cyril amarchand mangaldas

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fig bulletin

a quarterly newsletter by cam financial institutions group

February 2023 - July 2023

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It gives me a great deal of pleasure to share with you the third issue of 'Financial Institutions Group ("**FIG**") Bulletin', a quarterly newsletter produced by our FIG.

There has been a drastic change in the Indian financial system with a shift from physical finance to tech-based financing taking over the nation. There in an upward trend in the use of technology in banking, financial services and the insurance sector. While this has increased the speed of transactions and spurred innovation, it has also brought with it a lot of unforeseen challenges which the regulatory entities have to deal with.

Considering the rapid growth of this sector in India, The Reserve Bank of India ("**RBI**") has been playing catch up with the constantly changing financial technology realm. It continuously attempts to keep up with and monitor the space effectively to protect the interests of customers and banks. While it plays the role of a regulator and facilitator, it also acts as a catalyst to the development of the digital payments space and adopts new measures to boost the growth of the industry.

In this issue of the newsletter, we track some key developments this year including the Payments Vision 2025 released by the RBI which sought to create a safe, secure, fast, convenient, accessible, and affordable digital payment system in India. Prepaid Payment instruments and tokenization requirements have been in focus this year, with the Digital Lending Guidelines impacting the sector deeply.

In this newsletter we also share insights into recent regulatory updates from RBI and SEBI and their impact on business and the market.

We hope you enjoy reading this newsletter. Please feel free to send your comments, feedback and suggestions to cam.publications@cyrilshroff.com.

Regards,

Cyril Shroff

Managing Partner
Cyril Amarchand Mangaldas

India's leading law firm

MESSAGE FROM OUR MANAGING PARTNER

Message from our Managing Partner, Mr. Cyril Shroff

It is with great pleasure that I introduce you to the fifth edition of the FIG Bulletin, crafted by our FIG.

This issue takes the readers through an array of regulatory developments in the FinTech space, such as the implications of the new RBI's Master Direction on Outsourcing of Information Technology Services, dated April 10, 2023 ("**Directions**"), which has consolidated the instructions related to outsourcing of IT services by Regulated Entities ("**REs**") and has also preserved the essence of non-delegation of core functions by Res. This issue also gives its readers an overview of all the recent regulatory developments in the FinTechspace. Some of the key highlights and developments from the regulators are: a) Amendment to Master Directions on KYC, b) Aggregator Platform for e-KYC is to be set up by UIDAI and NPCI, where this centralised platform aims to revolutionise the customer verification process in the financial sector by eliminating the need for regulated entities to individually register for undertaking e-KYC using Aadhaar.

Lastly, this edition of the bulletin talks about major deals and transactions that were recently executed by Cyril Amarchand Mangaldas.

We hope you find this newsletter to be an insightful and engaging read. Please share any feedback or comments about the newsletter with us on cam.publications@cyrilshroff.com.

Regards,

Cyril Shroff
Managing Partner

MESSAGES FROM OUR FIG CO-HEADS

Message from FIG Co-Head, B. Sriram

I am glad to introduce to you the fifth issue of the FIG Bulletin, by our FIG.

This issue of the FIG Bulletin deals with the latest updates in the FinTech sector and the recent developments in the RBI and SEBI Regulations. The RBI has proposed amendments to the Master Directions on KYC, which as part of the amended KYC Directions, REs are expected to adopt technology innovations for risk monitoring and implementation of sanctions requirements screening on a daily basis. This issue further deals with developmental changes being brought by the Securities and Exchange Board of India ("**SEBI**") which are: (i) The initiatives by SEBI to strength corporate governance at listed entities by empowering shareholders and (ii) Review of the roles and obligations of Mutual Fund Trustees.

Further, in this edition we have focused on service providers operating within Virtual Digital Asset Ecosystem ("**VASPs**"), which will fall under the ambit of Prevention of Money Laundering Act ("**PMLA**"). PMLA intends to combat the issue of money laundering through cryptocurrencies or Virtual Digital Assets ("**VDAs**"), for which several measures for regulation of cryptocurrencies have been introduced.

The newsletter takes the reader through regulatory developments introduced by another crucial regulatorSEBI. In particular, the key highlights and the potential impact of the newly-released SEBI framework for adoption of cloud services by REs along with the introduction of a dispute resolution mechanism for Limited Purpose Clearing Corporation ("**LPCCs**") by SEBI have been discussed.

We hope you find this newsletter to be an insightful and engaging read. Please share any feedback or comments about the newsletter with us on cam.publications@cyrilshroff.com.

Regards,

B. Sriram
Senior Advisor

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Message from FIG Co-Head, Santosh Janakiram

I am elated to present the fifth issue of the FIG Bulletin, brought to you by our FIG.

This issue contains perspective on recent developments in the FinTech sector and interesting insights on the Updates to the Master Directions on KYC. In this issue we have also dealt with how SEBI by way of consultation papers has proposed the following regulatory overhauls, with a view to strengthen the governance at Mutual Funds.

Further this issue discusses the imminent changes brought by the Master Direction on Outsourcing of Information Technology Services which has consolidated the instructions related to outsourcing of IT services by REs and clearly indicates that neither the obligations and liabilities of an RE towards their customers get diminished nor does the supervision of the RBI get impeded due to outsourcing arrangements or arrangements with Third Party Service Providers. In this issue we have also dealt with the Recent Guidelines on Default Loss Guarantee in Digital Lending which permitted the Banks and NBFCs to ensure that the total amount of DLG cover on any outstanding portfolio does not exceed 5% of the amount of that loan portfolio.

Another fascinating development that we have tackled in this newsletter is the RBI releasing the 'Draft Master Directions on Cyber Resilience and Digital Payment Security Controls for PSOs, which aims to improve the safety and security of payment systems operated by PSOs by providing a framework.

We hope you enjoy reading this newsletter.

Regards,

Santosh Janakiram
Partner and Co-Head - FIG

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Amendments to the Master Direction – Know Your Customer ("KYC") Direction, 2016 ("KYC Directions")

The Reserve Bank of India ("**RBI**") implemented amendments to the Master Direction – Know Your Customer ("**KYC**") Direction, 2016, with the aim of aligning it with recent changes made to the Prevention of Money Laundering (Maintenance of Records) Rules, 2005 (**PMLA**), the Government Order and instructions on the Weapons of Mass Destruction (**WMD**) Act, 2005, and the FATF Recommendations. Below are the highlights of the latest amendments.

