



**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, 45341000, Fax-(011)24626727, Email - info@icsi.edu

CS UPDATE

September 3, 2010

CONTENTS

Forthcoming Programmes

- 38th National Convention of Company Secretaries at Kolkata on 2-3-4 September, 2010

SEBI Updates

- Circular on Arbitration Mechanism in Stock Exchanges
- Press Release on Arbitration Mechanism in Stock Exchanges
- Circular on Execution of Power of Attorney (PoA) by the Client in favour of the Stock Broker/ Stock Broker and Depository Participant – Clarifications
- Circular on Trading Rules and shareholding in dematerialized mode

TAX Updates

- Direct Tax Code Bill, 2010
- Assessee Code mandatory for Excise & Service Tax Payments
- Notification on the New Rupee Symbol
- Notification on Interest credited to Recognised Provident Fund

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

- 38th National Convention of Company Secretaries at Kolkata on 2-3-4 September, 2010

[HOME](#)



**THE INSTITUTE OF
Company Secretaries of India**
IN PURSUIT OF PROFESSIONAL EXCELLENCE
Statutory body under an Act of Parliament

38TH NATIONAL CONVENTION OF COMPANY SECRETARIES

Principal Sponsor

MCX'SX
India's New Stock Exchange

Dates

September 2-3-4, 2010

Venue

Swissotel Kolkata,
City Centre, New Town, Rajarhat, Kolkata

Co-Sponsor

ESSAR

Theme : India Inc. and Inclusive Growth

Dear Professional Colleague,

The **38th National Convention of Company Secretaries** is being held on Thursday, Friday and Saturday, September 2-3-4, 2010 at

Swissôtel Kolkata, City Centre New Town, Action Area 2, D. Plot No. 11/5, New Town, Rajarhat, Kolkata on the theme **"India Inc. and Inclusive Growth"**.

The Indian economy, which has over the last six decades passed through various phases of growth, is now one of the fastest growing economies of the world. The growth process is more wider and inclusive than ever before. Corporate being engines of inclusive growth interweaving the social and environmental concern in their overall business strategies. Almost all constituents of successful India Inc. have linked their business strategy with society for inclusive growth. The Company Secretaries being more closely associated with the decision making process in the companies should now assume the role of a leader – a driving force behind formulating business strategies towards inclusive growth.

DELEGATE FEE

	Payment By Cash, Credit Card (HQ/RC), Demand Draft or Pay Order (Rs)
Members	5000
Non-Members	5500
Company Secretary in Practice	4500

Senior Members (60 years & above)	4500
Members admitted after 31.12.2007	4500
Students	4000
Foreign	US\$100
Spouse	4000
Licentiates	4500

The detailed brochure and delegate registration form for the Convention is available at the following link:

<http://www.icsi.edu/webmodules/LinksOfWeeks/38TH%20NATIONAL%20CONVENTION%20OF%20COMPANY%20SECRETARIES.pdf>

The registration form duly completed along with a crossed cheque (at par)/ demand draft / pay order drawn in favour of *The Institute of Company Secretaries of India* payable at **New Delhi** may please be sent to The Institute of Company Secretaries of India, C-37, Sector 62, Institutional Area, Noida - 201309.

I cordially invite you to participate in this annual mega event of the Institute.

I look forward to meet you at the National Convention at the City of Palaces.

Yours sincerely,

CS N K JAIN
Secretary & CEO



[HOME](#)

SEBI Updates

[HOME](#)

Arbitration Mechanism in Stock Exchanges

CIRCULAR

CIR/MRD/DSA/29/2010

August 31, 2010

The Managing Director/Executive Director,
of all Stock Exchanges.

Dear Sir / Madam,

Subject: Arbitration Mechanism in Stock Exchanges

I. SEBI, vide circular No. CIR/MRD/DSA/24/2010 dated August 11, 2010, has streamlined the arbitration mechanism available at stock exchanges for arbitration of disputes (claims, complaints, differences, etc.) arising between a client and a member (Stock Broker, Trading Member and Clearing Member) across various market segments.

