

Info Capsule

SEBI (INTERNATIONAL FINANCIAL SERVICES CENTRES) GUIDELINES, 2015¹

SEBI vide its circular dated April 27, 2017 on SEBI (International Financial Services Centres) Guidelines, 2015 provides that any recognised entity or entities desirous of operating in IFSC as an intermediary, may form a company to provide such financial services relating to securities market, as permitted by SEBI (Clause 8). SEBI decided that “An IFSC Banking Unit (IBU) set up in IFSC shall be permitted to act as a Trading Member of an exchange or a Professional Clearing Member of a clearing corporation in IFSC, without forming a separate company”.

CIRCULAR ON MUTUAL FUNDS²

SEBI vide its circular on Mutual funds revised the norms relating to disclosures pertaining to a financial year on the MF/AMC website under a separate head – ‘Remuneration’:

1. Name, designation and remuneration of Chief Executive Officer (CEO), Chief Investment Officer (CIO) and Chief Operations Officer (COO) or their corresponding equivalent by whatever name called.
2. Name, designation and remuneration received by top ten employees in terms of remuneration drawn for that financial year.
3. Name, designation and remuneration of every employee of MF/AMC whose:
 - a) Annual remuneration was equal to or above one crore and two lakh rupees for that financial year.
 - b) Monthly remuneration in the aggregate was not less than eight lakh and fifty thousand rupees per month, if the employee is employed for a part of that financial year.
4. The ratio of CEO's remuneration to median remuneration of MF/AMC employees.
5. MF's total Average Assets under Management (AAUM), debt AAUM and equity AAUM and rate of growth over last three years.

The AMCs/MFs shall disclose this information within one month from the end of the respective financial year (effective from FY 2016-17).

¹ Available at : http://www.sebi.gov.in/legal/circulars/apr-2017/securities-and-exchange-board-of-india-international-financial-services-centres-guidelines-2015-ifsc-banking-units-ibus-acting-as-trading-member-or-professional-clearing-member-on-stock-exchang-_34767.html

² Available at: http://www.sebi.gov.in/legal/circulars/apr-2017/circular-on-mutual-funds_34777.html

RISK MANAGEMENT SYSTEMS – ROLE OF THE CHIEF RISK OFFICER (CRO)³

As part of effective risk management, banks are required, inter-alia, to have a system of separation of credit risk management function from the credit sanction process. However, it is observed that the banks follow diverse practices in this regard. In order to bring uniformity in approach followed by banks, as also, to align the risk management system with the best practices, banks are advised as under:

- a. They shall lay down a Board-approved policy clearly defining the role and responsibilities of the CRO.
- b. Appointment of the CRO shall be for a fixed tenure with the approval of the Board of Directors of the banks. The CRO may be transferred/removed from his post before completion of the tenure only with the approval of the Board and such premature transfer/removal shall be reported to the Department of Banking Supervision, Reserve Bank of India, Mumbai. In case of listed banks, any change in incumbency of CRO shall be reported to the stock exchanges also.
- c. CRO shall be a senior official in the banks' hierarchy and shall have the necessary and adequate professional qualification/experience in the areas of risk management.
- d. The CRO shall have direct reporting lines to the MD & CEO / Risk Management Committee (RMC) of the Board. In case the CRO reports to the MD & CEO, the RMC shall meet the CRO on one-to-one basis, without the presence of the MD & CEO, at least on a quarterly basis.
- e. The CRO shall not have any reporting relationship with the business verticals of the bank and shall not be given any business targets.
- f. In case the CRO is associated with the credit sanction process, it shall be clearly enunciated whether the CRO's role would be that of an adviser or a decision maker. The policy shall include the necessary safeguards to ensure the independence of the CRO.
- g. In banks that follow committee approach in credit sanction process for high value proposals, if the CRO is one of the decision makers in the credit sanction process, he shall have voting power and all members who are part of the credit sanction process, shall individually and severally be liable for all the aspects, including risk perspective related to the credit proposal. If the CRO is not a part of the credit sanction process, his role will be limited to that of an adviser.
- h. In banks which do not follow committee approach for sanction of high value credits, the CRO can only be an adviser in the sanction process and shall not have any sanctioning power.
- i. The CRO in his role as an adviser shall be an invitee to the credit sanction/approval committee without any voting rights in the proceedings of the committee.
- j. There shall not be any 'dual hatting' i.e. the CRO shall not be given the responsibility of Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Chief of the internal audit function or any other function.

³ Available at: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10948&Mode=0>

SHRI BANDARUDATTATREYA LAUNCHES “ONE IP- TWO DISPENSARIES” AND “AADHAAR BASED ONLINE CLAIM SUBMISSION” SCHEMES ON INTERNATIONAL LABOUR DAY⁴

Minister of State (I/C) for Labour and Employment, Shri Bandaru Dattatreya launched two schemes “One IP- Two Dispensaries” and “Aadhaar based Online Claim Submission” on the occasion of International Labour Day yesterday i.e. May 1, 2017.

Under One IP- Two Dispensaries scheme ESIC has given an option to an Insured Person (IP) to choose two dispensaries, one for self and another for family through an employer. This will benefit all IPs, especially migrant workers who are working in other than home State, while their families are living in their native States. Because of non-availability of option of second dispensary, the dependant members of family are often deprived of medical benefits. By introducing the concept of ‘One IP- Two Dispensaries’, IP as well as their family members would now be able to get treatment from either of the dispensaries and in case of emergency from any ESI Institution. As of now, around 3 crores IPs are covered under ESIC and total number of beneficiaries i.e. IPs and their family members is over 12 crores.

Under Aadhaar based Online Claim Submission scheme all EPF Members who have activated their UAN and seeded their KYC (Aadhaar) with EPFO will be able to apply for PF final settlement (form19), Pension withdrawal benefit (Form10-C) and PF part withdrawal (Form31) from the their UAN Interface directly. The three forms collectively form more than 80% of EPFO’s claim workload. Members can complete the whole process online and they neither need to interact with the employer nor with the EPFO field office to submit online claim. They are not required to give any supporting document while preferring online PF part withdrawal case. Member’s applying online will be taken as his self-declaration for preferring the advance claim.

Launching the schemes Shri Bandaru Dattatreya said that the Government has recognised the importance of labour and the contribution of workers and is dedicated to their welfare. It is ensuring job security, wage security and social security to them. The Minister of State (I/C) for Labour and Employment said that the Government is trying to provide social security to the workers of unorganised sector also. He said that in the recently launched scheme ‘SPREE’ by ESIC the new accounts of 77 lakh individuals and 66 thousand establishments have been opened and EPFO has also added around 50 lakhs new accounts in its recently launch scheme. 34 million registrations have already been done on National Career Service (NCS) Portal.

Earlier, Smt. M. Sathiyavathy, Secretary, Labour and Employment said that the ministry has undertaken many steps for the welfare of workers. The Ministry is also rationalising the labour laws for the ease of business. She said that upgradation of skill is necessary for the job opportunity.

Team ICSI

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