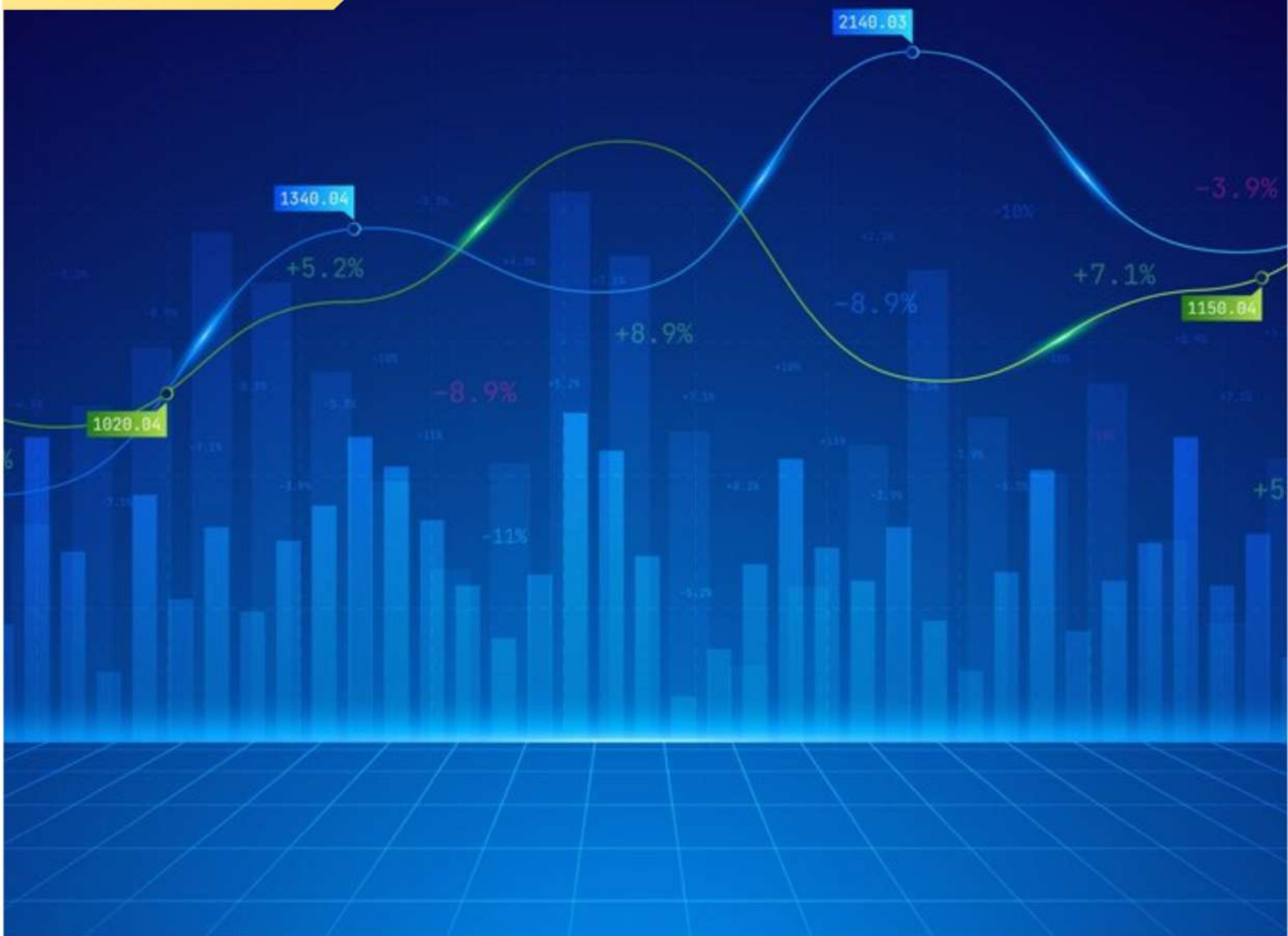


Veritas Finance Private Limited

# REGULATORY UPDATE

September 2023

[www.veritasfin.in](http://www.veritasfin.in)



## INTRODUCTION

### **Objective:**

Keeping up to date with Legislations, Rules and Practices applicable to our NBFC sector to stay compliant and be aware of repercussions, to plan consequential actions, to add value to business and to achieve a competitive edge.

