

## **TBA Bulletin 16**

### **Week gone by November 17 to 23, 2020**

Tech- Nearly a year after opening up the process of enrolling new financial technologies into its regulatory sandbox, the Reserve Bank of India has selected six products, two of which have initiated testing.

Data Privacy- India is inching along to the closure of Data Privacy norms with the PDP.

BFSI- Lakshmi Vilas Bank to be merged with BDS, it is a big move for DBS.

## **FINTECH**

### **NATIONAL**

**Jaipur-based Natural Support Consultancy Services Pvt. (eRupaya) and New Delhi's Nucleus Software Exports Ltd. (PaySe)—began testing their fintech products on Nov. 16, the RBI said earlier this week.**

- practical difficulties such as internet connectivity continue to hurt the spread of digital payments in rural areas. Offline payments are one way of overcoming those.
- Both eRupaya and PaySe offer wireless, contactless and offline payment services in rural areas, by making use of near field communication technology that works via radio-frequency identification chips.
- PaySe: started as a digital lending solutions provider for financial institutions, Nucleus Software has partnered with 150 banks and financial institutions across 50 countries over the last three decades, said Vishnu Dusad, managing director and co-founder of Nucleus Software. Its key product is the FinnOne Neo Platform, a digital retail loan servicing software.
- eRupaya is an offline prepaid payment solution designed by

state-run Punjab National Bank in collaboration with its technology partner Natural Support

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**The Reserve Bank of India (RBI) has allowed payment companies to maintain more than one escrow account with a scheduled commercial bank**

- At present, pre-paid instrument (PPI) issuers and payment aggregators (PA) are required to maintain one escrow account with a commercial bank.
- new circular, with a view to diversify risk and address business continuity concerns, allows one additional escrow account in a different scheduled commercial bank.

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## **DATA PRIVACY**

### **INTERNATIONAL**

**The legislation replaces and updates the 1993 act. Its key purpose is to promote people's confidence that their personal data and information are secure and will be treated properly.**

- The act makes notification of privacy breaches mandatory. Organisations receiving and collecting data will now have to report any privacy breach they believe has caused, or is likely to cause, serious harm.

- Those organisations can also be issued with compliance notices that require them to do something, or stop doing something, in order to comply with the law.
- The Privacy Act 2020 and the GDPR framework will force organisations to recognise the value of their data and be more aware of the growing legal thresholds they need to meet.

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**Facebook has accused Apple of privacy shortcomings and abusing its market power after the iPhone maker took a swipe at the social media platform's data collection practices.**

- Facebook has argued that the restrictions would be damaging to small businesses on its platform that were already suffering during the global pandemic by hampering their ability "to accurately target and measure their [advertising] campaigns".
- Apple contends that its advertising model would be subject to the same restrictions as other developers and that it introduced the changes to offer users more control, rather than to squeeze out competitors.

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**NATIONAL**

**The 30-member Joint Parliamentary Committee (JPC) has completed discussing more than 50 of the total 98 clauses in the Bill. Members of the committee have demanded that there should be greater discussion and representatives of different sectors should be invited for greater discussion on the Bill.**

- Key concerns that Opposition parties have flagged during deliberations include those regarding clauses on data localization, Union government's powers to access data by asking data fiduciaries to provide either non-personal data or anonymized personal

data for better targeting of schemes, need for the selection committee for data protection authority to go beyond only government officials and over a clause which lists down conditions for transfer of sensitive personal data and critical personal data outside the country.

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**Del HC orders investigation into alleged data theft by Just Dial**

- IndiaMART InterMesh Ltd, which runs the country's oldest B2B e-commerce platform, Indiamart.com, has secured a temporary injunction against Just Dial Ltd, preventing the latter from launching a similar platform under the JD Mart brand. IndiaMART had moved court on November 10 alleging infringement of intellectual property rights (IPR). Just Dial, on the other hand, accused IndiaMart of indulging in illegal activities such as copying data and cybersquatting.

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**BFSI**

**NATIONAL**

**RBI puts Laxmi Vilas Pvt. Ltd. under moratorium; announces merges with DBS Bank.**

- Due to steady decline Lakshmi Vilas Bank Ltd. (the bank) has undergone the RBI has placed in the public domain a scheme of merger between Laxmi Vilas Bank and DBS Bank India Limited..

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**SEBI has amended guidelines for preferential allotment and institutional placement of listed InVIT**

- As per the amendment:

-Preferential issue of units shall not be made to any person who has sold or

transferred any units of the issuer during the six months preceding the relevant date.

Explanation: Where any person belonging to sponsor(s) has sold/transferred their units of the issuer during the six months preceding the relevant date, the sponsor(s) shall be ineligible for allotment of units on preferential basis

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### **Supreme Court rules that transfer of winding up proceedings of company from a High Court (Company Court) to National Company Law Tribunal (NCLT) can be ordered at the instance of a creditor who is not a party to the proceeding**

- In the case of M/S Kaledonia Jute and Fibres Pvt. Ltd. M/s Axis Nirman and Industries Lts. & ors. (civil appeal no. 3735 of 2020, the Supreme Court has ruled the following:

-proceedings of winding up of a company are proceedings in rem to which the entire body of creditors is a party.

-The official liquidator acts for and on behalf of the entire body of creditors. If any creditor is aggrieved by any decision of the official liquidator, he is entitled to challenge the same before the Company Court. Once he does that, he becomes a party to the proceeding

-the word "party" in the 5<sup>th</sup> proviso to Clause (c) of Subsection (1) of section 434, Companies Act, 2013 cannot be construed to mean only the single petitioning creditor or the company or the official liquidator. The words "party or parties" appearing in the 5<sup>th</sup> proviso to Clause (c) of Subsection (1) of Section 434 would take within its fold any creditor of the company in liquidation.

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### **RBI releases the Report of the Internal Working Group to Review Extant Ownership Guidelines and Corporate**

### **Structure for Indian Private Sector Banks**

- Key Recommendations includes:
  - The cap on promoters' stake in the long run (15 years) may be raised from the current level of 15 per cent to 26 per cent of the paid-up voting equity share capital of the bank.
  - Well run large Non-banking Finance Companies (NBFCs), with an asset size of ₹50,000 crore and above, including those which are owned by a corporate house, may be considered for conversion into banks subject to completion of 10 years of operations and meeting due diligence criteria and compliance with additional conditions specified in this regard.
  - The minimum initial capital requirement for licensing new banks should be enhanced from ₹500 crore to ₹1000 crore for universal banks, and from ₹200 crore to ₹300 crore for small finance banks.
  - Large corporate/industrial houses may be allowed as promoters of banks only after necessary amendments to the Banking Regulation Act, 1949 (to prevent connected lending and exposures between the banks and other financial and non-financial group entities); and strengthening of the supervisory mechanism for large conglomerates, including consolidated supervision.

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### **ONLINE GAMING**

The Madras High Court was informed today that the State of Tamil Nadu is contemplating the introduction of a law to ban or regulate online gambling, in the wake of multiple suicides across the State.

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