



**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

July 02, 2010

CONTENTS

Forthcoming Programmes

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

SEBI Updates

- **Notification under regulation 3 of the Securities and Exchange Board of India (Certification of Associated Persons in the Securities Markets) Regulations, 2007**
- **Account Maintenance Charges collected upfront on annual/ half yearly basis on demat accounts**

RBI Updates

- **Master Circular – Corporate Governance**

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Forthcoming Programmes

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

[HOME](#)

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

The theme of the convention **“India Inc. and Inclusive Growth”** goes through seamlessly with the following sub-themes chosen for the technical sessions:-

- I. **CSR - A Win-Win Business Model**
- II. **Emerging Contributors**
- III. **Governance : An Essential Tool**
- IV. **Innovative Financing Resources**

Please send your delegate registration fee for availing **Early Bird Concession of Rs. 500** on or before July 31, 2010.



Details of delegate fees are given hereinbelow:

DELEGATE FEE AND REGISTRATION PROCEDURE

	Early Bird (Upto 31.07.10) Payment By Cash, Credit Card (HQ/RC), Demand Draft or Pay Order	Others (After 31.07.2010) Payment By Cash, Credit Card (HQ/RC), Demand Draft or Pay Order
Members	4500	5000
Non-Members	5000	5500
Company Secretary in Practice	4000	4500
Senior Members (60 years & above)	4000	4500
Members admitted after 31.12.2007	4000	4500
Students	3500	4000
Foreign	US\$100	US\$100
Spouse	3500	4000
Licentiates	4000	4500

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.



The detailed brochure and delegate registration form for the Convention may be downloaded from the ICSI website www.icsi.edu



SEBI Updates

Notification under regulation 3 of the Securities and Exchange Board of India (Certification of Associated Persons in the Securities Markets) Regulations, 2007

**THE GAZETTE OF INDIA
EXTRAORDINARY
PART-III-SECTION 4
PUBLISHED BY AUTHORITY
NEW DELHI, JUNE 29, 2010
SECURITIES AND EXCHANGE BOARD OF INDIA
NOTIFICATION
Mumbai, the 29th June, 2010**

Notification under regulation 3 of the Securities and Exchange Board of India (Certification of Associated Persons in the Securities Markets) Regulations, 2007

No. LAD-NRO/GN/2010-11/12/10230 - WHEREAS the National Institute of Securities Markets (hereinafter referred to as NISM) has issued a communiqué no. NISM/Certification/Series-IV:IRD/2010/1 dated May 18, 2010, on "NISM-Series-IV: Interest Rate Derivatives Certification Examination" (hereinafter referred to as 'the Series-IV: IRD') for approved users and sales personnel of the trading members who are registered as such in the currency derivatives segment of a recognized stock exchange and trading in interest rate derivatives.

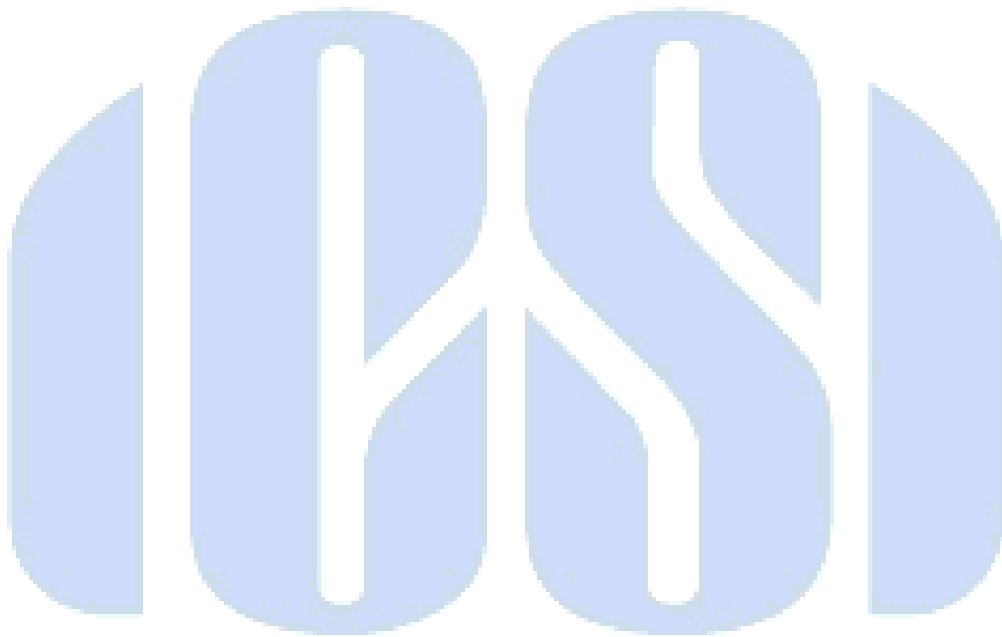
NOW THEREFORE the Securities and Exchange Board of India approves the Series-IV: IRD, as issued by NISM vide aforesaid communiqué, as the required certification for approved users and sales personnel of the abovementioned trading member for the purpose of sub-regulation (2) of regulation 16L of the Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Regulations, 1992 read with Circular No. SEBI/DNPD/Cir-46/2009 dated August 28, 2009.