### **Period:**

September 2023

### **Coverage:**

The Newsletter would broadly cover the following applicable areas:

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**RESERVE BANK OF INDIA:**

Circular Number	Date of Issue	Subject / Applicability	Gist
RBI/2023-24/60  DoR.MCS.REC.38/01.01. 001/2023-24	September 13, 2023	<b>Responsible Lending Conduct – Release of Movable / Immovable Property Documents on Repayment/ Settlement of Personal Loans</b>  <a href="https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12535&amp;Mode=0">https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12535&amp;Mode=0</a>	<p>To address the issues faced by the borrowers and towards promoting responsible lending conduct among the Regulated Entities (Res), this Master Direction has been issued. Key highlights are as follows:</p> <ul style="list-style-type: none"><li>• <b>Release of Movable / Immovable Property Documents:</b> The REs shall release all the original movable / immovable property documents and remove charges registered with any registry within a period of 30 days after full repayment/ settlement of the loan account.</li></ul> <p>The timeline and place of return of original movable / immovable property documents will be mentioned in the loan sanction letters issued on or after the effective date.</p> <ul style="list-style-type: none"><li>• <b>Compensation for delay in release of Movable / Immovable Property Documents:</b> In case of delay in releasing of original property documents or failing to file charge satisfaction form beyond 30 days after full repayment/ settlement of loan, the RE shall communicate to the borrower reasons for such delay. In case where the delay is attributable to the RE, it shall compensate the borrower at the rate of ₹5,000/- for each day of delay.</li></ul> <p>These Directions shall be applicable to all cases where release of original movable / immovable property documents falls due on or after December 1, 2023.</p>

Circular Number	Date of Issue	Subject / Applicability	Gist
RBI/2023-24/62  DoR.FIN.REC.39/20.16.0 56/2023-24	September 20, 2023	<b>Data Quality Index for Commercial and Microfinance Segments by Credit Information Companies</b>  <a href="https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12537&amp;Mode=0">https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12537&amp;Mode=0</a>	<p>A common Data Quality Index (DQI) for assessing the quality of data submissions by Credit Institutions (CIs) to Credit Information Companies (CICs) was prescribed which is currently being used for data submitted under the consumer segment.</p> <p>With a view to enable further implementation of DQI, it has been decided that CICs shall prepare DQIs for Commercial and Microfinance segments.</p> <p>CICs shall provide the DQIs for Commercial and Microfinance segments to all CIs latest by March 31, 2024.</p> <p>CIs are advised to undertake a half yearly review of the DQI for all segments to improve the quality of the data being submitted to CICs.</p> <p>Corrective steps taken on the above issues along with a report on the same shall be placed before its top management by each CI for review within two months from the end of that half-year.</p>
RBI/2023-24/63  DoR.FIN.REC.41/20.16.0 03/2023-24	September 25, 2023	<b>Display of information - Secured assets possessed under the SARFAESI Act, 2002</b>  <a href="https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12539&amp;Mode=0">https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12539&amp;Mode=0</a>	<p>As a part of the move towards greater transparency, it has been decided that the Regulated Entities (REs) of the Reserve Bank which are secured creditors as per the SARFAESI Act, 2002, shall display information in respect of the borrowers whose secured assets have been taken into possession by the REs under the Act.</p> <p>REs shall upload this information on their website in the format as prescribed.</p> <p>The first such list shall be displayed on the website of REs within six (6) months from the date of this circular, and the list shall be updated on monthly basis.</p>

