



The Institute of

Company Secretaries of India

IN PURSUIT OF PROFESSIONAL EXCELLENCE

Statutory body under an Act of Parliament

'ICSI House', 22 Institutional Area, Lodi Road, New Delhi-110003, India.

Phone-(011) 41504444, 24617321-24, Fax-(011)24626727, Email - info@icsi.edu

CS UPDATE

August 11, 2008

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Disclaimer: - CS Update contains government notifications, case laws and contributions received from the members. Due care and diligence is taken in compilation of the CS Update. The Institute does not own the responsibility for any loss or damage resulting from any action taken on the basis of the contents of the CS Update. Anyone wishing to act on the basis of the contents of the CS Update is advised to do so after seeking proper professional advice.

FORTHCOMING PROGRAMMES

- **Executive Development Programme on Corporate Compliance Management & Due Diligence at New Delhi on August 22, 2008**
- **Programme on Service Tax at Vapi on August 23, 2008**
- **9th National Conference of PCS at Bhubaneshwar on August 29-30, 2008**
- **36th National Convention of Company Secretaries at Goa on Nov. 6-8, 2008**

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ICSI House, 22, Institutional Area, Lodi Road
New Delhi 110 003



**MINISTRY OF HEAVY INDUSTRIES
AND PUBLIC ENTERPRISES**
*Department of Public Enterprises
Government of India*

EXECUTIVE DEVELOPMENT PROGRAMME ON CORPORATE COMPLIANCE MANAGEMENT AND DUE DILIGENCE

FRIDAY, 22 AUGUST, 2008

VENUE : TAGORE HALL, SCOPE COMPLEX, LODI ROAD, NEW DELHI

INTRODUCTION

We are all witnessing a new confidence and aggressiveness in India Inc in not only garnering resources from the stock and other markets but also in annexing foreign entities and giants within its fold. The globalization phenomenon is thus acquiring unimagined dimensions. Various new skills, international class knowledge and confidence par excellence will be required on the part of corporate executives and professionals to lend value added support to the newly developing corporate ethos in Indian business on various aspects of corporate compliances and due diligence.

In an effort to measure and control risk and to ensure compliances, organizations are looking for a structured approach that lets them quantify risk, establish risk appetite/tolerance, identify and prioritize controls and establish a system to meet a multitude of compliance obligations. An effective compliance management program that embeds a culture of compliance throughout the organisation can therefore be a business value enhancer offering positive benefits to business. A superior knowledge of regulatory risks envisaged by the organisations and putting in place necessary measures to guard against those risks can provide a company with a competitive advantage.

Similarly, due diligence process includes examining all aspects of a company including manufacturing, financial, legal, tax, IT systems, labour issues, checking for regulatory issues, as well as understanding issues related to IPR, the environment and other matters such as contractual documentation, litigation, ownership of movable, fixed and intangible assets. It is therefore imperative for corporate executives and professionals to acquire and refine the required skills in due diligence exercise so that they are equipped to protect and add value for corporates going in for initial public issues, restructuring, alliances, mergers or takeovers for their inorganic growth.

Considering the importance of subjects, the Department of Public Enterprises in collaboration of the Institute of Company Secretaries of India, has decided to organize Executive Development Programme on Corporate Compliance Management and Due Diligence on August 22, 2008 at New Delhi. The programme aims at providing thorough exposure to senior and middle level executives of central and State Public Sector Undertakings and other executives about the corporate compliance management and due diligence.

PROGRAMME COVERAGE

- Corporate Compliance Management: Importance and Scope
- Process of Corporate Compliance Management, Control & Certification
- Legal, Secretarial and Financial Due Diligence
- Techno-Commercial Due Diligence

SPEAKERS

Eminent experts drawn from a cross-section of industry representing both public and private sectors would deliberate on chosen topics and would interact with participants.

DAYS AND DATES

Friday, August 22, 2008

TIMINGS

10.00 AM to 5.00 PM

VENUE

Tagore Hall, Scope Complex, Lodi Road, New Delhi - 110 003.

FEES

Rs. 6,000/- per participant to cover the cost of course material, folder, lunch & tea and other organisational expenses. *(The fees non-refundable, the participation by the substitute is allowed)*

PROGRAMME DIRECTOR

Shri P. K. Mittal

Council Member, The ICSI

Mobile : 9811044365

Email : pkm171@yahoo.com

PROGRAMME CO-ORDINATOR

Shri Hitender Mehta

Chairman, NIRC of The ICSI

Mobile : 9811510775

Email : hitendermehta@yahoo.co.in, hitender@vaishlaw.com

REGISTRATION

Application for registration may be sent alongwith demand draft/cheque for Rs. 6,000/- drawn in favour of 'The Institute of Company Secretaries of India' payable at New Delhi so as to reach the following address preferably on or before August 16, 2008 :

Shri Surya Narayan Mishra

Assistant Director

The Institute of Company Secretaries of India

ICSI House, 22 Institutional Area, Lodi Road, New Delhi 110 003

Phones : 41504444, 24644431-32 (Extn. 1413) 24645045

Fax : 011-24645045

Mobile : 9868615088

Email : surya@icsi.edu

PARTICIPANT REGISTRATION FORM*

Shri Surya Narayan Mishra, Assistant Director
The Institute of Company Secretaries of India
ICSI House, 22, Institutional Area, Lodi Road
New Delhi - 110 003

Phones : 011-41504444, 24644431-32 Extn. 1413
Mobile : 9868615088
Fax : 011-24645045
E-mail : surya@icsi.edu

Dear Sir,

Please register Mr./Ms. _____
for attending the **'Executive Development Programme on Corporate Compliance Management and Due Diligence'** to be jointly organised by The ICSI and Department of Public Enterprises on Friday, August 22, 2008 at Tagore Hall, Scope Complex, Lodi Road, New Delhi.

