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

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CS UPDATE

August 10, 2010

CONTENTS

Forthcoming Programmes

SEBI Updates

RBI Updates

Ministry of Finance Updates

Forthcoming Programmes

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

HOME

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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

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 then 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

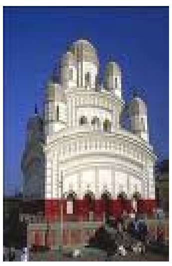
The registration form duly completed along with a crossed cheque (at par)/ demand draft / pay order drawn in favour of *The Institute of Company Secretaries of India* payable at New Delhi may please be sent to The Institute of Company Secretaries of India, C-37, Sector 62, Institutional Area, Noida -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

"Views solicited on Report of the Takeover Regulations Advisory Committee"

SEBI has placed on its website Report of the Takeover Regulations Advisory Committee

We seek your views/suggestions on the same and would appreciate to receive the same in the format given below on sonia.baijal@icsi.edu by August 20, 2010 for sending to SEBI.

Sl. No.	**Draft Provision / Recommendation of the Committee**	**Comment**	**Rationale**
1.	Insert reference to the draft provision / paragraph in the Committee's Report	Provide your comment here	Specify your reasons / rationale for the comment

NOTE: The report of the Committee .

HOME

FAQ on Options on USD-INR Spot Rate

What are Currency Options?

Currency Options are contracts that grant the buyer of the option the right, but not the obligation, to buy or sell underlying currency at a specified exchange rate during a specified period of time. For this right, the buyer pays premium to the seller of the option.

What is the need for Exchange traded Currency Options?

The need for Exchange traded currency options arises on account of the following reasons:

1. Options have the comparative advantage of maintaining a certain degree of flexibility in hedging, as, while protecting against a downside risk, they allow the investor from profiting from favorable movements of the foreign exchange rates by simply not exercising the option.

2. The exchange platform brings in all attendant benefits of transparency, finer spreads, access, safety, central counterparty, etc.

What is the underlying for USD-INR options?

Underlying is US Dollar – Indian Rupee (US$-INR) spot rate.

What is the type of options?

USD-INR option contracts are Premium styled European Call and Put Options.

What is the trading hour and size of USD-INR options contract?

The trading hours are from 9 a.m. to 5.00 p.m. on all working days from Monday to Friday and the contract Size is US$ 1,000.

What is the quotation of USD-INR options?

The premium is quoted in rupee terms. However, the outstanding position is in USD terms.

What is the contract cycle for USD-INR options?

The contract cycle consists of three serial monthly contracts followed by three quarterly contracts of the cycle March/June/September/December.

What is the settlement mechanism for USD-INR options?

USD-INR options contracts are cash settled in Indian Rupee.

Which day is the expiry/last trading day?

The expiry / last trading day for the options contract is two working days prior to the last working day of the expiry month.

How settlement price is derived?

The final settlement price is the Reserve Bank of India USD-INR Reference Rate on the date of expiry of the contracts.

Which day is the final settlement day?

The options contract would expire on the last working day (excluding Saturdays) of the contract month. The last working day would be taken to be the same as that for Interbank Settlements in Mumbai. The rules for Interbank Settlements, including those for 'known holidays' and 'subsequently declared holiday' would be those as laid down by FEDAI.

How would contracts be settled at expiry?

On expiry date, all open long in-the-money contracts, on a particular strike of a series, at the close of trading hours would be automatically exercised at the final settlement price and assigned on a random basis to the open short positions of the same strike and series.

What is the Initial Margin levied in USD-INR Options?

The Initial Margin is based on a worst scenario loss of a portfolio of an individual client comprising his positions in options and futures contracts on the same underlying across different maturities and across various scenarios of price and volatility changes. In order to achieve this, the price range for generating the scenarios is 3.5 standard deviation and volatility range for generating the scenarios is 3%. The initial margin is deducted from the liquid net-worth of the clearing member on an online, real time basis.

The sigma is calculated using the methodology specified for currency futures in SEBI circular no. SEBI/DNPD/Cir-38/2008 dated August 06, 2008 and is the standard deviation of daily returns of USD-INR futures price.

What is the Extreme Loss margin?

Extreme loss margin of 1.5% of the notional value of the open short option position is deducted from the liquid assets of the clearing member on an on line, real time basis. Notional Value is calculated on the basis of the latest available Reserve Bank Reference Rate for USD-INR.

What is Net Option Value?

The Net Option Value is the current market value of the option times the number of options (positive for long options and negative for short options) in the portfolio. The Net Option Value is added to the Liquid Net Worth of the clearing member. Thus, mark to market gains and losses is not settled in cash for options positions.

