



**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.  
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# CS UPDATE

October 29, 2010

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# FORTHCOMING PROGRAMME

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Dear Member,

## **INSOL International Seminar on December 3, 2010 at New Delhi - Update**

In continuation of our mail inviting you to register for the above Seminar, I am pleased to inform you that the following speakers have consented to address the Seminar:

- Ashwani Puri, Veritas Advisors LLP, India
- Howard Seife, Chadbourne & Parke LLP, USA
- Nick Hood, Begbies Global Network, UK
- Adam Harris, Bowman Gilfillan Attorneys, South Africa
- Mahesh Uttamchandani, World Bank
- Jitesh Khosla, Indian Institute of Corporate Affairs, India
- Gordon Stewart, Allen & Overy LLP, UK
- Derek Sach, Royal Bank of Scotland, UK
- Alok Nigam, Joint Secretary, Banking Operations, Ministry of Finance, Govt of India
- S. Khasnobis, Asset Reconstruction Company (India) Ltd, India
- Rakesh Singh, Rothschild, India
- Alok Dhir, Dhir & Dhir Associates, India
- Ministry of Micro, Small and Medium Enterprises, Govt. of India
- B. Venkateswarlu, Kotak Infinity, India
- Michael Thierhoff, Thierhoff Illy, Germany
- Sumant Batra, Kesar Dass B. & Associates, India

In keeping with INSOL's worldwide events, this seminar will be an opportunity for practitioners from across the industry to meet, discuss and share ideas and insights into both recent examples from their own work as well as potential future developments across the broader market-place.

Senior figures from within the profession will be presenting on key topics such as :

- Corporate Debt Restructuring (CDR),
- Development of the Insolvency Profession in India,
- Legal, Policy & Regulatory Challenges in Corporate Restructuring and
- Small and Medium Enterprise Insolvency.

The registration brochure can be located on the INSOL website. For registration brochure outlining the technical programme for the day as well as all practical details such as venue, location and timings [Click Here](#).

Bookings are now being taken and INSOL would welcome your registration at its website: [Click Here](#)

If you have any questions about the event, please do not hesitate to contact Ms.Tina McGorman at [tina@insol.ision.co.uk](mailto:tina@insol.ision.co.uk).

Regards,  
Yours sincerely,  
( N K JAIN )  
SECRETARY & CEO

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# **The CFO Summit 2010**

**Saturday, 13 November, 2010**

**The Taj Mahal Palace & Tower, Mumbai**

## **About the Conference**

The CII is organising 'The CFO Summit 2010' on Saturday, 13 November, 2010 at The Taj Mahal Palace & Tower, Mumbai with **ICSI as an Institutional Partner** to the event.

## **Topics for discussion**

The Conference would deliberate upon the domestic & international economic trends, regulatory aspects, best practices and implications of forthcoming tax reforms on the role of CFOs.

## **Who should participate**

CFOs, Finance Managers, Investment Bankers, Financial Economists, Debt Market Traders and Fund Managers from Banking, Manufacturing, Software & Solution Providers, Finance & Insurance, IT & Outsourcing, etc. would benefit from the conference.

## **Speakers**

**Dr Subir Gokarn**, Deputy Governor, RBI and **Mr K V Kamath**, Chairman, ICICI Bank Ltd have kindly consented to address members at the inaugural session of the Summit.

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## **ICSI -Knowledge Portal**

Dear Member,

You are aware, the Institute is giving focused attention to the capacity building of its members by way of organising Professional Development Programmes, bringing out publications and introducing Post Membership Qualification Courses.

In line with this thought process, the Institute conceived the idea of ICSI-Knowledge Portal (ICSI-KP) to provide members access to a large reservoir of knowledge it has generated over a period of time through dedicated research and studies on a number of new and emerging areas relevant to the profession of Company Secretaries and the Corporate Sector.

I am pleased to inform you that the ICSI-Knowledge Portal was launched by Shri Salman Khurshid, Hon'ble Minister of Corporate Affairs and Minority Affairs (I/C) on September 2, 2010 at Kolkata at the 38<sup>th</sup> National Convention of Company Secretaries.