A. Alignment with the Amendment to the PMLA Rules:

- The definitions of Politically Exposed Persons and Non-profit organisations have been aligned with the PMLA Rules.
- The concept of a 'group' has been introduced, requiring REs to implement a group-wide policy to combat money laundering, terrorist financing, and related risks. REs must submit details of the designated director and principal officer to RBI, register NPO customers on the DARPAN Portal of NITI Aayog, and maintain registration records.
- The threshold for determining beneficial ownership in companies and trusts has been reduced from 25% and 15% to 10%, respectively.

B. Cloud deployment for Video-based Customer Identification Process (V-CIP):

- In addition to housing V-CIP technology infrastructure on their premises and ensuring secure network domain interaction, REs using a cloud-based model must ascertain that ownership of CDD data remains with them, all customer data is transferred to RE-owned / leased server, and no customer data is retained by the cloud or technology service provider that is assisting V-CIP.

C. Customer Due Diligence through the Central KYC Records Registry (CKYCR) registry:

- REs can now retrieve records and information online from the CKYCR with explicit consent from the customer and the KYC identifier. This allows REs to download customer due diligence (**CDD**) data for the purpose of opening customer accounts.

D. Enhanced due diligence for non-face-to-face customer accounts:

- Incremental due diligence requirements have been introduced for REs onboarding customers without physical verification. These include offering V-CIP as the first option, verifying the current address, verifying customers' PAN through Protean eGov Technologies Limited website, and monitoring non-face-to-face accounts until they are verified through face-to-face customer identification process or V-CIP.

E. Adoption of obligations under the Government order in relation to the WMD Act:

- REs must comply with requirements under the Government order dated January 30, 2023, related to the WMD Act, including restricting transactions with individuals/entities on the sanctions list, verifying customers against the sanctions list, and taking appropriate actions for freezing and unfreezing of assets.

F. Additional compliances for Res:

- REs should adopt best practices based on FATF standards and guidance, categorise customers based on risk parameters, ensure timely updating of KYC details, monitor UNSC sanctions lists, extend Unique Customer Identification Codes to all individual customers, include provisions for GST verification and filing of STR, and ensure employees dealing with KYC matters meet high standards of ethics, integrity, and knowledge.

G. Adoption of technology and innovation:

- REs are expected to adopt technology innovations for risk monitoring, sanctions requirements screening, product delivery, risk assessment and management, and enhanced due diligence measures for non-face-to-face customer accounts.

REs should adopt best practices based on FATF standards and guidance, categorize customers based on risk parameters, ensure timely updating of KYC details, monitor UNSC sanctions lists, extend Unique Customer Identification Codes to all individual customers, include provisions for GST verification and filing of STR, and ensure employees dealing with KYC matters meet high standards of ethics, integrity

Service Providers under Virtual Digital Asset Ecosystem to Fall under the Ambit of PMLA: A Step towards Combating the Issue of Cryptocurrencies Deemed to be 'proceeds Of Crime'

Regulatory bodies and financial institutions across the globe have been muddled with concerns related to money laundering for quite some time now. Recently, cryptocurrencies became the new-found vehicle to launder money owing to their anonymity and decentralised nature. . In order to combat the issue of money laundering through cryptocurrencies or Virtual Digital Assets ("**VDAs**"), several measures for regulation of cryptocurrencies have been introduced, including the recent amendments to the Prevention of Money Laundering Act, 2002 ("**PMLA**"). The PMLA was enacted with the legislative intention of prevention of money laundering and seizure of property derived through laundering money. Reporting Entities ("**REs**") under the PMLA are required to comply with obligations such as verification of identity by REs,[1] maintenance and furnishing of records of all transactions by REs.[2]

The Central Government *vide* Notification dated March 7, 2023 ("**VDA Notification**") notified the following activities within the ambit of PMLA:

Sr. No.	Activities
(i)	exchange between VDAs and fiat currencies
(ii)	exchange between one or more forms of VDAs
(iii)	transfer of VDAs
(iv)	safekeeping or administration of VDAs or instruments enabling control over VDAs
(v)	participation in and provision of financial services related to an issuer's offer and sale of a VDA

This move is in line with the recommendation of the Paris-based inter-governmental watchdog for anti-money laundering / combating the financing of terrorism ("**AML / CFT**") – Financial Action Task Force ("**FATF**"). India is one amongst the 36 member countries of FATF. The decision of the Central Government to bring VDAs under the supervision and scrutiny of the PMLA framework can be seen as a move towards regulating rather than proscribing trade in VDAs.

For the purposes of the VDA Notification, the term 'VDA' shall have the same meaning assigned to it in the Income Tax Act, 1961 ("**ITA**"). According to Section #2(47A) of the ITA, the term 'VDA' *inter alia* encompasses any information, code, number or token (not being Indian currency or foreign currency), produced through cryptographic means or otherwise and can be given any name.

Owing to the fact that cryptocurrencies function outside the traditional banking system, they are susceptible to being misused. Due to the decentralised nature of VDAs or cryptocurrencies, it becomes onerous to trace the source of funds, which further makes monitoring and regulation of cryptocurrencies difficult.

By virtue of the VDA Notification, service providers have now been brought under the definition of the term 'reporting entities' under the PMLA. As a consequence, cryptocurrency traders and exchanges will now be required to adhere to the prescribed Know Your Customer ("**KYC**") norms, anti-money laundering norms and due diligence standards, as are adhered to by other regulated entities including banking companies, financial institutions, intermediaries or persons carrying on a designated business or profession.[3]

[1] Section 11A, PMLA.
[2] Section 12, PMLA.
[3] Section 2(wa), PMLA.

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They will also be required to submit suspicious transaction reports (“**STRs**”) to the Financial Intelligence Unit-India (“**FIU-IND**”) in compliance with the RBI Master Circular – KYC norms / AML standards/ CFT) / Obligation of banks and financial institutions under PMLA, 2002 dated July 1, 2015. The FIU-IND will further evaluate such reports and examine the occurrence of any suspicious transactions. The Prevention of Money-Laundering (Maintenance of Records Rules), 2005 (“**PMLA Rules**”) defines suspicious transactions as a transaction whether or not made in cash which, to a person acting in good faith- (a) gives rise to suspicion that it may involve the proceeds of crime; or (b) appears to be made under unusual or complex circumstances; or (c) appears to have no economic rationale or bona fide purpose; or (d) gives rise to a reasonable ground of suspicion that it may involve financing of activities relating to terrorism.[4]

The VDA Notification authorises the Enforcement Directorate (“**ED**”) to examine any misdeeds associated with cryptocurrency assets. At present, the situation is such that operations carried out by the ED lead officials to cryptocurrency in wallets, however, the process of retrieval of the money continues to remain in the abyss of ambiguity. Furthermore, cryptocurrency exchanges, administrators, custodians, etc., will now be required to alert the FIU-IND on account of any suspicious activities.[5] Resultantly, there is also an extension of responsibility towards all the members of the cryptocurrency sector who must now take sufficient measures for maintaining and verifying the accounts for individuals and transactions as well as report any suspicious activities to the FIU-IND.

