



**THE INSTITUTE OF
Company Secretaries of India**

भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE

Statutory body under an Act of Parliament

(Under the jurisdiction of Ministry of Corporate Affairs)

PROFESSIONAL PROGRAMME

BANKING-LAW & PRACTICE (OLD SYLLABUS)

***(Relevant for students appearing in June, 2020
examination)***

MODULE 3

ELECTIVE PAPER 9.1

This supplement is for Professional Programme (Old Syllabus). The students are advised to read their Study Material along with these updates. These academic updates are to facilitate the students to acquaint themselves with the amendments in various laws and regulatory prescriptions upto December 2019, applicable for June, 2020 Examination. The students are advised to read all the relevant regulatory amendments made and applicable upto December 2019 along with the study material. In the event of any doubt, students may write to the Institute for clarifications at academics@icsi.edu.

The students who do not have the latest version of the study material may refer the latest study material relevant for June 2020 session available on the weblink:

<https://www.icsi.edu/studymaterial-oldsyllabus-prf/> .

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Sr. No.	Updates	Lesson No.
1.	<p data-bbox="224 262 1302 331">RBI circular No. RBI/2019-20/31DCBR.BPD (PCB/RCB).Cir.No.02/13.01.000/2019-20 dated 02.08.2019</p> <p data-bbox="224 367 1302 436">Financial Inclusion - Access to Banking Services - Basic Savings Bank Deposit Account (BSBDA)</p> <p data-bbox="224 472 1302 577">Please refer to RBI circulars UBD.BPD.Cir.No.5/13.01.000/2012-13 dated August 17, 2012 and RPCD.CO.RRB.RCB.BC.No.24/07.38.01/2012-13 dated August 22, 2012 on the captioned subject.</p> <p data-bbox="224 613 1302 823">The Basic Savings Bank Deposit (BSBD) Account was designed as a savings account which would offer certain minimum facilities, free of charge, to the holders of such accounts. In the interest of better customer service, it has been decided to make certain changes in the facilities associated with the account. Banks are now advised to offer the following basic minimum facilities in the BSBD Account, free of charge, without any requirement of minimum balance.</p> <ul data-bbox="224 858 1302 1138" style="list-style-type: none"> (i) Deposit of cash at bank branch as well as ATMs/CDMs (ii) Receipt/ credit of money through any electronic channel or by means of deposit /collection of cheques drawn by Central/State Government agencies and departments (iii) No limit on number and value of deposits that can be made in a month (iv) Minimum of four withdrawals in a month, including ATM withdrawal (v) ATM Card or ATM-cum-Debit Card <p data-bbox="224 1173 1302 1236">The BSBD Account shall be considered a normal banking service available to all.</p> <p data-bbox="224 1272 1302 1551">Banks are free to provide additional value-added services, including issue of cheque book, beyond the above minimum facilities, which may/may not be priced (in a non-discriminatory manner) subject to disclosure. The availment of such additional services shall be at the option of the customers. However, while offering such additional services, banks shall not require the customer to maintain a minimum balance. Offering such additional services will not make it a non-BSBD Account, so long as the prescribed minimum services are provided free of charge.</p> <p data-bbox="224 1587 1302 1797">The holders of BSBD Account will not be eligible for opening any other savings bank deposit account in that bank. If a customer has any existing savings bank deposit account in that bank, he/she will be required to close it within 30 days from the date of opening a BSBD Account. Further, before opening a BSBD account, the bank should obtain a declaration from the customer that he/she is not having a BSBD account in any other bank.</p> <p data-bbox="224 1833 1302 1896">The BSBD Account shall be subject to RBI instructions on KYC/AML for opening of bank accounts issued vide Master Direction</p>	5