What is the Calendar Spread Margin levied on USD-INR Options?

A long currency option position at one maturity and a short option position at a different maturity in the same series, both having the same strike price is treated as a calendar spread. The margin for options calendar spread is same as specified for USD-INR currency futures calendar spread.

The calendar spread margin is calculated on the basis of delta of the portfolio in each month. A portfolio consisting of a near month option with a delta of 100 and a far month option with a delta of –100 would bear a spread charge equal to the spread charge for a portfolio which is long 100 near month currency futures and short 100 far month currency futures.

How premium paid by the buyer is settled?

Premium is paid by the buyer in cash and paid out to the seller in cash on T+1 day. Until the buyer pays in the premium, the premium due is deducted from the available Liquid Net Worth on a real time basis.

What is the Position Limit at Client level?

The gross open positions of the client across all contracts (both futures and options contracts) not to exceed 6% of the total open interest or USD 10 million whichever is higher. The Exchange disseminates alerts whenever the gross open position of the client exceeds 3% of the total open interest at the end of the previous day's trade.

What is the Position Limit at Trading Member level?

The gross open positions of the trading member across all contracts (both futures and options contracts) not to exceed 15% of the total open interest or USD 50 million whichever is higher

What is the Position Limit for Banks?

The gross open positions of the bank across all contracts (both futures and options contracts) not to exceed 15% of the total open interest or USD 100 million whichever is higher

What is the Position Limit at Clearing Member level?

No separate position limit is prescribed at the level of clearing member. However, the clearing member ensures that his own trading position and the positions of each trading member clearing through him is within the limits specified above.

HOME

Allocation of Government debt & Corporate debt investment limits to FIIs

CIRCULAR

CIR/IMD/FIIC/9/2010 August 06, 2010

To

All Foreign Institutional Investors through their designated Custodians of Securities

Dear Sir/Madam

Sub: Allocation of Government debt & Corporate debt investment limits to FIIs

Based on the assessment of the allocation and the utilization of the limits to FIIs for investments in Corporate Debt and Government Debt, it has been decided to allocate the unutilized limits in the following manner:-

I. Allocation through bidding process:

Please refer to SEBI circular IMD/FII&C/37/2009 dated February 06, 2009, providing the modalities for the allocation methodology through the bidding process. The bidding process shall be on August 12, 2010 on the National Stock Exchange subject to the following conditions: -

A. . Government Debt:

i. In partial amendment to clause 3 (h) of the aforesaid circular IMD/FII & C/37/2009, no single entity shall be allocated more than Rs.100 cr. Of the government debt investment limit.

ii. In partial amendment to clause 3 (c) and 3(d) of the aforesaid circular IMD/FII &C/ 37/2009, the minimum amount which can be bid for shall be Rs.50 cr. and the minimum tick size shall be Rs.50 cr.

B. Corporate Debt:

i. In partial amendment to clause 3 (h) of the aforesaid circular IMD/FII & C/37/2009, no single entity shall be allocated more than Rs.1000 cr. Of the corporate debt investment limit.

ii. In partial amendment to clause 3 (c) and 3(d) of the aforesaid circular IMD/FII &C/ 37/2009, the minimum amount which can be bid for shall be Rs.50 cr. and the minimum tick size shall be Rs.50 cr. Time period for utilization of the allocated debt limit through bidding process shall be 45 days staring from August 13, 2010.

II Allocation through first come first serve process (FCFS)

In terms of SEBI circular dated January 31, 2008, the Government debt & corporate debt limits shall be allocated in the first come fist served basis subject to the following conditions:-

a) The remaining amount in government debt & corporate debt after bidding process shall be allocated among the FIIs/sub-accounts on a first come first served basis, subject to a ceiling of Rs.49 cr. per registered entity.

b) The debt requests in this regard shall be forwarded to the dedicated email id fii_debtrequests@sebi.gov.in. The window for first come first served process shall open at 08:30 AM IST, August 12, 2010.

c) Time period for utilization of the allocated debt limit through first come first served basis shall be 11 working days from the date of the allocation.

d) A non-utilisation charge would be levied at average successful bid premium (in bidding process) for non-utilised part from the allocation in first come first serve.

A copy of this circular is available at the web page "F.I.I." on our website www.sebi.gov.in. The custodians are requested to bring the contents of this circular to the notice of their FII clients.