## MINISTRY OF CORPORATE AFFAIRS:

Notification Number	Date of Issue	Subject	Gist
G.S.R. 644(E)	September 01, 2023	<b>Limited Liability Partnership (Second Amendment) Rules, 2023</b>  <a href="https://www.mca.gov.in/bi n/dms/getdocument?mds=ywlii5hvZvLABylQ7KmtNA %253D%253D&amp;type=open">https://www.mca.gov.in/bi n/dms/getdocument?mds=ywlii5hvZvLABylQ7KmtNA %253D%253D&amp;type=open</a>	The Limited Liability Partnership (Second Amendment) Rules, 2023 has revised following forms:  1. <b>Form 4:</b> Notice of appointment, cessation, change in name/ address/designation of a designated partner or partner and consent to become a partner/designated partner.  2. <b>Form 3:</b> Information with regard to Limited Liability Partnership Agreement and changes.
General Circular No. 09/2023	September 25, 2023	<b>Clarification on holding of AGM and EGM through video Conference (VC) or Other Audio-visual means (OAVM) and passing of Ordinary and Special resolutions by the companies under the Companies Act, 2013 read with Rues made thereunder - Extension of timeline.</b>  <a href="https://www.mca.gov.in/bi n/dms/getdocument?mds=HaKq8Y72Sk05wlQe05fjL Q%253D%253D&amp;type=open">https://www.mca.gov.in/bi n/dms/getdocument?mds=HaKq8Y72Sk05wlQe05fjL Q%253D%253D&amp;type=open</a>	In continuation to the Ministry's general circular No. 20/ 2020 dated 05.05.2020, General Circular No. 02/ 2022 dated 05.05.2022 and General Circular No. 70/ 2022 dated 28.72.2022, after due examination, it has been decided to allow companies whose AGMs are due in the year 2023 or 2024, to conduct their AGMs through VC or OAVM on or before 30th September, 2024 in accordance with the requirements laid down in Para 3 and Para 4 of the General Circular No. 20/2020 dated 05.05.2020.  Similarly, it has also been decided to allow companies to conduct their EGMs through VC or OAVM or transact items through postal ballot in accordance with framework provided in the aforesaid Circulars, till 30 <sup>th</sup> September 2024.  It has also been clarified that General Circular shall not be construed as conferring any extension of statutory time for holding of AGMs by the companies under the Companies Act, 2013.

## SEBI UPDATES:

Notification Number	Date of Issue	Subject	Gist
SEBI/HO/DD HS/POD1/P/CIR/2023/150	September 04, 2023	<p><b>New format of Abridged Prospectus for public issues of Non-Convertible Debt Securities and/or Non-convertible Redeemable Preference Shares</b></p> <p><a href="https://www.sebi.gov.in/legal/circulars/sep-2023/new-format-of-abridged-prospectus-for-public-issues-of-non-convertible-debt-securities-and-or-non-convertible-redeemable-preference-shares-76430.html">https://www.sebi.gov.in/legal/circulars/sep-2023/new-format-of-abridged-prospectus-for-public-issues-of-non-convertible-debt-securities-and-or-non-convertible-redeemable-preference-shares-76430.html</a></p>	<p>In order to further simplify, provide greater clarity and consistency in the disclosures across various documents and to provide additional but critical information in the abridged Prospectus, the format for disclosures in the abridged Prospectus has been revised and is placed at <b>Annex-I</b> of the Circular.</p> <p>Further, instructions to investors for completing the application form are specified in <b>Annex-II</b>. Issuer/ Merchant Bankers/ syndicate members like brokers who are involved in the public issue shall disclose the same on their websites during the period a public issue is kept open.</p> <p>This Circular shall be applicable for all public issues opening on or after October 1, 2023. Accordingly, for public issues that open on or after October 1, 2023, the format of an Abridged Prospectus shall be as per Annex-I of this Circular instead of Part B of Schedule I of the NCS Regulations.</p> <p>A copy of the Abridged Prospectus shall be made available on the website of issuer, merchant bankers, registrar to an issuer and a link for downloading Abridged Prospectus shall be provided in issue advertisement for the public issue.</p>
SEBI/HO/GSD/TAD/P/CIR/2023/149	September 04, 2023	<p><b>Change in mode of payment w.r.t. SEBI Investor Protection and Education Fund Bank A/c</b></p> <p><a href="https://www.sebi.gov.in/legal/circulars/sep-2023/change-in-mode-of-payment-w-r-t-sebi-investor-protection-and-education-fund-bank-a-c-76474.html">https://www.sebi.gov.in/legal/circulars/sep-2023/change-in-mode-of-payment-w-r-t-sebi-investor-protection-and-education-fund-bank-a-c-76474.html</a></p>	<p>SEBI has opened a new bank account to facilitate market participants to make payment to SEBI Investor Protection and Education Fund (SEBI IPEF). In this regard, a link has been provided in the Homepage of SEBI website (<a href="http://www.sebi.gov.in">www.sebi.gov.in</a>) under the head "Click here to make payment to SEBI IPEF".</p> <p>The link enables the remitter to make payment in any of the following manner: -</p> <ul style="list-style-type: none"> <li>• Net banking</li> <li>• NEFT/RTGS</li> <li>• Debit Cards</li> <li>• UPI</li> </ul>