This enforcement measure affords the Central Government access to the data maintained by cryptocurrency exchanges, thereby fostering investor confidence in cryptocurrencies. Such strengthened investor confidence will go a long way in enhancing the willingness of investors to invest more in cryptocurrencies. Moreover, by virtue of bringing VDA under the ambit of ITA, we can prospectively see VDA proceeds being taxed, which may further be beneficial for the Indian economy.

The government will continue to encounter challenges in implementing this measure as the presence of cryptocurrencies is global and there is absence of a centralised authority to regulate them. At this juncture, international cooperation and coordination stand as the foremost requirement to curb the global menace of money laundering through cryptocurrencies. Apart from this, it is also the responsibility of the Central Government to educate the public about cryptocurrencies, their potential risks as well as benefits. In our view, this measure is a step in the right direction to afford greater transparency and provide some comfort to retail investors.

4 Rule 2(1)(g), PMLA Rules.
5 Money laundering laws will now cover 6 cryptocurrency trade - The Hindu.

SEBI Reviews Governance at Mutual Funds

*SEBI by way of consultation papers has proposed the following regulatory overhauls, with a view to strengthen the governance at Mutual Funds ("**MF**"):*

Institutional Mechanism for Asset Management Companies ("AMC") for deterrence of possible market abuse and fraudulent transactions ("here"):

The Committee on Fair Market Conduct constituted by SEBI in August 2017, found instances were certain broker-dealers, employees and connected entities had front-run the trades of AMCs. Therefore, for deterrence of possible market abuse or fraudulent transactions in securities related to AMC, SEBI has put forward the following proposals:

At the very least AMCs should have a system in place to effectively monitor and detect possible instances / indicators of market abuse or fraudulent transactions in securities related to their transactions for MF schemes, such as: (a) front running; (b) insider trading; (c) misspelling of products; (d) misuse of information by the AMC, its employees, distributors, broker-dealers etc.; and (e) delay in execution of orders of the AMCs by their broker-dealers.

AMCs must put in place robust internal systems, controls and procedures for deterrence, detection, processing of alerts, reporting and for taking action in relation to possible misconduct by employees or such other entities which may have information relating to fund management / investments of MF schemes. Further, all AMCs would be required to adopt a vigil mechanism / whistle blower policy.

The chief executive officer (CEO), managing director (MD), compliance officer (CO) or other such analogous person of the AMCs shall be responsible to ensure that an institutional mechanism as discussed above, be put in place and they shall also be held accountable for non-compliance or negligence in implementing appropriate surveillance and internal controls.

Review of Total Expense Ratio ("TER") charged by AMCs to unitholders of schemes of MFs ("CP on TER"):

SEBI noted that TER should, in the interest of transparency, be inclusive of the total expenses charged to investors at any point of time, however, presently certain additional expenses are permitted to be charged over and above the TER and there is ambiguity and lack of transparency in the way unitholders are charged by different MFs. Thus, SEBI noted that TER should reflect the maximum expense ratio that an investor may have to pay and hence, it should be inclusive of all the expenses permitted to be charged to an investor, who in turn should not be charged any amount over and above the prescribed TER limits.

SEBI also noted that charging brokerage and transaction costs which includes cost of research (which the AMC is expected to itself undertake) not only amounts to double charging the unitholders but also induces certain undesirable practices, impacting interest of unitholders. Therefore, SEBI has proposed that brokerage and transaction expenses be included within the TER limit and the transaction wise limits prescribed for additional expenses towards brokerage may not be applicable. Further, all expenses and costs of investment including Securities Transaction Tax ("**STT**"), shall be within the TER limits, as may be prescribed and the cost of investment shall be expensed out (instead of being capitalised). Further, AMCs would have an option for obtaining a limited purpose membership with stock exchanges, enabling the AMCs to themselves undertake trading activities on the stock exchange on behalf of the MF's scheme. Further, payment of upfront commission by investor directly and transaction costs deductible from investments of investors may not be permitted.

RBI Invites Feedback Through Publishing Draft Master Directions for Cyber Resilience and Digital Payment Security Controls for Payment System Operators

Introduction

The RBI on June 02, 2023 has published the draft Master Directions on Cyber Resilience and Digital Payment Security Controls for Payment System Operators ("**PSOs**") ("**Draft Directions**"), inviting comments from public and relevant stakeholders by June 30, 2023.

The Draft Directions aim to improve the safety and security of payment systems operated by PSOs by providing a framework for overall information security preparedness with a focus on cyber resilience.

Applicability and Timelines:

The Draft Directions apply to all RBI authorised non-bank PSOs, who are also responsible for ensuring compliance among unregulated entities within their digital payment ecosystem.

The implementation of these directions will occur in phases, with different timelines for various categories of PSOs:

Type of PSO	Entities Included	Timeline
Large non-bank PSOs	Clearing Corporation of India Limited, National Payments Corporation of India, NPCI Bharat Bill Pay Limited, Card Payment Networks, Non-bank ATM Networks, White Label ATM Operators, Large PPI Issuers[6], Trade Receivables Discounting System Operators, Bharat Bill Payment Operating Units and Payment Aggregators.	April 1, 2024
Medium non-bank PSOs	Cross-border (in-bound) Money Transfer Operators under Money Transfer Service Scheme and Medium PPI Issuers[7] are considered as medium non-bank PSOs.	April 1, 2026
Small non-bank PSOs	Small PPI Issuers[8] and Instant Money Transfer Operators are considered as small non-bank PSOs.	April 1, 2028

Categorisation of authorised non-bank PPI Issuers into small, medium and large will be as per the Oversight Framework for Financial Market Infrastructures and Retail Payment Systems.

Key Highlights

1. **Governance Controls:**

   a) **Information Security ("IS") policy:** PSOs must formulate a Board approved IS policy covering all payment system applications and products.

   b) **Cyber Security Preparedness:** PSOs should prepare a Cyber Crisis Management Plan ("**CCMP**") to detect, contain, respond to, and recover from cyber threats and attacks.

   c) **Risk assessment and monitoring:** Chief Information Security Officer ("**CISO**") to be entrusted the responsibility and accountability to implement the IS policy and cyber resilience framework.