ICSI-KP a repository of immense wealth of Knowledge enables the user, access to huge pool of information including Bare Acts, Case Laws, Notifications and Circulars issued by the Government and Regulatory Authorities from time to time, on a payment of nominal charges. In addition, ICSI-KP users become eligible to subscribe to e-jurix and its value added services, on substantially concessional price.

I am sure this capacity building initiative of the Institute will help the members in keeping update on various legislative and judicial developments and help them improving efficiency and competitive edge.

I invite you to visit <http://knowledge.icsi.edu> and register for the ICSI-Knowledge Portal. I will appreciate your feedback/suggestions for further improvement of ICSI Knowledge Portal.

Regards,

(N.K. JAIN)  
SECRETARY & CEO

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# MCA UPDATES

**ANNUAL FILING OF BALANCE SHEET AND ANNUAL  
RETURN FOR THE CURRENT YEAR**

**ATTENTION MEMBERS!**

**IN ORDER TO ENSURE SMOOTH FILING OF YOUR ANNUAL  
DOCUMENTS (BALANCE SHEET etc). PLEASE FILE EARLY  
WITHOUT WAITING FOR LAST DAY.**

**YOUR COOPERATION IS HIGHLY APPRECIATED.**

DO No. HQ/60/2005-Computerisation

**Avinash K. Srivastava**  
**Joint Secretary**



**Government of India**  
**Ministry of Corporate Affairs**  
**New Delhi**

Dated: September 22, 2010

Dear Shri Khanvalkar,

This has reference to streamlining the filing of Balance Sheet and Annual Return to RoC by companies during the month of October and November, 2010 and avoidance of the last minute rush and system congestion in MCA21 during that period.

2. The Ministry has initiated multipronged actions so that peak filing during the month of October and November, 2010 can be smoothened under MCA21. Initiatives have also been taken to augment the infrastructural facilities to meet the extra load during that period.

3. The Ministry seeks the support of the professionals from your Institute towards filing Annual Returns and Balance Sheets in an organized manner so that peak hour filing rush during the month of October and November, 2010 can be met smoothly.

4. The Ministry requests the Companies to plan filing of their statutory returns / Forms as per Schedule below drawn in alphabetical order of the names of companies. I seek your active co-operation in dissemination of the information amongst the professionals to plan and file the Annual Returns and Balance Sheets as per the following order:-

Preferable Dates for filing			
Company Names starting with	September 2010	October 2010	November 2010
Alphabets A to D	All days during the month	1 <sup>st</sup> Oct to 05 Oct 2010	1 <sup>st</sup> Nov to 05 Nov 2010
Alphabets E to K	-do-	6 <sup>th</sup> Oct to 10 <sup>th</sup> Oct 2010	6 <sup>th</sup> Nov to 10 <sup>th</sup> Nov 2010
Alphabets L to Q	-do-	11 <sup>th</sup> Oct to 15 <sup>th</sup> Oct 2010	11 <sup>th</sup> Nov to 15 <sup>th</sup> Nov 2010
Alphabets R & S	-do-	16 <sup>th</sup> Oct to 20 <sup>th</sup> Oct 2010	16 <sup>th</sup> Nov to 20 <sup>th</sup> Nov 2010
Alphabets T to Z	-do-	21 <sup>st</sup> Oct to 25 <sup>th</sup> Oct 2010	21 <sup>st</sup> Nov to 25 <sup>th</sup> Nov 2010
Remaining/ Left out companies	-do-	26 <sup>th</sup> Oct to 31 <sup>st</sup> Oct 2010	26 <sup>th</sup> Nov to 30 <sup>th</sup> Nov 2010

With best regards,

Yours sincerely,

(Avinash Srivastava)

Shri Vinayak Sadashiv Khanvalkar  
President, ICSI  
3-4, Aishwarya Sankul  
S. No. 17, G.A. Kulkarni Path,  
Opp. Joshi Railway Museum, Kothrud  
Pune – 411 038