Notification Number	Date of Issue	Subject	Gist
SEBI/HO/OI AE/IGRD/CIR /P/2023/156	September 20, 2023	<b>Redressal of investor grievances through the SEBI Complaint Redressal (SCORES) Platform and linking it to Online Dispute Resolution platform</b>  <a href="https://www.sebi.gov.in/legal/circulars/sep-2023/redressal-of-investor-grievances-through-the-sebi-complaint-redressal-scores-platform-and-linking-it-to-online-dispute-resolution-platform-77159.html">https://www.sebi.gov.in/legal/circulars/sep-2023/redressal-of-investor-grievances-through-the-sebi-complaint-redressal-scores-platform-and-linking-it-to-online-dispute-resolution-platform-77159.html</a>	<p>SEBI Complaint Redressal System (SCORES) is a centralized web-based complaint redressal facilitation platform launched in 2011 for the benefit of the aggrieved investors, whose grievances against listed company, registered intermediary, or market infrastructure institution ("Entities") remain unresolved.</p> <p>In order to strengthen the existing investor grievance handling mechanism through SCORES, SEBI notified the SEBI (Facilitation of Grievance Redressal Mechanism) (Amendment) Regulations, 2023 and amended the regulations vide notification dated August 16, 2023.</p> <p>Consequently, the extant process for redressal of investors' grievances against Entities and provide for a mechanism through which Designated Bodies may monitor the process of the redressal of investors' grievances by Entities has been revised.</p> <p>The revised framework for handling of complaints received through SCORES platform for Entities and for monitoring the complaints by designated bodies is specified in 'Annexure I' to this circular.</p> <p>The other general provisions applicable to all Entities are at 'Annexure II'.</p> <p>The provisions of this circular related to workflow of processing of investor grievances by Entities and framework for monitoring and handling of investor complaints by the Designated Bodies shall come into force with effect from December 04, 2023.</p>
No. SEBI/LAD- NRO/GN/202 3/151	September 20, 2023	<b>Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2023</b>  <a href="https://www.sebi.gov.in/legal/regulations/sep-2023/securities-and-exchange-board-of-india-listing-obligations-and-">https://www.sebi.gov.in/legal/regulations/sep-2023/securities-and-exchange-board-of-india-listing-obligations-and-</a>	<p>A new regulation namely '<b>62A - Listing of subsequent issuances of non-convertible debt securities</b>' has been introduced vide this amendment regulations which prescribes that:</p> <ul style="list-style-type: none"> <li>• A listed entity whose non-convertible debt securities are listed shall list all non-convertible debt securities, proposed to be issued on or after January 1, 2024, on the stock exchange(s).</li> <li>• A listed entity, whose subsequent issues of unlisted non-convertible debt securities made</li> </ul>