II. Based on feedback from investors, it has been decided to replace Para 7 of the SEBI Circular Ref. No. CIR/MRD/DSA/24/2010 dated August 11, 2010 by the following:-

“7. Arbitration Fees

7.1 Each of the parties to arbitration (other than a client with a claim / counter claim upto Rs. 10 lakh and filing the arbitration reference for the same within six months) shall deposit an amount, as may be prescribed by the stock exchange, at the time of making arbitration reference. The deposits (exclusive of statutory dues - stamp duty, service tax, etc.) shall not exceed the amount as indicated under:

Amount of Claim / Counter Claim, whichever is higher (Rs.)	If claim is filed within six months	If claim is filed after six months
≤ 10,00,000	1.3% subject to a minimum of Rs.10,000	3.9% subject to a minimum of Rs.30,000
> 10,00,000 - ≤ 25,00,000	Rs. 13,000 plus 0.3% amount above Rs. 10 lakh	Rs. 39,000 plus 0.9% amount above Rs. 10 lakh
> 25,00,000	Rs. 17,500 plus 0.2 % amount above Rs. 25	Rs. 52,500 plus 0.6 % amount above Rs. 25

	lakh subject to maximum of Rs. 30,000	lakh subject to maximum of Rs. 90,000
--	---------------------------------------	---------------------------------------

7.2 A client, who has a claim / counter claim upto Rs. 10 lakh and files arbitration reference for the same within six months, shall be exempt from the deposit.

7.3 In all cases, on issue of the arbitral award the stock exchange shall refund the deposit to the party in whose favour the award has been passed. In cases where claim was filed within six months period, the full deposit made by the party against whom the award has been passed, shall be appropriated towards arbitration fees. In cases where claim was filed after six months, one-third of the deposit collected from the party against whom the award has been passed, shall be appropriated towards arbitration fees and balance two-third amount shall be credited to the Investor Protection Fund of the respective stock exchange.

Note: Six months (as referred to in paras 7.1, 7.2 and 7.3 above) shall be computed from the end of the quarter during which the disputed transaction(s) were executed/ settled, whichever is relevant for the dispute, and after excluding:-

- a. the time taken by the Investors Grievances Redressal Committee of the Stock Exchange (the time taken from the date of receipt of dispute till the decision by the committee) to resolve the dispute under its Rules, Bye-laws & Regulations, and
- b. the time taken by the member to attempt the resolution of the dispute (the time from the date of receipt of dispute by the member to the date of receipt of the member's last communication by the client) or one month from the date of receipt of the dispute by the member, whichever is earlier.

7.4 A party filing an appeal before the appellate panel [as mentioned under item 6 above] shall pay a fee not exceeding Rs. 30,000, as may be prescribed by the stock exchange, in addition to statutory dues (stamp duty, service tax, etc) along with the appeal."

III. The stock exchanges are advised to:-

- a. make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision immediately;
- b. bring the provisions of this circular to the notice of the members of the stock exchange and also to disseminate the same through their website; and
- c. communicate to SEBI, the status of implementation of the provisions of this circular in the Monthly Development Reports to SEBI.

IV. SEBI inspection of stock exchange shall cover implementation of this circular.

September 3, 2010

V. This Circular is 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 and shall come into effect from September 1, 2010.