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Room No. 507, A Wing, Shastri Bhawan, Dr. Rajendra Prasad Road, New Delhi – 110 001  
Phone: 23383180 Fax 23386068



# CBEC UPDATES

**Setting up of Certified Facilitation Centers  
(CFCs) under ACES project of the CBEC**

20<sup>th</sup> October 2010

Dear Professional Colleagues,

Sub: Setting up of Certified Facilitation Centers (CFCs) under ACES project of the CBEC

The Institute is pleased to inform you that the application format and other modalities for setting up of Certified Facilitation Centers (CFCs) under ACES project of the CBEC has been finalised.

According to the scheme, a member of the ICSI having valid Certificate of Practice issued by ICSI and having at least one year of experience in practice can apply individually (not in the name of the firm) for registration as CFC after complying with the technical and other requirements as specified in the MOU dated 25th June 2010 and amended by the Supplementary MOU dated 27th September 2010. The interested Company Secretary in Practice may make an online application for registration as CFC through the relevant link on our portal [http://www.icsi.edu/webmodules/LinksOfWeeks/cfc\\_aces.htm](http://www.icsi.edu/webmodules/LinksOfWeeks/cfc_aces.htm).

The applicants are requested to note that he/she shall have to make a payment of Rs.1000/- only towards application fees.

The modalities of the project are enclosed herewith.

Thanking you,  
Yours faithfully,

(N. K. JAIN)  
Secretary & CEO  
The Institute of Company Secretaries of India

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**MODALITIES FOR SETTING UP OF CERTIFIED FACILITATION  
CENTRE UNDER ACES PROJECT OF CBEC**

1. The Institute of Company Secretaries of India signed an MOU with CBEC for setting up of CFC by Practising Company Secretaries under the ACES project of CBEC. The methodology for setting up of CFC is described briefly hereunder:
  - i) A member qualified and eligible to set up and operate a CFC in accordance with the provisions contained in the MOU will have to make an online application to ICSI for registration as CFC. The application fees will be Rs.1,000/-.
  - ii) The applicant will take a print out of the application wherein a temporary CFC number as issued by the Institute will be generated for control purposes.
  - iii) The applicant will paste a photograph in the appropriate column and attach one additional photograph with the application. The application should be duly signed by the applicant. Unsigned application will not be processed.
  - iv) A draft / local cheque of an amount of Rs.1,000/- (non-refundable) in the name of "The Institute of Company Secretaries of India" payable at New Delhi, shall be enclosed with the application.
  - v) The draft/local cheque and other relevant documents shall be posted at the following address with the envelop super subscribing "Application for CFC under ACES Project of CBEC".

The Senior Director (Information Technology)  
The Institute of Company Secretaries of India  
C-37, Sector – 62, Noida – 201 301 (U.P.)

- vi) The status of the application will be projected online to the user through a query and he / she may use the temporary CFC number as assigned by the Institute for the same.
- vii) All the applications as received will be verified on fortnightly basis and the approved applications will be forwarded to the designated officer of Central Board of Excise and Customs.
- viii) The CBEC will thereafter issue a User ID and Password, to the applicant which will be informed by email. The ICSI will then issue CFC Certificate to the applicant.
- ix) The list of CFC's can be viewed by visiting ACES website (<http://www.aces.gov.in/>) under the CFC link of CBEC and ICSI website <http://www.icsi.edu>.
- x) Applicants are requested to go through the MOU dated 25<sup>th</sup> June 2010 and Supplementary MOU dated 07<sup>th</sup> September 2010 before filing the application to ensure compliance with the provisions of scheme.