Notification Number	Date of Issue	Subject	Gist
		<a href="#">disclosure-requirements-fourth-amendment-regulations-2023-77193.html</a>	<p>on or before December 31, 2023, are outstanding on the said date, may list such securities, on the stock exchange(s).</p> <ul style="list-style-type: none"> <li>A listed entity that proposes to list the non-convertible debt securities on the stock exchange(s) on or after January 1, 2024, shall list all outstanding unlisted non-convertible debt securities previously issued on or after January 1, 2024, on the stock exchange(s) within three months from the date of the listing of the non-convertible debt securities proposed to be listed.</li> </ul>
SEBI/HO/MI RSD/POD-1/P/CIR/2023/158	September 26, 2023	<p><b>Extension of timelines (i) for nomination in eligible demat accounts and (ii) for submission of PAN, Nomination and KYC details by physical securityholders; and voluntary nomination for trading accounts</b></p> <p><a href="https://www.sebi.gov.in/legal/circulars/sep-2023/extension-of-timelines-i-for-nomination-in-eligible-demat-accounts-and-ii-for-submission-of-pan-nomination-and-kyc-details-by-physical-security-holders-and-voluntary-nomination-for-trading-accounts-77320.html">https://www.sebi.gov.in/legal/circulars/sep-2023/extension-of-timelines-i-for-nomination-in-eligible-demat-accounts-and-ii-for-submission-of-pan-nomination-and-kyc-details-by-physical-security-holders-and-voluntary-nomination-for-trading-accounts-77320.html</a></p>	<p>SEBI, vide circular dated July 23, 2021, stipulates that trading accounts and Demat accounts which do not have 'choice of nomination' by September 30, 2023 shall be frozen.</p> <p>In this respect, based on the representations received from stakeholders, the following has been decided:</p> <ul style="list-style-type: none"> <li>Submission of 'choice of nomination' for trading accounts has been made voluntary as a step towards ease of doing business.</li> <li>With respect to demat accounts, it has been decided to extend the last date for submission of 'choice of nomination' to December 31, 2023.</li> <li>As regards physical securities, it has been decided to extend the last date for submission of PAN, Nomination, Contact details, Bank A/c details and Specimen signature for their corresponding folio numbers to December 31, 2023.</li> </ul>

### IBBI UPDATES

Notification Number	Date of Issue	Subject	Gist
No. IBBI/2023-24/GN/REG106	September 18, 2023	<b>Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for</b>	The Insolvency and Bankruptcy Board of India (IBBI), has, vide notification dated 18th September, 2023 introduced the IBBI (Insolvency Resolution Process for Corporate Persons) (Second Amendment) Regulations,



Notification Number	Date of Issue	Subject	Gist
		<p><b>Corporate Persons) (Second Amendment) Regulations, 2023</b></p> <p><a href="https://ibbi.gov.in/uploads/legalframework/82a0d8c13a4ad67aac73623ca3b22c2f.pdf">https://ibbi.gov.in/uploads/legalframework/82a0d8c13a4ad67aac73623ca3b22c2f.pdf</a></p>	<p>2023, effective 18th September, 2023, so as to further streamline the insolvency resolution process.</p> <p>The amendments grant certain relaxations to the stakeholders by extending the timeline for submitting claims.</p> <p>Further, an attempt has also been made to aid NCLT Benches in dealing with applications u/s 7 or 9 for admission/rejection of claim.</p> <p>The duties of the Resolution professionals (RPs) have also been increased as the amendment now requires the RPs to not just take handover of the assets of the Corporate Debtor (CD) but also verify asset by asset list of the CD, tally the same with the financials of the CD, and to report the same while making application u/s 19(2), if not found in conformity with the assets shown in the financials of the CD.</p> <p>The amendment also contains increased roles and responsibilities of the Authorised Representative (AR) appointed by the Financial Creditors, replacement of AR, and revision in the compensation to the ARs.</p> <p>The RP must now file an application before AA for condonation of delay of claims filed by the stakeholders.</p>