[6] No. of outstanding PPIs as on 31st March of immediate preceding year > 200 lakh; OR amount outstanding as on 31st March of immediate preceding year > INR 50 crore; OR total value of PPI transactions processed during the immediate preceding financial year > INR 5000 crore.

[7] No. of outstanding PPIs as on 31st March of immediate preceding year is between 10 lakh and 200 lakh; OR amount outstanding as on 31st March of immediate preceding year is between INR10 lakh and INR 50 crore; OR total value of PPI transactions processed during the immediate preceding financial year is between INR 1000 crore and INR 5000 crore.

[8] No. of outstanding PPIs as on 31st March of immediate preceding year < 10 lakh; OR amount outstanding as on 31st March of immediate preceding year < INR 10 lakh; OR total value of PPI transactions processed during the immediate preceding financial year < INR 1000 crore.

2. **Baseline Information Security Measures:**

   a) **Identity and Access Management:** Establish policies and controls for access privileges and digital identity. Use the principle of least privilege and implement authentication, monitoring, and controls for privileged accounts. Secure use of removable media and adopt multifactor authentication for remote/work from home situations. All payment transactions should require multi-factor authentication, except in explicitly relaxed cases.

   b) **Application Security Life Cycle:** Follow a secure-by-design approach, implement secure software development practices, segregate the database layer, and have escrow arrangements for third-party application source code.

   c) **Security testing:** PSOs should subject their applications to rigorous security testing by qualified agencies at regular intervals.

   d) **Data Security and PCI-DSS certification:** PSOs must have data leak prevention policies, secure mail systems, and comply with PCI-DSS guidelines for card data storage.

   e) **Business Continuity Plan (“BCP”):** The PSO should develop a BCP based on different cyber threat scenarios, including extreme but plausible events to which it may be exposed.

   f) **Other Security Measures:** PSOs must appoint a dedicated nodal officer available 24/7 to liaise with customers on fraudulent transactions and coordinate with law enforcement agencies.

3. **Digital Payment Security Measures:**

   a) **Online alerts for customers:** PSOs should enable online alerts for customers based on various parameters, such as failed transactions, transaction velocity, behavioural biometrics, transaction origination from point of compromise, transactions to mobile wallets / mobile numbers / VPAs on whom vishing (voice phishing) or other types of fraud are registered / recorded, declined transactions, transactions with no approval code, etc.

   b) **Merchant name display:** Payment transactions should mention the merchant name and debit amount.

   c) **OTP authentication:** If OTP is used for authentication, it should be mentioned at the end of the message for the specific transaction.

   d) **Easy Reporting fraudulent transactions:** PSOs should provide a facility for customers to report fraudulent transactions.

   e) **Card payment measures:** Terminals should be PCI-P2PE validated, transaction limits should be set, and card details should be encrypted.

   f) **Prepaid payment instrument measures:** PPI issuers should support vernacular languages and have cooling periods for funds transfer and cash withdrawal.

Future Impact

The implementation of the Draft Directions will have a significant impact on PSOs cyber resilience and digital payment security. By establishing robust governance controls, PSOs will be able to ensure adequate oversight over information security risks, including cyber risk and cyber resilience. The Draft Directions also emphasise the need for PSOs to have a comprehensive CCMP to detect, contain, respond, and recover from cyber threats and attacks. This proactive approach to cyber security will help mitigate potential risks and enhance the overall resilience of payment systems.

Conclusion

The issuance of the Draft Directions for obtaining feedback and comments is a significant step towards enhancing the cyber resilience and digital payment security in India. Through engaging with the public and relevant stakeholders, the Draft Directions (as and when issued in its final form) will enable PSOs to establish robust information security practices and protect payment systems from evolving cyber threats.

UIDAI and NPCI to Set Up Aggregator Platform for E-KYC

Introduction

India's financial sector is planning to undergo a significant transformation with the introduction of an aggregator platform for electronic know-your-customer ("**e-KYC**"). The Unique Identification Authority of India ("**UIDAI**") and National Payments Corporation of India ("**NCPI**") are embarking of this initiative to establish an aggregator platform for e-KYC. Aadhaar based e-KYC is used for paperless verification of a customer's credentials for new mobile connections and bank accounts. This centralised platform aims to revolutionise the customer verification process in the financial sector by eliminating the need for regulated entities to individually register for undertaking e-KYC using Aadhaar. With the platform expected to go live in coming months, this will have operational benefits and lower costs of onboarding. Furthermore, with enhanced data privacy, improved security and reduced hassle for end users the platform holds immense potential for streamlining operations and driving digital transformation in India's financial landscape.

Simplifying KYC with an Aggregator Platform

Currently, regulated entities in the financial sector are required to individually register for e-KYC using Aadhaar, resulting in duplicated efforts which becomes an expensive affair. Recognising the need for a more efficient and cost-effective solution, UIDAI and NPCI are collaborating to develop an aggregator platform. This platform will allow regulated entities, supervised by the Reserve Bank of India ("**RBI**"), Securities and Exchange Board of India ("**SEBI**"), Insurance Regulatory and Development Authority of India ("**IRDAI**") and the Pension Fund Regulatory and Development Authority ("**PFRDA**") – the four primary regulators to register and perform e-KYC without the burden of separate registrations.

Improved Data Privacy and Security

One of the crucial benefits of the aggregator platform is enhanced data privacy and security. The platform ensures that financial services players have limited access to customer data. The idea to achieve this is by sharing only the last four digits of the customer documents and not share the masked customer documents with the financial services players. Additionally, for safeguarding such sensitive information, the customers will not be required to share physical copies of their documents thereby reducing the risk of misuse or data theft. By minimising data sharing, the platform strengthens privacy measures and instils confidence in customers, promoting a secure environment for financial transactions.

Seamless Onboarding and Customer Convenience

The centralised e-KYC also offers substantial advantage in terms of customer convenience. Often customers share their Aadhaar and other personal details with multiple entities when opening accounts or conducting transactions, leading to increased hassle and potential security vulnerabilities. With the new platform, customers will no longer need to repeatedly share their sensitive personal information, significantly reducing the onboarding process's complexity and time requirements. As per the Ministry of Electronics & IT's press release dated January 27, 2023, Aadhaar e-KYC transactions rose by 18.53% to 84.8 crore in Q3 for FY 2022-23. Given the increase in the e-KYC transactions, the implementation of e-KYC aggregator platform would enhance customer satisfaction and encourage more individuals to access financial services.