	<p>DBR.AML.BC.No.81/14.01.001/2015-16 dated February 25, 2016 on 'Master Direction - Know Your Customer (KYC) Direction, 2016', as amended from time to time.</p> <p>The instructions issued on free transactions available for normal savings bank account in own-bank/other bank ATMs vide circulars DPSS.CO.PD.No.316/02.10.002/2014-2015 dated August 14, 2014 and DPSS.CO.PD.No.659/02.10.002/2014-2015 dated October 10, 2014 are not applicable to BSBD accounts. The minimum free withdrawals available to the BSBD Account holders can be made at all ATMs (own-bank/other bank ATMs).</p>	
2.	<p>RBI Master Direction no. RBI/DBR/2019-20/71 Master Direction DBR.Appt.No: 9/ 29.67 .001/2019-20 dated 02.08.2019.</p> <p>'Fit and Proper' Criteria for Elected Directors on the Boards of State Bank of India and Nationalised Banks:</p> <p>The Committee shall determine the 'fit and proper' status of the proposed candidates based on the broad criteria mentioned hereunder:</p> <ul style="list-style-type: none"> (i) Age – The candidate's age should be between 35 to 67 years as on the cut-off date fixed for submission of nominations for election. (ii) Educational qualification – The candidate should at least be a graduate. (iii) Experience and field of expertise – The candidate shall have special knowledge or practical experience in respect of one or more of the matters enumerated in section 19A(a) of the SBI Act / section 9(3A)(A) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980, as the case may be, read with RBI Circular DBR.Appt.BC No 39/29.39.001/2016-17 dated November 24, 2016. (iv) Disqualifications: In addition to 'Disqualifications of Directors' as prescribed in Section 22 of the SBI Act, 1955 / Clause 10 of Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970/80: <ul style="list-style-type: none"> (a) The candidate should not be a member of the Board of any bank or the Reserve Bank or a Financial Institution (FI) or an Insurance Company or a NOFHC holding any other bank. <p><i>Explanation:</i> For the purpose of this sub-para and sub-para (c), the expression "bank" shall include a banking company, a corresponding new bank, State Bank of India, a co-operative bank and a regional rural bank.</p> <ul style="list-style-type: none"> (b) A person connected with hire purchase, financing, money lending, investment, leasing and other para banking activities shall not be considered for appointment as elected director on the board of a PSB. However, investors of such entities would not be disqualified for appointment as directors if they do not enjoy any managerial control in them. (c) No person may be elected/ re-elected on the Board of a bank if he/she has served as director in the past on the board of any bank, FI/Insurance Company under any category for six years, whether continuously or intermittently. 	2

	<p>(d) The candidate should not be engaging in the business of stock broking.</p> <p>(e) The candidate should not be holding the position of a Member of Parliament or State Legislature or Municipal Corporation or Municipality or other local bodies.</p> <p>(f) The candidate should not be acting as a partner of a Chartered Accountant firm which is currently engaged as a Statutory Central Auditor of any nationalised bank or State Bank of India.</p> <p>(g) The candidate should not be acting as a partner of a Chartered Accountant firm which is currently engaged as Statutory Branch Auditor or Concurrent Auditor of the bank in which nomination for election is filed.</p> <p>(v) Tenure – An elected director shall hold office for three years and shall be eligible for re-election: Provided that no such director shall hold office for a period exceeding six years³, whether served continuously or intermittently.</p> <p>(vi) Professional Restrictions –</p> <p>(a) The candidate should neither have any business connection (including legal services, advisory services etc.) with the concerned bank nor should be engaged in activities which might result in a conflict of business interests with that bank.</p> <p>(b) The candidate should not be having any professional relationship with a bank or any NOFHC holding any other bank.</p> <p>Provided that a candidate having any such relationship with a bank at the time of filing nomination for election shall be deemed to be meeting the requirement under item (b), the candidate shall submit a declaration to the Committee that such relationship with the bank shall be severed if he is elected as a director, and upon being elected, severs such relationship before appointment as a director of the bank.</p> <p>For details please refer: Master Direction - Reserve Bank of India ('Fit and Proper' Criteria for Elected Directors on the Boards of PSBs) Directions, 2019.</p>	
3.	<p>RBI circular no. RBI/2019-20/37 DBR.AML.BC.No.11/14.01.001/2019-20 dated 09.08.2019</p> <p>RBI has issued amendment to Master Direction (MD) on KYC</p> <p>The change carried out in the Master Direction in accordance with the aforementioned amendment to the PML Rules is as under:</p> <ul style="list-style-type: none"> • A proviso has been added to condition (b) of Section 23 of the Master Direction to the effect that, where the individual is a prisoner in a jail, the signature or thumb print shall be affixed in presence of the officer in-charge of the jail and the said officer shall certify the same under his signature and the account shall remain operational 	5

<p>on annual submission of certificate of proof of address issued by the officer in-charge of the jail.</p>	
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<p>The Master Direction on KYC dated February 25, 2016, is hereby updated to reflect the change effected by the above amendment and shall come into force with immediate effect.</p>	
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<p>For details please refer RBI circular on Amendment to Master Direction (MD) on KYC</p>	
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