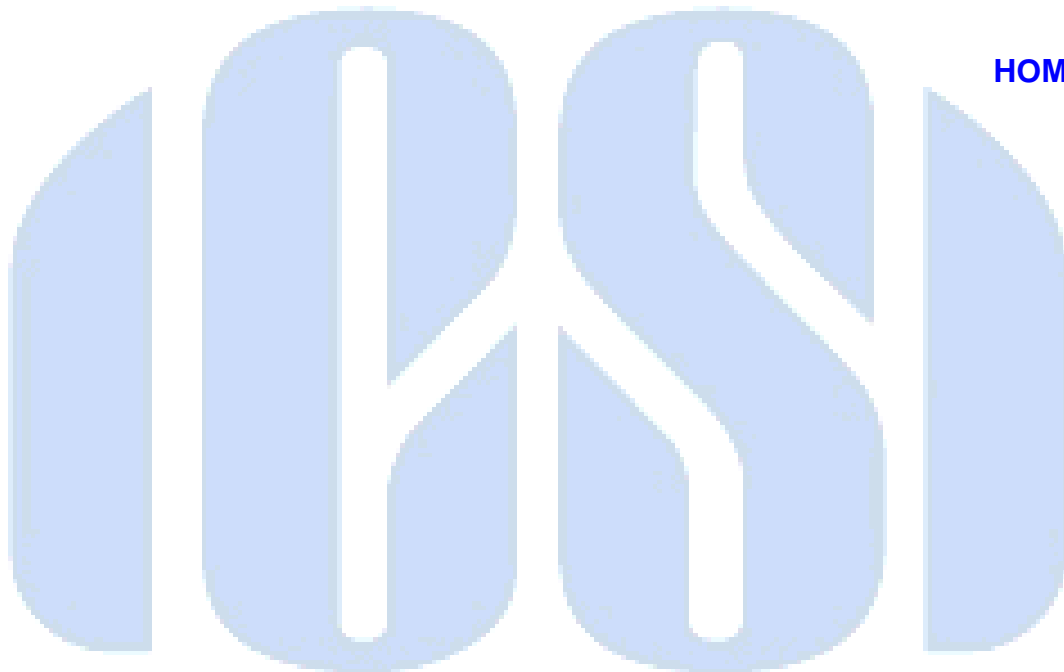
VI. This Circular is available on SEBI website at www.sebi.gov.in.

Yours faithfully,

Rajesh Kumar D
Deputy General Manager
+91-22-26449242

rajeshkd@sebi.gov.in

[HOME](#)



Arbitration Mechanism in Stock Exchanges**PRESS RELEASE**

SEBI, vide [circular](#) dated August 11, 2010, has streamlined the arbitration mechanism available at stock exchanges for arbitration of disputes (claims, complaints, differences, etc.) arising between a client and a member (Stock Broker, Trading Member and Clearing Member) across various market segments. Based on feedback, the said [circular](#) has been modified today. The arbitration framework now prescribed has the following new features:-

1. In order to improve the quality of arbitration, there is a requirement on stock exchanges to provide continuing education every year to every arbitrator. The arbitrators are required to adhere to a code of conduct and their performance shall be appraised on a yearly basis.
2. Arbitration claims beyond six months can also be filed under the new framework since the limitation period for arbitration has now been modified to three years as prescribed under the Limitation Act, 1963.
3. In order to ensure that the arbitration proceedings are completed in a time bound manner, timelines have been prescribed at each stage of activity.
4. The numbers of arbitrators has been made uniform across exchanges such that claims less than Rs. 25 lakh are dealt with by a sole arbitrator and claims more than Rs. 25 lakh are dealt with by a panel of three arbitrators.
5. The circular has put a maximum limit on arbitration fees and removed the uncertainty about such fees prevailing earlier where exchanges could collect additional charges beyond initial deposit. A client filing an arbitration reference for claim/counter claim upto Rs. 10 lakh within six months does not have to pay any fees. For such clients, the costs are to be borne by the stock exchange.

6. Stock exchanges have been mandated to provide an appellate mechanism within the exchanges to avoid the need for resorting to lengthy court process.

7. The stock exchanges with nationwide terminals have been mandated to provide arbitration facility (arbitration as well as appellate arbitration) at all four regional centres (Delhi, Mumbai, Kolkata and Chennai). The arbitration and appellate arbitration are required to be conducted at the regional centre nearest to the client.

8. Transparency in arbitration proceedings has been brought in by mandating the stock exchanges to disclose the details of disposal of arbitration proceedings on their websites. The stock exchanges have also been mandated to post the arbitration awards on their websites.

