



**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

September 07, 2010

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SEBI Updates

'Reconciliation of Share Capital Audit'

September 07, 2010

Dear Member

Sub : Nomenclature of 'Secretarial Audit' under SEBI Circular changed to 'Reconciliation of Share Capital Audit'

Ref : SEBI Circular No. D&CC/FITTC/CIR-16/2002 dated December, 31, 2002 and the Circular No. SEBI/MRD/Policy/Cir-13/2004 dated March 3, 2004

As you are aware, Regulation 55A of the SEBI (Depositories and Participants) Regulations, 1996 necessitate every issuer to submit audit report on a quarterly basis to the stock exchanges audited by a practicing company secretary or qualified chartered accountant, for the purpose of reconciliation of share capital held in depositories and in physical form with the issued / listed capital.

In practical parlance, the terminology used for the said audit was 'Secretarial Audit' in the light of SEBI Circular No. D&CC/FITTC/CIR-16/2002 dated December, 31, 2002.

The term Secretarial Audit, however, encompasses a wider area pertaining to examination of corporate and secretarial records of the company and cannot be restricted to merely audit for reconciliation of share capital. Corporate Governance Voluntary Guidelines 2009 issued by the Ministry of Corporate Affairs also advises the companies to get Secretarial Audit conducted by a competent professional.

Accordingly, the matter was taken up with SEBI for changing the nomenclature of Secretarial Audit to avoid the confusion amongst corporates and professionals on the scope of Secretarial audit.

We are pleased to share with you that SEBI, vide its circular CIR/MRD/DP/30/2010 dated September 06, 2010, has modified the terminology 'Secretarial Audit' as mentioned in its circular dated December 31, 2002 to 'Reconciliation of Share Capital Audit'.

A copy of the SEBI circular CIR/MRD/DP/30/2010 dated September 06, 2010 is attached for ready reference please.

Regards

N K Jain
Secretary & CEO

CIRCULAR

CIR/MRD/DP/ 30 /2010 September 06, 2010

To

All Stock Exchanges and Depositories

Dear Sir/Madam,

Sub: Clarification on submission of Audit report under Regulation 55A of SEBI (Depositories and Participants) Regulations, 1996

Please refer to regulation 55A of the SEBI (Depositories and Participants) Regulations, 1996, the Circular No. D&CC/FITTC/CIR-16/2002 dated December 31, 2002 and the Circular No. SEBI/MRD/Policy/Cir-13/2004 dated March 3, 2004.

2. The aforementioned regulation and circulars necessitate every issuer to submit audit report on a quarterly basis to the stock exchanges audited by a qualified chartered accountant or a practicing company secretary, for the purpose of reconciliation of share capital held in depositories and in physical form with the issued / listed capital.

3. SEBI has received representations for changing the term 'Secretarial Audit' as it encompasses a wider area pertaining to examination of corporate and secretarial records of the company and cannot be restricted to merely audit for reconciliation of share capital.

4. Upon examination, it has been decided to modify the terminology 'Secretarial Audit' as mentioned in the circular No. D&CC/FITTC/Cir- 16/2002 dated December 31, 2002 to 'Reconciliation of Share Capital Audit'. SEBI Circular No. D&CC/FITTC/Cir-16/2002 dated December 31, 2002 stands amended to the extent as above.

5. The Stock Exchanges are advised to:

5.1. make necessary amendments, if required, to the relevant bye-laws/ rules and regulations/circulars for the implementation of the above decision immediately.

5.2. bring the provisions of this circular to the notice of the Issuers of the Exchange and also to disseminate the same on the website.

6. The Depositories are advised to:

6.1 make necessary amendments, if required, to the relevant byelaws/ rules and regulations/circulars for the implementation of the above decision immediately.

6.2 bring the provisions of this circular to the notice of the Registrar and Share Transfer Agents and also to disseminate the same on the website.

7. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992 read with Section 19 of the Depositories Act, 1996 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.

Yours faithfully,

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RBI Updates

**Know Your Customer (KYC) guidelines – accounts of
proprietary concerns**

RBI/2010 -11/187

DBOD. AML.BC. No. 38 /14.01.001/2010 -11 August 31, 2010

**The Chairmen and Chief Executive Officers
All Scheduled Commercial Banks excluding RRBs/
All India Financial institutions/ Local Area Banks**

Dear Sir,

**Know Your Customer (KYC) guidelines – accounts of proprietary
concerns**

Please refer to our circular [DBOD.AML.BC.No. 80/14.01.001/2009-10 dated March 26, 2010](#) advising banks to lay down criteria in their customer identification procedure for opening accounts of proprietary concerns.

2. In this connection, it is clarified that in addition to the documents listed in paragraph 2(i) of our circular referred to above for opening a bank account in the name of a proprietary concern, banks may also accept any registration/licensing document issued in the name of the proprietary concern by the Central Government or State Government Authority/Department. Banks may also accept IEC (Importer Exporter Code) issued to the proprietary concern by the office of DGFT as an identity document for opening of bank account.

Yours faithfully,
(Vinay Baijal)
Chief General Manager

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