

ACUITY **LAW**

AI INSIGHTS

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ABOUT ACUITY LAW

Acuity Law was founded in November 2011. Acuity Law comprises of a team of young and energetic professionals led by Souvik Ganguly, Gautam Narayan, Deni Shah and Renjith Nair who have deep and diverse experiences in their chosen areas of practice. We advise Indian and multinational companies, funds, banks and financial institutions, founders of companies, management teams, international law firms, domestic and international investment banks, financial advisors, and government agencies in various transactions in and outside India.

Acuity Law takes pride in rendering incisive legal advice taking into consideration commercial realities. Our areas of practice are divided into three departments. The Corporate practice is led by Souvik Ganguly, the Global Trade and Tax practice is led by Deni Shah, and the Disputes practice is led by Gautam Narayan with assistance from Renjith Nair.

As part of the corporate practice, Acuity Law advises on:

- Mergers and acquisitions;
- Distressed mergers and acquisitions;
- Insolvency law;
- Private Equity and Venture Funding;
- Employment and labour laws;
- Commercial and trading arrangements; and
- Corporate Advisory.

As part of the Global Trade and Tax practice, Acuity Law advises on:

- Cross-border tax planning and jurisdiction analysis;
- Strategies for acquisitions, mergers, divestitures, diversification, or consolidation of businesses;
- Inbound and outbound investment structuring;
- Endowment planning/wealth management strategies;
- Global Trade & Customs laws, including foreign trade policy;
- International supply chain optimization;
- Goods & Services Tax and other Direct and Indirect taxes.

As part of the Disputes practice, Acuity Law advises and represents clients on domestic and cross - border:

- Civil disputes;
- Criminal law matters; and
- Arbitration matters.

Acuity Law actively follows legislative and policy developments in its chosen areas of practice and shares such developments with clients and friends on a regular basis.

If you want to know more about Acuity Law, please visit our website acuitylaw.co.in or write to us at al@acuitylaw.co.in.

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'AL Insights' is a compilation of our thought leadership articles published in the month of November 2023 on key legal and regulatory topics. Please click on the access links to read more.

A. CORPORATE

1. New mechanisms and reduced timelines: SEBI's Alternate Dispute Resolution amendment

SEBI has issued a master circular for the online dispute resolution (ODR) mechanism on 31 July 2023 which was amended on 04 August 2023 and 11 August 2023 to clarify the working of the ODR mechanism introduced by the SEBI (Alternative Dispute Resolution Mechanism) (Amendment) Regulations, 2023. The master circular links the existing grievance handling mechanism of the SEBI Complaint Redressal System (SCORES) to the new ODR mechanism. The ODR mechanism is currently optional and the disputing parties are mandated to first approach the concerned intermediary for resolution of their disputes. If the parties are not satisfied with the outcome, the dispute may be escalated on SCORES, and then on the ODR platform, at the option of the parties. The ODR Portal has a two-tiered approach of conciliation and arbitration.

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2. Private companies to dematerialize shares

The Central Government has issued a notification for amending the Companies (Prospectus and Allotment of Securities) Rules, 2014 to provide for mandatory dematerialization of securities to private companies. The amendment will be effective from October 2023 and is applicable to all private companies except government companies and small companies. A Private Company is required to assist in dematerialization of all its securities, issue securities only in dematerialized form, and ensure dematerialization of securities held by promoters, directors, and key managerial personnel within 18 months from 31 March 2023 i.e., by 30 September 2024. A private company which ceases to be a small company on or after 31 March 2023 must also comply with the same within 18 months from the closure of the relevant financial year in which it ceases to be a small company. Further, the holders and subscribers to securities of a private company are required to dematerialize their securities prior to undertaking any transfers or subscription.

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3. New disclosure requirements for Limited Liability Partnerships and Partners

The Ministry of Corporate Affairs has introduced the Limited Liability Partnership (Third Amendment) Rules, 2023 which shall be effective from 27 October 2023. The amendment is aimed at strengthening the disclosure norms for beneficial interests in LLPs. The LLPs are now required to maintain a register of partners (ROP) including details such as names, addresses, permanent account numbers, contribution amounts, and other relevant information. Existing LLPs must create the ROP within 30 days whereas new LLPs are required to maintain ROP from the date of incorporation. Partners of an LLP are now classified as registered partners and beneficial partners. The partners whose name is entered into the ROP, but do not hold any beneficial interest will be registered partners; and any person who holds a beneficial interest in the contribution, but whose name is not registered in the ROP will be a beneficial partner. Declarations regarding beneficial interests must be made and filed with the RoC by both registered and beneficial partners.

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B. INSOLVENCY

1. Leased petroleum assets to be exempt from moratorium under the Insolvency and Bankruptcy Code, 2016

The Ministry of Corporate Affairs has issued a notification dated 04 June 2023 to exempt petroleum assets leased by companies undergoing insolvency proceedings from the provisions of moratorium under the Insolvency and Bankruptcy Code, 2016. The exemption covers certain transactions or arrangements entered by such companies which includes production or revenue sharing contracts, exploration licenses and mining leases made under the Oilfields (Regulation and Development) Act, 1948.

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2. **Transactions under the Cape Town Convention exempted from the moratorium provisions of the Insolvency and Bankruptcy Code**

The Ministry of Corporate Affairs has issued a notification dated 03 October 2023 granting exemption to transactions, arrangements, or agreements pertaining to aviation sector involving aircraft, aircraft engines, airframes, and helicopters specified under the Cape Town Convention and Protocol from the provisions of moratorium under the Insolvency and Bankruptcy Code, 2016. This exemption enables lessors of aircraft/ aviation equipment to regain their possession from the corporate debtor during a moratorium period.

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Our co-ordinates:

Mumbai

506 Marathon Icon
Off Ganpatrao Kadam Marg
Lower Parel, Mumbai – 400013

Email: al@acuitylaw.co.in