Driving Financial Inclusion and Market Expansion

The implementation of the aggregator platform holds enormous potential for driving financial inclusion and expanding market reach. Non-banking finance companies ("**NBFCs**"), FinTech players and insurance intermediaries are expected to benefit significantly from the centralised e-KYC solution. By simplifying customer verification and onboarding by e-KYC aggregator platform, NBFCs can easily reach out to consumers and offer loans, thereby promoting financial access and inclusion. FinTech players and

insurance intermediaries will also benefit with enhanced efficiency in onboarding new customers, facilitating the growth of their services with better customer experience.

Aadhar biometrics for e-KYC

Aadhaar biometrics and UIDAI services have been extended to be used on a voluntary basis for authentication by 29 (twenty-nine) insurance companies to meet the KYC requirements. Indian government adopted this move by extending voluntary biometric authentication to 9 (nine) financial market entities, including Bombay Stock Exchange, National Securities Depository, and Central Depository Services. With the advent of e-KYC aggregator platform, the Aadhar biometrics will also serve the purpose of smooth and hassle free KYC process.

Future Prospects

The collaborative efforts of UIDAI and NCPI in establishing the e-KYC aggregator platform align with the Kartik Swaminathan's vision highlighted in his book called 'Innovations Framework 3F: Future FinTech Framework'. This framework envisions a centralised identity system and instant onboarding, eliminating the need for repetitive onboarding processes with different organisations. Although the aggregator platform represents significant progress towards this goal, further advancements like technology efficiency are still required. However, the current developments indicate that India is moving closer to a future of streamlined customer verification services.

Conclusion

The establishment of the e-KYC aggregator platform by UIDAI and NPCI represents a significant milestone. With its streamlined registration process, improved data privacy and enhanced convivence for customers, the platform is set to reshape the way customer verification is processed. As the platform becomes operational in the near future, it will unlock new opportunities for financial service providers, foster innovation among FinTech players and enable greater access to loans and services for individuals enabling the aim of financial inclusion. This development paves the way for a more inclusive, secure and efficient financial ecosystem, positioning India at the forefront of digital transformation in the financial sector.

Issuance of PPIS to Foreign Nationals / Non-Resident Indians Visiting India

1. The RBI released a notification dated February 10, 2023, on 'Issuance of PPIs to Foreign Nationals / Non-Resident Indians ("**NRIs**") visiting India' ("**PPI Notification**").

2. The PPI Notification allows access to Unified Payments Interface ("**UPI**") to foreign nationals and NRIs from G-20 countries visiting India at select international airports for making merchant payments, and aims at extending this facility to all entry points in the country in the future. Accordingly, amendments have been made to the Master Directions on Prepaid Payment Instruments ("**PPI MD**") to include this facility.

3. Key Callouts:

   3.1. *Issuing pre-paid instruments ("**PPIs**"):* Full-KYC PPIs can be issued by banks and non-bank entities after verifying the passport and visa of the NRIs and foreign nationals.

   3.2. *Co-Branded PPIs:* Co-branded PPIs under co-branding arrangements can be issued as well—however, due to the involvement of foreign exchange in such PPIs, co-branding arrangements can be made only with those entities that are authorised to deal in foreign exchange under the Foreign Exchange Management Act, 1999.

   3.3. *Full-KYC PPIs:* Such PPIs can be issued in the form of wallets linked to UPI and can be loaded / reloaded against receipt of foreign exchange.

   3.4. *Validity of PPIs:* PPIs issued to foreign nationals and NRIs are valid for a minimum period of 1 (one) year from the date of last loading / reloading in the PPI.

   3.5. *Outstanding / Unutilised Balance:* Non-bank PPI issuers are prohibited from transferring the outstanding balance to their profit and loss account for a minimum period of three (3) years from the PPI's date of expiry. If the PPI holder requests a refund of the outstanding balance after its expiry date, then such amount must be refunded to the PPI holder. Any unutilised balance can be either encashed in foreign currency or transferred back to the payment source from where the PPI was loaded.

   3.6. *Depositor Education Awareness Fund Scheme:* Banks issuing PPIs shall be guided by the instructions on 'Depositor Education and Awareness Fund Scheme,' dated March 21, 2014 (as amended from time to time) ("**Fund Scheme**"), issued by the Department of Banking Regulation. The Fund Scheme lays down the provisions applicable to banks as a result of its obligations towards the Depositor Education and Awareness Fund ("**Fund**") i.e., the deposit of credit required to be made by banks to the Fund in relation to bank accounts that have not been operated upon for a period of ten years.

CAM Thought:

With the rising trend of cashless payments globally, further facilitated by the introduction of central bank digital currency by various countries in their respective financial ecosystems, there is a propensity among foreign travellers and NRIs to not possess banknotes and coins for making payments to merchants due to their cumbersome nature and associated risks. The initiative taken by the RBI to introduce PPIs to foreigners and NRIs in India shall ensure ease in making payments, particularly those involving small value transactions. Foreigners and NRIs in India do not require to physically approach agencies for converting their monies to Indian currency, further ensuring ease of making payments.

Master Direction on Outsourcing of Information Technology Services

1. RBI issued the Master Direction on Outsourcing of Information Technology Services dated April 10, 2023 ("**IT Outsourcing Master Directions**") on the basis of the public comments obtained as a consequence of issuance of the Draft IT Outsourcing Direction issued on June 23, 2022.

2. Per the IT Outsourcing Master Directions, relevant regulated entities will have to keep track of, *inter alia*, the following considerations for outsourcing their IT services as highlighted in the IT Outsourcing Master Directions:

   2.1 *Grievance redressal framework:* The IT Outsourcing Directions stipulate that REs must maintain a robust grievance redressal mechanism. It cannot be compromised by outsourcing since it is essential that the responsibility for handling customer grievances always remains with the REs.

   2.2 *Governance Framework:* REs must put in place a board-approved comprehensive IT outsourcing policy, which must adhere to the guidelines provided in the IT Outsourcing Directions with respect to the roles and responsibilities of the board, committees of the board, senior management, IT function, business function, oversight and assurance functions in respect of outsourcing of IT services.

   2.3 *Due Diligence:* REs shall conduct a due diligence on TPSPs based on a risk-based approach taking into consideration various qualitative, quantitative, legal, reputational and operational factors, along with the associated risks.

   2.4 *Monitor / Control:* To monitor and control the activities outsourced to Indian or foreign TPSPs (i.e. cross-border outsourcing), external or internal auditors of the REs must conduct periodic audits to assess key factors such as the performance of the service providers, risk management activities adopted and others.

   2.5 *Risk Management Framework:* The IT Outsourcing Directions provide that RE must put in place a robust risk management framework for dealing with risks associated with the outsourcing of IT services including the identification, measurement, mitigation / management and reporting of risks.