The particulars of participant(s) is/are as under:

Name (TO BE FILLED IN BLOCK LETTERS) _____

Organisation : _____

Designation & Address : _____

Phone No. : Off : _____ (M) : _____

Resi: _____

E-mail : _____

Fax No. : Off : _____ (Resi.) _____

Profession : _____

FCS/ACS No. : _____

A demand draft/local cheque No. : _____

dated _____ for Rs. _____ drawn on _____

is/are enclosed.

(Sponsoring organisation/participant)

Date :

Signature

*Note : Please take photocopy of the form for nomination/additional nomination.

Program on

SERVICE TAX

With Budget changes of 2008
jointly organized by

PCH- 4



The Institute of
Company Secretaries of India

IN PURSUIT OF PROFESSIONAL EXCELLENCE
Statutory Body under an Act of Parliament

CENTRE FOR CORPORATE RESEARCH & TRAINING



&

GIDC Rofel Business School

Objective	To appraise the participants to understand the legal provisions and clarificatory circulars relating to Service Tax, to ensure timely compliance.
Coverage	Overview of Service Tax Law, Registration / Liability for Service Tax, Taxable services including exempt services, classification and valuation of services
Proposed faculty	CS Shri Smitesh Desai , Practising Company Secretary, Valsad will be Principal Faculty.
Participant mix	The program should be useful to Executives of firms and companies providing services, users of services, professionals and individuals providing services, Practising Company Secretaries, Chartered Accountants and Cost Accountants.
Day, Date & Time	Saturday- August 23 rd 2008 11.30am to 06.00pm
Venue	Conference Hall of GIDC Rofel Business School, Plot No. 14/5, Chharwada Road, GIDC, Near Haria Hospital, Vapi, Gujarat – 395 195
Fees	₹Rs. 2000.00 per participant (to cover the cost of backgrounder, lunch and other organizational expenses) ₹Special concessional fee for faculty members and students.
All delegates registered for the program will be allowed free access to the e-library of Service Tax i.e www.sevakar.com for a month From 23rd August 2008 to 22nd September 2008	
One night (23-08-2008) complimentary stay at a resort in Daman will be made available to all interested member delegates who register for the program with payment before 31 st July 2008. All other charges for boarding, phone etc will have to be borne by the delegate.	

For Registration

Fees may be paid through local cheque/Demand Draft Payable at Mumbai in favour of "ICSI-CCRT A/c" and sent to: Shri Antony Paul, Director, ICSI-Centre for Corporate Research & Training (ICSI-CCRT) Plot No. 101, Sector-15, Institutional Area, CBD Belapur, Navi Mumbai- 400 614 ☎ 022-27577814 /15 / 16.
Fax-27574384; Email: ccr@cvt.vsnl.com / ccr@cvt.icsi.edu

**9th National Conference
of
Practising Company Secretaries**

Eight
Programme
Credit
Hours for
Members of
ICSI

THEME: BE THE CHANGE YOU WANT TO BECOME

**The Hotel Hindusthan International
A 112, Janpath Unit 3, Kharvel Nagar
Bhubaneshwar 751 001**

Friday, August 29, 2008

9:00 AM to 5:30 PM

Saturday, August 30, 2008

9:00 AM to 3:00 PM

Theme: Be the Change you want to Become

The father of the nation **Mahatma Gandhi** once said **“Be the change you want to see in the world”**

Mahatmaji realised the need for sound principles that could be the path finder towards building modern India.

“To Change” is the mantra for development and progress. In the process un-learning and re-learning is as important as learning, the new world. It doesn't matter how long it takes. **Always keep moving on the learning curve to be change agent.**

We have the ability to change. Progress is achieved when we make best use of our own energy, resources, initiative and ability. The first task is to discover what's real. Our personal expectations are often the creation of the aspirations in our lives. We need to de-school ourselves to even begin to see how untruth and myths obscure our vision.

To change, we need to change the mind-set to become positive, confident, enthusiastic, and open-minded. Staying relevant in the market means not holding on to innovations, but "rendering them obsolete" and disseminating them as soon as their value has been extracted.

Always keep moving ahead by continually turning constraints into opportunities.

First Technical Session: Creativity and Innovation – Leading to Personal Effectiveness

Businesses, worldwide, are witnessing changes like never before. A rapidly expanding marketplace (globalization), and increasing competition, diversity among consumers, and timeless advancements in new forms of technology, are few major forces deriving this momentum of change. Creativity and innovation are often key to the success of a business and profession, particularly when strategizing during strategic planning, and when designing new products and services. Creative thinking and innovation are particularly useful during

Strategic Planning (when strategizing) and in Product and Service Management (when designing new products and services.)

The session has therefore been designed to be instrumental in enhancing your creativity and innovative abilities leading to enhanced professional growth.