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# SEBI UPDATES

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## **SEBI Board Meeting**

The Board met on October 25, 2010 in Mumbai and took the following decisions:

### ***1. Public issues by Insurance Companies***

The Board noted that the SEBI (ICDR) Regulations, 2009, which are sector neutral would also apply to insurance companies. The Board also noted and approved the recommendations of SEBI Committee on Disclosures and Accounting Standards (SCODA) for the following additional disclosures, having regard to the specific nature of insurance companies:

- Disclosure of risk factors specific to insurance companies;
- Broad headings under which an overview of the insurance industry shall be disclosed;
- Other disclosures specific to insurance companies;
- Formats for disclosure of financial information as specified by IRDA;
- Glossary of terms used in the insurance sector;

The Board also approved the two amendments to SEBI (ICDR) Regulations, 2009, viz., exemption from appointment of monitoring agency and disclosure of disclaimer clause of IRDA in the offer documents of insurance companies.

### ***2. Preferential issue of equity shares or convertible securities or warrants to promoters and promoter group***

In order to further tighten the preferential allotment framework, the Board decided that in case of preferential issues, where any promoter or any promoter group entity has previously subscribed to the warrants of the company but failed to exercise the warrants, the promoters and promoter group shall be ineligible for issue of equity shares or convertible securities or warrants for a period of one year from the date of expiry of the currency /cancellation of the warrants. The Board further decided that if any member of the promoters/ promoter group has sold shares in the previous six months, then the promoters/ promoter group would be ineligible for allotment on preferential basis.

### ***3. Fixed Pay Date***

In order to enable investors to manage their cash/ securities flows efficiently and to enhance process transparency, the Board decided to mandate companies to have a pre-announced fixed pay date for payment of dividends and for credit of bonus shares.

### ***4. Enhancement of limit for defining retail individual investors***

The Board decided that the maximum application size for retail individual investors may be increased to Rs.2 lakh across all issues.

### ***5. Rights issue framework for IDRs***

In order to facilitate simultaneous rights offering by the foreign issuers (who have listed their Indian Depository Receipts (IDRs) in Indian Stock Exchanges) in their home jurisdiction and in India, SEBI Board has decided to notify the framework for rights issue of IDRs. It is decided that for circulation in India, an additional wrap (disclosing information required in Indian jurisdiction and issue process relevant for the IDR holders) can be attached with the letter of offer, circulated by the overseas issuer in their home jurisdiction. Disclosure requirements for IDR rights would more or less be in line with the reduced disclosure requirements, applicable for domestic rights issues. Further, it is decided that IDR issuers, who are in compliance with the continuous listing requirements, can avail the facility of filing the offer document on fast track basis.

### ***6. Public Announcement by Companies proposing to access the capital market***

In order to draw the attention of investors about filing of Draft Offer Document (DOD) so as to elicit timely comments without adversely impacting the issue process, the Board decided that the issuer company may make a simultaneous public announcement about filing of DOD.

### ***7. News reports appearing in the media after filing of Draft Offer Document (DOD) with SEBI***

In order to ensure that the information appearing in media is consistent with the disclosures made in the offer document, the Board decided that the merchant bankers may submit a compliance certificate as to whether the contents of the news reports that appear after filing of DOD are supported by disclosures in the offer document or not. This would apply in respect of news reports appearing in newspapers stipulated in ICDR for issue advertisements, major business magazines and also in the print and electronic media controlled by any media group where the media group has a private treaty/shareholders' agreement with the issuer company/promoters of the issuer company.

### ***8. Uniform/single payment option in rights issues***

In order to ensure uniform treatment for all classes of investors in rights issues, the Board decided that only one payment option may be given by the issuer to all the investors i.e. either (i) part payment on application with balance money to be paid in calls or (ii) full payment on application. The Board also decided that where the issuer opts for part payment, it shall be incumbent on them to obtain approvals, if any, as may be necessary for the purpose.

### ***9. Minimum Promoters' contribution in Further Public Offers (FPOs)***

In order to enable listed issuers to have more flexibility in raising capital through various instruments, the Board decided that the requirement of promoters'

contribution shall not be applicable to FPOs where equity shares of the issuer are not infrequently traded in a recognised stock exchange for three years and the issuer has a track record of dividend payment for three years.