Mumbai

August 31, 2010

[HOME](#)

**Execution of Power of Attorney (PoA) by the Client
in favour of the Stock Broker/ Stock Broker and
Depository Participant – Clarifications**

CIRCULAR

CIR/MRD/DMS/28/2010

August 31, 2010

To
The Managing Directors of Stock Exchanges and Depositories

Dear Sir (s),

**Sub: Execution of Power of Attorney (PoA) by the Client in favour of the
Stock Broker/ Stock Broker and Depository Participant – Clarifications**

1. SEBI vide circular no. CIR/MRD/DMS/13/2010 dated April 23, 2010 issued guidelines regarding execution of Power of Attorney (PoA) by the client in favor of Stock Broker / Stock Broker and Depository Participant.
2. SEBI has received representation from Market Participants seeking guidance and clarifications on process to be followed for implementation of the provisions of the circular.
3. Based on the examination of the issues highlighted in the representations and so as to facilitate the implementation of the provisions of the aforesaid Circular, attached clarifications are issued for immediate implementation.
4. All other clauses/ provisions of the aforesaid PoA circular, except those mentioned in the annexure, shall remain unchanged.

Yours faithfully,

MANOJ KUMAR
General Manager
+91-22-26449260
manojk@sebi.gov.in

Encl: Clarification to Guidelines for execution of Power of Attorney by Clients favouring Stock Brokers / Stock Broker and Depository Participants
(2 pages)

Clarification to Guidelines for execution of Power of Attorney by Clients favouring Stock Brokers / Stock Broker and Depository Participants

SI No	Clauses/ Provisions of the PoA Circular	Clarifications
1.	Standardizing the norms for PoA must not be construed as making the PoA a condition precedent or mandatory for availing broking or depository participant services. PoA is merely an option available to the client for instructing his broker or depository participant to facilitate the delivery of shares and pay-in/pay-out of funds etc. No stock broker or depository participant shall deny services to the client if the client refuses to execute a PoA in their favour.	Only internet based trading exempted.
2	The Stock Brokers shall take necessary steps to implement this circular latest by May 31, 2010 for the new clients and ensure to take necessary steps latest by September 01, 2010 to revoke those authorizations given by the existing clients to the stock brokers/ stock broker and depository participants through PoA that are inconsistent with the present guidelines.	Stock Broker/ DP may revoke those authorizations that are inconsistent with the present guidelines by communicating the inconsistent clauses to the existing clients. In the event, the deleted clauses are not accepted by the client, Stock Broker/ DP may be required to either obtain fresh PoA or close the account. In case of any addition to the existing PoA, Stock Broker / DP shall be required to obtain a new PoA from clients.
3	PoA executed in favour of a Stock Broker by the client should be limited to the following: “(i) Transfer of securities held in the beneficial owner account(s) of the client(s) towards stock exchange related margin / delivery obligations arising out of trades executed by the Client(s) on the stock exchange through the same Stock Broker.”	Margin / Delivery obligations shall also include settlement obligations, if any.
4	PoA executed in favour of a Stock Broker by the client should be limited to the following: “(iii) To apply for various products like Mutual Funds, Public Issues (shares as well as debentures), rights, offer of shares, tendering shares in open offers etc. pursuant to the instructions of the Client(s).	Redemptions are also included in PoA pursuant to client's instructions.

	However, a proper audit trail should be maintained by the Stock Broker to prove that the necessary application/act was made /done pursuant to receipt of instruction from Client.”	
5	PoA executed in favour of a Stock Broker and Depository Participant by the client should provide the list of clients' & brokers' Bank accounts & demat accounts where funds and securities can be moved. Such bank & demat accounts should be accounts of related party only.	The list of clients' & brokers' Bank accounts & demat accounts may be updated / amended by proper communication without executing a new PoA every time. Copies of such communications may be preserved as annexure to the PoA.
6	PoA executed in favour of a Stock Broker and Depository Participant by the client should be revocable at any time, without notice.	PoA executed in favour of a Stock Broker / Stock Broker and Depository Participant by the client should be revocable at any time. However, such revocation shall not be applicable for any outstanding settlement obligation arising out of the trades carried out prior to receiving request for revocation of PoA. Further, the PoA revocation requests should be dated and time stamped by the brokers for ensuring proper audit trail.
7	The POA shall not facilitate the stock broker to do the following: “12. Transfer of securities for off market trades”	The PoA shall not facilitate off-market trades between parties other than the related parties as mentioned in the PoA.