Second Technical Session: Nurturing and Developing the Emerging Areas of Practice

The changed business scenario world over has forced the regulators to adopt a flexible and industry friendly approach in line with the global best practices. This has thrown open a plethora of avenues for practising professionals in the field of **Competition Law, Insolvency & Restructuring, Corporate Governance and Corporate Compliance Management, Limited Liability Partnership etc.** The time is ripe that we as professionals champion these as well as other emerging areas of practice. The second technical session would throw light on the threats and opportunities for practising Company Secretaries under the new and emerging regulatory regimes.

Third Technical Session: Drafting New Age Documents

Joint Venture Agreements

In an era of convergence, joint ventures and alliances are the order of the day, particularly for corporate India, which has made its presence felt on global business horizon. The terms and conditions of Joint Venture Agreements are not the same as domestic contracts with in-country partners. Joint Venture agreements structured with in-country partners may not work as templates for Global Joint Venture without significant modification.

The greatest challenge in International Joint Ventures come from those jurisdictions which are early entrants into Joint Venture, or those that have ineffective legal enforcement, immature infrastructure, limited or nonexistent intellectual property protection.

The most important areas to be considered in an international Joint Venture agreement are security and confidentiality, legal compliance, fees and payment terms, proprietary rights, auditing rights and dispute resolution process, etc.

Shareholders Agreements

Drafting of a shareholders agreement is not a "form" filling exercise, it requires consideration of the shareholders rights, the governance pattern in the organisation, the regulatory mechanism along with a host of other factors such as the desired outcome of the agreement. The first half of the technical session is aimed at presenting a snap shot of drafting shareholders agreements.

Funding through Venture Capital / Private Equity

Today's entrepreneurs need new sources of money to fund the development process of their innovative companies. Entrepreneurs with marketable products and ideas may seek financing from venture capitalists. Venture capital investments provide the needed cash for companies to develop technologies and products which, in turn, add economic value. Private equity is appropriate to medium and long-term means for finance in potentially high growth unquoted companies. Some commentators use the term "private equity" to refer only to the buy-out and buy-in investment. The intricacies of funding through venture capital / private equity make the process of drafting joint venture agreements quite complex and cumbersome. The second half of the technical session would provide some practical skills to the participants necessary for drafting joint venture and private equity funding agreements.

Fourth Technical Session: Ethics in Business / Profession

Four powerful forces are driving change: technology, globalization, the increasing value of intangible assets and the so-called "war for talent." These forces are reshaping the way companies manage their relationships in different local, national and international contexts

with individuals and other organisations. A distinguishing characteristic of a profession is the ability to combine ethical standards with the performance of technical skills. The professionals being exclusive custodian of expertise, need to profess high ethical and moral values, and to redeem their noble traditions. Ethics give guidance on how a professional can define and clarify purpose and values in his dealings.

This technical session will deal with ethical aspects of business and profession as well as provide a bird's eye view of the guidelines applicable to the members in practice. Broadly the deliberations during the session would cover topics such as **Code of Conduct, Code of Advertising, Ethics**, etc.

VENUE AND DATES

The Conference is being organized at :

The Hotel Hindusthan International
A-112, Janpath Unit 3, Kharvel Nagar
Bhubaneswar – 751 001

(Conveniently located just 3 kms from the Airport and 1½ kms from the railway station.)

Days & Dates: Friday, August 29, 2008
Saturday, August 30, 2008

Timings: 9:00 AM to 5:30 PM
9:00 AM to 3:00 PM

CHIEF GUESTS AND SPEAKERS

Chief Guest: Hon'ble Shri M C Bhandare, His Excellency the Governor of Orissa

Guest Speakers

- Mr. Ajay Agarwal, Director, Rapid Learning Systems (P) Ltd., Kolkata
- Mr. Amitabh Kumar, Director General, Competition Commission of India
- Mr. K N Ravindra, Company Secretary, NALCO
- Dr. K R Chandratre (Past President, The ICSI)
- Mr. Pavan K Vijay (Past President, The ICSI)
- Mr. S N Anathasubramanian, (Council Member, The ICSI)
- Mr. Sanjeev Gupta, MD, Nexgen Financial Solutions Pvt. Ltd.
- Mr. Sumant Batra, Partner, Kesar Dass B. & Associates

PROGRAMME DETAILS

DAY I	Friday, August 29, 2008
9:00 am to 10:00 am	Registration of Delegates
10:00 am to 11:00 am	Inaugural Session Address by Chief Guest Address by Key note speaker
11:00 am to 11:30 am	Tea Break
11:30 am to 1:30 pm	First Technical Session Creativity & Innovation – Leading to Personal Effectiveness
1:30 pm to 2:30 pm	Lunch
2:30 pm to 4:30 pm	Second Technical Session Nurturing and Developing the Emerging Areas of Practice <ul style="list-style-type: none">▪ Competition Law▪ Insolvency & Restructuring▪ Corporate Governance and Corporate Compliance Management
4:30 pm	Tea Break
6:30 pm	Cultural Programme followed by dinner
DAY II	Saturday, August 30, 2008
9:00 am to 10:30 am	Presentation by President Interactive Session
10:30 am to 11:00 am	Tea Break
11:00 am to 12:30 pm	Third Technical Session Drafting New Age Documents

	<ul style="list-style-type: none"> ▪ Joint Venture Agreements ▪ Shareholders Agreements ▪ Funding through VC/PE
12:30 pm to 1:30 pm	Fourth Technical Session Ethics in Profession <ul style="list-style-type: none"> ▪ Code of Conduct ▪ Code of Advertising ▪ Ethics
1:30 pm to 2:30 pm	Lunch
2:30 pm	Valedictory Session (Hon'ble Chief Minister of Orissa Shri Naveen Patnaik has been requested to address)

PARTICIPANTS

Company Secretaries in Practice, Members who are intending to take up practice and other Professionals in Secretarial, Legal and Management disciplines would benefit by participating in the Conference.

