

## Disclosures under SEBI's Insider Trading Regulations

The Securities and Exchange Board of India "SEBI" issued a circular on 11th May 2015 regarding disclosures under its insider trading regulations.

It not only included certain formats for disclosure as per the requirements of regulation 6 but also enlisted certain steps to be undertaken as per regulations 8 and 9 of the SEBI (Prohibition of Insider Trading) Regulations, 2015. These included formulating and publishing on their website a code of practices and procedure with respect to fair disclosure of UPSI i.e Unpublished Price Sensitive Information that is to be immediately confirmed to the stock exchanges and dealing with only those intermediaries/ persons that had a formulated code of conduct regarding UPSI.

The circular also advised the stock exchanges to put in place adequate guidelines and system for the implementation of this circular, make the necessary amendments to its laws and regulations and bring the same to the notice of listed companies.

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## Guidance note on CSR

The Institute of Chartered Accountants of India (ICAI) issued a guidance note on the fifteenth of this month that enlisted certain accounting standards with respect to Corporate Social Responsibility activities of companies.

Besides containing the criteria at the fulfillment of which a company must comply with CSR provisions and undertake activities as specified under Schedule VII of the Companies Act, 2013 including the circulars issued by the Ministry of Corporate Affairs, it listed certain definitions verbatim from the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 and more importantly, certain activities, for instance, those that were undertaken in the 'normal course of business', that were excluded from the purview of CSR.

It provides clarifications with respect to unspent amounts, amounts spent in excess of the minimum stipulated CSR expenditure, grants and contributions made to the CSR fund and the manner of spending the same in the company's financial statements. The same was done regarding the surplus arising out of CSR activities. Lastly, it also gives a detailed procedure for disclosure of expenditure incurred on CSR activities from the perspective of better financial reporting.

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## Guidelines of Sale of Financial Assets

20 May 2015

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The Reserve Bank of India issued a notification regarding the sale of financial assets to Securitization Company (SC) or Reconstruction Company (RC). It referred to a stipulation in its circular issued on March 28, 2014 that where a sale occurred for a value higher than the Net Book Value (NBV), the excess provision would be utilized to meet the loss on account of sale of other financial assets and not reversed.

The present circular allows Multi-State Urban Cooperative Banks to reverse to profit and loss accounts the excess provision as mentioned above, on the sale of Non Performing Assets.

However, banks are allowed to do so only when cash received by way of initial consideration and/ or redemption of security receipt or pass through certificates is higher than the NBV of NPAs sold to SCs/ RCs. The same would also be limited to the extent of the excess of the abovementioned cash over the NBV of NPAs sold. Lastly, the excess provision reversed is required to be disclosed in the financial statements of the bank.

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