#### **10. Proforma Financial Statements in Offer Documents**

It has been observed that the company proposing a public issue, at times, acquires an entity just after the end of the latest disclosed financial year and as a result of such acquisition / restructuring, certain companies become direct or indirect subsidiaries of the issuer company. In order to understand the financial impact of such acquisition / restructuring on the financial statements of the issuer company, the Board decided to mandate the inclusion of a proforma financial statement in Offer Documents in cases where the acquisition is material for the issuer company. Materiality for this purpose would mean:

- a) *the total book value of the assets of the acquired entity amounts to more than 20% of the pre-acquisition book value of the assets of the issuer company;*

OR

- b) *the total income of the acquired entity amounts to more than 20% of the total income of the issuer company.*

#### **11. QIB Status to Postal Life Insurance Funds**

The Board decided to accord QIB status to insurance funds set up by Department of Posts such as Postal Life Insurance Fund (PLIF) and Rural Postal Life Insurance Fund (RPLIF).

#### **12. Amendments to SEBI (FVCI) Regulations**

The Board approved amendments to the SEBI (Foreign Venture Capital Investors) Regulations, 2000 with regard to the registration procedure for Foreign Venture Capital Investors (FVCIs). The key amendments include furnishing firm commitment letter from investor for investing at least USD 1 million, (introduced by SEBI vide Circular No.IMD/DOF-1/FVCI/CIR No.1/2009 dated July 03, 2009). The amendments further provide for furnishing copies of financial statements of the applicant and the investor and furnishing of email address of applicant and the investor.

Mumbai  
October 25, 2010

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## **Clarification on Trading Rules and shareholding in dematerialized mode**

### **CIRCULAR**

SEBI/Cir/ISD/ 2 /2010

October 26, 2010

To,

All the Recognized Stock Exchanges

Dear Sir/Madam,

### **Sub: Clarification on Trading Rules and shareholding in dematerialized mode**

1. This is further to SEBI circular SEBI/Cir/ISD/1 /2010 dated September 02, 2010 regarding Trading Rules and shareholding in dematerialized mode.

2. It is clarified that while computing the requirement of minimum 50% shareholding of non promoters in demat form in a company, the government holding in non promoter category may be excluded.

3. 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.

4. 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.

5. This circular is available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in)

Yours faithfully,

**S. Ramann**  
**Officer on Special Duty**  
**Integrated Surveillance Department**  
**022-26441450**  
[ramanns@sebi.gov.in](mailto:ramanns@sebi.gov.in)

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## European Style Stock Options

### CIRCULAR

CIR/DNPD/6/2010

October 27, 2010

To

Chief Executive Officers of Equity Derivatives Segment  
National Stock Exchange of India Limited (NSEIL)  
Bombay Stock Exchange Limited (BSE)