**OTHER UPDATES:**

Notification Number	Date of Issue	Subject	Gist
PRESS RELEASES	September 30, 2023	<b>₹2000 Denomination Banknotes Withdrawal from Circulation Review</b>  <a href="https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12540&amp;Mode=0">https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12540&amp;Mode=0</a>	<p>It has been informed by RBI that as at the close of business on September 29, 2023, 96% of ₹2000 banknotes in circulation as on May 19, 2023, has since been returned.</p> <p>As the period specified for the withdrawal has come to an end, based on a review, it has been decided to extend the current arrangement for deposit / exchange of ₹2000 banknotes until October 07, 2023.</p> <p>With effect from October 8, 2023, banks shall stop accepting ₹2000 banknotes for credit to accounts or exchange to other denomination banknotes.</p> <p>₹2000 banknotes can continue to be exchanged by individuals / entities at the 19 RBI Issue Offices up to a limit of ₹20,000/- at a time.</p> <p>Individuals / Entities can tender ₹2000 banknotes at the 19 RBI Issue Offices for credit to their bank accounts in India for any amount.</p> <p>Individuals / Entities from within the country can also send ₹2000 banknotes through India Post, addressed to any of the 19 RBI Issue Offices for credit to their bank accounts in India.</p> <p>The above facility for deposit / exchange of ₹2000 banknotes at the 19 RBI Issue Offices shall be available till further advice.</p> <p>₹2000 banknotes shall continue to be legal tender.</p> <p>Members of the public are advised to deposit / exchange the ₹2000 banknotes without any further delay.</p>

## GST UPDATES

Notification Number	Date of Issue	Subject	Gist
No. 45/2023 – Central Tax	September 13, 2023	<b>The Central Goods and Services Tax (Third Amendment) Rules, 2023</b>  <a href="https://taxinformation.cbic.gov.in/view-pdf/1009850/ENG/Notifications">https://taxinformation.cbic.gov.in/view-pdf/1009850/ENG/Notifications</a>	<p>New Rule 31B and Rule 31C have been prescribed to clarify the valuation of supplies in online gaming and casinos respectively.</p> <p>These rules ensure that the total amount paid or payable to the supplier is the primary determinant of the value of supply, with strict guidelines regarding deductions for refunds or unused amounts. The method of treatment of amounts won and reinvested in gaming or betting has also been prescribed.</p>
Advisory	September 13, 2023	<b>Time limit for Reporting Invoices on the IRP Portal</b>  <a href="https://www.gst.gov.in/newsandupdates/read/602">https://www.gst.gov.in/newsandupdates/read/602</a>	<p>Time limit has now been imposed for reporting old invoices on the e-invoice IRP portals for taxpayers with Aggregate Annual Turnover (AATO) greater than 100 crores.</p> <p>To ensure timely compliance, taxpayers in this category will no longer be allowed to report invoices older than 30 days on the date of reporting.</p> <p>This restriction will apply to all the document types (Invoices/Credit note/Debit note) for which IRN is to be generated.</p> <p>It is further to clarify that there will be no such reporting restriction on taxpayers with AATO less than 100 crores, as of now.</p> <p>In order to provide sufficient time for taxpayers to comply with this requirement, which may require changes to your systems, it is proposed to implement it from 1st November 2023 onwards.</p>
Advisory	September 19, 2023	<b>Geocoding Functionality for the Additional Place of Business</b>  <a href="https://www.gst.gov.in/newsandupdates/read/603">https://www.gst.gov.in/newsandupdates/read/603</a>	<p>Geocoding functionality for the "Additional Place of Business" address is now active across all States and Union Territories.</p> <p>This builds upon the geocoding functionality earlier implemented for the principal place of business, operational since February 2023.</p> <p>A brief guide on how to utilize this feature has also been provided.</p>

Notification Number	Date of Issue	Subject	Gist
No. 50/2023 –Central Tax	September 29, 2023	<b>Amendment to Notification No. 66/2017-Central Tax dated 15.11.2017 to exclude specified actionable claims.</b>  <a href="https://taxinformation.cbic.gov.in/view-pdf/1009872/ENG/Notifications">https://taxinformation.cbic.gov.in/view-pdf/1009872/ENG/Notifications</a>	<p>Notification No. 50/2023-Central Tax specifies that effective October 01, 2023, a specific exclusion shall be made from the Notification No. 66/2017-Central Tax.</p> <p>This exclusion is with regard to registered persons who are engaged in the supply of specified actionable claims, as defined in clause (102A) of section 2 of the CGST Act, 2017.</p> <p>This exclusion signifies that a registered person dealing with specified actionable claims, as distinctly defined, will not be eligible for the composition levy under section 10 of the CGST Act.</p>
No. 51/2023–Central Tax	September 29, 2023	<b>The Central Goods and Services Tax (Third Amendment) Rules, 2023</b>  <a href="https://taxinformation.cbic.gov.in/view-pdf/1009873/ENG/Notifications">https://taxinformation.cbic.gov.in/view-pdf/1009873/ENG/Notifications</a>	<p>The CBIC has issued notification to notify that the valuation of supply of online gaming, online money gaming and actionable claims in casino will be determined in a notified manner.</p> <p>In this regard, Rule 31B and Rule 31C have been inserted under the CGST Rules which provides the methodology of determining the value of supply of online gaming (including online money gaming) and supply of actionable claims in casino respectively. The rules are effective from October 01, 2023.</p> <p>Although the said rules were earlier inserted vide Notification No. 45/2023-Central Tax, dated September 06, 2023, the same has now been superseded vide this Notification No. 51/2023-Central Tax, dated September 29, 2023.</p> <p>The given rules have been inserted again but with effect from October 01, 2023.</p>