NOW THEREFORE such trading member shall ensure that all its existing approved users and sales personnel obtain Series-IV: IRD certification within 2 years from the date of this notification.

FURTHER such trading member shall ensure that every approved user and sales personnel employed by it after the date of this

notification, obtains Series-IV: IRD certification within 1 year from the date of employment.

C. B. BHAVE
CHAIRMAN



**Account Maintenance Charges collected upfront on
annual/ half yearly basis on demat accounts**

CIRCULAR

CIR/MRD/DP/ 20 /2010

July 1, 2010

To,

All Depositories,

Dear Sir(s),

**Sub: Account Maintenance Charges collected upfront on
annual/ half yearly basis on demat accounts**

1. The Depository Participants (DPs) have a system of collecting account maintenance charge (AMC) from beneficial owners (BOs) towards maintenance of demat accounts for varied periodicity of collection (viz. monthly, quarterly, half yearly and annually). It has been noticed that in cases where AMC is collected on an annual upfront basis, on closure/shifting of demat account, the AMC for the balance period for which no service has been provided by the DP, is not refunded to the BO..

2. In view of the above, it has been decided that in the event of closing of the demat account or shifting of the demat account from one DP to another, the AMC collected upfront on annual/half yearly basis by the DP, shall be refunded by the DP to the BO for the balance of the quarter/s. For instance, in case annual AMC has been paid by the BO and if the BO closes/shifts his account in the first quarter, he shall be refunded the amount of the balance 3 quarters i.e. 3/4th of the AMC. Likewise, if a BO closes/shifts his account in the third quarter, he shall be refunded the amount for the balance one quarter i.e. 1/4th of the AMC.

3. For the purpose of the above requirement the year shall begin from the date of opening of the account in quarterly rests.

4. The above requirements shall be applicable to all existing and new accounts held with DPs which collect annual/half yearly upfront AMC. It is hereby clarified that the above requirements shall not be applicable to those DPs who collect quarterly/ monthly AMC.

5. The Depositories are advised to:-

a) make amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision immediately, as may be applicable/necessary ;

b) bring the provisions of this circular to the notice of their DPs and also to disseminate the same on their website; and

c) Communicate the same to all the BOs.

6. This circular is being issued in exercise of the powers conferred by Section 11 (1) of Securities and Exchange Board of India Act, 1992 and section 19 of the Depositories Act, 1996 to protect the interest of investors in securities and to promote the development of, and to regulate, the securities market.

Yours faithfully,

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

RBI Updates

Master Circular – Corporate Governance

RBI/2010-11/27

DNBS (PD) CC No. 187 / 03.10.001 / 2010-11

July 1, 2010

To

All Non-Banking Financial Companies (NBFCs)

Dear Sir,

Master Circular – Corporate Governance

In order to have all current instructions in one place, the Reserve Bank of India has consolidated all the instructions issued on the topic as at end of June 30, 2010. It may be noted that the Master Circular consolidates and updates all the instructions contained in the notifications listed in the Appendix in so far they relate to the subject. The Master Circular has also been placed on the RBI website (<http://www.rbi.org.in>).

Yours sincerely

(Uma Subramaniam)
Chief General Manager-in-Charge

Rotation of partners of the statutory auditors audit firm - with public deposits/deposits of Rs 50 crore and above

The need for good corporate governance has been gaining increased emphasis over the years. Globally, Companies are adopting best corporate practices to increase the investors confidence as also that of other stakeholders. Scrutiny of the books of account conducted by auditors rotated periodically would add further value in strengthening corporate governance.