Delegate Registration Fee

	Rs.
Practicing Company Secretaries	: 2300/-
Members of ICSI/ICAI/ICWAI	: 2500/-
Non-members	: 2800/-
Students of ICSI	: 1800/-
Accompanying Spouse	: 1800/-
Licentiates, ICSI	: 1800/-

[Registration fee will cover the cost of background material, lunch, tea (both days) and dinner (Friday, 29th August, 2008) excluding hotel accommodation]

DELEGATE REGISTRATION PROCEDURE

The delegate registration fee is payable in advance and is not refundable for accepted nominations. The registration form duly completed along with a crossed demand draft may be sent in favour of "The Institute of Company Secretaries of India" payable at New Delhi / Bhubaneswar at the addresses given below:

Shri S N Mishra Assistant Director The Institute of Company Secretaries of India 'ICSI HOUSE' 22, Institutional Area, Lodi Road, New Delhi – 110 003 ☎ 011-24617321-24 Extn. 1413 ✉ surya@icsi.edu	Shri Santanu Mukherjee Executive Officer EIRC of The ICSI 3-A, Ahiripukur 1 st Lane Kolkata – 700 019 ☎ 033-22816542, 22816541 ✉ eiro@icsi.edu	Shri Prafulla Kumar Sahoo Chairman, Bhubaneswar Chapter of the ICSI Plot No. 70, VIP Colony, IRC Village, Bhubaneswar – 751015 ☎ 0674-2541052, 9437141955 ✉ pksahoo_ohpc@yahoo.co.in
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HOTEL ACCOMMODATION

Accommodation on 'first come first serve' basis has been arranged at the conference venue i.e. The Hotel Hindusthan International, Janpath, Bhubaneswar for outstation delegates.

ROOM TARIFF

On twin sharing basis – Rs. 4850/- 1600/-¹ (inclusive of all taxes) per person per day

On single occupancy basis – Rs. 3700/- 3450/- (inclusive of all taxes) per person per day

Check in time – 12:00 noon

¹ The Hotel charges to be recovered from outstation delegates have been negotiated from Rs. 1850/- per person per day to Rs. 1600/- per person per day on twin sharing basis and from Rs. 3700/- per person per day to Rs. 3450/- per person per day on single occupancy basis.

<i>PROGRAMME DIRECTOR</i>	<i>PROGRAMME CO-ORDINATOR</i>	<i>PROGRAMME FACILITATOR</i>
Shri Anil Murarka Council Member, The ICSI ☎ 033-22415772/22413626 ☎ 9830051304/9330451304 ✉ anilmurarka@vsnl.net murarka5772@dataone.in anilmurarka@gmail.com	Shri Mukesh Chaturvedi Chairman – EIRC of The ICSI ☎ 033-25302275 ☎ 9830276262 ✉ cs_mukesh@yahoo.com	Shri Prafulla Kumar Sahoo Chairman – Bhubaneswar Chapter of the ICSI ☎ 0674- 2541052/2542102 ☎ 9437141955 ✉ pksahoo_ohpc@yahoo.co.in

BACKGROUNDER-CUM-SOUVENIR

It is proposed to bring out a Backgrounder-cum-Souvenir containing theme articles and other papers. Members who wish to contribute papers for publication in the Backgrounder or for circulation at the Conference are requested to send the same preferably in a computer floppy or through e-mail [ssinha@icis.edu / saurabh@icis.edu] with one hard copy or those sending only hard copy may send the same in quadruplicate to the Institute on or before August 10, 2008. The paper should not normally exceed 15 typed pages. The decision of the Institute shall be final in all respects.

The Backgrounder-cum-Souvenir would be widely circulated. Advertisement released in the Backgrounder-cum-Souvenir would receive wide publicity for Products, Services and Corporate Announcements. Members/Organisations are requested to release advertisements. The Advertisement material along with cheque / demand draft may be sent to The Institute of Company Secretaries of India, ICSI House, 22, Institutional Area, Lodi Road, New Delhi – 110 003 or The EIRC of The ICSI 3-A, Ahiripukur 1st Lane, Kolkata – 700 019 or The Bhubaneswar Chapter of the ICSI, ICSI Building, Plot No. 70, VIP Colony, IRC Village, Bhubaneswar – 751015 (Orissa)

ADVERTISEMENT TARIFF

<i>Colour Advertisements</i>	<i>Size (cm)</i>	<i>Black & White Advertisements</i>	<i>Size (cm)</i>
Back Cover Rs. 25000/-	18 x 24	Full Page Rs. 10000/-	18 x 24
Inside Cover		Half Page Rs. 5000/-	18 x 12
(Front/Back) Rs. 20000/-	18 x 24		
Special Page Rs. 15000/-	18 x 24		