[HOME](#)

Trading Rules and shareholding in dematerialized mode**CIRCULAR**

SEBI/Cir/ISD/ 1 /2010

September 2, 2010

To,**The Managing Directors/Chief Executive Officers/
Executive Directors/Officiating Executive Directors
of all the Recognized Stock Exchanges**

Dear Sir (s),

Sub: Trading Rules and shareholding in dematerialized mode

I. In order to moderate sharp and destabilizing price movements in shares of companies, to encourage better price discovery and to increase transparency in securities market, SEBI in consultation with Stock Exchanges has decided to adopt following measures:-

a. The securities of all companies shall be traded in the normal segment of the exchange if and only if, the company has achieved at least 50% of non-promoters holding in dematerialized form by October 31st 2010

b. In all cases, wherein based on the latest available quarterly shareholding pattern, the companies do not satisfy above criteria, the trading in such scrips shall take place in Trade for Trade segment (TFT segment) with effect from the time schedule specified above.

c. In addition to above measures, in the following cases (except for the original scrips, on which derivatives products are available or included in indices on which derivatives products are available) the trading shall take place in TFT segment for first 10 trading days with applicable price band while keeping the price band open on the first day of trading.

- Merger, demerger, amalgamation, capital reduction/consolidation, scheme of arrangement, in terms of the Companies Act and/or as sanctioned by the Courts, in cases of rehabilitation packages approved by the Board of Industrial and Financial Reconstruction under Sick Industrial Companies Act and in cases of Corporate Debt Restructuring (CDR) packages by the CDR Cell of the RBI.

- Securities that are being admitted to trading from another exchange by way of direct listing/MOU/securities admitted for trading under permitted category,

- Where suspension of trading is being revoked after more than one year.

d. Further in all cases, the exchanges shall ensure that before starting trading in scrips, the companies have complied with the disclosure requirements and the same is publicly disseminated on the website of exchanges to enable investors to take informed decision.

II. The Stock Exchanges are advised to:

- put in place the adequate systems and issue the necessary guidelines for implementing the above decision.
- make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision immediately.
- bring the provisions of this circular to the notice of the member brokers of the Exchange and also to disseminate the same on the website.
- communicate to SEBI, the status of the implementation of the provisions of this circular in the Monthly Development Report.

III. This circular is 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.

IV. This circular is available on SEBI website at www.sebi.gov.in

Yours faithfully,

S. Ramann
Officer on Special Duty
Integrated Surveillance Department
022-26441450
ramanns@sebi.gov.in

[HOME](#)

TAX Updates

[HOME](#)