   2.6 *Confidentiality and Security:* REs must also be responsible for ensuring that customer data with the TPSPs are secure and confidential with access being granted by the RE to the staff or service providers on a need-to-know basis. Data provided by one RE to different TPSPs must be kept separate and overlap must be avoided.

CAM Thought:

The IT Outsourcing Directions are likely to transform outsourcing arrangements and overhaul the manner in which transactions are carried out between RE and TPSPs. Despite the progress made, there are still unresolved concerns in the IT Outsourcing Directions, such as exclusion of PSOs and the need to simplify cloud service management and security procedures.

Credit Card Transactions to also Fall under The Liberalised Remittance Scheme Limit of USD 250,000

1. The government in consultation with the RBI has moved to amend the Foreign Exchange Management (Current Account Transaction) Rules by making credit card transactions also fall under the Liberalised Remittance Scheme ("**LRS**") limit of $250,000. Any foreign remittance or purchase over and above this limit will need prior RBI approval.

2. Until this change in the LRS framework, credit card spending was not included as part of the LRS ceiling. This change aims at curbing the circumvention of LRS limits through the use of credit cards. Taxation experts remarked that this move implies that high spenders will need to plan their foreign remittances more effectively in order to avoid breach of norms.

3. LRS permits remittance by an Indian resident up to the limit of $250,000 in one year. Before this change, purchases made through credit card transactions, either physical purchases overseas or purchases of foreign goods/services online sitting in India were not counted as part of the LRS limit.

4. However, this position will be altered by July 1, 2023 as remittance over and above the LRS limit in any form, including credit card transactions, will need prior RBI approval. This amendment takes away the exemption that credit cards enjoyed from being counted as LRS spends. It remains to be seen how credit card issuing companies / banks will operationally implement this in light of onerous TDS / TCS provisions.

CAM Thought: Implementation of TCS provisions on hundreds of small credit card transactions may prove to be an operational challenge for merchants and banks. The implementation of this measure is being closely monitored/observed.

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RBI Issues Guidelines on Default Loss Guarantee ("DLG") in Digital Lending

1. The RBI issued Guidelines on Default Loss Guarantee (DLG) in Digital Lending dated June 8, 2023 ("**DLG Guidelines**") for digital lenders. The RBI has allowed a 5% default loss cover for bank-fintech deals. Subject to certain guidelines, the RBI has decided to permit arrangements between regulated entities and lending service providers or between two regulated entities involving DLG.

2. These guidelines are applicable to DLG arrangements in digital lending operations undertaken by following REs– (a) all Commercial Banks (including Small Finance Banks); (b) Primary (Urban) Co-operative Banks, State Co-operative Banks, Central Co-operative Banks; and (c) NBFCs (including Housing Finance Companies).

3. Per Paragraph 5 of the DLG Guidelines, an RE shall accept a DLG only in one or more of the following forms – (a) Cash deposited with the RE; (b) Fixed Deposits maintained with a Scheduled Commercial Bank with a lien marked in favour of the RE; and (c) Bank Guarantee in favour of the RE.

4. Key Callouts:

   4.1 *Cap on DLG:* REs shall ensure that total amount of DLG cover on any outstanding portfolio, which is specified upfront, shall not exceed 5% of the amount of that loan portfolio.

   4.2 *Recognition of NPA:* Recognition of individual loan assets in the portfolio as NPA and consequent provisioning shall be the responsibility of REs as per the extant asset classification and provisioning norms irrespective of any DLG cover available at the portfolio level.

   4.3 *Tenor of DLG:* The period for which the DLG agreement will remain in force shall not be less than the longest tenor of the loan in the underlying loan portfolio.

   4.4 *Disclosure Requirements:* REs shall put in place a mechanism to ensure that LSPs with whom they have a DLG arrangement shall publish on their website the total number of portfolios and the respective amount of each portfolio on which DLG has been offered.

   4.5 *Due Diligence and other requirements with respect to DLG provider:* REs shall put in place a Board approved policy before entering into any DLG arrangement. Such policy shall include, at the minimum, the eligibility criteria for DLG provider, nature and extent of DLG cover, process of monitoring and reviewing the DLG arrangement, and the details of the fees, if any, payable to the DLG provider.

CAM Thought: In the absence of the DLG Guidelines a few REs used to get 100% of default guarantee from partner fintech firms. This was more of risk transfer by the RE than risk sharing with the partner fintech firm. As a result of the new DLG guidelines, more structured agreements will take place while putting more responsibility on the DLG provider (in the form of the due diligence requirement), client-protection will be ensured and eventually credit risk will be reduced in the system.

RBI Amends Master Direction - KYC Direction, 2016, Dated February 25, 2016

1. The RBI, on May 4, 2023, amended the Master Direction - Know Your Customer ("**KYC**") Direction, 2016, dated February 25, 2016 ("**MD – KYC**") to update instructions pertaining to wire transfers (cross-border and domestic).

2. Key Callouts:

   2.1 Domestic wire transfers of INR 50,000 and more, where the originator is not an account holder of the ordering RE, shall also be accompanied by originator and beneficiary information as indicated for cross-border wire transfers.

   2.2 Wire instructions should not include transactions carried out using a credit card, debit card, or prepaid payment instrument ("**PPI**"), including through a token or any other similar reference string associated with the card or PPI, for the purchase of goods or services, so long as the credit or debit card number or PPI ID or reference number accompanies all transfers flowing from the transaction.

   2.3 The notification also calls out certain responsibilities for ordering RE, intermediary RE, beneficiary RE, and MTSS.

   2.4 Whenever there is involvement of any unregulated entities in the process of wire transfers, the concerned REs shall be fully responsible for information and reporting.

3. In addition to the inclusion of other definitions pertaining to wire transfer-related definitions, the definitions of 'wire transfer', 'cross-border wire transfer', and 'domestic wire transfer' have been amended.

CAM Thought: The steps undertaken by the RBI by way of this amendment to the MD - KYC aims at promoting effective implementation of legal, regulatory, and operational measures for combating money laundering and terrorist financing.

IFSCA Issues IFSCA (Anti Money Laundering, Counter Terrorist-Financing and Know Your Customer) Guidelines, 2022

1. IFSCA, on October 28, 2022, issued the IFSCA (Anti Money Laundering, Counter Terrorist-Financing and Know Your Customer) Guidelines, 2022 ("**Guidelines**")

2. Key Callouts:

   2.1 The provisions of these Guidelines apply to every Regulated Entity which is licensed, recognised or registered by IFSCA and also to the Regulated Entities authorised by it.