Banners

The Institute welcomes Companies and organizations to display their Banners at the venue of the Conference, which will provide publicity for their products / services. The tariff for display of banners is as under:

Banner near stage	:	Rs. 20000/- (limited to only two banners)
Banner (L) 10' x (B) 4'	:	Rs. 10000/-
Banner (L) 6' x (B) 3'	:	Rs. 5000/-

Stalls

Stalls for display of products Rs. 15000/- per stall max. size 6' x 6'

Sponsorship of lunch and dinner

Lunch per day	Rs. 100000/-*
Dinner for one day	Rs. 150000/-*
Tea/coffee	Rs. 25000/- per session

* Co-sponsors may be considered

Sponsorship of Conference Kit – Rs. 200000/-

Advertisements of all organisations providing sponsorships of Rs. 50000/- and more will be put on the conference backdrop.

PARTICIPANT REGISTRATION FORM

9th National Conference of Practising Company Secretaries

Shri S N Mishra
Assistant Director
The Institute of Company
Secretaries of India
'ICSI HOUSE'
22, Institutional Area,
Lodi Road,
New Delhi – 110 003

Shri Santanu Mukherjee
Executive Officer
EIRC of The ICSI
3-A, Ahiripukur 1st Lane
Kolkata – 700 019

Shri Prafulla Kumar Sahoo
Chairman, Bhubaneswar
Chapter of the ICSI
Plot No. 70, VIP Colony, IRC
Village,
Bhubaneswar – 751015

Dear Sir,

Please register the following person(s) for attending the 9th National Conference of Practising Company Secretaries on the theme "Be the change you want to become" to be held on Friday-Saturday, August 29-30, 2008 at The Hotel Hindusthan International, Janpath, Kharvel Nagar, Bhubaneswar. The particulars of participant(s) are as under:

Name (in block letters): _____

Designation: _____

Name of the Organisation and Address: _____

Phone No. (Off.) _____ (Res.) _____ (Fax) _____

Mobile _____ Email _____

ACS/FCS No. _____ CP NO. _____

Particulars of Accompanying Spouse: _____

Status of Delegate: Residential / Non-residential

Veg./Non-veg.

Accommodation: Single Occupancy / Twin Sharing if sought _____

Particulars of Payment

Demand Draft / Local Cheque No. * _____

Dated: _____ For Rs. _____ Drawn on: _____

Payment made in cash vide Receipt No. _____ dated : _____

Place:

Yours faithfully,

Date:

(Sponsoring Authority / Delegate)

(*) The Cheque / demand draft shall be drawn in favour of "The Institute of Company Secretaries of India" Payable at New Delhi / Kolkata / Bhubaneswar.

BACK

36th National Convention Of Company Secretaries

Dates: November 6-8, 2008 (Thursday – Saturday)
Venue: Kala Academy, Campal, Panaji, Goa

Theme: Achieving Excellence through Innovation

Sub-themes:

1. Embracing emerging technologies for quantum growth
2. Unlocking Stakeholder Value through restructuring
3. Innovative financing opportunities in the Global capital market
4. Safeguarding innovation – Management of IPRs
5. The changing role of regulators in fostering innovation

DETAILS OF DELEGATE FEE		
	EARLY BIRDS (UPTO 30.09.08) PAYMENT BY CASH, CREDIT CARD (HQ/ RC), DEMAND DRAFT OR PAY ORDER	OTHERS (AFTER 30.09.2008) (PAYMENT BY ANY MODE)
Members	3500	4000
Non-Members	4000	4500
Company Secretary in Practice	3000	3500
Senior Members (60 years & above)	3000	3500
Members admitted after 31.12.2005	3000	3500
Students	2500	3000
Foreign	US\$ 150	US\$ 150
Spouse	2500	3000
Licentiatees	3000	3500

For further details about the Convention you may visit the link:

<http://www.icsi.edu/Portals/0/NationalConventionICSI.pdf>

The details are available also on page no. 1151 of the August '08 issue of the Chartered Secretary Journal.

You are cordially invited to participate in this annual mega event of the Institute. Kindly block these dates in your calendar and join us, to rediscover professional synergies and togetherness. **BACK**