### INCOME TAX UPDATES:

Notification Number	Date of Issue	Subject	Gist
Circular No. 16/2023	September 18, 2023	<b>Extension of timelines for filing Form 10B/10BB and Form ITR-7 for the Assessment Year 2023-24</b>  <a href="https://incometaxindia.gov.in/communications/circular/circular_no_16_2023.pdf">https://incometaxindia.gov.in/communications/circular/circular_no_16_2023.pdf</a>	<p>CBDT has extended the due date for filing of Form 10B/10BB and Form ITR-7 for the Assessment Year 2023-24.</p> <p>The due date of furnishing Audit reports in the case of a fund or trust or institution or any university or other educational institution or any hospital or other medical institution, in Form 10B/Form 10BB for the Financial Year 2022-23, which is September 30, 2023, has now been extended by the Central Board of Direct Taxes (CBDT) to October 31, 2023.</p> <p>The due date of furnishing of Return of Income in Form ITR-7 for Assessment Year 2023-24, which is October 31, 2023, is also extended to November 30, 2023.</p>
S.O. 4192(E)	September 22, 2023	<b>NBFC Classification for Income Tax</b>  <a href="https://incometaxindia.gov.in/communications/notification/notification-79-2023.pdf">https://incometaxindia.gov.in/communications/notification/notification-79-2023.pdf</a>	<p>This notification pertains to the classification of non-banking financial companies (NBFCs) for the purpose of income tax assessment.</p> <p>For the purposes of Section 43D which prescribes 'Special provision in case of income of public financial institutions, etc.', the Central Government has notified the categories of NBFCs pursuant to the Scale-based Regulations being: Top-Layer, Upper Layer, and Middle Layer, that fall under this specific section for income tax purposes.</p>
G.S.R. 685(E)	September 25, 2023	<b>The Income-tax (Twenty first Amendment), Rules, 2023</b>  <a href="https://incometaxindia.gov.in/communications/notification/notification-81-2023.pdf">https://incometaxindia.gov.in/communications/notification/notification-81-2023.pdf</a>	<p>Pursuant to the Finance Act 2023 amendment, the CBDT released a draft notification proposing an amendment to Rule 11UA which prescribes the manner to compute the FMV of such shares.</p> <p>Now, the board has notified the Income-tax (Twenty-First Amendment) Rules, 2023, amending Rule 11UA with additional guidelines for calculating the fair market value of compulsorily convertible preference shares (CCPS).</p> <p>Key changes notified in the Rule 11UA include:</p> <ul style="list-style-type: none"> <li>FMV of compulsorily convertible preference shares shall be determined in accordance with the method prescribed by the amended rule.</li> </ul>

Notification Number	Date of Issue	Subject	Gist
			<ul style="list-style-type: none"> <li>• Five new methods have been introduced for calculating the FMV of unquoted shares, as determined by the merchant banker which are exclusively applicable for determining the FMV of shares issued to non-resident investors.</li> <li>• The valuation report by the Merchant Banker would be acceptable if it is of a date not more than 90 days prior to the date of issue of shares, which are the subject matter of valuation.</li> <li>• If the price at which shares are issued is higher than the value determined per Rule 11UA, but the difference doesn't exceed 10%, the issue price will be held as the fair market value.</li> </ul>