and digital wallets space. The significant regulatory development will bring several digital payment platforms and digital wallets—offered by tech giants such as Apple Pay, Google Pay, and PayPal—under the CFPB's direct oversight. It is part of the broader regulatory framework established under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, which created the CFPB to enforce federal consumer financial laws & protect consumers in financial transactions. Access the Rule [here](#).

### **SEBI's Proposed AI/ML Regulations - 13.11.2024**

SEBI has proposed that all SEBI-regulated entities using artificial Intelligence must be fully responsible for all outcomes of its use, regardless of the extent of the AI usage. The proposed framework addresses critical gaps in the existing regulatory environment relating to AI/ML systems in financial markets. It aims to foster accountability and establishes clear legal recourse for investor harm. The proposed guidelines intend to mitigate risks from algorithmic failure, data breaches, and systemic threats while ensuring compliance with investor protection norms. Entities that use AI/ML shall have to provide for appropriate measures for data privacy, system transparency, and regulatory compliance, and SEBI may impose suitable penalties in case of default. Access the Consultation Paper [here](#).

### **ANI V Wikimedia Foundation: Delhi High Court - 11.11.2024**

The Hon'ble Delhi High Court directed the Wikimedia Foundation to take down specific pages and discussions on Wikipedia that allegedly interfere with court proceedings and violate the sub judice principle. The Court noted that comments on an earlier order requiring disclosure of Wikipedia editors' identities in a related case had been published on the platform, labelling the order as "censorship" and a "threat to the flow of information". The Court found such remarks and subsequent discussions on the matter to be a potential interference in judicial proceedings, especially given Wikimedia's status as a party in the suit. Following this, Wikimedia backed down and agreed to serve summons to the three editors implicated in the suit and file a sealed affidavit disclosing their subscriber details, per the latest order.

### **IFSCA principles to mitigate the Risk of Greenwashing in ESG labelled debt securities in the IFSC - 21.11.2024**

The IFSCA issued a circular outlining principles to reduce the risk of greenwashing in Environmental, Social, and Governance (ESG)-labelled debt securities within the International Financial Services Centres. As part of directions for prevention of greenwashing, the issuer will be required to disclose in the offer document a statement on ESG objectives, details of process followed for evaluating and selecting the project(s) and/or asset(s), proposed use of the proceeds and details of the systems and procedures for tracking the deployment of the proceeds for the issue of securities. The issuer will also avoid the use of broad or generic statements to describe investment screening criteria. Further, disclosures would enable investors to fully understand the product's sustainability-related investment screening criteria. Additionally, the Circular provides guidance emphasizing the need for clear communication on sustainability targets, methodologies, and processes for managing environmental and social risks. It clarifies that if the security is tied to specific sustainability targets, the issuer must outline the target, the steps to achieve it, and any assumptions involved. Read the Circular [here](#).

### **Telecommunications (Telecom Cyber Security) Rules, 2024 Notified - 22.11.2024**

The Department of Telecommunications notified the Telecom Cyber Security Rules, 2024 mandating telecom companies to report cybersecurity incidents within six hours and provide further details within 24 hours. The rules provide sweeping powers to the central government or an agency authorised by it to collect, share, and analyse data, other than the contents of messages, for protecting and ensuring telecom cyber security. The Central Government will notify a portal for the purpose of digital implementation of these rules. Summarily, the Rules require telecommunication entities to implement comprehensive measures to enhance cyber resilience and promote transparency, and accountability through robust internal governance. These measures aim to address evolving cyber threats and protecting user privacy, thereby instilling trust and confidence among relevant stakeholders. Read the rules [here](#).

### **Girnar Food & Beverages Pvt. Ltd. v. TNI Plastics, COMIPL 26309/2024 : Bombay High Court - 23.10.2024**

The Bombay High Court has recognized the popular food and beverage mark "GIRNAR" as a well-known trade mark in India, as defined by The Trade Marks Act. It held that the trade mark GIRNAR has transcended its original scope of merely representing specific products or services, now embodying recognition, reputation, and goodwill that extend across all classes of goods and services. This ruling not only prevents misuse of the Girnar trademark but also boosts its market reputation and brand value, supporting its plans for expansion in India and globally. Read the ruling [here](#).

"Law and finance are intertwined in their pursuit of justice; where one fails to uphold integrity, the other falters, and true justice remains elusive. A just society demands that financial systems operate under the rule of law, ensuring fairness and accountability for all."



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