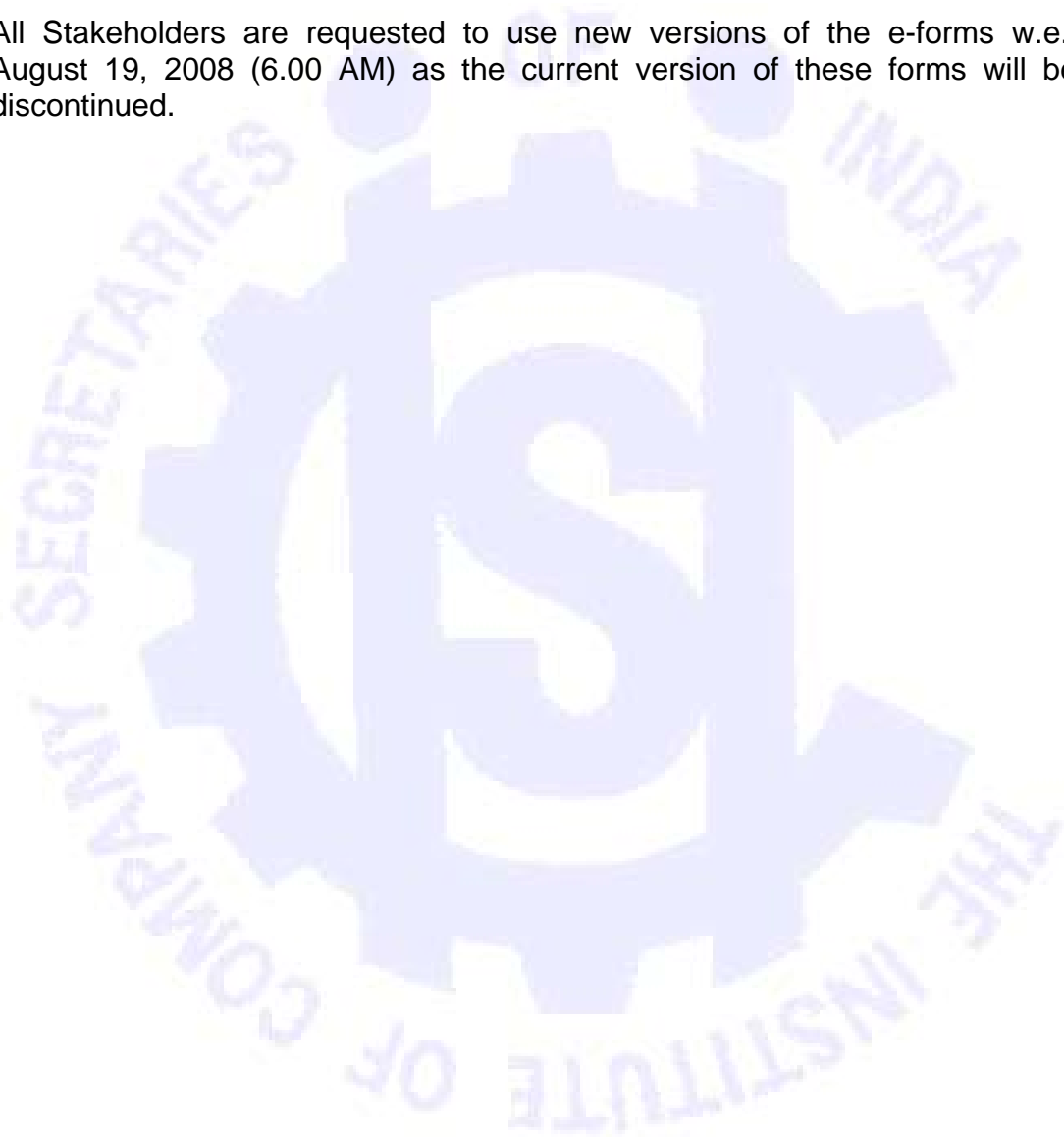
MCA UPDATES

- New Version of eForms

With effect from August 19, 2008, the new version of the following e-forms shall be available at the MCA Portal (www.mca.gov.in):

- **Form 23AC, Additional attachment to Form 23AC, Form 23ACA, Form 66, Form 20B, Form 21A, Form 1, Form 5, Form 18, Form 10, Form 17 and Form 8.**

All Stakeholders are requested to use new versions of the e-forms w.e.f August 19, 2008 (6.00 AM) as the current version of these forms will be discontinued.



RBI UPDATES

- Exchange Earner's Foreign Currency (EEFC) Account

HOME

**RBI/2008-09/118 A. P. (DIR Series)
Circular No. 04**

August 04, 2008

To,
All Category – I Authorised Dealer Banks

Madam / Sir,

Exchange Earner's Foreign Currency (EEFC) Account

Attention of Authorised Dealer Category - I (AD Category – I) banks is invited to paragraph 2 of A. P. (DIR Series) Circular No. 13 dated October 6, 2007, in terms of which all exporters, as a temporary measure, were permitted to earn interest on Exchange Earners' Foreign Currency (EEFC) accounts to the extent of outstanding balances of USD 1 million per exporter. The permission was valid up to October 31, 2008 and was subject to review.

2. The measure has since been reviewed in consultation with the Government of India and it has been decided to withdraw the facility from November 01, 2008. Accordingly, with effect from November 01, 2008, all EEFC accounts shall only be permitted to be opened and maintained in the form of non-interest bearing current accounts.

3. AD Category - I banks may bring the contents of this circular to the notice of their constituents and customers concerned.

4. The directions contained in this circular have been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and is without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Salim Gangadharan)
Chief General Manager-in-Charge

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SEBI UPDATES

- Amendments to SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999
- Exchange Traded Currency Derivatives
- Extending calendar spread treatment till expiry of the near month contract

▪ **Neelam BhardwaNeelam Bhardwaj**

General Manager
Corporation Finance Department
Division of Issues and Listing
Phone: +91 22 26449350 (D), +91 22 2644 9000
Email: neelamb@sebi.gov.in

SEBI/CFD/DIL/ESOP/4/2008/04/08
August 4, 2008

To
All Registered Merchant Bankers
All Recognised Stock Exchanges

Dear Sirs,

Sub.: Amendments to SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

1. In exercise of the powers conferred under sub-section (1) of Section 11 of the Securities and Exchange Board of India Act, 1992, it has been decided to amend the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (hereinafter referred to as the "SEBI (ESOS & ESPS) Guidelines").