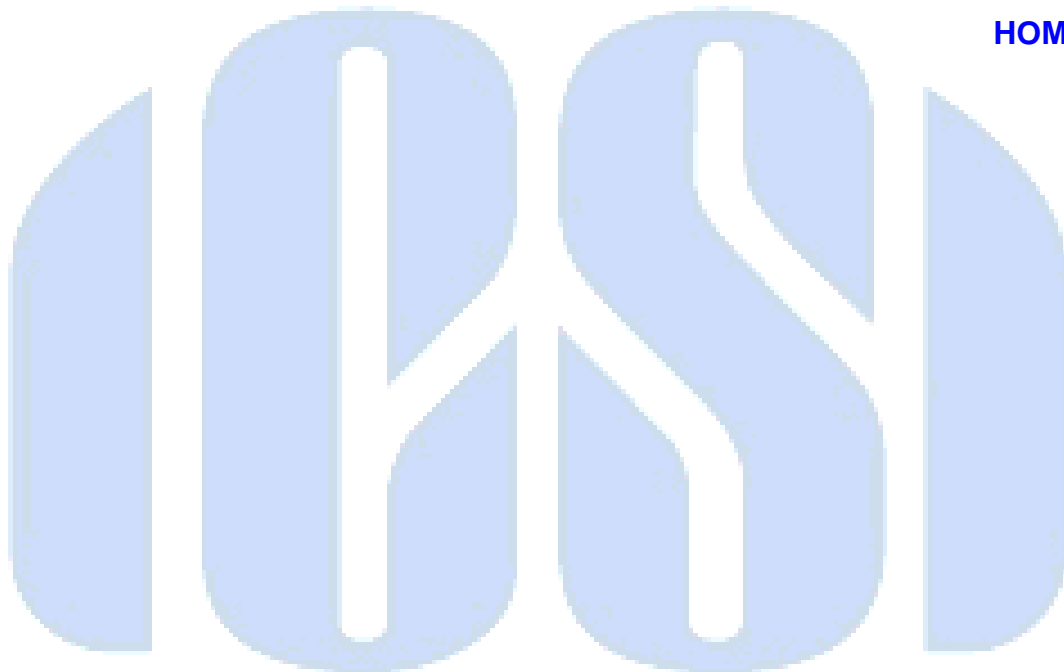
Direct Tax Code Bill, 2010

The Direct Tax Code Bill, 2010 was introduced before the parliament on 30th August 2010. The Code will be effective from 1st April, 2012.

The Direct tax Code Bill, 2010 can be viewed by clicking on the following link:

<http://finmin.nic.in/DTCCode/index.asp>

[HOME](#)



Assessee Code mandatory for Excise & Service Tax Payments

R.B.I has issued Circular DGBA.GAD.No.H - 850/41.07.003/2010-11 dated 29th July 2010, making it mandatory for the authorised banks to accept Central Excise and Service Tax payments from only those assessees whose Assessee Codes (Registration Numbers) exist in the EASIEST Directory. With effect from 1st September, 2010, banks will not accept payments unless the Assessee Code exists in the Assessee Code Directory, which is down-loaded by the banks from the EASIEST (NSDL) portal, who receive it from the CBEC's ACES Registration Database. ([Click here for RBI circular](#))

The assessees can themselves verify the existence of their Assessee Codes in the NSDL website (www.cbec.nsdli.com) and if it does not exist, they can approach the jurisdictional officers. In case the registration number has not been generated by the system (erstwhile SACER /SAPS or the current ACES application), assessees have to apply afresh for a new Registration Certificate through ACES as a new assessee. Assessee may note that the assessee code is transferred to Assessee Code Directory only after the registration certificate is issued by the jurisdictional Officer.



[HOME](#)

THE NEW RUPEE SYMBOL APPROVED BY THE GOVERNMENT

F.NoF.No.03/17/10-Cy.
Government of India
Ministry of Finance
Department of Economic Affairs
(Cy. Section)

New Delhi, the 26th August, 2010

Subject: Symbol for Indian Rupee.

The Government has approved the symbol for the Indian Rupee as depicted below:



2. It has been decided that the above symbol shall be used for the Indian rupee in place of writing Rs. Re. etc.



(Sushil Kumar)

Under Secretary to the Government of India

[HOME](#)

Interest credited to Recognised Provident Fund

Notification No.69/2010

**Ministry of Finance
(Department of Revenue)
(Central Board of Direct Taxes)
NOTIFICATION
New Delhi, the 26th August, 2010
[INCOME-TAX]**

S.O. 2091(E)—In exercise of the powers conferred by clause (b) of Rule 6 of Part A of the Fourth schedule to the Income-tax Act; 1961 (43 of 1961), and in supersession of the notification of the Government of India in the Ministry of Finance (Department of Revenue) number S.O.484(E), dated the 30th May, 2001, the Central Government hereby fixes, with effect from the 1st day of September, 2010, 8.5 percent, as the rate referred to in the said clause.

[Notification No.69/2010/F.No.142/2010-SO(TPL)]
VIVEK ANAND OJHA, Under Secretary

[HOME](#)