Dear Sir,

#### **Sub: European Style Stock Options**

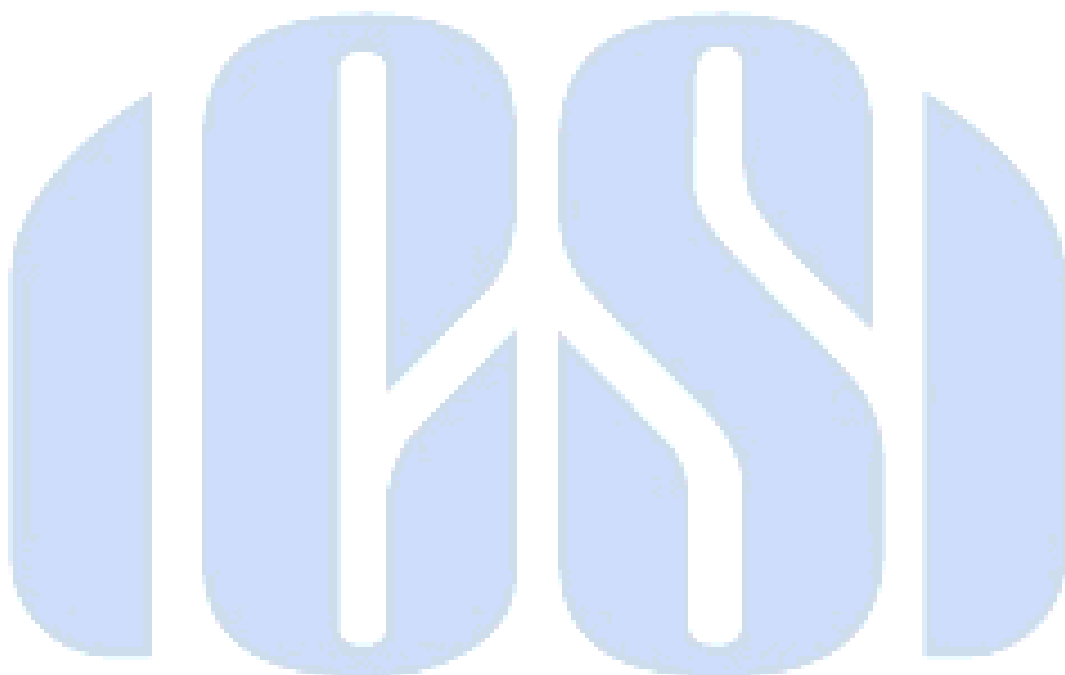
1. This is in continuation of SEBI Circular No. SMDRP/DC/CIR-7/01 dated June 20, 2001, regarding exercise style of stock option contracts.
2. In consultation with Stock Exchanges, it has been decided to provide flexibility to Stock Exchanges to offer either European style or American style stock options.
3. After opting for a particular style of exercise, a Stock Exchange shall offer option contracts of the same style on all eligible stocks.
4. All other contract specifications, including risk management framework applicable for American style stock options, shall apply to European style stock options. Any modification shall require prior approval of SEBI.
5. The Stock Exchanges interested to introduce European style stock options are advised to:
  - a. put in place proper systems and procedures for smooth introduction of European style stock options,
  - b. make necessary amendments to the relevant bye-laws, rules and regulations for introduction of European style stock options,
  - c. notify all categories of market participants, including general public, and also to disseminate the same on their websites, at least one month in advance of implementing the switchover in the exercise style.
6. After opting for a particular style of exercise, a Stock Exchange may change to another style of exercise only after seeking prior approval of SEBI.
7. 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.
8. The circular shall come into force from the date of the circular.

9. This circular is available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in), under the category "Derivatives- Circulars".

Yours faithfully,

**Sujit Prasad**  
**General Manager**  
**Derivatives and New Products Department**  
**022-26449460**  
[sujitp@sebi.gov.in](mailto:sujitp@sebi.gov.in)

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# RBI UPDATES

## **Issue of Irrevocable Payment Commitments**

RBI/2010-11/249  
DBOD.Dir.BC.52 /13.03.00/2010-11

October 28, 2010

All Scheduled Commercial Banks

(excluding RRBs)

Dear Sir / Madam

### **Banks' Exposure to Capital Market - Issue of Irrevocable Payment Commitments (IPCs)**

Please refer to our [circular No. DBOD.Dir.BC.46/13.03.00/2010-11 dated September 30, 2010](#) in terms of which certain risk mitigation measures were prescribed in the context of banks issuing IPCs to various Stock Exchanges on behalf of Mutual Funds and FIIs, as a transitional arrangement upto October 31, 2011.

2. Custodian banks have expressed operational difficulties in complying with the requirement of incorporating a clause in the agreement with their clients which gives them an inalienable right over the securities to be received as payout in any settlement before November 1, 2010. Accordingly, it has been decided to grant an additional period of two months i.e. upto December 31, 2010, to the custodian banks to fulfil this requirement.

3. It is also clarified that in cases where transactions are pre-funded i.e. there are clear INR funds in the customer's account and, in case of FX deals, the bank's nostro account has been credited before the issuance of the IPC by custodian banks, the requirement of the clause of inalienable right over the security to be received as payout in the agreement with the clients will not be insisted upon.

Yours faithfully,

(P. R. Ravi Mohan)

Chief General Manager

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