Yours faithfully,

Jeevan Sonparote
General Manager
+91-22-26449110
jeevans@sebi.gov.in

HOME

Establishment of Connectivity with both depositories NSDL and CDSL – Companies eligible for shifting from Trade for Trade Settlement (TFTS) to normal Rolling Settlement

CIRCULAR

CIR/MRD/DP/ 23 /2010 August 05, 2010

To,

All Stock Exchanges

Dear Sir / Madam,

Sub: Establishment of Connectivity with both depositories NSDL and CDSL – Companies eligible for shifting from Trade for Trade Settlement (TFTS) to normal Rolling Settlement

1. It is observed from the information provided by the depositories that the companies listed in Annexure 'A' have established connectivity with both the depositories during the month of April 2010.

2. The stock exchanges may consider shifting the trading in these securities to normal Rolling Settlement subject to the following:

a) At least 50% of other than promoter holdings as per clause 35 of Listing Agreement are in dematerialized mode before shifting the trading in the securities of the company from TFTS to normal Rolling Settlement. For this purpose, the listed companies shall obtain a certificate from its Registrar and Transfer Agent (RTA) and submit the same to the stock exchange/s. However, if an issuer-company does not have a separate RTA, it may obtain a certificate in this regard from a practicing company Secretary/Chartered Accountant and submit the same to the stock exchange/s.

b) There are no other grounds/reasons for continuation of the trading in TFTS.

3. The Stock Exchanges are advised to report to SEBI, the action taken in this regard in the Monthly/Quarterly Development Report.

Yours faithfully,

Harini Balaji
Deputy General Manager
022-26449372
email: harinib@sebi.gov.in

Annexure A

Sr. No.	Name of the Company	ISIN No.
1	Volant Textile Mills Limited	INE962D01017
2	Tilak Finance Limited	INE026L01014
3	GFL Financials (India) Limited	INE764K01012
4	Virdhi Commercial Company Limited	INE568E01010
5	Window Glass Limited	INE902K01018
6	Shri Mahasati Investments Limited	INE326H01016
7	Mudit Finlease Limited	INE220D01010

HOME

RBI Updates

Establishment of Branch Offices (BO) / Liaison Offices (LO) in India by Foreign Entities – Delegation of Powers

RBI/2010-11/ 154 **August 09, 2010**

A.P. (DIR Series) Circular No. 06

To

All Category - I Authorised Dealer Banks

Madam / Sir,

Establishment of Branch Offices (BO) / Liaison Offices (LO) in India by Foreign Entities – Delegation of Powers

Attention of Authorised Dealer Category – I banks is invited to paragraph 5 (i) of A.P. (DIR Series) Circular No.24 dated December 30, 2009 wherein it was stipulated that the Annual Activity Certificates (AACs) as at the end of March 31, shall be submitted by the Branch Office / Liaison Office (BO/ LO), on or before April 30 every year, to the designated AD Category-I bank and a copy to the Directorate General of Income Tax (International Taxation), New Delhi.

2. In view of the difficulties expressed by some Liaison Offices / Branch Offices in submitting the AACs within the prescribed period, it has been decided to review the current calendar for the same. Accordingly, the AACs from the Auditors, as at end of March 31, along with the audited Balance Sheet may be submitted on or before September 30 of that year. In case the annual accounts of the LO/ BO are finalized with reference to a date other than March 31, the AAC along with the audited Balance Sheet may be submitted within six months from the due date of the Balance Sheet.

3. All the other instructions of A.P. (DIR Series) Circular No.24 dated December 30, 2009 shall remain unchanged.

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

5. 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,

(G.aganmohanRao)

Chief General Manager

HOME

Ministry of Finance Updates

Govt Amends Public Shareholding Requirement Rules Public Shareholding for all PSES lowered to 10% Companies can raise public Shareholding level Within Three years without any Annual floor.

The Department of Economic Affairs, Ministry of Finance has issued a notification today i.e., 9th August, 2010, amending the Securities Contracts (Regulation) (Amendment) Rules, 2010 which had been notified on June 4th, 2010. This notification allows for a lower public shareholding for public sector enterprises (PSEs). It also provides flexibility to all companies in attaining 25% (or 10% for public sector enterprises) public shareholding level within three years without any annual floor.

The main feature of the amendment is that the minimum requirement of public shareholding for all PSEs is lowered to 10%. A listed public sector company which has a public shareholding below 10% on the date of commencement of the Securities Contracts (Regulation) (Second Amendment) Rules, 2010 shall increase its public shareholding to at least 10% within a period of three years.

Any listed company which has public shareholding below 25% on the commencement of the Securities Contracts (Regulation) (Amendment) Rules, 2010 shall increase its public shareholding to at least 25% within a period of three years.

The Securities Contracts (Regulation) Rules notified on 4th June, 2010 provided for all listed companies to raise a minimum of 25% public shareholding.

Source: PIB Press Release dated 9th August, 2010

HOME