   The duties of such Regulated Entity include: (i) formulating an AML-CFT policy, which shall be duly approved by the Governing Body or by a committee to whom such power has been delegated by the Governing Body. While formulating the AML-CFT policy, every Regulated Entity shall incorporate the key principles or elements of these Guidelines; (ii) develop a KYC Policy which shall be the part of its AML-CFT policy; and (iii) every member of the Senior Management of the Regulated Entity shall be responsible for its compliance under these Guidelines. While carrying out their responsibilities under these Guidelines every member of a Regulated Entity's Senior Management shall exercise due skill, care, and diligence.

   2.2 KYC information about Indian resident customers must be furnished with Central KYC Records Registry.

CAM Thought: While IFSCA has brought every Regulated Entity under the ambit of these Guidelines, it may need to get the necessary SupTech and RegTech in place to ensure compliance of the same.

SEBI Regulatory Updates

1. **SEBI introduces Additional Methods of achieving Minimum Public Shareholding ("MPS"):**

   SEBI *vide* circular dated February 3, 2023 has laid down additional methods through which MPS can be achieved and has modified the already approved methods by attaching certain additional conditions. The newly suggested methods are– (i) increase in public holding pursuant to exercise of options and allotment of shares under an employee stock option ("**ESOP**") scheme; and (ii) transfer of shares held by promoter(s) / promoter group to an exchange traded fund ("**ETF**") managed by a SEBI- registered mutual fund.

2. **SEBI Excuses Investor from Investment of Alternative Investment Funds ("AIF") Subject to Conditions:**

   To tackle the issue of inconsistency of information in the private placement memorandums and inadequacy of required disclosures by AIFs, SEBI via Circular dated April 10, 2023 has provided the option of excusing an investor from an AIF investment subject to the following– (i) the investment opportunity would be in violation of an applicable law / regulation in the opinion of the investor, backed by that of a legal professional/legal advisor or in the opinion of the manager of the AIF; or (ii) the participation of the investor in such investment opportunity would be in contravention to the internal policy of the investor as disclosed to the manager as part of an agreement signed with the AIF; or (iii) the investment would result in material adverse effect on the scheme of the AIF, as per the manager; or (iv) the investor who is an AIF or any other investment vehicle, who is also participating in an investment opportunity as an AIF, to the extent of the contribution of the said fund.

3. **SEBI Consultation paper on strengthening corporate governance at listed entities by empowering shareholders:**

   SEBI *vide* consultation paper dated February 21, 2023 sought comments / views / suggestions from the public on proposals to strengthen corporate governance at listed entities by empowering the shareholders to address the following issues: (i) Agreements binding listed entities (ii) Special rights granted to certain shareholders (iii) Sale, disposal or lease of assets of a listed entity outside the 'Scheme of Arrangement' framework and (iv) 'Board Permanency' at listed entities. A key proposal pertains to appointment / re-appointment of managing Director (MD) / whole time director (WTD) and independent directors (Ids), where SEBI deems it necessary that the directorship of any individual serving on the board of a listed entity should be subject to periodic shareholders' approval at least once in every five years from the date of first appointment to the board.

4. **SEBI introduces a Dispute Resolution Mechanism for Limited Purpose Clearing Corporation ("LPCCs"):**

   SEBI *vide* circular dated April 17, 2023 has laid down certain guidelines with respect to adopting a dispute settlement mechanism by Limited Purpose Clearing Corporations ("**LPCC**") for settling disputes between clearing members; between the clearing members or its clients and the LPCC; between clearing members and their clients; and between the LPCC and its vendors. Primarily, the circular mandates that LPCCs are required to resolve all disputes per the dispute resolution mechanism prescribed by SEBI from time to time.

5. **SEBI issues Framework for Adoption of Cloud Services by Regulated Entities (Res):**

   Noting the growing dependence on cloud computing for delivering the IT and its advantages viz. ready to scale, ease of deployment, no overhead of maintaining physical infrastructure etc., SEBI noted that REs should also be aware of the risks and challenges which cloud computing introduces. In view of the above, SEBI *vide* Circular dated Mar 06, 2023 issued a cloud framework to provide baseline standards of security and for the legal and regulatory compliances by REs.

Market Updates

1. Series D Fundraise in Mintifi Private Limited:

Cyril Amarchand Mangaldas ("**CAM**") acted as legal counsel for Mintifi Pvt. Ltd., a B2B Buy Now Pay Later ("**BNPL**") platform, for raising INR 700 Crore in its Series D round of funding from existing investors (which include Elevation Capital VII Limited, Norwest Capital, LLC, Lok Capital Growth Fund, Growth Catalyst Partners LLC, International Finance Corporation) and a new investor, PI Opportunities Fund-I Scheme-II (Premji Invest). Along with the primary infusion of funds, a second round is proposed to be undertaken, which includes a sale of shares by the Founder to the Series D Investors (other than International Finance Corporation and Lok Capital Growth Fund) and the sale of shares by Lok Capital Growth Fund to the Series D Investors (other than International Finance Corporation).

2. DMI Finance Raises USD 400 Million Investment from Mitsubishi UFJ Financial Group:

CAM advised DMI Finance Private Limited, a Reserve Bank of India ("**RBI**") registered Non-Banking Financial Company ("**NBFC**"), on its equity investment round led by Mitsubishi UFJ Financial Group, Inc. through its consolidated subsidiary MUFG Bank, Ltd. ("**MUFG**"), with participation from existing investor Sumitomo Mitsui Trust Bank Limited ("**SuMi TRUST Bank**"). In an equity transaction that was dominated by MUFG Bank of Japan, DMI Finance declared that it had secured USD 400 million.

3. Manappuram – SBI (IFSC Gift City Branch) ECB Financing:

CAM acted as legal counsel for the State Bank of India ("**SBI**") & Manappuram Finance Limited, an NBFC engaged in the business of providing gold loans to its customers across India. The SBI, GIFT City Branch, an IFSC banking unit in the special economic zone in Gujarat, was providing a foreign currency external commercial borrowing ("**ECB**") facility to the Borrowers. This deal involved the finalisation of the terms of the ECB facility agreement and other security documents in relation to the ECB Facility.

4. Yubi's Acquisition of Finfort Infotech LLP:

CAM acted as legal counsel for CredAvenue Private Limited ("**Yubi**"), a UNIFIED credit platform, for its acquisition of a 100% stake in FinFort Infotech LLP, a digital credit analytics company offering advanced tech infrastructure and data analytics for private data to banks and NBFCs. The transaction involved the infusion of primary funds and secondary transfers of a partnership interest from the existing partners.