2. The full text of the amendments is given in Annexure I and the amendments are explained in brief as under:

(i) Eligibility of nominee directors for ESOS

(a) Presently, as per SEBI (ESOS & ESPS) Guidelines, an employee (including a director of a company / its holding company / its subsidiary, whether such director is a whole-time director or not) is eligible to participate in the ESOS of the company, if such employee is not a promoter, does not belong to the promoter group and is not a director, who, either by himself or through his relative or through any body corporate, directly or indirectly holds more than 10% of the outstanding equity shares of the company.

(b) It has been decided to clarify that a director, nominated by an institution as its representative on the Board of Directors of a company, is eligible to participate in the ESOS of the company, if the contract / agreement entered into between the nominating institution and the director so appointed specifically provides for acceptance of ESOS of the company by such director and a copy thereof is filed with the company.

(ii) Accounting treatment for options granted under graded vesting schemes
(a) Presently, as per SEBI (ESOS & ESPS) Guidelines, where an employee stock option scheme provides for graded vesting of options, the vesting period is determined separately for each portion of the option and the accounting value of each such portion is amortised on a straight-line basis over the vesting period of that portion.

(b) The Institute of Chartered Accountants of India (ICAI), which also prescribes the accounting treatment for employee stock options through its Guidance Note on "Employee Shared Based Payments", has, vide its

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Announcement issued in March 2007, revised the accounting treatment, reorganisation and measurement of options granted under graded vesting schedule.

(c) It has been decided to amend SEBI (ESOS & ESPS) Guidelines to bring the accounting treatment prescribed by SEBI, for options granted under graded vesting, in line with the accounting treatment provided by ICAI in this regard.

3. The amendments made vide this circular shall come into force with immediate effect.

4. This circular and the entire text of SEBI (ESOS & ESPS) Guidelines, including the amendments issued vide this circular, are available on SEBI website at www.sebi.gov.in under the categories "Legal Framework" and "Issues and Listing".

Yours faithfully,

Neelam Bhardwaj

Encl.: Annexure I

ANNEXURE I

AMENDMENTS TO SEBI (ESOS & ESPS) GUIDELINES, 1999

1. After clause 4.1, the following Explanation shall be inserted, namely:-

“Explanation: Where such employee is a director nominated by an institution as its representative on the Board of Directors of the company –

(i) the contract/ agreement entered into between the institution nominating its employee as the director of a company and the director so appointed shall, inter-alia, specify the following:

(a) whether options granted by the company under its ESOS can be accepted by the said employee in his capacity as director of the company;

(b) that options, if granted to the director, shall not be renounced in favour of the nominating institution; and

(c) the conditions subject to which fees, commissions, ESOSs, other incentives, etc. can be accepted by the director from the company.

(ii) the institution nominating its employee as a director of a company shall file a copy of the contract/ agreement with the said company, which shall, in turn, file the copy with all the stock exchanges on which its shares are listed.

(iii) the director so appointed shall furnish a copy of the contract/ agreement at the first Board meeting of the company attended by him after his nomination.”

2. After clause 11.6, the following new clause shall be inserted, namely:-

“11.7 The options granted to a director, who is an employee of an institution and has been nominated by the said institution, shall not be renounced in favour of the institution nominating him.”

3. Clause 13.2 shall be omitted.

4. In Schedule I, for clause (c), the following clause shall be substituted, namely:-

“(c) Where the accounting value is accounted for as employee compensation in accordance with clause (b), the amount shall be amortised as under :

(i) Where the scheme does not provide for graded vesting, the amount shall be amortised on a straight-line basis over the vesting period.

(ii) Where the scheme provides for graded vesting -

(1) the vesting period shall be determined separately for each separate vesting portion of the option, as if the option was, in substance, multiple option and the amount of employee compensation cost shall be accounted for and amortised accordingly on a straight-line basis over the vesting period;

or

(2) the amount of employee compensation cost shall be accounted for and amortised on a straight-line basis over the aggregate vesting period of the entire option (that is, over the vesting period of the last separately vesting portion of the option):

Provided that the amount of employee compensation cost recognized at any date at least equals the fair value or the intrinsic value, as the case may be, of the vested portion of the option at that date.”



**GENERAL MANAGER
DERIVATIVES AND NEW PRODUCTS DEPARTMENT**

SEBI/DNPD/Cir- 38 /2008
August 06, 2008

To,
Recognized Stock Exchanges
and their Clearing Corporations / Clearing Houses, Clearing Members and
Trading Members

SUB: EXCHANGE TRADED CURRENCY DERIVATIVES

A RBI-SEBI Standing Technical Committee ("Committee") was constituted to evolve norms and oversee implementation of Exchange Traded Currency and Interest Rate Derivatives. To begin with, the Committee has looked at Exchange Traded Currency Derivatives and submitted a Report on Exchange Traded Currency Futures ("Report"). The Report, which was submitted on May 29, 2008, is also available on the SEBI website www.sebi.gov.in.

The Report lays down the framework for the launch of Exchange Traded Currency Futures in terms of the eligibility norms for existing and new Exchanges and their Clearing Corporations/Houses, eligibility criteria for members of such Exchanges/Clearing Corporations/Houses, product design, risk management measures, surveillance mechanism and other related issues.