2. In this context, it would be desirable if NBFCs with public deposits / deposits of Rs 50 crore and above, stipulate rotation of partners of audit firms appointed for auditing the company. The partner/s of the Chartered Accountant firm conducting the audit could be rotated every three years so that same partner does not conduct audit of the company continuously for more than a period

of three years. However, the partner so rotated will be eligible for conducting the audit of the NBFC after an interval of three years, if the NBFC, so decides. Companies may incorporate appropriate terms in the letter of appointment of the firm of auditors and ensure its compliance.

[Details in DNBS (PD).CC. No. 61 / 02.82 / 2005-06 dated December 12, 2005]

Guidelines on Corporate Governance

3. As it is evident, the need for good corporate governance has been gaining increased emphasis over the years. Globally, companies are adopting best corporate practices to increase the investors confidence as also that of other stakeholders. Corporate Governance is the key to protecting the interests of the stakeholders in the corporate sector. Its universal applicability has no exception to the Non-Banking Financial Companies (NBFCs) which too are essentially corporate entities. Listed NBFCs which are required to adhere to listing agreement and rules framed by SEBI on Corporate Governance are already required to comply with SEBI prescriptions on Corporate Governance.

4. In order to enable NBFCs to adopt best practices and greater transparency in their operations following guidelines are proposed for consideration of the Board of Directors of all Deposit taking NBFCs with deposit size of Rs 20 crore and above and all non-deposit taking NBFCs with asset size of Rs 100 crore and above (NBFC-ND-SI).

Constitution of Audit Committee

i) In terms of extant instructions, an NBFC having assets of Rs. 50 crore and above as per its last audited balance sheet is already required to constitute an Audit Committee, consisting of not less than three members of its Board of Directors, the instructions shall remain valid.

ii) In addition, NBFC-D with deposit size of Rs 20 crore may also consider constituting an Audit Committee on similar lines.

Constitution of Nomination Committee

iii) The importance of appointment of directors with 'fit and proper' credentials is well recognised in the financial sector. In terms of Section 45-IA (4) (c) of the RBI Act, 1934, while considering the application for grant of Certificate of Registration to undertake the business of non-banking financial institution it is necessary to

ensure that the general character of the management or the proposed management of the non-banking financial company shall not be prejudicial to the interest of its present and future depositors. In view of the interest evinced by various entities in this segment, it would be desirable that NBFC-D with deposit size of Rs 20 crore and above and NBFC-ND-SI may form a Nomination Committee to ensure 'fit and proper' status of proposed/existing Directors.

Constitution of Risk Management Committee

iv) The market risk for NBFCs with Public Deposit of Rs.20 crore and above or having an asset size of Rs.100 crore or above as on the date of last audited balance sheet is addressed by the Asset Liability Management Committee (ALCO) constituted to monitor

the asset liability gap and strategize action to mitigate the risk associated. To manage the integrated risk, a risk management committee may be formed, in addition to the ALCO in case of the above category of NBFCs.

Disclosure and transparency

v) The following information should be put up by the NBFC to the Board of Directors at regular intervals as may be prescribed by the Board in this regard:

- progress made in putting in place a progressive risk management system, and risk management policy and strategy followed
- conformity with corporate governance standards viz. in composition of various committees, their role and functions, periodicity of the meetings and compliance with coverage and review functions, etc.

Connected Lending

vi) The Bank has received suggestions in the matter with reference to paragraph 2(vi) of the circular dated May 28, 2007 containing instructions on connected lending. The suggestions are being studied and the instructions contained in paragraph 2 (vi) of the said circular will become operational after final evaluation of the suggestions and modifications, if any considered necessary.

5. NBFCs shall frame their internal guidelines on corporate governance, enhancing the scope of the guidelines without

sacrificing the spirit underlying the above guidelines and it shall be published on the company's web-site, if any, for the information of various stakeholders.

[Details in DNBS.PD/ CC 94 / 03.10.042 /2006-07 dated May 8, 2007 read with DNBS.PD/ CC 104 / 03.10.042 /2007-08 dated July 11, 2007]