5. Winding Down Rabobank's Banking Business in India:

CAM acted as legal counsel for Cooperative Rabobank U.A. and advised in relation to certain queries raised by them pertaining to the process of winding down its banking business in India with the intention to surrender its banking licence. CAM also advised on the modalities pertaining to the liquidation / recovery under the Insolvency and Bankruptcy Code, 2016 ("**IBC**"), and release of any outstanding debt and transfer / repatriation of monies / interests and benefits arising therefrom to its parent company in the Netherlands.

6. Credit Suisse Takeover by UBS Saudi National Bank Loses over $1 Bn on its Investment:

UBS Group AG has acquired Swiss bank Credit Suisse, its rival, for 3 billion Swiss francs (USD 3.23 billion) in an all-stock deal brokered by the Government of Switzerland and the Swiss Financial Market Supervisory Authority. This arrangement has been engineered by Swiss authorities to avoid further market turmoil in global banking. UBS is required to assume USD 5.4 billion in losses as part of the acquisition. In October 2022, CAM advised the Saudi National Bank with a 9.9% stake in Credit Suisse Group AG, on the Indian aspects of their financial investment.

7. Approval of HDFC-HDFC Bank Merger by the NCLT:

On March 17, 2023, the National Company Law Tribunal ("**NCLT**") gave its approval for the merger of HDFC and HDFC Bank. The merged entity will have a combined asset base of nearly INR 18 lakh crore. The merger was completed and came into effect on July 01, 2023, and is one of the largest mergers in the Indian financial sector with a deal value of around USD 40 billion. The merger received in-principle approvals from the RBI, the Securities and Exchange Board of India ("**SEBI**"), the Competition Commission of India ("**CCI**"), the Bombay Stock Exchange ("**BSE**"), the National Stock Exchange ("**NSE**"), and the Pension Fund Regulatory and Development Authority ("**PFRDA**").

8. PhonePe Calls Off Acquisition Deal with ZestMoney, aims for an IPO in 2024-25:

PhonePe, a Walmart-owned fintech firm, has decided not to acquire ZestMoney, a lending start-up, due to concerns related to its due diligence of the BNPL platform. PhonePe is now looking to enter into a commercial agreement with ZestMoney in lieu of a USD 18 million loan it had earlier given to the company. Under the deal that has been now called off, PhonePe was offering USD 90 million in cash for ZestMoney, taking on Zest Money's debt and a USD 10 million founder pay out. PhonePe, which secured a USD 200 million fundraise from Walmart at a pre-money valuation of USD 12 billion in March, is now planning for an IPO in 2024-2025.

9. BharatPe Acquires Majority Stake in Trillion Loans:

BharatPe has acquired a 51% stake in Trillion Loans, a Mumbai-based NBFC. The acquired stake will enable BharatPe to extend credit to local businesses and consumers. BharatPe, which failed to get an NBFC licence in 2019, launched a merchant lending vertical in the same year, which facilitates loans worth more than INR 500 crore every month to merchant partners. Trillion Loans, a peer-to-peer lending platform and a technology-driven NBFC, provides a range of secured and unsecured loans to small and medium enterprises apart from individual consumers.

10. RBI Gives Nod for Merger of L&T Finance with Subsidiaries:

Multinational company L&T Finance Holdings has announced the amalgamation of L&T Finance, L&T Infra Credit, and L&T Mutual Fund Trustee, its Wholly Owned Subsidiaries ("**WOS**"), under a scheme of arrangement. L&T Finance Holdings -- a NBFC ---offers a range of financial products and services through its WOS. The scheme has been approved by the RBI but nod from other statutory and regulatory approvals including from the NCLT is still awaited.

11. EbixCash Receives SEBI Clearance for Initial Public Offering ("IPO"):

The IPO proposed by EbixCash, a fintech company and subsidiary of US-based Ebix Inc., has recently been approved by the SEBI. It is being touted as one of the largest IPOs in the financial services sector in India, with the IPO being expected to raise between INR 6,000 Crore and 8,000 Crore. EbixCash, a leader in the international remittance and travel exchange market, runs forex operations in around 20 international airports and became the first company in India to launch and enable UPI transactions for foreign nationals visiting India.

12. General Atlantic Invests USD 100 Million in PhonePe:

PhonePe secured an investment of USD 100 million from General Atlantic, a leading global growth equity firm, as part of its ongoing fundraising in May 2023. With this, General Atlantic has invested around USD 550 million in the Walmart-backed fintech firm in the latest round of funding. PhonePe has planned to invest the raised funds towards investments in infrastructure, growth of UPI, developing data centres, and building other financial services in India. PhonePe also looks forward to engaging in new businesses including insurance, wealth management, and lending.

13. Payments App Slice Acquires 5% Stake in North East Small Finance Bank for $3.42 Mn:

Bengaluru-based fintech start-up slice has acquired a 5% stake in Guwahati-based North East Small Finance

Bank for USD 3.42 Million (INR 28 Crore). The said arrangement might be beneficial for Slice from the perspective of Quadrillion Finance, an NBFC owned by Slice, which was set up in 2018 to provide credit to Indian youth. Earlier, Slice had received in-principle approval for a Prepaid Payment Instrument (“**PPI**”) licence from RBI.

14. InsuranceDekho Raises USD 150 Million in Series A Funding:

InsuranceDekho, an online insurance platform, has raised USD 150 million mainly from Goldman Sachs Asset Management and TVS Capital Fund in a mix of debt and equity funding. As a result of this fundraising, external institutional investors will hold a 20-22% stake in the insurance platform, while the rest will be held by its parent entity GirnarSoft Group and its employees.

15. HDFC Bank-Export Import Bank, Korea Agreement for USD 300 Million Credit Line:

On April 12, 2023, HDFC Bank entered into a ‘Master Inter Bank Credit Agreement’ with the Export-Import Bank of Korea for a USD 300 million line of credit. This agreement will help HDFC Bank raise foreign currency funds which will be extended to companies related to Korea (companies having equity participation by Korean companies as well as companies having business relationships with Korean companies).

16. Computer Age Management Services Limited ("CAMS") Acquired 55.42% of the Share Capital of Think Analytics India Private Limited:

CAMS acquired 55.42% of the share capital of Think Analytics India Private Limited. This deal is of significance as the RBI issued the Digital Lending Guidelines ("**DLG**") which regulates *inter alia* commercial banks and their relationship with their service providers. While the DLG does not regulate the target directly, it placed the onus of compliance with the DLG on the customers of the target, thereby indirectly regulating the target. This expanded the scope of the legal diligence exercise and the warranty package obtained from the founders in relation to DLG compliance by the target.

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