I. EXCHANGE TRADED CURRENCY DERIVATIVES

For trading in Exchange Traded Currency Derivatives, Recognized Stock Exchanges and their Clearing Corporations / Clearing Houses, Clearing Members and Trading Members have to comply with the following:

1. **Exchange:** A Recognized Stock Exchange fulfilling the conditions mentioned under paras 5.1 and 5.2 of the Report may apply to SEBI for grant of approval for starting trading in Currency Derivatives. The application shall be accompanied by the details pertaining to the derivatives product proposed to be introduced (mentioned under para 7.2 of the Report), the proposed Bye-laws of the Exchange/ Clearing Corporation / Clearing House and the model documents for Currency Derivatives Segment (in accordance with para 7.1 of Report).

Further, a Recognized Stock Exchange shall ensure that;

- a. Chapter 2 of the Report on product design is complied with. In addition, the last day for trading of the contract shall be two working days prior to the final settlement day, with the settlement price on the last trading day being the Reserve Bank's Reference Rate on that date.
- b. Chapter 4 of the Report on surveillance and disclosures is complied with.

c. Membership of the Currency Derivatives Segment is separate from the membership of the other segments of the Exchange as mentioned under para 6.1 of the Report.

d. Appropriate mechanisms preventing participation of "persons resident outside India" as defined in Section 2(w) of the Foreign Exchange Management Act, 1999 in Exchange Traded Currency Derivatives be put in place.

2. Clearing Corporation / Clearing House: Clearing Corporation / Clearing House fulfilling the conditions mentioned under paras 5.3 and 5.4 of the Report may apply to SEBI for grant of approval for undertaking clearing and settlement related to trades in Currency Derivatives. The Clearing Corporation / Clearing house shall comply with the risk management measures detailed under Chapter 3 of the Report.

3. After obtaining SEBI's approval, the Recognized Stock Exchange and its Clearing Corporation / Clearing House shall make an application to RBI to obtain permission under FEMA for trading, clearing and settlement of Currency Derivatives.

4. Clearing Member and Trading Member: A person desirous of becoming a Clearing Member and / or a Trading Member and fulfilling the conditions detailed under paras 6.2 and 6.3 of the Report may apply to SEBI for registration under SEBI (Stock Brokers and Sub-Brokers) (Amendment) Regulations, 2008.

II. PARTICIPATION OF BANKS

To enable Banks to become Clearing Member and / or Trading Member of the Currency Derivatives Segment of an Exchange, an Exchange shall amend its bye-laws, as under:

1. "Any bank, -
included in the Second Schedule to the Reserve Bank of India Act, 1934, and specifically authorized by RBI for this purpose,
 - i. is eligible to become Clearing Member and / or Trading Member of the Currency Derivatives Segment of an Exchange, on the recommendation of the governing body of the Exchange.
 - ii. such bank can act as member for their proprietary dealings, to act on their own account, in the Currency Derivatives Segment of the Exchange.
 - iii. such bank can also act as member or an agent for any other person, client or customer in the Currency Derivatives Segment of an Exchange.
 - iv. such bank shall abide by circulars and directions issued by RBI and SEBI in respect of dealing of such banks in the Exchange."

III. CERTIFICATION PROGRAMME

A Trading Member shall have approved users and sales personnel who have Certification as applicable to Exchange Traded Equity Derivatives. However, this requirement shall not be applicable in respect of a Trading Member, which is a bank, for a period of one year from the date of this circular.

August 11, 2008

IV. POSITION LIMIT

The gross open position of a Trading Member, across all contracts, shall not exceed 15% of the total open interest or 25 million USD, whichever is higher. However, the gross open position of a Trading Member, which is a bank, across all contracts, shall not exceed 15% of the total open interest or 100 million USD, whichever is higher.

This circular is being issued in exercise of the powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act 1992, read with Section 10 of the Securities Contracts (Regulation) Act, 1956 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

This circular is available on SEBI website at www.sebi.gov.in., under the category "Derivatives- Circulars".

Yours faithfully,

SUJIT PRASAD

**General Manager
Derivatives and New Products Department**

SEBI/DNPD/Cir- 39/2008
August 8, 2008

**To
The Managing Director / Executive Director
of Derivative Segment of NSE & BSE
and their Clearing House / Corporation.**

Dear Sir,

Sub: Extending calendar spread treatment till expiry of the near month contract

This is in continuation of SEBI Circular No. IES/DC/CIR-4/99 dated July 28, 1999, Circular No. IES/DC/CIR-5/00 dated December 11, 2000 and Circular No. SMDRP/DC/CIR-10/01 dated November 2, 2001 regarding risk containment measures for Exchange traded equity derivatives, including calendar spread positions.

In terms of the aforesaid circulars, a calendar spread is treated as a naked position in the far month contract three trading days prior to the expiry of the near month contract. The removal of calendar spread treatment three trading days prior to the expiry of the near month contract leads to a sudden increase in margins without any corresponding increase in the risk of the spread position.

It has, therefore, been decided that henceforth a calendar spread position on Exchange traded equity derivatives may be granted calendar spread treatment till the expiry of the near month contract.

This circular is being issued in exercise of powers conferred by sub-section (1) of Section 11 of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

This circular is available on SEBI website at www.sebi.gov.in, under the category "Derivatives – Circulars".

Yours faithfully,

SUJIT PRASAD